INDUS
HOLDING AG

ANNUAL REPORT

2023

[INDUS]

INDUS

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

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

Goals

- Profitable Growth
- Value Enhancement
- Balanced Portfolio Structure

Contents

References

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

Key figures 2023

INDUS Group

in EUR million	2023	2022
Sales	**1,802.4**	**1,804.1**
EBITDA	258.1	262.5
in % of sales	14.3	14.6
Adjusted EBITA	188.1	194.3
in % of sales	10.4	10.8
EBIT	149.6	133.7
in % of sales	8.3	7.4
Earnings after taxes from continuing operations	139.7	115.9
Earnings from discontinued operations	-27.8	-123.9
Earnings after taxes	56.1	-41.4
Operating cash flow	240.1	137.1
Cash flow from operating activities	217.6	116.3
Cash flow from investing activities	-50.1	-94.4
Cash flow from financing activities	-0.5	55.9
Free cash flow	198.9	101.5
Earnings per share from continuing operations (in EUR)	3.10	3.04
Dividend per share (in EUR)	1.20 *	0.80
Dividend yield (in %)	5.4 *	3.6
Greenhouse emissions (GHG emissions Scope 1 + 2 in t CO_2/EUR million GAV)	49.21	75.94

	Dec. 31, 2023	Dec. 31, 2022
Total assets	1,928.8	1,889.9
Equity	719.7	694.8
Equity ratio (in %)	37.3	36.8
Working capital	466.9	496.7
Net debt	506.2	593.5
Portfolio companies (number as of Dec. 31)	43	45
Employees within the Group (on average)	8,929	8,837

* Subject to approval at Annual Shareholders' Meeting on May 22, 2024

Key figures 2023

INDUS segments

in EUR million

Engineering segment	2023	2022
Revenue	599.6	580.9
EBITDA	94.5	92.6
in % of sales	15.8	15.9
Adjusted EBITA	73.5	71.6
in % of sales	12.3	12.3
EBIT	57.0	47.4
in % of sales	9.5	8.2
Portfolio companies (number as of Dec. 31)	15	16
Employees in segment	2,842	2,771

Infrastructure segment	2023	2022
Revenue	582.2	586.0
EBITDA	83.0	88.5
in % of sales	14.3	15.1
Adjusted EBITA	61.8	68.6
in % of sales	10.6	11.7
EBIT	49.3	51.3
in % of sales	8.5	8.8
Portfolio companies (number as of Dec. 31)	14	14
Employees in Dec.	2,934	2,875

Materials segment	2023	2022
Revenue	619.9	636.8
EBITDA	93.7	92.4
in % of sales	15.1	14.5
Adjusted EBITA	66.7	67.5
in % of sales	10.8	10.6
EBIT	57.3	49.9
in % of sales	9.2	7.8
Portfolio companies (number as of Dec. 31)	14	15
Employees in segment	3,107	3,151

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COMPANY AND SHAREHOLDERS

Letter to the Shareholders

Dear shareholders, dear readers,

looking back, 2023 demonstrated the strength of our portfolio in a challenging market. Our portfolio companies did well. As well as income which has outperformed our last outlook, the high level of free cash flow is particularly notable.

With almost EUR 200 million in free cash flow, we have generated additional leeway to further expand our portfolio in 2024 – by means of growth acquisitions at the first level and also with complementary additions for our portfolio companies. In 2023 we added QUICK Bauprodukte to strengthen our Infrastructure segment. For 2024 we are expecting to undertake further promising acquisitions with a strong future focus. There is a healthy supply in our M&A pipeline.

Let us briefly look at the details of our sales and income development: The Engineering and Materials segments did especially well. The companies in the Engineering segment slightly raised their year-on-year sales in 2023 and significantly increased their operating income (EBIT). Sales fell slightly in the Materials segment; however, EBIT increased a great deal. The Infrastructure segment was impacted by the slowdown in the construction industry, with both sales and EBIT coming in slightly lower than the previous year. After a few booming years in this area, demand has flattened out – in homebuilding in particular. Considering these difficult framework conditions, we can be very satisfied with the performance of the companies.

The INDUS Group maintained sales at the previous year's level in an overall adverse economic environment. Impairments were significantly below the previous year. The EBIT increased to almost EUR 150 million. This puts the EBIT margin at 8.3%, and as such slightly above our target of 7 – 8%.

We announced our **PARKOUR perform** strategy update at the start of 2023, and in the months following we successfully drove forward the implementation of this future-oriented program. This led us to terminate business in the previous automotive technology segment as planned: Back in summer 2023 we sold the last two companies that were being managed under discontinued operations. Following deconsolidation of these companies in the third quarter of 2023, there are no further encumbrances from discontinued opera-tions. INDUS is therefore now focused exclusively on highly specialized industrial technology.

As part of **PARKOUR perform**, we have started using free cash flow as an additional management key performance indicator; at EUR 199 million at year-end 2023, it was significantly above the minimum value of EUR 100 million. This is also because our portfolio companies significantly reduced the working capital at year-end compared with the previous year, as a result of our active working capital management. The resulting high level of free cash flow also reduced net debt. The outcome is that we have an EBITDA/net debt key figure of 2.0. This is below our defined upper limit of 2.5, and secures the investment grade for us on the financing side.

"Striving for Sustainability" is a central component of our business strategy, so we are delighted about the reported development of our corporate group's sustainability performance: In 2023, we successfully reduced emissions intensity, i.e. CO_2 emissions from Scope 1 and Scope 2 related to the gross value-added by 36%.

As shareholders, we want you to appropriately participate in the Group's positive 2023 development. We therefore propose to the Annual Shareholders' Meeting a dividend payment of EUR 1.20 per share. This is 40 cents more than in the previous year and corresponds to a dividend yield of 5.4% related to the 2023 year-end price. Taking into account the share buyback program successfully completed in mid-March 2024, shareholders will receive over EUR 56 million in 2024.

At this point you may be asking if it wouldn't be better to invest those funds in purchasing companies. To that we respond that we are well able to do both. We had hoped to be able to announce a larger-scale acquisition to you at year-end, however, we ultimately decided against implementation because it was not possible to meet all of our criteria.

There are still major challenges ahead in 2024, and we foresee very little momentum from the macroeconomic environment. Even though inflation is coming down, costs are expected to continue rising. Nonetheless, we expect stable development for the INDUS Group. Our view is confirmed by the development of our portfolio companies at the start of 2024 – this was made possible by our companies working consistently on their efficiency, with the support of the holding company. We are well-positioned in this respect in light of our strategic initiatives to increase operational excellence and market excellence. What's more, our new segment management means we can steer these measures

From the left: Dr. Jörn Großmann (Board Member), Rudolf Weichert (Board Member), Dr.-Ing. Johannes Schmidt (Chairman of the Board), Gudrun Degenhart (Board Member), Axel Meyer (Board Member)

even more successfully. We are particularly attentive to the further internationalization of our businesses. Our portfolio companies are working on establishing additional locations outside Germany – with a particular focus on North America. We also have an eye to the acquisition of sub-subsidiaries abroad. It is clear that technical progress and the innovativeness of our SME portfolio companies are of central importance, particularly in the context of a fast-moving market. The rapid development of AI methods, in particular, offers various opportunities here. We are addressing these with our "Driving Innovation" strategic initiative.

So you can see: We take action with the qualities of an SME, in the best possible sense. Because it does us no good to simply bemoan the current framework conditions and concentrate on complaining about how things are – that certainly will not move us forward. For us and for all of our portfolio companies, the priority is to rapidly find good solutions. Our Annual Report illustrates that we are doing this successfully.

We have adjusted our internal structures and eliminated losses. We are expanding business in growth industries, improving our profitability and doing business sustainably. And with strong free cash flow we have generated what we need to acquire additional attractive hidden champions, invest in the existing portfolio, and pay you an increased dividend as well.

By investing in the INDUS share, you are participating in a successful German SME sector. This business model continues to have excellent prospects into the future. We stand by our commitment: We are shaping the future with SMEs.

Thank you very much for your confidence in us.

Yours sincerely,

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

Bergisch Gladbach, March 2024

Management Bodies

The INDUS Board of Management

DR.-ING. JOHANNES SCHMIDT
CHAIRMAN OF THE BOARD

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

RUDOLF WEICHERT
DEPUTY CHAIRMAN OF THE BOARD

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

GUDRUN DEGENHART
BOARD MEMBER SINCE OCTOBER 2023 (responsible for the Materials segment)

Gudrun Degenhart (German citizen, born 1970) has been a member of the INDUS Holding AG Board of Management of since October 2023. She has more than 20 years of experience in the management and development of portfolio companies in the Europe, USA and Asia-Pacific regions. A graduate in business administration, she began her career by building up the Central and Eastern European activities of the market-leading manufacturer and construction specialist Lindner Group. After another stint on the board of an SMEs construction technology company, she joined the thyssenkrupp Group. Her positions there included CEO of an international business unit for special lifts and CEO Materials Western Europe and AsiaPacific. Most recently, she served as CEO for the German portfolio companies of the international service group ISS A/S.

DR. JÖRN GROßMANN

BOARD MEMBER (responsible for the Infrastructure segment)

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

AXEL MEYER

BOARD MEMBER (responsible for the Engineering segment)

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

Detailed information concerning memberships of the Board members on other Supervisory Boards can be found on p. 133 and online at www.indus.de/en/about-indus/board-of-management

The INDUS Supervisory Board

Supervisory Board members representing shareholders are elected for no longer than the period until the end of the Annual Shareholders' Meeting that resolves the approval of the actions for the fourth financial year after the start of the term in office. The financial year in which the term of office begins is not taken into account here. The Annual Shareholders' Meeting can define a shorter term of office for the Supervisory Board members representing shareholders on their election. Re-election is permitted. Candidates must not be above the age of 70 at the time of their election or re-election. The terms of office of the serving members of the Supervisory Board end with the end of the Annual Shareholders' Meeting in 2028. Only the term of office of Mr. Carl Martin Welcker ends at the end of the 2026 Annual General Meeting.

JÜRGEN ABROMEIT
Supervisory Board Chairman (since 2018)

WOLFGANG LEMB*
Deputy Supervisory Board Chairman (since 2018)

DR. JÜRGEN ALLERKAMP
Member of the Supervisory Board (until May 17, 2023)

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

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

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

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

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

JAN KLINGELNBERG
Member of the Supervisory Board (since May 17, 2023)

STEFAN MÜLLER*
Member of the Supervisory Board (since May 17, 2023)

BARBARA SCHICK
Member of the Supervisory Board (since 2022)

HELMUTH SPÄTH
Member of the Supervisory Board (until May 17, 2023)

UWE TRINOGGA*
Member of the Supervisory Board (until May 17, 2023)

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

PROF. DR. RER. POL. ISABELL M. WELPE
Member of the Supervisory Board (since May 17, 2023)

Supervisory Board Committees

Nomination Committee

Jürgen Abromeit (Chairman),
Barbara Schick,
Carl Martin Welcker

Personnel Committee

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

Audit Committee

Barbara Schick (Chairwoman, Financial Expert),
Gerold Klausmann (Financial Expert),
Prof. Dr. rer. pol. Isabell M. Welpe (Financial Expert)

Strategy and ESG Committee

Jürgen Abromeit (Chairman),
Cornelia Holzberger,
Jan Klingelnberg,
Wolfgang Lemb

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

Jürgen Abromeit (Chairman),
Pia Fischinger,
Wolfgang Lemb,
Barbara Schick

Detailed information concerning memberships on other Supervisory Boards can be found on p. 132 et seq. and online at www.indus.de/en/about-indus/supervisory-board

* Employee representative

Report of the Supervisory Board

**Dear Shareholders,
With this report, we want to inform you of the key aspects of the Supervisory Board's work in the 2023 financial year.**

Cooperation Between the Board of Management and the Supervisory Board

The Supervisory Board fulfilled all of the tasks required of it by law and according to the Articles of Incorporation in the reporting year. It consistently advised the Board of Management, monitored their management of the company, and confirmed the lawfulness, expedience, and correctness of their actions. The Board of Management met their obligations to provide information at all times, and briefed the Supervisory Board on all issues of strategy, planning, and business performance as well as the risk situation and risk management, compliance, and Internal Audit, relevant to the company and the INDUS Group regularly, fully, and in a timely fashion, both in writing and orally. This also included information regarding deviations in the actual entrepreneurial development of the INDUS Group from targets announced previously and deviations in the actual business performance from the original and communicated planning, as well as other information regarding unusual material events.

The members of the Supervisory Board always had sufficient opportunity to critically appraise the Board of Management's submitted reports and proposals in the full Supervisory Board meetings and Committee meetings, and to voice their own suggestions. This gave them an overview of the current business and asset performance at all times. In addition to the company, finance and investment planning, the Supervisory Board also took a close look at the risk situation and risk management. Wherever required by law, the Articles of Incorporation or rules of procedure, the Supervisory Board gave its approval to business actions requiring approval. In addition, the Supervisory Board Chairman was in close contact with the Board of Management between meetings to exchange information and thoughts, and informed himself regularly, in good time and in detail, about important developments in the company. The Chairwoman of the Audit Committee maintained bilateral exchanges with the Chief Financial Officer and the Supervisory Board Chairman on certain topics. As the controlling body, the Supervisory Board was always included in fundamental decisions.

Composition of the Supervisory Board and Committees

Effective at the end of the Annual Shareholders' Meeting on May 17, 2023, Dr. Jürgen Allerkamp, Mr. Helmut Späth, and Mr. Uwe Trinogga resigned from the Supervisory Board. They were not nominated for re-election to the Supervisory Board. The Annual Shareholders' Meeting on May 17, 2023, elected Mr. Jan Klingelnberg and Prof. Dr. Isabell M. Welpe as the new members of the Supervisory Board. Mr. Jürgen Abromeit, Dr. Dorothee Becker, Ms. Barbara Schick, and Mr. Carl Martin Welcker were re-elected by the Annual Shareholders' Meeting. At the direct election of employee representatives on March 21 and 22, 2023, Mr. Stefan Müller was elected as a new member of the Supervisory Board. Ms. Pia Fischinger, Ms. Cornelia Holzberger, Mr. Gerold Klausmann, Mr. Wolfgang Lemb, and Ms. Dorothee Diehm were re-elected.

At the constituent meeting of the Supervisory Board, which directly followed the 2023 Annual Shareholders' Meeting, Mr. Jürgen Abromeit was again elected as Supervisory Board Chairman and Mr. Wolfgang Lemb was elected Deputy Supervisory Board Chairman. Committee members were appointed and chairpersons were selected at this meeting. The only changes to the committee compositions were in the Audit Committee; Prof. Dr. Isabell Welpe (Financial Expert) replaced Dr. Allerkamp (Financial Expert) who has resigned from the Supervisory Board, and the Mediation Committee pursuant to Section 27(3) of the Co-determination Act (MitbestG), where Ms. Barbara Schick was selected as a fourth member. Mr. Jürgen Abromeit, as Chairman, Ms. Cornelia Holzberger, Mr. Jan Klingelnberg, and Mr. Wolfgang Lemb were elected to the new Strategy and ESG Committee, which was established as a result of the Supervisory Board resolution on May 16, 2023.

Details of the composition of the Supervisory Board and its committees can be found in the Annual Report in the "Management Bodies" section and on the INDUS website.

See p. 8 and p. 132 et seq. as well as www.indus.de/en/about-indus/supervisory-board

Meeting Frequency and Attendance

In addition to the constituent meeting, which was held in person directly after the 2023 Annual Shareholders' Meeting, the Supervisory Board held six ordinary meetings in the 2023 financial year. Two Supervisory Board meetings were held as video conferences. The other four meetings in 2023 were each in-person meetings with the options for individual Supervisory Board members to join via video. In addition, a resolution was taken on June 19, 2023, outside of the in-person meetings. A resolution was also passed by shareholder representatives on the Supervisory Board in an in-person meeting on March 16, 2023, on the independence and election nominations for shareholder representatives at the Supervisory Board elections during the Annual Shareholders' Meeting on May 17, 2023. The Supervisory Board also met regularly without the Board of Management. The Board of Management generally does not participate in Supervisory Board meetings or Audit Committee meetings if the auditor is in attendance unless the Supervisory Board or the Audit Committee considers it absolutely necessary.

With the exception of the constituent meeting on May 17, 2023, the Supervisory Board meetings were all attended by the Board of Management, whereby the Supervisory Board also regularly discussed agenda items without the presence of the Board of Management. With the excused absence of two members at one Supervisory Board meeting each and a Personal Committee meeting, and one member at the constituent meeting and one Supervisory Board meeting, all members of the Supervisory Board and the committees attended every regular Supervisory Board meeting and committee meeting. Together with the Supervisory Board Chairman in a separate meeting beforehand, absent members took part in resolutions with written votes, so that all resolutions were made by all members of the Supervisory Board or the committee. All shareholder representatives attended the shareholder representative Supervisory Board meeting.

SUPERVISORY BOARD MEETINGS IN THE 2023 FINANCIAL YEAR

	Meeting attendance (incl. constituent meeting)	in %
Supervisory Board		
Jürgen Abromeit (Chairman)	7/7	100
Wolfgang Lemb (Deputy Chairman)	7/7	100
Dr. Jürgen Allerkamp (until May 17, 2023)	2/2	100
Dr. Dorothee Becker	6/7	86
Dorothee Diehm	6/7	86
Pia Fischinger	7/7	100
Cornelia Holzberger	7/7	100
Gerold Klausmann	7/7	100
Jan Klingelnberg (since May 17, 2023)	3/5	60
Stefan Müller (since May 17, 2023)	5/5	100
Barbara Schick	7/7	100
Helmut Späth (until May 17, 2023)	2/2	100
Uwe Trinogga (until May 17, 2023)	2/2	100
Carl Martin Welcker	7/7	100
Prof. Dr. Isabell M. Welpe (since May 17, 2023)	5/5	100

SUPERVISORY BOARD COMMITTEE MEETINGS IN THE 2023 FINANCIAL YEAR

	Meeting attendance	in %
Personnel Committee		
Jürgen Abromeit (Chairman)	9/9	100
Dr. Dorothee Becker	8/9	89
Dorothee Diehm	8/9	89
Wolfgang Lemb	9/9	100
Audit Committee		
Barbara Schick (Chairwoman)	6/6	100
Dr. Jürgen Allerkamp (until May 17, 2023)	2/2	100
Gerold Klausmann	6/6	100
Prof. Dr. Isabell M. Welpe (since May 17, 2023)	4/4	100
Nomination Committee		
Jürgen Abromeit (Chairman)	3/3	100
Barbara Schick	3/3	100
Carl Martin Welcker	3/3	100
Strategy and ESG Committee		
Jürgen Abromeit (Chairman)	2/2	100
Cornelia Holzberger	2/2	100
Jan Klingelnberg (since May 17, 2023)	2/2	100
Wolfgang Lemb	2/2	100

Onboarding New Members to the Supervisory Board

The Supervisory Board Chairman introduced Prof. Welpe, Mr. Klingelnberg, and Mr. Müller, the members newly elected to the Supervisory Board in 2023, to the work of the Supervisory Board at INDUS in a two-part onboarding workshop in the form of a video conference on July 10 and 11, 2023. The first part focused on the general conditions and the organization of the Supervisory Board's work. In the second part, in which other members of the Supervisory Board also participated, the INDUS strategy, the planned financial development, and current issues were outlined. Before the Supervisory Board meeting on December 6, 2023, in another video conference, the Supervisory Board Chairman brought the new members of the Supervisory Board up to speed on the discussions of the Supervisory Board regarding the Supervisory Board remuneration system.

Conflicts of Interest

There was no indication of conflicts of interests on the part of Supervisory Board or Board of Management members that would have to be immediately declared, or about which the Annual Shareholders' Meeting would have to be informed.

Corporate Governance

In the meeting on March 16, 2023, the Supervisory Board adopted an update to the Supervisory Board rules of procedure to which the aims of the composition had been added. On May 16, 2023, a resolution was made on the expansion of the Supervisory Board rules of procedure to include the newly established Strategy and ESG Committee. The latest version of the Supervisory Board rules of procedure is available on the INDUS website. In light of the new responsibilities for Board of Management members introduced together with the **PARKOUR perform** strategy update and the expansion of the Board of Management to five members, the Supervisory Board enacted new rules of procedure for the Board of Management on September 28, 2023, effective October 1, 2023. In the same meeting on September 28, 2023, the updated qualification matrix for the Supervisory Board, which has been published on the INDUS website, was adopted. Together with the Board of Management, the Supervisory Board issued a new declaration of conformity with the German Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Act on December 6, 2023. The declaration does not deviate from the Code and has been made available on the INDUS website.

Focal Points of the Meetings

The **first regular meeting held** on **March 16, 2023,** focused on the presentation and explanation of the INDUS Holding AG 2022 annual financial statements and the 2022 consolidated financial statements, along with related resolutions. Chief Financial Officer Rudolf Weichert explained the most important aspects of the accounting of the consolidated financial statements to the Supervisory Board. Following in-depth exchanges with the external auditor, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, and the recommendation of the Audit Committee that was presented in detail by the Chairwoman of the Audit Committee, Ms. Barbara Schick, the Supervisory Board approved the annual financial statements and the consolidated financial statements along with the separate non-financial Group report for the 2022 financial year. Following a close inspection, the Supervisory Board had no objections to the combined management report including the Board of Management's explanatory report. In line with the recommendation of the Personnel Committee, the remuneration report for the 2022 financial year, which was formally and materially audited by the external auditor, was approved. The Supervisory Board concurred with the Board of Management's dividend proposal and resolution proposals for the 2023 Annual Shareholders' Meeting.

Other Supervisory Board agenda items included the annual risk management and compliance report for 2022, the current economic situation, the development of the Supervisory Board's remuneration, and the extension of the Chairman of the Board Dr. Johannes Schmidt's appointment as the company's labor director.

In the **second regular meeting** on **May 16, 2023,** the Supervisory Board dealt with current business performance in the first quarter of 2023 and the Forecast I for the whole of 2023. The Board of Management provided the Supervisory Board with an update on the ongoing sales processes for the SCHÄFER Group and the SELZER Group. The Supervisory Board also resolved on the establishment of a Strategy and ESG Committee with a corresponding update in the Supervisory Board's rules of procedure, and discussed the selection processes for appointing a COO for the materials segment.

On **May 17, 2023,** the **newly elected Supervisory Board** held its **constituent meeting,** where Mr. Jürgen Abromeit was reelected as Supervisory Board Chairman and Mr. Wolfgang Lemb as Supervisory Board Deputy Chairman.

During a **resolution outside of a meeting**, the Supervisory Board resolved on **June 19, 2023**, to appoint Ms. Gudrun Degenhart as COO for the Materials segment and conclude a Board of Management employment contract with a term of three years.

The topic of discussion at the **third regular Supervisory Board meeting** on **July 3, 2023**, was the sale of the SCHÄFER Group to an investment company belonging to Callista Portfolio Holding GmbH, with registered office in Munich, Germany. Following a detailed explanation of and discussion regarding the transaction, the Supervisory Board approved the sale.

In the **fourth regular** meeting on **July 27, 2023**, the Supervisory Board dealt with the sale of the SELZER Group to an investment company belonging to Mutares SE & Co. KG, with registered office in Munich, Germany. Following a detailed explanation of and discussion regarding the transaction, the Supervisory Board approved the sale of the last automotive series production supplier in the INDUS investment portfolio.

The Supervisory Board held its **fifth regular meeting** on **September 28, 2023**. In this meeting, the Board took an in-depth look at the Board of Management's report regarding the company's performance in the months from January to August 2023. The Board of Management also presented its Forecast II as of the end of 2023, and explained its financial strategy and the share price performance. The Supervisory Board also adopted the updated qualification matrix for members of the Supervisory Board, which has been published on the INDUS website.

The main items discussed at the **sixth regular Supervisory Board meeting** on **December 6, 2023**, included the Board of Management report on the current financial performance as of October 31, 2023, and the current outlook for the remainder of the 2023 financial year. The Board of Management then explained the corporate plan for the 2024 financial year. In the subsequent discussions, the Supervisory Board and Board of Management debated the details of the planning process and its results. The Supervisory Board approved the annual planning without change. The Board of Management also provided details regarding an acquisition at sub-subsidiary level in 2024, which the Supervisory Board approved following a discussion. Share price performance, shareholder structure, and the resolution to submit the 2023 declaration of conformity were also discussed.

Another focal point of the discussions were the consultations and resolution of the targets submitted by the Personnel Committee regarding the short-term variable remuneration as part of the Board of Management remuneration system for the 2024 financial year. Following discussion, the Supervisory Board adopted an optimized Supervisory Board remuneration system effective January 1, 2024, that will be presented to the 2024 Annual Shareholders' Meeting. The Supervisory Board also dealt with the long-term succession planning for the Board of Management and resolved to extend Dr. Jörn Großmann's and Mr. Axel Meyer's appointments by a further three years. The Supervisory Board also appointed Mr. Rudolf Weichert as the Supervisory Board Deputy Chairman effective January 1, 2024.

Work of the Committees

The Supervisory Board committees are primarily responsible for preparing the decisions and topics for full Supervisory Board meetings. Decision-making power can be transferred to the committees if legally permissible. The committee chairperson reports on the committees' work to the Supervisory Board regularly and in detail. In the past year, the Personnel Committee, the Audit Committee, the Nomination Committee, and the newly established Strategy and ESG Committee met several times. There was no need to call a Mediation Committee pursuant to Section 27(3) of the German Co-Determination Act together in the past year. The composition of the committees is presented in the Annual Report under the heading "Management Bodies" and on the INDUS website.
See p. 8 and www.indus.de/en/about-indus/supervisory-board

The **Personnel Committee met nine times** in the 2023 financial year **on January 12, March 16 and 29, April 26, May 8, June 12, August 23, September 28, and December 6, 2023**, and prepared the Supervisory Board's personnel decisions. Wherever necessary, resolutions were passed or recommendations were made to the Supervisory Board for the purpose of passing a resolution. One focus was on finding and selecting a new member of the Board of Management to function as the member of the Board of Management responsible for the materials segment. This process was completed with the appointment of Ms. Degenhart, who was recommended to the Supervisory Board by the Personnel Committee. She joined INDUS as the COO responsible for the Materials segment on October 1, 2023. The Personnel Committee also dealt with the long-term succession planning for the Board of Management and recommended extending Dr. Jörn Großmann's and Mr. Axel Meyer's appointments by a further three years. As part of implementing a deputy regulation for the Board of Management, the Personnel Committee recommended appointing Rudolf Weichert as the Board of Management Deputy Chairman effective January 1, 2024. Another focal point of the Committee's work was the remuneration paid to the Board of Management. In addition to the recommendation to the Supervisory Board for passing the necessary resolutions to determine target attainment in 2021 for targets set for 2022 as part of the short-term variable remuneration, the Personnel Committee recommended new targets for the year 2024 to the Supervisory Board. The Personnel Committee also recommended that the Supervisory Board approve the remuneration report for 2022. Details regarding the Board's remuneration can be found in the remuneration report. The Committee also discussed its initial thoughts regarding a potential optimization of the Board of Management remuneration system.

The **Audit Committee met six times** in the 2023 financial year on **March 10, May 5, August 7, October 19, November 9, and December 6, 2023**. Representatives of the external auditor PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, attended the Committee meetings on March 10, November 9, and December 6, 2023. The Audit Committee supervised the qualification and independence of the external auditor and the quality of the financial statement audit. The Committee awarded the audit mandate to the external auditor selected by the 2023 Annual Shareholders' Meeting, concluded the fee agreement, and determined the focus of the audit. The focus of the consultation was the 2022 annual financial statements and consolidated financial statements, along with corresponding resolution recommendations for the Supervisory Board, the preliminary audit of the 2023 annual financial statements, and consolidated financial statements and interim reporting. Before the quarterly and half-year reports were published, the Board of Management held a meeting for each, explained the main transactions, and discussed them with the Audit Committee. In a separate meeting, the Audit Committee took a close look at risk management and developed potential improvement approaches. Other topics included the review of the 2022 risk management and compliance annual reports, the 2023 annual report from Internal Audit, and the implementation of the Supply Chain Due Diligence Act. The further implementation of the Corporate Sustainability Reporting Directive was also discussed.

The **Nomination Committee held three meetings** in the 2023 financial year on **January 30, February 6, and March 13, 2023**. The main focus of the discussions were the continuation of the preparations started in the previous year for the Supervisory Board elections to be held at the 2023 Annual Shareholders' Meeting. Based on an analysis regarding the skills presented on the Supervisory Board at this point in time and in the future, the Supervisory Board followed the recommendation of the Nomination Committee and resolved to find two new members with predefined profiles in 2022. The search and selection process was continued in 2023 and concluded with the proposal for the election of six shareholder representatives. The shareholder representatives agreed to the proposal and accordingly made a recommendation at the 2023 Annual Shareholders' Meeting.

The **Strategy and ESG Committee met twice** in the 2023 financial year, on **September 28 and December 6, 2023**. A key focus of the discussions was the information and explanation from the Board of Management regarding ongoing ESG issues from the INDUS sustainability strategy, and the regulatory environment to the organizational measures resolved on by INDUS and the actual implementation of these measures. The Committee determined that its focal points in 2023 and 2024 would be further growth through acquisitions (ESG acquisition strategy), the further implementation of ESG issues with a focus on the fields of environment, fair work (especially fair pay), as well as external communications and market presence, especially in terms of the above-mentioned issues. It also dealt with the acquisition strategy in detail.

Approval of the Annual Financial Statements and the Consolidated Financial Statements as of December 31, 2023

The external auditor of the separate and consolidated financial statements commissioned by resolution of the Annual Shareholders' Meeting on May 17, 2023, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, audited the INDUS Holding AG annual financial statements, the consolidated financial statements, the combined management report, and the remuneration report for the 2023 financial year in accordance with the Supervisory Board's mandate. The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS). The external auditor issued an unqualified audit certificate for the annual financial statements, the consolidated financial statements and the combined management report. The auditor also determined that the risk management system fulfills the legal requirements and no going concern risks were discernible. As planned, an audit review of the interim financial reports was not conducted.

Annual financial statements, consolidated financial statements, the combined management report and the external auditor's audit reports, the separate non-financial report, and the remuneration report were all submitted to the members of the Supervisory Board in good time. They were discussed in detail at the Supervisory Board meeting to adopt the financial statements on March 14, 2024. The external auditor PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, attended this meeting and reported on the main findings of the audit. The external auditor was also available for any additional questions. The Supervisory Board discussed all documents and audit reports in detail with the external auditor, and partially without the presence of the Board of Management.

Following a final examination of the documents submitted and the recommendation of the Audit Committee, the Supervisory Board raised no objections to the annual financial statements, the consolidated financial statements, and the combined management report and agreed with the external auditor's findings. The Supervisory Board therefore approved the 2023 annual financial statements and the 2023 consolidated financial statements. The 2023 annual financial statements are thus complete in accordance with Section 172(1) of the German Stock Corporation Act (AktG). Following prior examination, the Supervisory Board approved the Board of Management's proposed appropriation of distributable profit. The Supervisory Board also examined the INDUS Group's separate non-financial report. It based its examination on the audit review conducted by the external auditor PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main. The Supervisory Board raised no objections to the INDUS Group's separate non-financial report. Based on the formal and material audit of the remuneration report conducted by the external auditor, the Supervisory Board approved the remuneration report without objections.

The Supervisory Board thanks all employees at the portfolio companies and at the holding company as well as the Board of Management of INDUS Holding AG for their extraordinary dedication over the past financial year.

Bergisch Gladbach, March 14, 2024

On behalf of the Supervisory Board
Jürgen Abromeit
Chairman

INDUS Share

2023: Positive Stock Market Performance Despite Tense Geopolitical Situation

The general conditions on the financial markets remained volatile and uncertain in 2023. As the war continued, the focus shifted from tensions between Ukraine and Russia to the conflict in Gaza. Of particular importance for the dynamics on the stock markets were the regular interest decisions by the European Central Bank (ECB) and the Federal Reserve (FED).

Despite these influences, the stock markets saw robust development and marked price gains in the first half of the year, followed by a sideways phase, an interim high in June, a stock market slide in August and September, and the "year-end rally". The annual performance of the DAX was ultimately 20.3%, and it closed at 16,751.64 points, while in December it passed the 17,000-point mark for the first time in its history. Subordinate indices such as the MDAX, SDAX and TecDAX all increased, at different levels. Following a strong first half of the year, neither the standstill of the European economy nor the war in the Middle East resulted in a negative trend reversal by the end of the year.

KEY SHARE DATA (in EUR)

	2023	2022
Earnings per share	2.06	2.68
Cash flow per share	8.09	4.33
Dividend per share[1]	1.20	0.80
Dividend yield in %[1]	5.4	3.6
Distribution in EUR million[1]	31.0	21.5
Highest closing price for the year[2]	27.40	34.35
Lowest closing price for the year[2]	18.24	17.44
Final closing price for the year[2]	22.35	21.95
Market capitalization[3] in EUR million	601.1	590.4
Average daily trading volume in number of shares (on XETRA)	19,460	16,410

1) Subject to approval at Annual Shareholders' Meeting expected on May 22, 2024
2) XETRA dealing closing price
3) As of reporting date

INDUS Share: Slight Increase Compared to Previous Year

The start at EUR 22.20 progressed to a high for the quarter of EUR 25.50 in January. In the first quarter, a low of EUR 21.65 was recorded on March 15 and high sales of 62,420 shares at the end of the quarter. The second quarter brought the year's high of EUR 27.40 on April 20, while the low for the quarter was on April 6 at EUR 24.50.

A gradual decrease in prices started in the third quarter, and on September 25 the share fell under the EUR 20 mark, closing slightly under EUR 19.98. The downward trend continued at the start of the fourth quarter, and on October 30 reached an annual low of EUR 18.24 followed by movement in the opposite direction. On November 14, at EUR 20.85 the share exceeded the important EUR 20 mark again and developed in a positive direction at year-end within the EUR 20 to EUR 22.50 range.
Sales development was particularly noteworthy in the fourth quarter, with average daily trading volumes of 39,000 units, significantly higher than previously. In November there were above-average daily trading volumes, including on November 30 with more than 792,000 shares on Xetra due to new index structures that compelled foreign institutional investors to trade in the share. The annual closing price was set at EUR 22.35. Looking at the entire year, the rate closed with an increase of 1.8% as compared to the previous year, while the MDAX (+8%) and SDAX (+17%) increased much more than this.

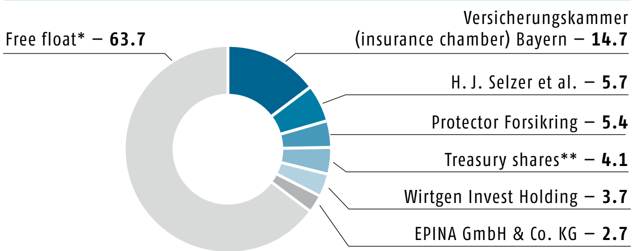
INDUS SHARE DATA

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

Share Liquidity: Trading Volume Up Slightly

In the reporting year, liquidity of the INDUS share was around 19% higher than in the previous year. On average, according to the statistics of the German Stock Exchange, 19,460 shares were traded per day on XETRA. The figure amounted to approximately 16,410 shares per day in 2022.

SHAREHOLDER STRUCTURE OF INDUS HOLDING AG AS OF MARCH 18, 2024 (in %)



* The German Stock Exchange defines free float as all shares not held by major shareholders (share of share capital of at least 5%). According to this definition, free float amounts to 74.2%.
** The 1,000,000 shares repurchased by the company are not entitled to voting rights or dividends.

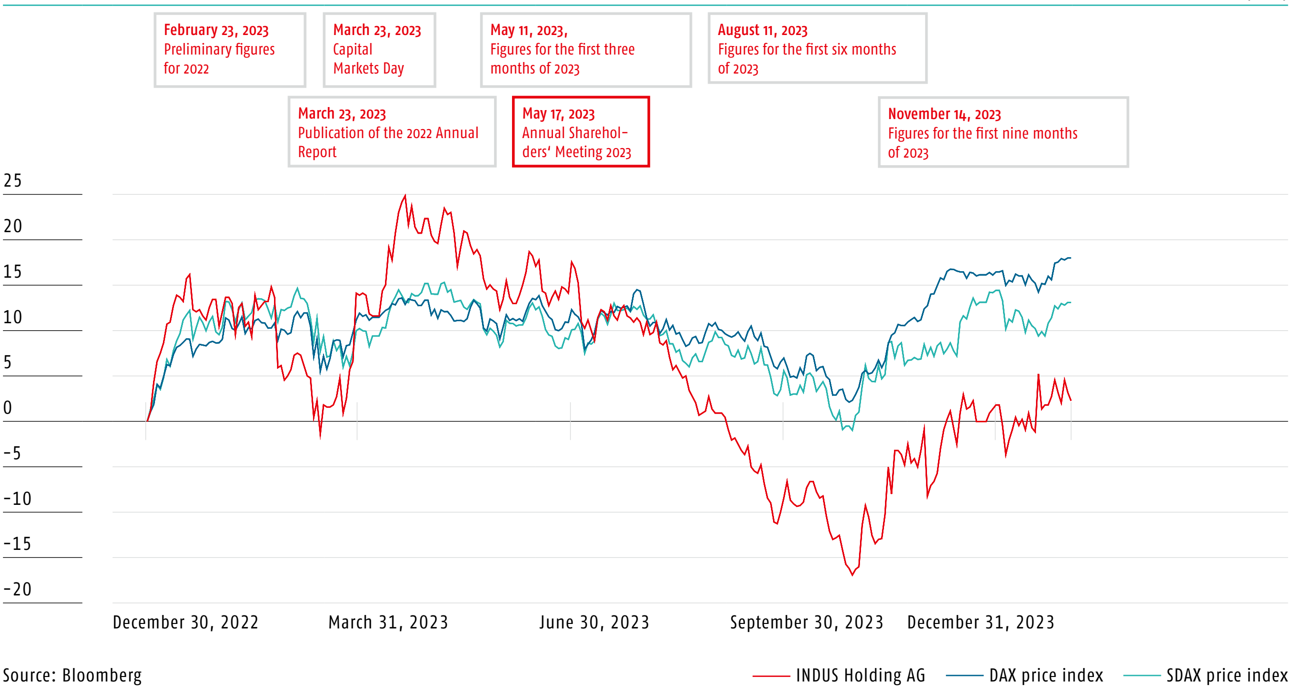
Source: Company information

Stable Shareholder Structure with Many Institutional Investors

INDUS Holding AG's largest shareholder continues to be Versicherungskammer Bayern in Munich. In line with its long-term capital investment strategy, according to the voting rights notification of March 14, 2024 it holds 14.7% of the capital stock. The other anchor is formed by a group of private investors who are jointly represented. The spokesman for the group of proxy shareholders is Hans Joachim Selzer of Driedorf, Germany. This group holds 5.7% of INDUS shares, according to its own statements. The Norwegian insurance company Protector Forsikring holds 5.4% of INDUS shares according to the voting rights notification of March 18, 2024. According to the knowledge of the Board of Management, WIRTGEN Invest Holding, Neustadt (Wied), still has a holding of 3.7%. Epina GmbH & Co. KG, Gütersloh, has been one of INDUS Holding AG's larger shareholders since November 2017, with 2.7% according to statements by that company.

Dr. Schmidt (Chair of the Board of Management) holds 6,200 shares, Mr. Großmann (member of the Board of Management) holds 2,435 shares and Mr. Weichert (Deputy Chair of the Board of Management) holds 1,000 shares. Mr. Abromeit (Chair of the Supervisory Board) holds 10,000 shares, Ms. Fischinger (member of the Supervisory Board) holds 1,000 shares, Ms. Holzberger (member of the Supervisory Board) holds 200 shares, and Mr. Klausman (member of the Supervisory Board) holds 100 shares.

SHARE PRICE PERFORMANCE OF THE INDUS SHARE 2023 EXCL. DIVIDEND (in %)



Source: Bloomberg

Share Buyback Offer, February 21, 2024

On February 21, 2024, INDUS Holding AG submitted a public share buyback offer for up to 1,100,000 registered no-par-value shares to its shareholders at a price of EUR 23.00 per share. The volume of the buyback offer was accordingly up to EUR 25,300,000.00. The buyback offer applied from February 22, 2024 to March 1, 2024. As a result of the offer, 1,100.000 shares with a value of EUR 25,300,000.00 were acquired by INDUS Holding AG.

The bought-back shares do not qualify for voting rights or dividends.

Proposed Dividend of EUR 1.20 per Share

INDUS practices a stable dividend policy. Shareholders participate in company profits by means of regular dividend distributions. These are fundamentally based on the holding company's success in the year. The dividend policy provides that a good 50% of profits should be retained for reinvestment in the company and up to 50% distributed.

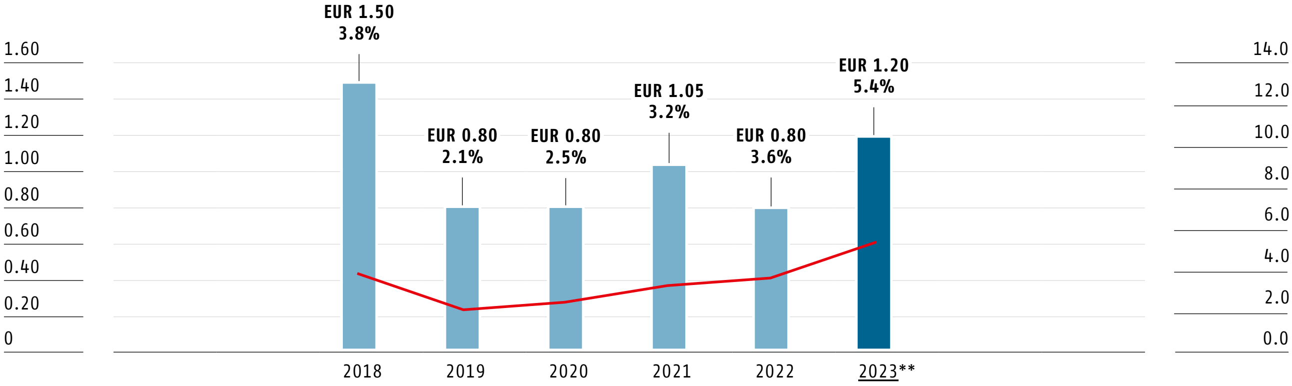
INDUS Holding AG's balance sheet profit as of December 31, 2023, was EUR 80.8 million. The Board of Management and the Supervisory Board will propose a dividend payment of EUR 1.20 per share (previous year: EUR 0.80). This corresponds to a total sum distributed of EUR 31.0 million with a dividend payout ratio of 38.3%.

Overview of Current Research Coverage

The research coverage and the published analytical reports are an important instrument for investors in assessing a security with respect to a company's expected earning power and the resulting rate opportunities. Seven banks and investment firms are currently watching the INDUS share and publish regular research reports.

— FMR (EUR 44.30) – buy
— Kepler Chevreux (EUR 24.00) – hold
— LBBW (EUR 25.00) – buy
— NuWays (EUR 36.00) – buy
— M.M.Warburg (EUR 37.00) – buy
— ODDO BHF (EUR 27.00) – outperform
— Pareto (EUR 40.00) – buy

DIVIDEND PER SHARE* AND DIVIDEND YIELD 2018 TO 2023 (in EUR/in %)



* Dividend payment for the respective financial year
** Subject to approval at Annual Shareholders' Meeting expected on May 22, 2024

Dividend yield

Investor Relations Work: Successful Capital Market Day and Annual Shareholders' Meeting Back to Being Held in Person

INDUS took part in six roadshows, and six conferences and investment forums in 2023. In total, the Board of Management and the Investor Relations team made personal contact with around 50 investors and many private shareholders. New events attended this year were the International Investment Forum (GBC), Hamburger Investorentag (Montega AG), and the Autumn Conference (Equity Forum). In addition to the DSW forum in September, INDUS took part in the virtual SdK Aktienforum for the first time this year.

Around 30 analysts and institutional investors came to Cologne on March 24, 2023 for the **Capital Markets Day**, which INDUS hosted for the first time in 2023. 12 others joined the event online. The Board of Management shared insights about the INDUS DNA and presented the income for the 2022 financial year. The update to the PARKOUR perform strategy was also on the agenda. In addition, the members of the Board of Management responsible for the segments set out the new segment structure and provided information about the milestones and corporate objectives planned for up to 2025.

The **Annual Shareholders' Meeting** took place in an in-person format again for the first time on May 17, 2023 at koelnmesse. Despite lower attendee numbers – around 240 people were present – compared with the last face-to-face meeting, the event confirms that direct dialog with shareholders, shareholder representatives, and the INDUS network brings clear added value. INDUS also plans to hold in-person Annual Shareholders' Meetings in 2024 and 2025.

In the reporting year, **dialog with private investors continued to intensify**, and was intensely fostered outside the Annual Shareholders' Meeting by means of participation in various **investor forums** and personal contact. Interested investors can also actively stay informed on current events through the INDUS newsletter.

By actively cultivating relations with the capital markets, INDUS underscores its commitment to transparent and regular communication. The financial calendar on the inside cover of the Annual Report provides an overview of the most important dates for the current financial year. It is regularly updated and is also available on the company's website.

The dates planned for 2024 and additional IR information can be found at www.indus.de/en/investor-relations/financial-calendar

YOUR CONTACT AT INVESTOR RELATIONS

Dafne Sanac
Head of Investor Relations
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Email: investor.relations@indus.de

02

COMBINED MANAGEMENT REPORT

Introduction to the Group

INDUS buys and develops SMEs which have a clear focus in industrial technology, and is one of the leading specialists for sustainable business investment and development in the SME sector of the German-speaking countries. INDUS acquires stakes predominantly in owner-managed companies, and assists them in the long-term orientation of their entrepreneurial development. INDUS ensures that the portfolio companies retain their SME status. In the coming years, portfolio growth is anticipated due to organic growth of existing investments and targeted acquisitions in areas around the future fields that are relevant for INDUS.

The Company

Positioning and Business Model

VALUE- AND GROWTH-ORIENTED SME HOLDING COMPANY

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

As of the reporting date, its portfolio comprised 43 companies (previous year: 45). The changes compared to the previous year arise from organizational optimizations within the Group. In the Materials segment, SITEK was merged with BETEK, and in the Engineering segment KÖSTER was incorporated into the PEISELER Group. On December 31, 2023, a total of 178 fully consolidated enterprises (previous year: 194) belonged to INDUS Group.

INDUS Group consists of the holding company INDUS Holding AG with registered office in Bergisch Gladbach, Germany, and the individual portfolio companies. All direct INDUS portfolio companies have their registered offices in Germany (40) or Switzerland (3). INDUS Group is represented by sub-subsidiaries, branches, and representative offices in 29 countries (previous year: 30 countries) on five continents.

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

The holding company with its registered office in Bergisch Gladbach, Germany, is managed by a Board of Management, which consists of five (previous year: four) members. The Board of Management is made up of Dr. Johannes Schmidt (Chairman of the Board), Gudrun Degenhart, Dr. Jörn Großmann, Axel Meyer and Rudolf Weichert (Deputy Chair). Gudrun Degenhart joined the INDUS Board of Management team on October 1, 2023 and is responsible for the Materials segment as COO. As at the reporting date, the company had an average of 39 employees excluding the Board of Management in the financial year (previous year: 36).

THE INDUS BUSINESS MODEL: BUY, HOLD & DEVELOP

The companies acquired and targeted for possible acquisition are in the SME sector of the German-speaking countries, and have their own technology-oriented industrial technology, their own industrial added value, and an above-average level of profitability. They should generate annual sales figures between EUR 20 million and EUR 100 million, and a sustainable return on sales (EBIT margin) of **10% or more**. The target companies operate in attractive niche markets with clear technology focal points in the future fields that are relevant for INDUS. Their business models are viable and offer potential for strategic further development.

INDUS primarily acquires owner-managed companies, exclusively on a majority basis, and specializes in the arrangements for succession in the families managing the companies. Continuity and the company's SME status are secured with the transfer of ownership. Therefore, ideally the previous owners remain as co-shareholders and managing directors of the company for a certain period.

The companies relevant for INDUS should be unencumbered by legacy economic issues and be exemplary in terms of sustainability considerations. INDUS rules out direct acquisition of companies undergoing restructuring and start-ups. INDUS does not acquire companies in the defense, alcohol, or gambling sectors. Neither is INDUS planning any acquisitions in connection with the extraction of fossil fuels.

INDUS continuously acquires new companies. These portfolio additions are aimed at improving the development prospects of the entire Group. As well as organic development of the existing portfolio companies, the company acquisitions ensure that the portfolio always continues to reflect relevant future fields as time goes on. The Group's companies operate in diverse business and technological fields, selling markets, and business cycles – the Group is broadly diversified. With their respective core capabilities, the companies generally occupy market niches which are of interest for their industries.

INDUS focuses on sustainability. Sustainable action generates competitive advantages, increases corporate value and strengthens the company culture. That is why INDUS actively strengthens sustainability performance in its holdings by means of its own strategic initiative, "Striving for Sustainability". For INDUS, Striving for Sustainability means making economic, social, and environmental goals equal long-term priorities. This is the only way to create enduring added value, enable employees to work well, and at the same time guarantee thoughtful interaction with the environment.

As a majority shareholder and financial holding company, INDUS supports its portfolio companies by functioning as an advisor and also as a development bank. The members of the Board of Management with responsibility for the segments continuously advise the portfolio companies' managing directors by means of dialog on strategy. Within the portfolio companies, the holding company's experts share methodological knowledge, train employees, and support strategic projects. The support is provided with an emphasis on reinforcing innovativeness, increasing market excellence and operational excellence, and anchoring Striving for Sustainability in the portfolio companies. The holding company's employees encourage knowledge transfer via networking within the Group, as well as with external partners. INDUS provides capital to its portfolio companies for investments in fixed assets, development projects, acquisitions of companies at subsidiary level, and internationalization. In addition to this, the INDUS innovation development bank provides capital for innovative projects. INDUS also set up the sustainability development bank in 2022, via which it provides financial support for portfolio company projects that aim to protect resources and reduce emissions.

The INDUS business model can be summarized as buy, hold & develop. This enshrines the strategy of making a long-term commitment to the company while simultaneously developing the portfolio companies.

In this way, the portfolio companies develop over the long term in a fast-changing market environment while preserving their status as an SME, with INDUS at their side as a financially strong partner. INDUS shareholders participate in the value of a managed investment portfolio of SME assets, and benefit from regular dividend distribution.

EXTERNAL INFLUENCING FACTORS

As industrial companies, the INDUS Group portfolio companies are influenced by the **general economic situation** – in Germany, in Europe, and on global markets. At the same time, the individual companies are subject to sector-specific business cycles.

The most significant external factors in 2023 were the **subdued economic situation in Germany**, characterized by low demand both domestically and abroad, higher prices and an increased cost of financing. The construction industry in particular was severely impaired by increased costs of construction materials, higher interest, and the resulting fall in demand for construction services.

International demand is still subdued due to the **war in Ukraine**, declining demand from **China** and the **effects of restrictive monetary policy**. The war in Ukraine only had limited direct impact on INDUS companies in 2023.

Despite the difficult framework conditions, the INDUS portfolio companies were able to maintain their position thanks to the agility typical of SMEs. Overall, the broad diversification of the INDUS portfolio once again proved to be an important component for stability. Economic risks are distributed across the Group by means of its diversified positioning, so the portfolio is balanced out. Compared with non-diversified holding companies, this gives INDUS a competitive advantage in the long term and also in the event of new exogenous shocks in individual sectors.

Stringent cost management in the companies is also important for the success of the portfolio companies. Globalization is increasingly thrusting SMEs into direct **price competition** with foreign competing companies which, in some cases, are able to produce under economically more favorable conditions. Material, energy, and personnel costs are especially relevant cost variables. Clear differentiation through technological and innovation leadership, market excellence, and operational excellence are particularly crucial in this environment; INDUS provides important support to its portfolio companies so they can achieve this.

The labor market has been facing a growing **shortage of specialists** in Germany for several years. Against this backdrop, the importance of bringing on board personnel is markedly increasing, while wage costs are simultaneously rising significantly. INDUS is tackling global competition and rising cost pressures by helping portfolio companies achieve optimized international alignment.

In order to be successful in the long term, companies need to successfully shape the **technological change**. The **digital transformation** currently demands an additional, intense development process from manufacturing companies. Digitalization requires businesses to be flexible, and this comes with noticeably increased investment requirements. Given the high impact of these external factors, INDUS is supporting investment in innovation through the INDUS innovation development bank.

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

Portfolio

43 COMPANIES IN THREE SEGMENTS

The Group's portfolio consisted of 43 portfolio companies in continuing operations on the reporting date. These were allocated to three segments: Engineering, Infrastructure, and Materials. The current segmentation has applied since January 1, 2023, and is a key component of the PARKOUR perform strategy update.

The following information always relates to the continuing operations, unless explicitly stated otherwise.

BASIC DATA FOR THE SEGMENTS

(in EUR million)

	Engineering	Infrastructure	Materials
Sales	599.6	582.2	619.9
Operating income (EBIT)	57.0	49.3	57.3
Portfolio companies	15	14	14
Employees	2,842	2,934	3,107

PORTFOLIO STRUCTURE BY NUMBER OF YEARS WITH THE GROUP

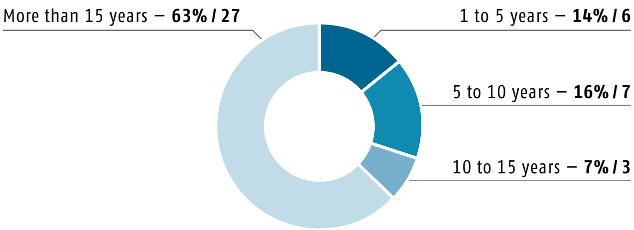
27 of the 43 portfolio companies (63% of the portfolio companies) have belonged to the INDUS Group for more than 15 years. The Group has held three of the portfolio companies for ten to 15 years. Seven portfolio companies have been in the INDUS portfolio for between five and ten years, and six of the 43 portfolio companies have been acquired in the past five years.

PORTFOLIO STRUCTURE BY SALES

The portfolio companies' annual sales figures range from under EUR 10 million to more than EUR 100 million. Around 30% of the portfolio companies generate annual sales figures of at least EUR 50 million and an additional 30% generate revenue of between EUR 25 and 50 million. The portion of portfolio companies with up to EUR 15 million in annual sales has reduced further, and is at 16% for 2023.

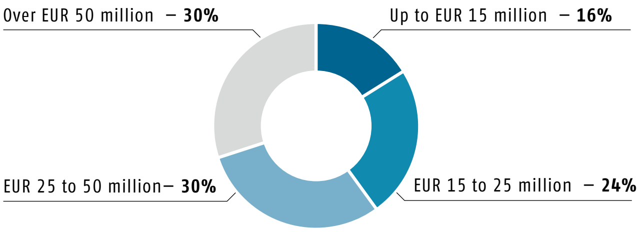
PORTFOLIO STRUCTURE BY AGE

(in % / number of portfolio companies)



PORTFOLIO STRUCTURE BY SALES

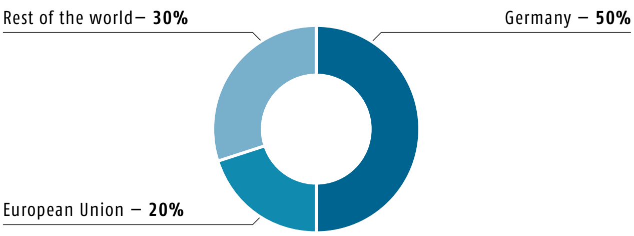
(in %)



SELLING MARKETS ON FIVE CONTINENTS

In regional terms, all of the portfolio companies are concentrated in sales territories which have a politically and economically stable basis. The portfolio companies' largest market for unit sales and therefore revenue is Germany, at 50%. The companies generate another 20% of their revenue in the EU excluding Germany, and 30% outside the EU. In the 2023 financial year, this distribution was almost unchanged compared to the previous year.

PORTFOLIO STRUCTURE BY REGION (in %)



PORTFOLIO CHANGES IN 2023

ACQUISITION OF ONE COMPLEMENTARY PORTFOLIO COMPANY

With a contract dated January 12, 2023, the INDUS Holding AG subsidiary BETOMAX systems GmbH & Co. KG acquired 100% of the shares in QUICK Bauprodukte GmbH (QUICK), Schwerte, Germany. QUICK is a specialist for formwork and reinforcement accessories, and manufactures and distributes standard and special parts for bridge building, overground and underground construction, and tunnel construction. QUICK's portfolio of products complements the BETOMAX product range and opens up new opportunities for the company in the field of bridge building. QUICK has been allocated to the Infrastructure segment. The economic transfer (closing) took place on March 31, 2023.

SALE OF SCHÄFER

On July 5, 2023, a contract was signed to sell 100% of the shares in Schäfer GmbH & Co. KG, D.M.S. Design Modell-Studien GmbH and KSG Asia Limited, and their shares in KSG Automotive (Shanghai) Co., Ltd. The buyer is a company belonging to Callista Portfolio Holding GmbH.

The SCHÄFER companies sold have been classified and reported as "discontinued operations" since the 2022 consolidated financial statements. The sale became economically effective on July 31, 2023. The deconsolidation was also completed on July 31, 2023.

SALE OF SELZER

On July 28, 2023, a contract was signed to sell 100% of the limited partner shares in SELZER Fertigungstechnik GmbH & Co. KG and its portfolio companies. The German Federal Cartel Office granted its approval on August 28, 2023. Closing of the sale took place on September 1, 2023. The buyer is a portfolio company of MUTARES SE & Co. KGaA. The SELZER companies sold have been classified and reported as "discontinued operations" since the 2022 consolidated financial statements. SELZER was deconsolidated on August 31, 2023.

LEGAL AND ORGANIZATIONAL ADJUSTMENTS IN THE SEGMENTS

SITEK-Spikes KG was merged with BETEK KG, effective January 1, 2023. This process enhances synergies within the SIMON Group, especially in the area of production, and optimizes the organization.

In the third quarter of 2023, Köster & Co. GmbH (KöCo) was economically assigned to the PEISELER Group as a legally independent unit. This results in a simplification of the organization and narrows the organizational spread of segment management.

These two measures have resulted in the INDUS Group managing two fewer portfolio companies (SITEK and KÖSTER) at the top level than in the previous year, 2022. The number of holding companies as of December 31, 2023 was 43 (previous year: 45).

Objectives, Strategies, and Dividend Policy

Overarching Objectives

PROFITABLE GROWTH

Our aim is for the INDUS Group to grow organically through the operational success of its portfolio companies, and inorganically through acquisitions. A considerable portion of the income earned remains in the portfolio companies and is available to them to finance further growth. Inorganic growth should be ensured through the continuous acquisition of “hidden champions” in the area of technology-oriented industrial technology.

VALUE DEVELOPMENT

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

BALANCED PORTFOLIO STRUCTURE

INDUS Group intends to grow inorganically by acquiring companies whose development is driven by future fields that are relevant to the Group. Candidates of interest for the portfolio are companies that are active in future-oriented industrial niche markets and which occupy leading positions in these markets. Concentrating on companies in future fields is intended to ensure that the investment portfolio continues to have a balanced – and as such stable – structure into the future.

“PARKOUR perform”: Strategy Refinement since January 1, 2023

In order to achieve the overarching objectives for the years ahead in spite of various macroeconomic challenges, the Board of Management of INDUS Holding AG communicated a refinement of the strategy on December 15, 2022, under the title **PARKOUR perform**. Implementation of this program started at the beginning of 2023.

Five medium-term goals have been derived for the period up to 2025. These are set out below:

2025 MEDIUM-TERM TARGETS

STRENGTHENING THE PORTFOLIO	SALES IN EXCESS OF EUR 2 BN	EBIT MARGIN ABOVE 10%	REGULAR DIVIDENDS	STRIVING FOR SUSTAINABILITY
Megatrends and innovations determine the performance of the portfolio companies	Organic growth supported by regular acquisitions	Long-term, reliable target achievement	Up to 50% of profits distributed	All portfolio companies will pursue a measurable sustainability agenda

With the implementation of **PARKOUR perform**, the management of portfolio companies is focused at segment level. Each of the three segments – Engineering, Infrastructure, and Materials – is managed by a member of the Board of Management who is responsible for the segment (segment management). This member supports the portfolio companies in this segment as a specialist, develops their strategic alignment, and secures their growth, revenue, and value enhancement. This member also handles external representation of the segment they manage.

SEGMENT MANAGEMENT

ENTIRE BOARD OF MANAGEMENT

Dr. Johannes Schmidt (CEO), Rudolf Weichert (CFO and Deputy CEO), Gudrun Degenhart (COO), Dr. Jörn Großmann (COO), Axel Meyer (COO)

SEGMENT MANAGEMENT

COO ENGINEERING	COO INFRASTRUCTURE	COO MATERIALS
Axel Meyer	Dr. Jörn Großmann	Gudrun Degenhart
ENGINEERING segment: 15 portfolio companies	INFRASTRUCTURE segment: 14 portfolio companies	MATERIALS segment: 14 portfolio companies

In order to achieve the medium-term objectives, the Board of Management has implemented four strategic initiatives that are centrally driven from the holding company, with corresponding resources:

— Strengthening the Portfolio Structure
— Driving Innovation
— Improving Performance
— Striving for Sustainability

These are explained below.

STRENGTHENING THE PORTFOLIO STRUCTURE

When it comes to **growth acquisitions** to complement the portfolio, INDUS looks to companies in the industrial technology sector, which have clear technological focus areas. To ensure the appropriate mix of future-oriented companies, there will be active promotion of acquisitions which are clearly aligned with the **future fields** defined by INDUS.

These future fields are: energy efficiency, energy technology, circular economy and waste management, infrastructure, automation, sensor systems and measurement technology, medical disposables and aids, and agricultural technology. These have been identified based on the megatrends of sustainability, digitalization, mobility and urbanization as well as demography and health.

FOCUS ON FUTURE FIELDS

SUSTAINABILITY	DIGITALIZATION	MOBILITY & URBANIZATION	DEMOGRAPHICS & HEALTH
Energy efficiency, energy technology, circular economy and waste management	Infrastructure, automation, sensor & measuring technology, logistics	Infrastructure (networks & buildings)	Medical disposables & aids, agricultural technology

As well as growth acquisitions at the first level, the emphasis is also on **complementary additions** being made by individual portfolio companies, in order to strengthen them. In the case of complementary additions, the central consideration of the decision to acquire must be the economic potential that arises from combining the acquired company with the portfolio company that already exists in the INDUS portfolio. As such the complementary addition may offer complementary products or be active in other regions, or a growth cluster occurs from the combination of multiple portfolio companies with the expertise of the complementary addition.

In all acquisitions – growth acquisitions and complementary additions – innovation-oriented business models that are aligned toward sustainability are an important feature.

Possible exit strategies are of no relevance when INDUS makes its buying decisions, because the “hold” principle is a key component of the INDUS DNA. To ensure stable performance and achieve the intended growth targets defined for the individual company and the Group, in exceptional cases there is the possibility of separating from a company – for example, if there has been a substantial change in the original environment and market conditions under which a portfolio company operates, and so a new configuration would make more financial sense for the company and its employees.

INDUS continues to be a home for technology-oriented companies in the industrial SME sector. Family-owned businesses will find a custom-tailored solution here for succession. Buy, hold & develop is at the core of how INDUS creates value. We are shaping the future with SMEs.

DRIVING INNOVATION

Once a competitive position has been established it needs to be defended again and again. That is why the companies in the INDUS Group must actively embrace future trends, identify opportunities, and make use of opportunities to act. With that in mind, the "Driving Innovation" strategic initiative is a key component of the PARKOUR perform strategy program, aimed at promoting the innovative strength of INDUS portfolio companies.

INDUS supports selected innovation projects in the Group with financial subsidies. The development funds cover 50% to 80% of the respective project volume. The holding company has set aside an annual budget up to 3% of consolidated EBIT for this purpose. The aim is to ensure the future viability of the portfolio companies and to open up new production areas and markets. INDUS has maintained the absolute volume of the available development funds in the 2023 financial year.

To increase innovativeness, INDUS offers the portfolio companies strategic support as a sparring partner, and concept-based support in the form of methodological knowledge. Along with developing company-specific innovation strategies, it is particularly important to open up individual innovation search areas and develop company-specific innovation road maps. INDUS also creates networks with other Group companies and external institutions in order to obtain external inputs, collaborate on innovation projects or jointly open up innovation search areas in the network. This is achieved, for example, in the "Hydrogen" or "Sustainable Construction" workgroups, which relate to the defined future fields. In the reporting year there was also a focus on the subject of artificial intelligence; as well as targeted support measures for flagship projects, this was evident in the pursuit of various developments as well as targeted support partners for the companies.

IMPROVING PERFORMANCE

INDUS is responding to growing global competition and increasing margin pressure with the "Improving Performance" strategic initiatives, which has two areas of focus: market excellence and operational excellence. INDUS assists its portfolio companies with optimizing value-adding core processes, from order entry to order conclusion. The market excellence objective is geared toward making optimal use of market potential. Operational excellence is all about implementing the principles of lean management; in all activities, it is necessary to avoid waste and concentrate on the actual added value.

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

In relation to **operational excellence**, INDUS assists the portfolio companies in realizing productivity potentials in the operational areas of procurement, production, and logistics. The approach is to support the optimization and digitalization of order processing. Among other aspects this involves an overarching training program on the topics of lean management and shop-floor management, various implementation formats for sharing best practices in the INDUS Group, and individual workshops with the portfolio companies for imparting specific methodological knowledge. Individual optimization projects in the portfolio companies are coordinated by the companies themselves with support from INDUS, or accompanied by external partners.

STRIVING FOR SUSTAINABILITY

INDUS has been constantly building the professionalization of its sustainability commitment in recent years. For INDUS, Striving for Sustainability means making economic, social, and environmental goals equal long-term priorities: We want to create lasting value while facilitating good work and at the same time treating the world and all people with care.

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

— Economically sustainable conduct ensures future success.
— Social fairness is a fundamental SME principle and one which encourages cooperation.
— Considering environmental factors prevents subsequent costs and improves process efficiency.
— Compliance with agreements and rules strengthens trust.

To **ensure profitability**, INDUS uses traditional economic key figures. This secures long-term entrepreneurial success in the interests of the Group, the shareholders, and other stakeholders. The holding company ensures a stable balance sheet, adequate liquidity buffer, and a flexible financing basis. In terms of their social orientation, all the companies in the INDUS Group are aligned with SME values. Central to these is the principle of responsibility – for the survival of the company, but first and foremost for the people who make it happen. This is expressed in company-specific codes of conduct that cover the continuous development of occupational health and safety and support for trainees, as well as development of employees. Social responsibility is expressed through support for non-profit initiatives, particularly in the portfolio companies' respective local regions.

In terms of the **environment**, INDUS supports the portfolio companies in their efforts to conserve resources and avoid greenhouse gas emissions. The portfolio companies enact their environmental responsibility in particular by installing photovoltaic systems, switching to more climate-friendly heating systems and "green power", converting their fleets to vehicles with alternative drive systems and setting up employer-backed bike-leasing initiatives for employees. The innovation development bank provides development funds for sustainable product innovations in the future field of green tech (energy and environmental technology as well as products with an improved energy-efficiency profile).

The Board of Management and the Supervisory Board have always been committed to responsible, transparent, and sustainable **corporate governance;** as such they fully comply with the recommendations of the German Corporate Governance Code, and thereby document the importance of the rules on good corporate governance and monitoring. A Group-wide whistleblowing system has also been introduced. This can be used on a decentralized basis by the portfolio companies and as such it satisfies the corresponding statutory obligations and the recommendations of the German Corporate Governance Code. A system for implementing German supply chain due diligence law Group-wide was introduced in 2023.

INDUS will again publish a non-financial report for the INDUS Group for the period to December 31, 2023. This will be published on the INDUS homepage and has been subject to a review to achieve limited certainty. The non-financial report and the audit certificate can be accessed at the following link: www.indus.de/en/nonfinancialreport/2023. SUSTA[IN] magazine, which was published for the first time in 2021, has also become established and the fourth edition will be released in summer 2024. This publication uses a reader-friendly format to report on projects and the progress of sustainability initiatives in the INDUS Group.

The key elements of the three strategic initiatives – "Driving Innovation", "Improving Performance" and "Striving for Sustainability" – are illustrated below:

STRATEGIC INITIATIVES

DRIVING INNOVATION

IMPROVING PERFORMANCE
MARKET EXCELLENCE | OPERATIONAL EXCELLENCE

STRIVING FOR SUSTAINABILITY

KNOWLEDGE
Market, trend, and potential analysis; specialized workshops and best practice days; knowledge transfer

Driving Innovation:

STATUS CHECK
Innovation fitness

DEVELOPMENT BANK
Funding of innovation projects (with max. 80% of the project volume)

WORKING GROUP
Working groups on relevant topics for the future

Improving Performance:

STATUS CHECK
Group-wide status checks; derivation of concrete recommendations for action; institutionalized measures management

IMPLEMENTATION
Support for transformation and optimization projects

Striving for Sustainability:

STATUS CHECK
Emission Reduction Plan

DEVELOPMENT BANK
Promotion of measures that make a significant contribution to reducing emissions or conserving resources

IMPLEMENTATION
Support for sustainability projects

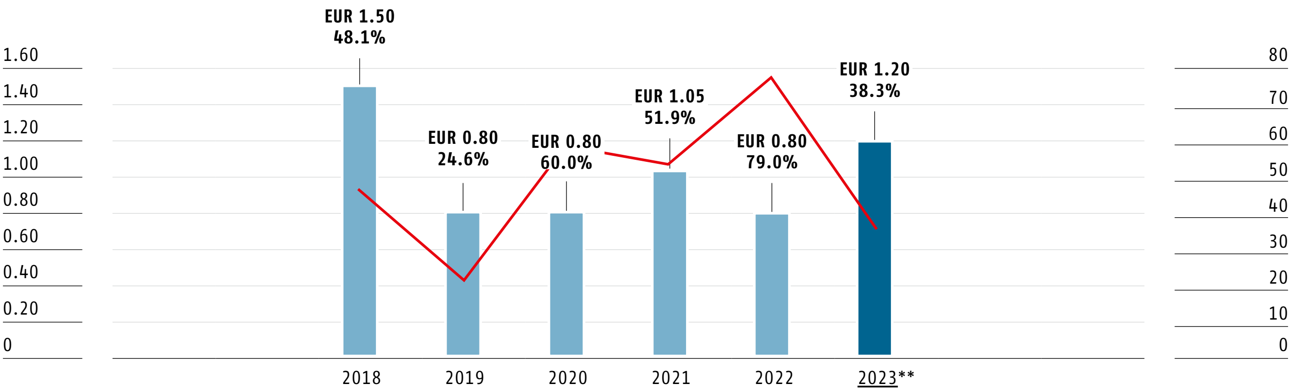
NETWORK
Cross-group exchange of experience and knowledge; provision of experts; cooperation with research institutions

STRATEGIC PROJECTS
Derivation of appropriate strategies

Continual Dividend Policy

As owners, the shareholders are entitled to share in the success of their company through predictable profit distributions. That is why INDUS regularly pays a dividend. As a long-term average, 40-50% of the balance sheet profit of INDUS Holding AG should be distributed as dividends; the remaining balance sheet profit should be retained in the company to secure further profitable growth. The Board of Management of INDUS Holding AG has decided to propose a dividend of EUR 1.20 per no-par-value share to the Annual Shareholders' Meeting. This corresponds to a dividend rate of 38.3% of the balance sheet profit of INDUS Holding AG. In the previous financial year, high impairments from the annual impairment testing of carrying amounts as well as impairments in connection with the disposal of SCHÄFER and SELZER were taken into account in the dividend policy, and a corresponding amount was withdrawn from retained earnings. In the current financial year, the positive balance from appreciation and depreciation/amortization of carrying amounts has similarly been reflected when determining the dividend.

DIVIDEND PER SHARE* AND DIVIDEND YIELD 2018 TO 2023 (in EUR million / in %)



—— Distribution ratio
* Dividend payment for the respective financial year
** Subject to approval at Annual Shareholders' Meeting on May 22, 2024

Management Control

Planning and Strategy Processes

With the strategy refinement announced January 1, 2023, under the title **PARKOUR perform,** important areas of the previous management control have been changed.

The management and planning process now has two stages. Initially, the full Board of Management sets out the objectives (for the key control variables) at holding company and segment level. The full Board of Management decides a preliminary allocation of these funds to the segments, based on a preliminary assessment of the funds expected to be available for investment in the budget year. Then, together with the portfolio company management control department, the member of the Management Board responsible for the segment (COO) applies an allocation to the portfolio companies in a segment. Segment management enters into dialog with the management of the portfolio companies concerning coordination of the strategy, the objectives and the investment budget for individual portfolio companies, within the framework of the constraints specified by the full Board of Management. From this strategic foundation, the portfolio companies then plan their business development, necessary investments, and the general development of their financial position and financial performance usually for three planning years, though in justified exceptional cases for five planning years for certain portfolio companies. Individual plans are finalized between segment management and the management teams of the portfolio companies within the framework of a structured discussion on business planning and the resulting opportunities and risks. Segment management derives segment planning from this. Segment plans are ultimately consolidated to form consolidated planning at INDUS level. The overall plan is supplemented in particular by assumptions concerning dividend payment and acquisitions, and overall financial planning and forecast of important KPIs are derived from this. The results are critically assessed and adopted by the overall Board of Management.

STRATEGIC CONTROL – ACQUISITIONS AND INVESTMENTS

	GROWTH ACQUISITIONS	EXPANSION ACQUISITIONS	INVESTMENTS
ENTIRE BOARD OF MANAGEMENT	makes decisions about acquisitions	makes decisions about growth acquisitions	makes decisions about total investment volume and allocation to the segments
SEGMENT MANAGEMENT	makes suggestions for segment acquisitions	makes suggestions for segment growth acquisitions	makes decisions about distribution of segment investments to portfolio companies
MANAGERS OF THE PORTFOLIO COMPANIES		make suggestions for growth acquisitions	apply to segment management for investment volume for their portfolio companies

The Group's budget planning (in particular investment and financing) is submitted to the Supervisory Board for approval.

The planning process also gives particular attention to sustainability projects in the portfolio companies. The portfolio companies' individual sustainability objectives, and the portfolio companies' measures derived from these, are presented. In respect of the objectives set out by INDUS in relation to carbon reduction and activities in the area of "employee concerns" and "social measures", the local measures are presented and coordinated.

Key Control Variables

The economic parameters used in the holding company to assess the economic position of the Group overall and the portfolio companies individually correspond to **operational financial** performance indicators that are standard for manufacturing companies. In addition, **strategic financial performance** indicators are used when making decisions on direct investment. Greenhouse emissions (GHG emissions, Scope 1 + 2) are used for information and management as **non-financial performanc**e indicators.

There are no deviating key control variables for the individual financial statements of INDUS Holding AG.

PARKOUR perform has introduced free cash flow as a new key control variable, in order to also link management control to a cash-flow-oriented factor.

Free cash flow indicates the INDUS funds available for new acquisitions, dividends, and payments to creditors (interest, repayment of leasing obligations, and reduction of net debt).

MANAGEMENT VARIABLES

GROUP					
Sustainable, profitable growth					
Portfolio acquisitions	Sales	EBIT and EBIT margin	Free cash flow	Investments	GHG Scope 1 + 2
Supplementary financial guidelines: net debt/EBITDA and equity ratio					
SEGMENT					
Sustainable, profitable growth					
Portfolio acquisitions	Sales	EBIT and EBIT margin	Free cash flow	Investments	GHG Scope 1 + 2
Supplementary: working capital, incoming orders, order backlog					

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

Interim Reporting

The portfolio companies keep INDUS informed about the financial performance of the companies on an ongoing basis. In addition, the companies report monthly on their financial situation to segment management in the holding company. Segment management also receives targeted information on specific topics. This gives segment management in the holding company constant oversight of the holding companies' situation and reports on this to the Board of Management. This body therefore always has an overview of the Group's overall situation.

Segment management monitors the companies' development in comparison with the relevant budget, based on the monthly figures. The portfolio companies update their forecast for the current financial year three times within the financial year. As part of segment management, the portfolio company management control department in the holding company supplies information about divergences from the plans at an early stage. The subsidiaries also employ individual control mechanisms and, due to their different natures, individual key figures. The management teams of the portfolio companies observe and analyze their respective markets and specific competitive environment, and report any material changes back to INDUS.

Regular Management Dialog

In parallel to the obligatory information flows for financial reporting, the members of the Board of Management responsible for the segments also regularly and informally exchange information about development in the portfolio companies with the management team allocated to their segment. INDUS proactively pursues its interests as owner by providing advice and supporting the portfolio companies' development.

Non-financial Performance Indicators

Sustainability

"Striving for Sustainability" is anchored in **PARKOUR perform** as a distinct strategic initiative. Including it as a standalone strategy component means that relevant content from ESG topics form part of the non-financial management of INDUS. In the reporting year, INDUS comprehensively prepared itself for implementation of the Corporate Sustainability Reporting Directive (CSRD). From January 1, 2024, the key figures set including process definitions and objectives, in particular in the social area, is being materially expanded.

ENVIRONMENTAL PROTECTION

For the coming year, there is a particular focus on the implementation of greenhouse gas reduction targets as specified in climate protection law. There are two ways of reducing greenhouse gases (GHG emissions): One is to use low-emission energy sources, while the other is to increase energy efficiency – which is also very relevant from an economic point of view.

A reduction in gross Scope 1 and 2 greenhouse gas emissions (GHG emissions) was defined as the performance indicator for management control purposes at INDUS. The gross emissions target was deliberately chosen because this figure cannot be corrected through the purchase of certificates. Scope 1 comprises stationary combustion, mobile combustion, and fluid emissions. Greenhouse gas emissions in Scope 2 currently comprise power and district heating. Emissions are measured in tons of CO_2 and presented per million euros of gross value added.

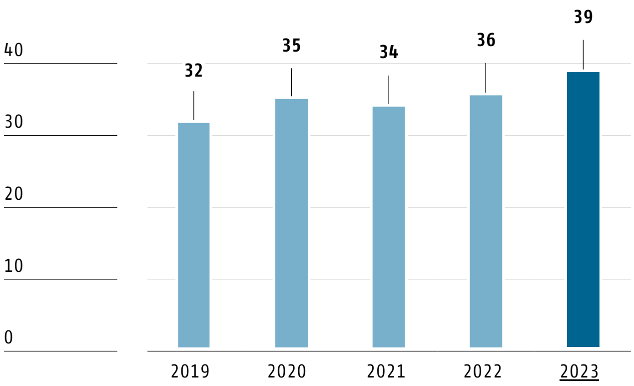
EMPLOYEES

Employees are of central importance to INDUS Group. The Group makes protecting the health of all employees a top priority.

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

In the 2023 financial year, the holding company had an average of 39 employees excluding members of the Board of Management (previous year: 36). It is in the interest of INDUS to boost the productivity of its employees and to encourage their long-term loyalty to the company. To that end, INDUS offers its employees the overall conditions of a modern, attractive employer in terms of healthcare, development opportunities, and income.

EMPLOYEES OF THE HOLDING COMPANY (Number)



IN THE GROUP: CULTIVATING A CULTURE DEFINED BY SME QUALITIES

On average, 8,929 people were employed in INDUS Group's continuing operations during the reporting year (previous year: 8,837). There were 388 people employed in the discontinued operations (previous year: 1,554). The whole INDUS Group therefore had an annual average of 9,317 employees (previous year: 10,391). The management of people employed in the portfolio companies is the responsibility of their management teams. Accordingly, the portfolio companies direct their own human resources work, in both quantitative and qualitative terms.

Basic and advanced training is particularly important in the INDUS Group. SMEs take on a great deal of responsibility in the area of training. A total of 314 trainees were employed throughout the Group in 2023 (previous year: 353); this equates to a trainee ratio of 3.4% (previous year: 3.3%). Advanced training is undertaken on an individual basis, based on company requirements and those of the employees.

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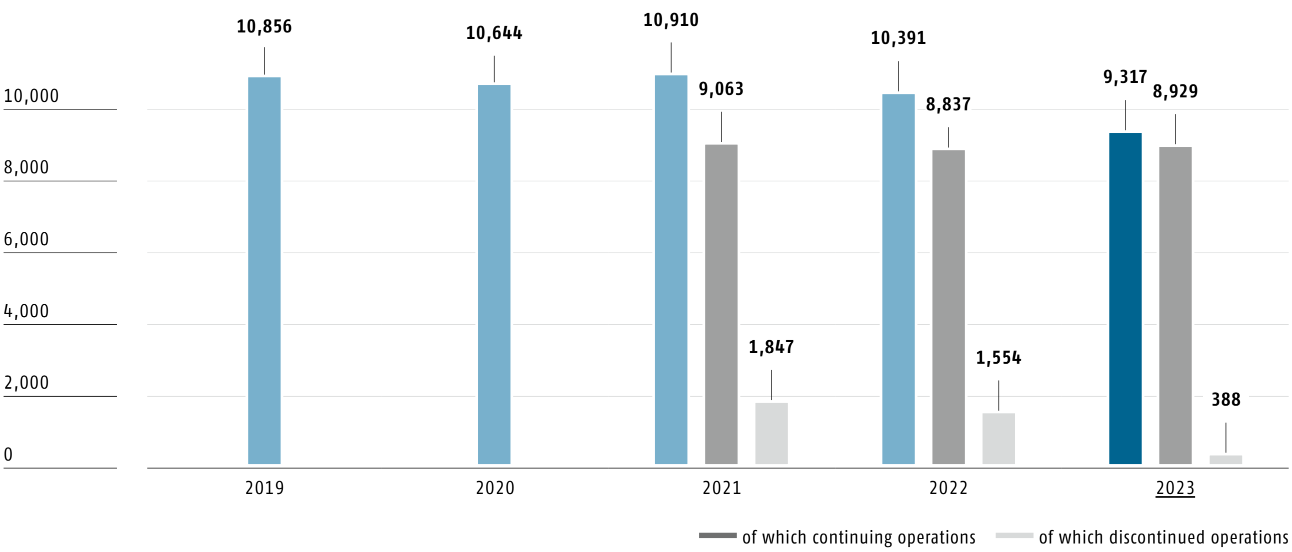
EMPLOYEES OF THE INDUS GROUP (Number)



CORPORATE GOVERNANCE

DECLARATION ON CORPORATE GOVERNANCE

The Board of Management and Supervisory Board of INDUS have committed themselves to thorough observance of the principles of good corporate governance. The management body and supervisory body therefore issue the appropriate "Declaration on Corporate Governance" on an annual basis. The current full declaration is available on the INDUS website. www.indus.de/en/about-indus/corporate-governance
The annual Declaration of Conformity pursuant to Section 161 of the German Stock Corporation Act (AktG) constitutes a part of the Declaration on Corporate Governance. This was issued by the Board of Management and the Supervisory Board on December 6, 2023. In it they state that INDUS Holding AG complied with all the recommendations made by the government commission and in the German Corporate Governance Code version dated April 28, 2022. The full Declaration of Conformity can be viewed on the INDUS website.
www.indus.de/en/about-indus/corporate-governance

Development and Innovation

R&D SUPPORT FOR PORTFOLIO COMPANIES

As a holding company, INDUS does not engage in research and development work in the traditional sense. All such activities are in the hands of the portfolio companies themselves, along with responsibility for ensuring that their products are technologically up-to-date and that they are strategically well positioned in their markets.

That said, INDUS also has a considerable interest in the long-term economic success of its portfolio companies. The INDUS Board of Management therefore regards the subject of innovation as a central key to the healthy development of the companies. In recent years the Board of Management has introduced new offerings for portfolio companies with this in mind. These are:

Funds for innovations in future fields: As part of the "Driving Innovation" strategic initiative, INDUS budgets up to 3% of the Group's annual consolidated EBIT for its portfolio companies with the purpose of advancing suitable innovation projects. Decreasing order receipts during the coronavirus years of 2020 and 2021 led to declining development volume by the innovation development bank. In 2022 and 2023, new applications were made and accepted at the pre-coronavirus level, with the result that after a slight increase in 2023 a further rise in development volume is expected in the subsequent years. This enables INDUS to specifically promote activities and projects that feature a significant level of innovation and are in predefined future fields which, from the INDUS perspective, offer outstanding long-term development potential but are also associated with higher risks. It additionally supports projects that contribute to building competition-relevant knowhow or personnel in the course of their development.

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

Networking and raising awareness: The management of the holding company monitors the trends and developments in the markets across sectors, and transfers the resulting knowledge to the portfolio companies via active dialog with their management teams. INDUS also supports information exchange between the portfolio companies to allow innovation to flourish through changes in perspective. INDUS also helps set up connections between its portfolio companies and external partners and institutions, and looks for opportunities to collaborate in the fields of science, research, and economics. Especially on the on-trend topic of artificial intelligence, advanced training courses have been created on a target basis that enable professional access and the systematic opening up of potentials offered by this technology.

INNOVATION ACTIVITIES UP AGAIN AT THE PORTFOLIO COMPANIES

Expenses for R&D activities recognized in INDUS Group's consolidated financial statements for 2023 amounted to EUR 22.9 million (previous year: EUR 21.1 million). This was an increase in research and development funding of EUR 1.8 million (8.5%).

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

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

Report on the Economic Situation

INDUS Group held its ground well in a challenging environment. Group sales remained stable at EUR 1.80 billion (previous year: EUR 1.80 billion). INDUS Group's operating result (EBIT) increased EUR 149.6 million, compared to EUR 133.7 million in the previous year. The EBIT margin climbed from 7.4% to 8.3%. Free cash flow of EUR 198.9 million was generated (previous year: EUR 101.5 million).

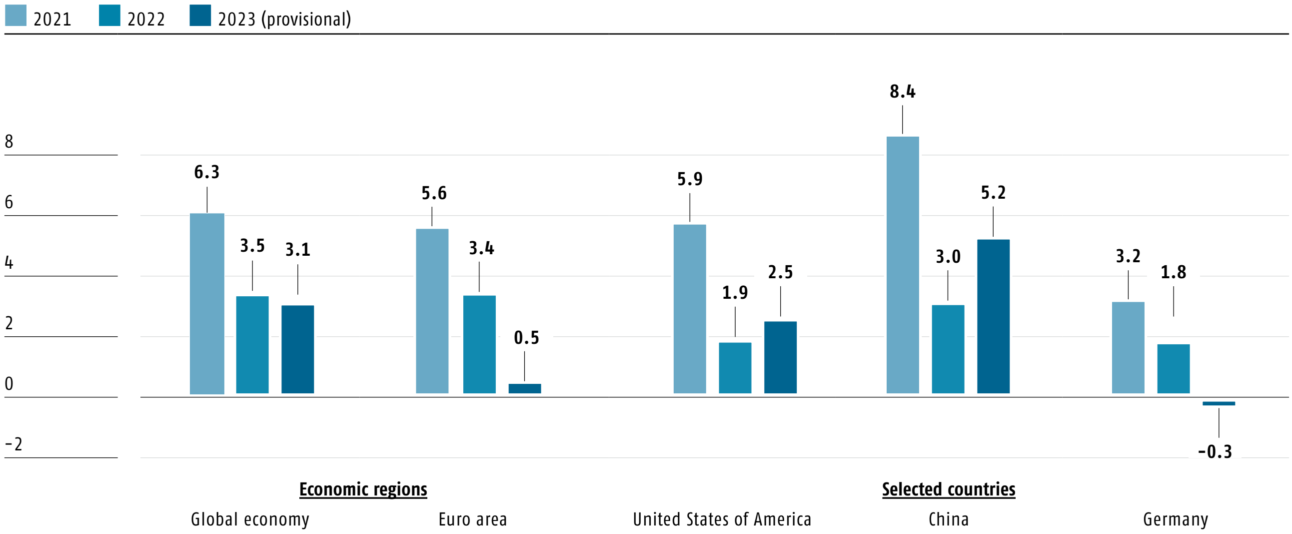
Changes in the Economic Environment

Macroeconomic Trends: Global Crises Weigh Down Economy

The German economy continued to operate in a difficult market environment in 2023: In a year-over-year comparison, gross domestic product reduced by an anticipated -0.3% adjusted for price. High prices and rising interest continued to put pressure on economic activity. Despite the tendency reducing in year-over-year comparison, the inflation rate was still at 5.9% in 2023 – and had also somewhat increased again at year-end. Demand outside Germany for industrial products remained weak in 2023 and high financing costs subdued investment. International demand continued to be impacted by the consequences of the war in Ukraine and geopolitical fragmentation, along with the cyclical effects of restrictive monetary policy. As a result, the International Monetary Fund expects global economic growth of 3.1% for 2023, which is below the historical average of 3.8% for the years 2000 to 2019.

The high order backlog for German industry only partially absorbed the shock of these declining effects: Adjusted for calendar effects, 2023 production in the manufacturing sector dropped by 1.5% compared to the previous year, with the greatest declines in energy-intensive industrial sectors and power generation. Based on preliminary data, the real order backlog in manufacturing declined in November 2023 for the fifth time in a row. Economic weakness can also be seen in orders: In 2023, calendar-adjusted incoming orders in the manufacturing sector were down 5.9% on the previous year. The recovery of the German economy after the pandemic-related slump therefore did not continue. In 2023, gross domestic product was only 0.7% above the GDP for the pre-coronavirus year of 2019. The labor market however remained robust: After seasonally-adjusted gainful employment dropped in late summer, it developed slightly positively again in the fourth quarter of 2023.

ANNUAL ECONOMIC GROWTH (in %)



Source: International Monetary Fund, World Economic Outlook (as of Jan. 2024; figures for 2021 as of Oct. 2023)

Changes in the Industrial Environment

ENGINEERING: GERMAN ENGINEERING FACES A DIFFICULT MARKET

German engineering also had to contend with difficult macroeconomic framework conditions in 2023. High levels of uncertainty arising from wars and geopolitical tensions, as well as a continued high-inflation environment meant muted business performance. Weakening international demand was reflected in export figures: From January to November 2023, German machine exports dropped by -0.2% in real terms based on preliminary calculations by the trade association Verband Deutscher Maschinen- und Anlagenbau e.V. (VDMA). Growth slowed most prominently in the EU states and eastern Asia. Further relaxing of supply chains had a positive effect, and electronics were only scarce in isolated areas. It was possible to process high order backlogs, though the disappearing order buffer also reduced production output in the course of the year. As a result, price-adjusted machine production increased slightly by 0.3% year-on-year in the first eleven months of 2023. However, in November 2023, German machine production dropped for the fourth time in a row. Looking at the whole year, the VDMA expects a real-terms decrease of 1% in year-over-year comparison. Sales for German machine-builders increased by another 1.9% in real terms from January to November. However, order behavior is still conservative: According to the VDMA, in 2023 price-adjusted orders received were 12% below the 2022 level.

INFRASTRUCTURE: HIGH CONSTRUCTION AND FINANCING COSTS SQUEEZE DEMAND

Following the previous boom years, the German construction industry had to face adverse circumstances again in 2023: High construction costs in combination with high interest massively squeezed demand in the construction sector. While prices for materials from wood and steel declined year-on-year in 2023, mineral construction materials such as cement and building sand again became much more expensive in 2023. The prices for new builds were 4.3% higher than the previous year in November 2023. Financing costs also continued to increase in 2023. Against this background, the number of building approvals for homes declined by 25.9% compared to the previous year up to the end of November 2023, while at -28.8% new construction dropped even further. In new construction, 38.6% fewer detached houses and 49.2% fewer semi-detached houses were approved. And there were corresponding consequences for sales: From January to November 2023, real sales in the main construction sector reduced by 3.1% compared with the previous year. Demand that has long been declining and unfavorable weather also put pressure on production in the main construction sector around year-end. Real incoming orders also reduced in a year-over-year comparison in the first eleven months, by 4.7%. However, within the subdivisions development varied in this respect: In November 2023, incoming orders in underground mining saw a double-digit decline in comparison with the previous month, while it slightly increased in building above ground level. Within above-ground construction, the weakness of homebuilding was confirmed: Orders received in home construction went down by 6.8% in comparison with October 2023.

MATERIALS: CATCH-UP EFFECTS PETER OUT

The material-producing and processing industry in Germany was increasingly affected by generally difficult framework conditions in 2023. As a result of supply chains again being stable, M+E companies were able to use catch-up effects and further increase their production on a year average by 2.6% in comparison with 2022, according to employer association Gesamtmetall. However, production fell further in the second half of the year. Wirtschaftsverband Stahl- und Metallverarbeitung (WSM) expects a decline in production of 3% for the whole 2023 year. Sector sales in 2023 increased by 4.2% in real terms according to Gesamtmetall, though there was a trend reversal here in the third quarter. The 2023 order volume was 5.1% below the previous year.

The area of medical disposables and aids is significantly influenced by the development of the German Medical Engineering / Life Science segment. Nominal sales growth of 4.5 to 4.8% is expected here in 2023 – with corresponding low real growth rates given the high price increases. The industry picture is not consistent here: 19% of the companies surveyed by the BVMed trade association expected declines in sales in 2023, and 12% even expected double-digit drops. Overall, the companies are faced with high cost increases: High personnel and logistics costs, increased raw material and energy prices as well as expenses for the implementation of the EU Medical Device Regulation (MDR) put a strain on SMEs in particular.

Performance of the INDUS Group

The Board of Management's Overall Assessment

NEW SEGMENT STRUCTURE SINCE JANUARY 2023 – SALE OF REMAINING SERIES SUPPLIERS

The **PARKOUR perform** strategy update has been in effect since January 1, 2023. The INDUS Group has realigned itself with the introduction of Engineering, Infrastructure, and Materials segments. In the 2023 financial year, the reorganization was completed with the separation of SELZER and SCHÄFER; both areas were sold to strategic investors. INDUS finalized the sale of portfolio companies previously classified as discontinued operations earlier than expected within 2023.

In a challenging macroeconomic environment, 2023 sales were unchanged at EUR 1.8 billion. Sales in the Engineering segment increased by 3.2%, while sales in the Infrastructure and Materials segments declined by 0.6% and 2.7% respectively due to the worsened economic situation. The Group was therefore not able to meet the original forecast in terms of sales in the target range of EUR 1.9 billion to EUR 2.0 billion.

The operating income (EBIT) increased to EUR 149.6 million and was therefore within the forecast range of EUR 145 million to EUR 165 million. This includes impairments of EUR 19.3 million. Operating income before impairments amounted to EUR 168.9 million (previous year: EUR 176.5 million). The EBIT margin was 8.3% and therefore above our forecast of 7.0% to 8.0%.

The operating cash flow increased significantly and at EUR 240.1 million was EUR 103.0 million higher than in the previous year (EUR 137.1 million). After a marked build-up of working capital in the previous year, the working capital as of the reporting date was reduced compared to the previous year, and made a positive cash-flow contribution. Working capital was EUR 466.9 million as of December 31, 2023, and therefore EUR 29.8 million or 6% lower than on the previous year's reporting date. This reduction is in part due to further normalization of supply chains, but also falling material prices.

For 2023, the INDUS Group has achieved a free cash flow of EUR 198.9 million based on the significantly increasing operating cash flow. Our objective of a free cash flow in excess of EUR 100 million was therefore significantly exceeded and opens up scope for dividends and acquisitions.

INDUS implemented one complementary addition in 2023. The transfer of QUICK Bauprodukte GmbH as a new subsidiary of BETOMAX systems GmbH & Co. KG was realized effective March 31. QUICK is a specialist for formwork and reinforcement accessories, and manufactures and distributes standard and special parts for bridge building, overground and underground construction, and tunnel construction. We have not achieved our objective of implementing two growth acquisitions in 2023, in particular due to our concentrating on successfully divesting of automotive series production suppliers. An acquisition that was far advanced in the fourth quarter was ultimately not executed.

The investments in property, plant, and equipment, and intangible assets by the continued operations were reinforced to secure organic growth and totaled EUR 61.9 million (previous year: EUR 54.5 million).

At 37.3% (previous year: 36.8%) the equity ratio in the Group is above the previous year's value but still below the target value of 40%. As of the reporting date, the cash and cash equivalents amounted to EUR 265.8 million (previous year: EUR 127.8 million). The causes of the high degree of liquidity include an acquisition that was not executed in the fourth quarter.

The repayment term, the ratio of net debt to EBITDA, significantly improved to 2.0 years (previous years: 2.3 years) and is therefore better than the expected repayment term of around 2.5 years.

We are using greenhouse gas emission intensity (GHG emissions Scope 1 and 2) as a key control variable at Group level. In the 2023 financial year, the emissions intensity (Scope 1 and 2) was around 49 t CO_2 / EUR million GAV Greenhouse gas emission intensity was therefore reduced by around 36% year on year (76 t CO_2 / EUR million GAV).

TARGET PERFORMANCE COMPARISON

GROUP	ACTUAL 2022	PLAN 2023	ACTUAL 2023	Level of achievement
Key control variables				
Acquisitions	2 growth acquisitions	2 growth acquisitions	1 add-on acquisition	not achieved
Sales	EUR 1.80 billion	EUR 1.9–2.0 billion	EUR 1.80 billion	not achieved
EBIT	EUR 133.7 million	EUR 145–165 million	EUR 149.6 million	achieved
EBIT margin	7.4%	7.0 to 8.0%	8.3%	better than expected
Free cash flow	EUR 101.5 million	> EUR 100 million	EUR 198.9 million	better than expected
Investments in property, plant, and equipment, and intangible assets	EUR 54.5 million	EUR 85–95 million	EUR 61.9 million	not achieved
Greenhouse emissions (GHG emissions Scope 1+2)**	75.94 t CO_2 / EUR million GAV	lower than previous year	49.21 t CO_2 / EUR million GAV	better than expected
Supplementary management variables				
Equity ratio	36.8% *	higher than previous year, around 38%	37.3%	partly achieved
Net debt/EBITDA	2.3 years	around 2.5 years	2.0 years	better than expected
Working capital	EUR 496.7 million	no change	EUR 466.9 million	better than expected
SEGMENTS				
Engineering				
Sales	EUR 580.9 million	slightly increasing	EUR 599.6 million	achieved
EBIT	EUR 47.4 million	strongly increasing	EUR 57.0 million	achieved
EBIT margin	8.2%	9 to 11%	9.5%	achieved
Infrastructure				
Sales	EUR 586.0 million	slightly increasing	EUR 582.2 million	not achieved
EBIT	EUR 51.3 million	strongly increasing	EUR 49.3 million	not achieved
EBIT margin	8.8%	10 to 12%	8.5%	not achieved
Materials				
Sales	EUR 636.8 million	increasing	EUR 619.9 million	not achieved
EBIT	EUR 49.9 million	stable	EUR 57.3 million	better than expected
EBIT margin	7.8%	6 to 8%	9.2%	better than expected

* Previous year's value adjusted
** Net emissions intensity

Group Earnings Performance

CONSOLIDATED STATEMENT OF INCOME (in EUR million)

	2023	2022	2021	Difference 2023 to 2022 absolute	Difference 2023 to 2022 in %
Sales	**1,802.4**	**1,804.1**	**1,633.5**	**-1.7**	**-0.1**
Other operating income	20.6	25.1	23.8	-4.5	-17.9
Own work capitalized	5.4	3.5	3.9	1.9	54.3
Change in inventories	-17.1	30.0	21.7	-47.1	<-100
Overall performance	**1,811.3**	**1,862.7**	**1,682.9**	**-51.4**	**-2.8**
Cost of materials	-801.4	-872.2	-757.0	70.8	8.1
Personnel expenses	-521.5	-494.6	-467.5	-26.9	-5.4
Other operating expenses	-230.3	-233.4	-207.2	3.1	1.3
EBITDA	**258.1**	**262.5**	**251.2**	**-4.4**	**-1.7**
in % of sales	14.3	14.6	15.4	-0.3 pp	-
Depreciation/amortization	-108.5	-128.8	-85.6	20.3	15.8
of which PPA depreciation*	-19.2	-17.8	-13.8	-1.4	-7.9
of which impairment	-19.3	-42.8	-2.5	23.5	54.9
Adjusted EBITA**	188.1	194.3	181.9	-6.2	-3.2
in % of sales	10.4	10.8	11.1	-0.4 pp	-
Operating income (EBIT)	**149.6**	**133.7**	**165.6**	**15.9**	**11.9**
in % of sales	8.3	7.4	10.1	0.9 pp	-
Financial income	-9.9	-17.8	-15.9	7.9	44.4
Earnings before taxes from continuing operations (EBT)	**139.7**	**115.9**	**149.7**	**23.8**	**20.5**
Income taxes	-55.8	-33.4	-51.9	-22.4	-67.1
Earnings from discontinued operations	-27.8	-123.9	-50.2	96.1	77.6
Earnings after taxes	**56.1**	**-41.4**	**47.6**	**97.5**	**>100**
of which interests attributable to non-controlling shareholders	0.7	0.8	0.8	-0.1	-12.5
of which interests attributable to INDUS shareholders	55.4	-42.2	46.8	97.6	>100
Earnings per share from continuing operations in EUR	**3.10**	**3.04**	**3.68**	**0.06**	**2.0**
Earnings per share from discontinued operations in EUR	**-1.04**	**-4.61**	**-1.91**	**3.57**	**77.4**

* The term PPA depreciation includes depreciation on assets on purchase price allocations.
** The term EBITA (adjusted) includes the operating income (EBIT) plus PPA depreciation and impairments.

SALES ALMOST UNCHANGED FROM THE PREVIOUS YEAR

The INDUS Group held its ground in a difficult environment. INDUS Group **sales** fell marginally by 0.1% (EUR -1.7 million) to EUR 1.802,4 million in the financial year 2023. Growth from 2022's new acquisitions of HEIBER + SCHRÖDER and HELD as well as the new acquisition of QUICK in 2023 comes to 0.7%. Organic decrease in sales was 0.8%.

Sales growth of 3.2% was achieved in the Engineering segment. This was in particular due to an improved situation in measurement and control engineering. The slight decrease in sales in the Infrastructure (-0.6%) and Materials (-2.7%) segments is down to difficult economic conditions. Due to high construction costs and interest, the construction industry recorded marked reductions in demand. In the Materials segment, customer demand for agricultural engineering products significantly declined.

Due to a marked decrease in inventories (EUR -47.1 million), **overall performance** declined by EUR -51.4 million. Overall performance amounted to EUR 1,811.3 million, compared with EUR 1,862.7 million in the previous year. There was a year-on-year reduction in the **cost of materials** by 8.1% to EUR 801.4 million (previous year: EUR 872.2 million). This reduction, which was disproportionately high compared to sales growth, is a result of cost reductions in many areas and the depletion of inventories. The **cost-of-materials ratio** therefore also reduced from 48.3% to 44.5%. If the cost of materials is viewed together with the change in inventories in proportion to sales, the rate only reduced from 46.7% in the previous year to 45.4% in the reporting year.

Personnel expenses increased by EUR 494.6 million to EUR 521.5 million. This equates to an increase of 5.4%. At 28.9%, the **personnel expenses ratio** was 1.5 percentage points above the previous year's level (27.4%).

Other operating expenses decreased by EUR 3.1 million (1.3%) to EUR 230.3 million. In particular, currency losses (EUR -6.0 million) have markedly reduced. There is a positive operating income before depreciation/amortization (EBITDA) of EUR 258.1 million compared with EUR 262.5 million the previous year. This corresponds to a reduction of EUR 4.4 million (1.7%).

Depreciation of EUR 108.5 was EUR 20.3 million (15.8%) less than the previous year. Depreciation includes scheduled depreciation, impairments, and PPA depreciation. PPA depreciation of EUR 19.2 million (previous year: EUR 17.8 million) is depreciation on intangible assets and property, plant, and equipment from the purchase price allocation for new acquisitions. Impairments of EUR 19.3 million (previous year: EUR 42.8 million) concern **goodwill** (EUR 12.8 million) and property, plant, and equipment (EUR 5.7 million) as well as immaterial assets (EUR 0.8 million).

ADJUSTED EBITA

The adjusted EBITA is calculated from the operating income (EBIT) plus the impairments and the PPA depreciation. In as far as reversals are posted, these must be deducted.

Adjusted EBITA was EUR 188.1 million in the 2023 financial year, compared with EUR 194.3 million the previous year. The EBITA margin was therefore 10.4% and 0.4 percentage points below that of the previous year. The reduced EBITA reflects the economically difficult framework conditions, in particular for portfolio companies in the construction sector.

EBIT MARGIN INCREASES BY 0.9 PERCENTAGE POINTS

Operating income or EBIT came to EUR 149.6 million in 2023. EBIT was therefore EUR 15.9 million (11.9%) higher than the previous year (EUR 133.7 million). The EBIT margin was 8.3% compared with 7.4% in the previous year.

Net financial income increased by EUR 7.9 million, from EUR -17.8 million to EUR -9.9 million. The financial income includes net interest, income from shares measured according to the equity method, and other financial income. Net interest reduced from EUR -13.1 million to EUR -19.6 million. Increased expenditure due to increased interest for financial liabilities has made its mark here. The other financial income was EUR 8.4 million, compared with EUR -5.1 million in the previous year. Measurements of minority interests in particular are reported in the other financial income item. The reason for the reduced expenses is the valuation of the call/put options for the later purchase of minority interests being reduced by EUR 8.7 million; the call/put options are measured at fair value.

Earnings before taxes from continuing operations or **EBT** rose by EUR 23.8 million to EUR 139.7 million (previous year: EUR 115.9 million). Income tax expenses increased significantly by EUR 22.4 million to EUR 55.8 million. Adjusted by impairments, which are not taken into account in the tax calculation, the tax rate is 35.1%, following 21.0% in the previous year.

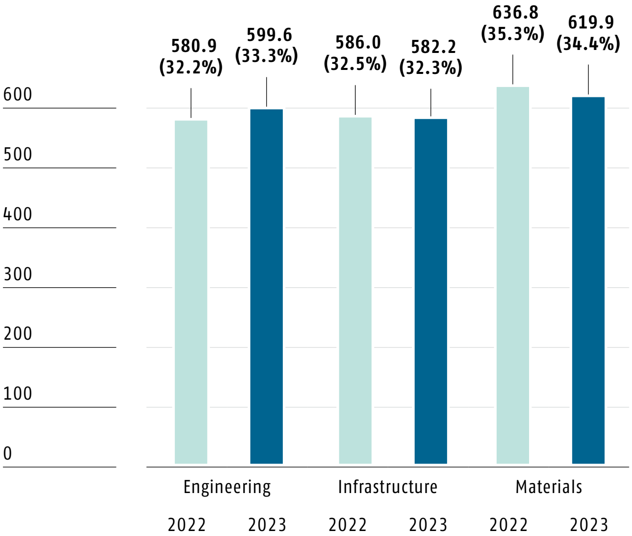
Income from discontinued operations is earnings after taxes and was EUR -27.8 million. The previous year's comparative value was EUR -123.9 million. This includes the operating income of SCHÄFER and SELZER up to deconsolidation in July and August 2023 respectively. In addition to the operating income from SELZER and SCHÄFER, this also includes the operating income of SMA in the previous year and all value adjustments as a result of the deconsolidation of SMA and the reallocation of SELZER into discontinued operations.

Earnings after taxes were EUR 56.1 million (previous year: EUR -41.4 million). This equates to an increase of EUR 97.5 million compared to the previous year. Interests attributable to non-controlling shareholders amounted to EUR 0.7 million (previous year: EUR 0.8 million). Earnings after taxes for INDUS shareholders amounted to EUR 55.4 million. This equates to earnings per share in the continuing operations of EUR 3.10 as compared to EUR 3.04 in the previous year. Earnings per share for the discontinued operations came to EUR -1.04, following EUR -4.61 in the previous year.

SALES AND INCOME ARE DISTRIBUTED RELATIVELY EVENLY ACROSS THE SEGMENTS.

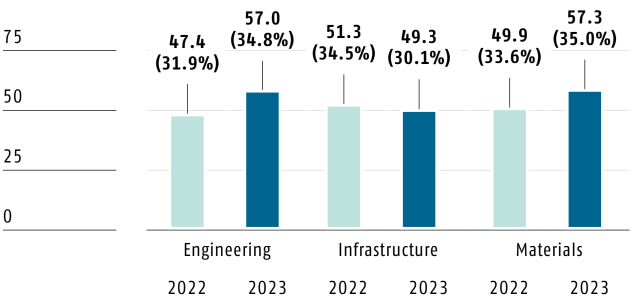
Sales for the newly arranged segments of Engineering, Infrastructure, and **Materials** are relatively evenly distributed. The Materials segment achieved the largest proportion of sales in the reporting year and in the previous year, at 34.4% and 35.3% respectively. In the reporting year, the proportion of sales for the **Engineering** segment grew slightly to 33.3% (previous year: 32.2%). The **Infrastructure** segment recorded a proportion of sales of around 32%, which is almost unchanged.

SALES BREAKDOWN BY SEGMENT (in EUR million)



In terms of distribution of the operating income (EBIT), there are also no major differences between the segments. The Engineering segment's contribution to earnings was 34.8% after 31.9% in the previous year. The Materials segment achieved the highest proportion of earnings at 35.0% (previous year: 33.6%). In the Infrastructure segment, the EBIT proportion reduced from 34.5% in the previous year to 30.1% in the reporting year. The turbid economic situation for construction in the 2023 financial year had an impact here.

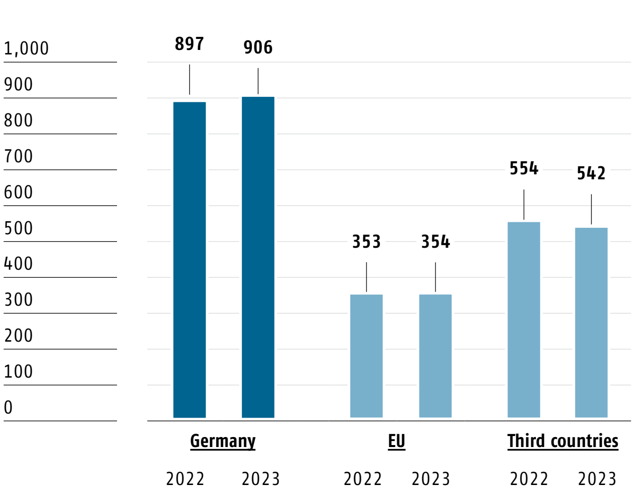
EBIT BREAKDOWN BY SEGMENT (in EUR million)



CONTRIBUTION TO SALES BY REGION

The INDUS Group's sales are attributable to its domestic and international business in almost-equal measure. In relative terms, the domestic share of sales increased by 0.6 percentage points compared to the previous year, to 50.3% (previous year: 49.7%). Domestic sales increased by 1.1% to EUR 906.5 million as compared with the previous year. Sales within the EU remained almost constant (+0.3%), while sales in third countries reduced by 2.3%.

SALES 2022–2023 BY REGION (in EUR million)



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Earnings Trends in the Segments

ENGINEERING

SEGMENT DESCRIPTION

Machine and plant manufacturing continues to be a backbone of the German economy with many hidden champions. Dovetailing production with the latest information and communication technology lays the foundation for new growth models. The megatrends of digitalization and sustainability are the growth drivers behind this development. The INDUS Engineering segment consists of companies that already support the manufacturing industry with a broad range of services. These companies are well established on the market for specialized mechanical engineering and equipment manufacturing, and as niche providers in specialized machine and plant construction in the fields of automation/robotics, sensor technology, measurement, and control engineering.

The INDUS Engineering segment comprises 15 portfolio companies.

SEGMENT PERFORMANCE: MARKED IMPROVEMENT IN EBIT MARGIN

The portfolio companies in the Engineering segment generated sales of EUR 599.6 million in the 2023 financial year (previous year: EUR 580.9 million). As compared to the previous year, sales increased by EUR 18.7 million (3.2%). The growth relates to inorganic growth of 1.3% through the acquisition of HEIBER + SCHRÖDER and HELD in 2022, as well as organic growth of 1.9%. The organic growth is primarily due to an uptick in business in the fields of measuring technology and control engineering, cleanroom systems, and automation.

Adjusted EBITA was EUR 73.5 million, compared with EUR 71.6 million the previous year. The increase of EUR 1.9 million (2.7%) is mainly the result of the improved earnings situation of one portfolio company active in measuring technology and control engineering. In the previous year, the sales and earnings situation in this area was still severely impacted by the semiconductor shortage. The adjusted EBITA margin was 12.3% (previous year: 12.3%).

Due to the increase in capital costs and retracted forecasts in individual cases, the annual impairment testing led to impairments in the Engineering segment of EUR 5.1 million (previous year: EUR 13.8 million). These related to goodwill in the amount of EUR 3.6 million (previous year: EUR 11.9 million), property, plant, and equipment in the amount of EUR 1.3 million (previous year: EUR 0.0 million), and intangible assets in the amount of EUR 0.2 million (previous year: EUR 1.9 million). PPA depreciation for the segment amounted to EUR 11.4 million, following EUR 10.4 million the previous year. This increase is attributable to the new acquisitions of HEIBER + SCHRÖDER and HELD in the previous year.

As a result, operating income (EBIT) totaled EUR 57.0 million, following EUR 47.4 million in the same period of the previous year. The EBIT margin was 9.5% (previous year 8.2%) and was therefore 1.3 percentage points above the previous year and within the target range of 9% to 11%.

The investments of EUR 12.1 million made during the reporting period related exclusively to investments in property, plant, and equipment and intangible assets. The previous year's investment figure contained the acquisition of HEIBER + SCHRÖDER and HELD in a total amount of EUR 58.8 million.

KEY ENGINEERING FIGURES (in EUR million)

			Difference 2023 to 2022	
	2023	2022	absolute	in %
Revenue with external third parties	599.6	580.9	18.7	3.2
EBITDA	94.5	92.6	1.9	2.1
in % of sales	15.8	15.9	-0.1 pp	–
Depreciation/amortization	-37.5	-45.2	7.7	17.0
of which PPA depreciation*	-11.4	-10.4	-1.0	-9.6
of which impairment	-5.1	-13.8	8.7	63.0
EBITA (adjusted)**	73.5	71.6	1.9	2.7
in % of sales	12.3	12.3	–	–
EBIT	57.0	47.4	9.6	20.3
in % of sales	9.5	8.2	1.3 pp	–
Investments	12.1	71.2	-59.1	-83.0
Employees	2,842	2,771	71	2.6

* The term PPA depreciation includes depreciation on assets on purchase price allocations.
** The term EBITA (adjusted) includes the operating income (EBIT) plus PPA depreciation and impairments.

INFRASTRUCTURE

SEGMENT DESCRIPTION

Growing mobility and advancing urbanization as well as increasing digitalization and sustainability are the megatrends that are providing the construction sector in Germany with lasting momentum. Public investment in infrastructure for the maintenance and expansion of transport routes, high capacity demand in residential construction, and energy-efficiency renovations are driving demand. Construction and building technology are receiving new momentum from the societal demand for sustainable construction. Advanced technologies facilitate the development of intelligent infrastructure and supply networks in telecommunications and in energy supply.

The companies in the INDUS Infrastructure segment are using their solid positioning to develop their range of offers with a clear focus on this demand – in the clusters of construction and building technology, telecommunications infrastructure, and air-conditioning technology.

The Infrastructure segment contains 14 portfolio groups.

SEGMENT PERFORMANCE: SOLID PERFORMANCE DESPITE TURBULENT ECONOMIC SITUATION FOR CONSTRUCTION

BETOMAX systems GmbH & Co. KG acquired QUICK Bauprodukte GmbH at the beginning of the 2023 financial year. The economic transfer and the initial consolidation took place on March 31, 2023. QUICK is a specialist for formwork and reinforcement accessories, and manufactures and distributes standard and special parts for bridge building, overground and underground construction, and tunnel construction. The QUICK portfolio of products perfectly complements the BETOMAX product range and opens up new opportunities for the company in the field of bridge building.

In the Infrastructure segment, sales in the 2023 financial year were EUR 582.2 million (previous year: EUR 586.0 million); the segment sales therefore reduced by EUR 3.8 million or 0.6% compared to the previous year. The acquisition of QUICK led to inorganic growth of 0.8% in the reporting period. This was offset by an organic decline in sales of 1.4%. The slowdown in the construction sector impacted the majority of portfolio companies. The area of infrastructure networks was the exception here. In particular in the area of heating and air-conditioning systems for commercial vehicles, a decline in sales from the previous year has now been significantly compensated for. In the area of infrastructure networks, a new major order to expand a glass fiber network was started in Bavaria. Completion will also extend over the two coming financial years.

At EUR 61.8 million, the adjusted EBITA was therefore down by EUR 6.8 million on the previous year's figure (EUR 68.6 million). The adjusted EBITA margin was 10.6% and was therefore 1.1 percentage points below that of the previous year (previous year: 11.7%). The reduced adjusted EBITA relates to most of the segment's portfolio companies and is the result of the declining economic situation for construction in the 2023 financial year.

During the annual impairment test, impairment losses of EUR 7.5 million (previous year: EUR 12.7 million) were recognized. These relate exclusively to goodwill. The impairments result from another marked increase in capital costs – derived from market parameters – and forecasts being retracted in individual cases. At EUR 5.0 million, depreciation on purchase price allocations (PPA depreciation) was slightly higher than in the previous year (EUR 4.6 million). The increase results from the new acquisition of the current financial year (QUICK).

Operating income (EBIT) for the financial year amounted to EUR 49.3 million (previous year: EUR 51.3 million) and was EUR 2.0 million below the previous year (3.9%). The EBIT margin came in at 8.5% (previous year: 8.8%).

Investments of EUR 35.2 million in the reporting year related primarily to the acquisition of QUICK and property, plant, and equipment. Investments in fixed assets stood at EUR 26.3 million, markedly above the value seen in the previous year (EUR 15.2 million). This increase is due to the acquisition of an operating property by a portfolio company.

KEY INFRASTRUCTURE FIGURES

(in EUR million)

			Difference 2023 to 2022	
	2023	2022	absolute	in %
Revenue with external third parties	582.2	586.0	-3.8	-0.6
EBITDA	83.0	88.5	-5.5	-6.2
in % of sales	14.3	15.1	-0.8 pp	–
Depreciation/amortization	-33.7	-37.2	3.5	9.4
of which PPA depreciation*	-5.0	-4.6	-0.4	-8.7
of which impairment	-7.5	-12.7	5.2	40.9
EBITA (adjusted)**	61.8	68.6	-6.8	-9.9
in % of sales	10.6	11.7	-1.1 pp	–
EBIT	49.3	51.3	-2.0	-3.9
in % of sales	8.5	8.8	-0.3 pp	–
Investments	35.2	15.2	20.0	>100
Employees	2,934	2,875	59	2.1

* The term PPA depreciation includes depreciation on assets on purchase price allocations.
** The term EBITA (adjusted) includes the operating income (EBIT) plus PPA depreciation and impairments.

MATERIALS

SEGMENT DESCRIPTION

Current deglobalization with simultaneously increased requirements for cost optimization and resilience of supply chains requires a regional optimization of supplier and production networks. At the same time, development and combination of innovative materials and production procedures in the manufacturing sector are shifting the limit of what is feasible. Supported by AI applications, robotics, and new recycling procedures, they are facilitating advances in new and more sustainable dimensions of performance and application.

The companies in the INDUS Materials segment have a high level of expertise in the field of materials as well as their creation and processing. They are specialized in the areas of metals technology (carbide tools and wear technology, component and assembly production, surface and housing technology) as well as medical consumables and supplies, and are oriented on changed market requirements utilizing the new opportunities.

The INDUS Materials segment comprises 14 portfolio groups.

SEGMENT PERFORMANCE: EBIT AND EBIT MARGIN INCREASED

In the Materials segment, sales of EUR 619.9 million (previous year: EUR 636.8 million) were generated in 2023. The decline in sales amounted to EUR 16.9 million (-2.7%) and is reflected in order volume in the metals technology area weakening in the second half of the year. The customer segments of agricultural engineering, construction equipment, and the steel industry in particular report markedly reduced incoming orders and reductions in sales.

The EBITA (adjusted) amounted to EUR 66.7 million, and was therefore EUR 0.8 million or 1.2% lower than in the previous year. The adjusted EBITA margin was 10.8% after 10.6% in the previous year. Almost over the entire year, the metal processing companies in the segment were able to offset the declining quantities and further falling sales prices through corresponding measures. In the final quarter of the financial year, the drops in demand could no longer be compensated, with the result that this tangibly impacted the metals technology portfolio companies' operating income. In contrast to this, the majority of companies in the field of medical disposables and aids have improved their income.

During the annual impairment test, impairments of EUR 6.7 million (previous year: EUR 14.8 million) were recognized. This was due to higher capital costs derived from market parameters and retracted forecasts in individual cases. The impairment relates to goodwill in the amount of EUR 1.7 million (previous year: EUR : 14.7 million), intangible assets in the amount of EUR 0.6 million (previous year: EUR 0.0 million) and property, plant, and equipment in the amount of EUR 4.4 million (previous year: EUR 0.1 million). At EUR 2.7 million, the PPA depreciation in the Materials segment was slightly lower than in comparison with the previous year (EUR 2.8 million).

Operating income (EBIT) in the Materials segment amounted to EUR 57.3 million (previous year: EUR 49.9 million). The EBIT margin was 9.2%, after 7.8% in the previous year.

At EUR 22.0 million, investments were slightly below the previous year's figure of EUR 23.5 million, and exclusively related to investments in fixed assets.

KEY MATERIALS FIGURES

(in EUR million)

			Difference 2023 to 2022	
	2023	2022	absolute	in %
Revenue with external third parties	619.9	636.8	-16.9	-2.7
EBITDA	93.7	92.4	1.3	1.4
in % of sales	15.1	14.5	0.6 pp	–
Depreciation/amortization	-36.4	-42.5	6.1	14.4
of which PPA depreciation*	-2.7	-2.8	0.1	3.6
of which impairment	-6.7	-14.8	8.1	54.7
EBITA (adjusted)**	66.7	67.5	-0.8	-1.2
in % of sales	10.8	10.6	0.2 pp	–
EBIT	57.3	49.9	7.4	14.8
in % of sales	9.2	7.8	1.4 pp	–
Investments	22.0	23.5	-1.5	-6.4
Employees	3,107	3,151	-44	-1.4

* The term PPA depreciation includes depreciation on assets on purchase price allocations.
** The term EBITA (adjusted) includes the operating income (EBIT) plus PPA depreciation and impairments.

Financial Position

Financial and Liquidity Management

PRINCIPLES AND OBJECTIVES

Financial management at INDUS Holding AG consists of managing equity and borrowings and managing interest rate and currency risks. Financial and liquidity management pursues three goals: safeguarding of sufficient liquidity reserves, risk limitation, and earnings and cost optimization. Liquidity safeguarding is of particular importance here. It not only enables INDUS to meet its payment obligations at all times but also to exploit acquisition opportunities at any time with no dependence on banks.

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

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

Management of the working capital is of particular importance for the Group's liquidity needs. INDUS monitors and supports companies with respect to their respective management of working capital.

FINANCING ANALYSIS FOR 2023

Cash and cash equivalents were generated from operating cash flow and long-term borrowing. This largely consisted of long-term bilateral bank loans with no collateral provided. Leasing financing of EUR 23.8 million was also concluded. Credit lines were also used on a temporary basis to cover short-term liquidity needs. Liabilities to banks amounted to EUR 340.6 million as of the reporting date (previous year: EUR 347.7 million); these are primarily (99.8%) denominated in euros. Promissory note loans amounted to EUR 354.4 million (previous year: EUR 303.5 million). INDUS also has unused credit lines totaling EUR 94.5 million (previous year: EUR 91.6 million).

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

Financial Position

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

			Difference 2023 to 2022	
	2023	2022	absolute	in %
Earnings after taxes	**84.0**	**82.5**	1.5	**1.8**
Depreciation/amortization	108.6	128.8	-20.2	-15.7
Other non-cash-effective changes	67.2	47.4	19.8	41.8
Cash-effective change in working capital	33.4	-68.9	102.3	>100
Change in other balance sheet items	-5.0	-4.1	-0.9	-22.0
Tax payments	-48.1	-48.6	0.5	1.0
Operating cash flow	**240.1**	**137.1**	**103.0**	**75.1**
Interest	-22.5	-20.8	-1.7	-8.2
Cash flow from operating activities	**217.6**	**116.3**	**101.3**	**87.1**
Cash outflow for investments and acquisitions	-71.4	-113.7	42.3	37.2
Cash inflow from the disposal of assets	21.3	19.3	2.0	10.4
Cash flow from investing activities	**-50.1**	**-94.4**	**44.3**	**46.9**
Cash inflow from minority shareholders	0.0	0.2	-0.2	-100.0
Dividend payment	-21.5	-28.2	6.7	23.8
Dividends paid to minority shareholders	-0.9	-0.8	-0.1	-12.5
Cash outflow from the repayment of contingent purchase price commitments	0.0	-2.5	2.5	100.0
Cash inflow from the raising of loans	168.7	264.1	-95.4	-36.1
Cash outflow from the repayment of loans	-126.6	-157.8	31.2	19.8
Cash outflow from the repayment of lease liabilities	-20.2	-19.1	-1.1	-5.8
Cash flow from financing activities	**-0.5**	**55.9**	**-56.4**	**<-100**
Net changes in cash and cash equivalents from continuing operations	167.0	77.8	89.2	>100
Net changes in cash and cash equivalents from discontinued operations	-24.6	-80.9	56.3	69.6
Exchange-rate-related change to cash and cash equivalents from continuing operations	-0.7	-0.2	-0.5	<-100
Exchange-rate-related change in cash and cash equivalents from discontinued operations	0.0	-0.1	0.1	100.0
Changes in cash in connection with discontinued operations	-3.7	-5.1	1.4	27.5
Cash and cash equivalents at the beginning of the period	127.8	136.3	-8.5	-6.2
Cash and cash equivalents at the end of the period	**265.8**	**127.8**	**138.0**	**>100**

STATEMENT OF CASH FLOWS: OPERATING CASH FLOW EXCEEDS THE PREVIOUS YEAR BY AROUND EUR 100 MILLION

Operating cash flow rose EUR 103.0 million to EUR 240.1 million in 2023, in comparison with the same period of the previous year. At EUR 84.0 million, earnings after taxes in the reporting period were EUR 1.5 million higher than the previous year's figure of EUR 82.5 million. Alongside the improved earnings after taxes, the increase in operating cash flow is in particular attributable to the cash from working capital financing having improved by EUR 102.3 million compared with the previous year. A working capital build-up in the previous year, with a financing requirement of EUR 68.9 million was faced in the reporting year with a depletion of working capital with a release of funds of EUR 33.4 million. In the previous year, along with the usual seasonal increase in working capital, companies purposefully engaged in stockpiling due to supply chain problems.

The balance from interest (including variable interest on purchase price commitment to non-controlling shareholders) of EUR -22.5 million was slightly above the previous year's figure of EUR -20.8 million. The cause of this increase is higher interest payments to banks.

Taking into account interest payments, cash flow from operating activities amounted to EUR 217.6 million (previous year: EUR 116.3 million) and was therefore EUR 101.3 million higher than the previous year.

At EUR -61.9 million, the cash outflow for investments in intangible assets and in property, plant, and equipment was EUR 7.4 million higher than in the previous year (previous year: EUR -54.5 million). Cash outflow for investment in shares in fully consolidated companies amounted to EUR 8.9 million in respect of the acquisition of QUICK. The two portfolio companies HEIBER + SCHRÖDER and HELD were acquired in the same period of the previous year. Cash inflow from the disposal of assets comprised the proceeds for a commercial property that is no longer required amounting to EUR 14.4 million. The second tranche of the purchase price for the sale of the WIESAUPLAST Group of EUR 9.8 million was received in the previous year. Cash flow from investing activities came to a total of EUR -50.1 million, compared with EUR -94.4 million in the previous year.

Cash flow from financing activities declined significantly and amounted to EUR -0.5 million (previous year: EUR 55.9 million). The reason for the marked decline is the sharp reduction of EUR 64.2 million in net borrowing; this stood at EUR 42.1 million (previous year: EUR 106.3 million).

Net changes in cash and cash equivalents from continuing operations amounted to EUR 167.0 million after EUR 77.8 in the previous year. Net changes in cash and cash equivalents from discontinued operations amounted to EUR -24.6 million (previous year: EUR -80.9 million). Assuming an initial inventory at the beginning of the year of EUR 127.8 million, cash and cash equivalents have sharply increased overall, and were at EUR 265.8 million as of December 31, 2023.

FREE CASH FLOW IS AROUND EUR 200 MILLION

Free cash flow was introduced as an additional management variable with the PARKOUR perform strategy update. Free cash flow is the sum of operating cash flow and cash flow from investing activities less cash outflow for investments in fully consolidated companies.

Free cash flow indicates the INDUS funds available for new acquisitions, dividends, and payments to creditors (interest, repayment of leasing obligations, and reduction of net debt).

FREE CASH FLOW (in EUR million)

			Difference 2023 to 2022	
	2023	**2022**	**absolute**	**in %**
Operating cash flow from continuing operations	240.1	137.1	103.0	75.1
Cash flow from investing activities from continuing operations	-50.1	-94.4	44.3	46.9
Cash outflow for investments for shares in fully consolidated companies	8.9	58.8	-49.9	-84.9
FREE CASH FLOW	**198.9**	**101.5**	**97.4**	**96.0**

In the 2023 financial year, the INDUS Group generated free cash flow of EUR 198.9 million. Free cash flow was thus EUR 97.4 million higher than in the same period of the previous year.

Interest payments (EUR 22.5 million), the dividend payment (EUR 21.5 million), the new acquisition (EUR 8.9 million), and lease liability repayments (EUR 20.2 million) were all financed from free cash flow from continuing operations. The free cash flow also covers the payments accrued so far for the discontinued operations (EUR 28.3 million), and leaves further scope for future new acquisitions, capital measures, or investments.

Net Assets

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

	Dec. 31, 2023	Dec. 31, 2022	Difference 2023 to 2022 absolute	Difference 2023 to 2022 in %
ASSETS				
Non-current assets	**1,029.2**	**1,023.5**	**5.7**	**0.6**
Fixed assets	1,005.3	1,001.4	3.9	0.4
Receivables and other assets	23.9	22.1	1.8	8.1
Current assets	**899.6**	**866.4**	**33.2**	**3.8**
Inventories	429.3	449.4	-20.1	-4.5
Receivables and other assets	204.5	222.9	-18.4	-8.3
Cash and cash equivalents	265.8	127.8	138.0	>100
Assets held for sale	0.0	66.3	-66.3	-
Total assets	**1,928.8**	**1,889.9**	**38.9**	**2.1**
EQUITY AND LIABILITIES				
Non-current financial instruments	**1,468.9**	**1,413.9**	**55.0**	**3.9**
Equity	719.7	694.8	24.9	3.6
Borrowings	749.2	719.1	30.1	4.2
of which provisions	27.6	24.7	2.9	11.7
of which payables and deferred taxes	721.6	694.4	27.2	3.9
Current financing instruments	**459.9**	**476.0**	**-16.1**	**-3.4**
of which provisions	41.7	42.3	-0.6	-1.4
of which liabilities	418.2	398.0	20.2	5.1
of which liabilities for assets held for sale	0.0	35.7	-35.7	-
Total equity and liabilities	**1,928.8**	**1,889.9**	**38.9**	**2.1**

ASSETS: SIGNIFICANT DEPLETION OF WORKING CAPITAL

As of the reporting date, total assets of the INDUS Group amounted to EUR 1,928.8 million, a EUR 38.9 million increase from the previous year's reporting date. The increase in the total assets resulted from the EUR 138.0 million increase in cash and cash equivalents. Working in the opposite direction was the reduction of working capital (EUR -29.8 million) and the disposal of assets held for sale.

As compared to the previous reporting date, **non-current assets** rose by EUR 5.7 million, or 0.6%, to EUR 1,029.2 million. Goodwill reduced by EUR 7.9 million, as the addition from the new acquisition of QUICK was countered by higher impairments. Right-of-use assets from leasing/rent increased from EUR 68.9 million to EUR 73.9 million. The reason for this increase is additions in the area of land and buildings as well as vehicles. For other intangible assets, a reduction of EUR 8.3 million resulted from depreciation/amortization of the client base and technology.

Compared with the previous reporting date, **current assets** increased by EUR 33.2 million to EUR 899.6 million. This is in particular attributable to the increased stock of cash and cash equivalents (EUR +138.0 million). Working in the opposite direction here are the working capital items of inventories and receivables, which were reduced in total by EUR 38.5 million. The assets held for sale were primarily disposed of through the sale of SCHÄFER and SELZER.

EQUITY AND LIABILITIES: EQUITY RATIO INCREASED

Equity rose by EUR 24.9 million to EUR 719.7 million. This increase is due to the positive total comprehensive income (EUR 47.3 million), minus dividend payment in the reporting year in the amount of EUR 21.5 million. The equity ratio rose slightly year-over-year again, from 36.8% to 37.3% as of the reporting date. In the medium term, the equity should again be above the target of 40%.

At EUR 749.2 million, **non-current borrowings** were EUR 30.1 million higher than the previous year. This results from an increase in liabilities to banks for creation of a liquidity reserve for the financing of future company acquisitions.

Current financing instruments reduced by EUR 16.1 million to EUR 459.9 million. The decline results from the disposal of liabilities for assets held in connection with the sale, in the amount of EUR 35.7 million. This disposal primarily relates to the sale of SELZER and SCHÄFER. In contrast with this, there was a EUR 20.2 million increase in liabilities resulting from the rise in financial liabilities.

WORKING CAPITAL (in in EUR million)

	Dec. 31, 2023	Dec. 31, 2022	Difference 2023 to 2022 absolute	Difference 2023 to 2022 in %
Inventories	429.3	449.4	-20.1	-4.5
Trade receivables	181.3	195.5	-14.2	-7.3
Trade payables	-63.7	-74.3	10.6	14.3
Advance payments received	-23.3	-33.0	9.7	29.4
Contract liabilities	-56.7	-40.9	-15.8	-38.6
Working capital	**466.9**	**496.7**	**-29.8**	**-6.0**

INDUS calculates **working capital** by adding trade receivables to inventories and deducting trade payables along with advance payments received and contract liabilities. As of December 31, 2023, working capital stood at EUR 466.9 million. It therefore dropped by EUR 29.8 million or 6.0% after an increase in the previous year by 11.9%.

NET FINANCIAL LIABILITIES (in EUR million)

	Dec. 31, 2023	Dec. 31, 2022	Difference 2023 to 2022 absolute	Difference 2023 to 2022 in %
Non-current financial liabilities	618.2	580.6	37.6	6.5
Current financial liabilities	153.8	140.7	13.1	9.3
Cash and cash equivalents	-265.8	-127.8	-138.0	-108.0
Net financial liabilities	**506.2**	**593.5**	**-87.3**	**-14.7**

INDUS calculates **net debt** (net financial liabilities) as the sum of current and non-current financial liabilities less cash and cash equivalents. As of December 31, 2023, it amounted to EUR 506.2 million, which equates to a decrease of 14.7% as compared to the previous year's reporting date. This is attributable to cash and cash equivalents increasing by EUR 138.0 million. In counterpoint to this there was an increase in financial liabilities from EUR 721.3 million to EUR 772.0 million. The ratio of net debt to equity (gearing) is 70% (previous year: 85%). The ratio of net debt/EBITDA (for continuing operations) is 2.0 years (previous year: 2.3 years). The repayment term is therefore within the long-term target range of 2.0 to 2.5 years and offers scope for additional company acquisitions.

INVESTMENTS AND DEPRECIATION/AMORTIZATION

(in EUR million)

			Difference 2023 to 2022	
	2023	2022	absolute	in %
Investments	**70.8**	**113.3**	**-42.5**	**-37.5**
of which in:				
Company acquisitions	**8.9**	**58.8**	**-49.9**	**-84.9**
Intangible assets	**10.8**	**8.0**	**2.8**	**35.0**
Property, plant, and equipment	**51.1**	**46.5**	**4.6**	**9.9**
of which in:				
Land and buildings	9.7	2.0	7.7	>100
Technical equipment and machinery	12.0	12.4	-0.4	-3.2
Other equipment, factory and office equipment	15.2	15.5	-0.3	-1.9
Advance payments and facilities under construction	14.2	16.6	-2.4	-14.5
Investment property	**10.0**	**2.2**	**7.8**	**>100**
Depreciation/amortization (without right-of-use assets/leases)*	**-88.9**	**-109.8**	**20.9**	**19.0**

* This table does not include amortization of right-of-use assets/leases totaling EUR 19.7 million (previous year: EUR 19.0 million)

Investments in the reporting year were EUR 42.5 million lower than in the previous year and amounted to EUR 70.8 million. EUR 8.9 million was for company acquisitions (-84.9%); EUR 51.1 million for investments in property, plant, and equipment (+9.9%); and EUR 10.8 million for investment in intangible fixed assets (+35.0%).

Investments in **intangible assets** in the amount of EUR 10.8 million relate to the capitalization of development costs, EDP systems, and advance payments.

The focus of i**nvestments in property, plant, and equipment** was technical equipment and machinery as well as operating equipment. Land and buildings includes the addition of an operating property at a portfolio company in the Infrastructure segment in the amount of EUR 7.6 million.

The funds used by the portfolio companies are intended to improve the portfolio companies' value-added processes and thus strengthen the companies' competitive position. The investment projects include a high number of individual measures.

Advance payments increased to EUR 14.2 million. **Depreciation/amortization** amounted to EUR 88.9 million, compared with EUR 109.8 million the previous year. Depreciation/amortization also includes impairments of EUR 19.3 million (previous year: EUR 42.8 million).

Financial Performance of INDUS Holding AG

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

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

			Difference 2023 to 2022	
	2023	**2022**	**absolute**	**in %**
Sales	**6.1**	**6.3**	**-0.2**	**-3.2**
Other operating income	57.7	2.8	54.9	>100
Personnel expenses	-8.0	-6.9	-1.1	-15.9
Other operating expenses	-57.6	-181.8	124.2	68.3
Income from investments	90.7	106.1	-15.4	-14.5
Income from loans of financial assets	42.3	41.6	0.7	1.7
Other interest and similar income	20.9	15.8	5.1	32.3
Depreciation/amortization on intangible assets and property, plant, and equipment	-0.6	-0.5	-0.1	-20.0
Impairment of financial investments	-32.5	-195.5	163.0	83.4
Expenses from loss absorption	-4.1	-3.0	-1.1	-36.7
Interest and similar expenses	-17.6	-12.1	-5.5	-45.5
Earnings before taxes	**97.3**	**-227.2**	**324.5**	**>100**
Taxes	-18.2	8.9	-27.1	<-100
Net income / net loss for the year	**79.1**	**-218.3**	**297.4**	**>100**
Profit carried forward	1.7	1.5	0.2	13.3
Deduction from retained earnings	0.0	244.0	-244.0	-100.0
Balance sheet profit / balance sheet loss	**80.8**	**27.2**	**53.6**	**>100**

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

Revenues comprise the services provided by the company for portfolio companies. These came to EUR 6.1 million, at the same level as the previous year.

Other operating income increased by EUR 54.9 million to EUR 57.7 million. In the reporting year, appreciation of EUR 53.2 million was recognized on financial investments. The appreciation related to reversals of depreciation of financial assets in previous years. These are permitted up to the level of the original acquisition cost but not beyond this. No appreciation took place in the previous year.

Personnel expenses increased by EUR 6.9 million to EUR 8.0 million. The main reason for this is the low variable compensation paid to the Board of Management in the previous year.

The reduction in other operating expenses from EUR 181.8 million to EUR 57.6 million is attributable to the individual valuation allowances on receivables in the previous year in the amount of EUR 170.9 million. Of this, EUR 78.9 million relates to SMA and EUR 92.0 million relates to SELZER. Individual valuation allowances of EUR 40.3 million were recognized in the current year. These primarily related to SCHÄFER (EUR 10.2 million) and SELZER (EUR 30.2 million). Schäfer GmbH & Co. KG was sold in July, including subsidiaries and shares in a portfolio company. The sale of Selzer Fertigungstechnik and its portfolio company was effective August 31, 2023. Income from investments and income from loans of financial assets concerned a total of EUR 133.0 million after EUR 147.7 million in the previous year. Interest income arises largely from interest charged on by the holding company to the portfolio companies and, at EUR 20.9 million, was EUR 5.1 million higher than the previous year.

Impairments of financial investments relate to depreciation/amortization of shares in affiliated companies amounting to EUR 32.5 million and are based on valuation allowances resulting from impairment testing of the carrying amounts of the investments as of the reporting date. In the previous year, depreciation/amortization on shares in affiliated companies amounting to EUR 176.8 million and depreciation/amortization on loads amounting to EUR 18.7 million were recognized. Depreciation/amortization in the previous year concerned factors including the complete valuation allowance of shares in and loans to SMA (EUR 47.2 million) and SELZER (EUR 38.6 million). In addition, depreciation/amortization was due in particular to a sharp rise in the capital costs derived from market parameters. After valuation allowance, the carrying amounts of the investments plus the loans were EUR 1.16 billion, following EUR 1.14 billion in the previous year.

Interest expense increased by EUR 5.5 million to EUR 17.6 million. Overall, due to valuation allowances in the previous year, earnings before taxes of EUR 97.3 million were therefore EUR 324.5 million above the previous year's level.

Tax expenses for the financial year were EUR 18.2 million, following tax revenue of EUR 8.9 million in the previous year. This is based on a partial loss utilization option for losses from SMA. The net income is accordingly EUR 79.1 million. The balance sheet profit is EUR 80.8 million. In the previous year, there was a net shortfall of EUR -218.3 million. To compensate for the non-cash-effective valuation allowances, EUR 244.0 million was taken from the retained earnings in the previous year, and recorded under the balance sheet profit. The balance sheet profit for the previous year is therefore EUR 27.2 million.

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

	Dec. 31, 2023	Dec. 31, 2022
ASSETS		
Property, plant, and equipment	8.2	8.3
Financial investments	1,163.0	1,141.3
Fixed assets	**1,171.2**	**1,149.6**
Receivables and other assets	343.0	363.0
Cash on hand and bank balances	141.2	17.8
Current assets	**484.2**	**380.8**
Prepaid expenses	0.8	0.7
Total assets	**1,656.2**	**1,531.1**
EQUITY AND LIABILITIES		
Equity	879.3	821.7
Provisions	10.4	4.9
Liabilities	735.6	678.3
Deferred tax liabilities	30.9	26.2
Total equity and liabilities	**1,656.2**	**1,531.1**

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

The cash and cash equivalents have significantly increased as of the reporting date. The cause of this was reserve liquidity for an acquisition that was not executed.

Primarily due to the increase in cash and cash equivalents, the total assets of INDUS Holding AG increased by EUR 123.4 million during the financial year and amounted to EUR 1,656.2 million as of December 31, 2023. The increase in total assets is in direct connection with the appreciation on financial investments.

The equity of INDUS Holding AG increased in the reporting period by EUR 57.6 million, from EUR 821.7 million to EUR 879.3 million. The equity ratio as of December 31, 2023 was 53.1%, following 53.7% in the previous year. The decrease in the equity ratio is due to the increased liquidity. Liabilities amounted to EUR 735.6 million as of December 31, 2023, and therefore increased by EUR 57.3 million compared to December 31, 2022. The increase is in connection with the cash and cash equivalents having increased by EUR 123.4 million.

In the 2023 financial year, INDUS Holding AG employed on average 39 employees excluding the Board of Management (previous year: 36 employees).

Further Legal Information

Acquisition-related Disclosures

Disclosures in Accordance With Sections 289a (1) and 315a (1) HGB: Capital Stock, Voting Rights, and Transfer Of Shares

As of December 31, 2023, the capital stock of INDUS Holding AG amounted in total to EUR 69,928,453.64. This is divided into 26,895,559 no-par-value shares. Each individual no-par-value share entitles its holder to one vote. There are no different share classes. All shares carry the same rights and obligations. The rights and obligations are derived from provisions of law.

Interests of More Than 10%

According to the information INDUS currently has, the insurer Versicherungskammer Bayern, Versicherungskammer des öffentlichen Rechts, Munich, held 16.2% of INDUS shares as of the reporting date.

Privileges and Voting Rights Control

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

Appointment and Dismissal of Members of the Board of Management

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

Material Agreements in the Event of a Change of Control

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

Amendments to the Articles of Incorporation

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

The INDUS Articles of Incorporation can be viewed at: www.indus.de/en/about-indus/corporate-governance

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

AUTHORIZED CAPITAL

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

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

The total number of shares issued or to be issued with exclusion of subscription rights owing to one of these authorizations may not exceed 10% of the capital stock at the time at which the authorization is exercised; this limit includes shares sold or issued or to be issued with exclusion of subscription rights owing to a different authorization during the term of this authorization.
The Board of Management is authorized, with the Supervisory Board's approval, to decide on the additional details of the capital increase and its implementation, in particular on the content of the share rights and the terms and conditions of the share issue, including the issue amount.

CONTINGENT CAPITAL

At the Annual Shareholders' Meeting on May 17, 2023, the company's capital stock was conditionally increased by up to EUR 6,992,843.02, which serves to grant shares in the case of option and respectively conversion rights being exercised, or in the case of the fulfillment of option or conversion obligations to the owners of bonds, which are issued based on the issued authorization (Contingent Capital 2023).

The implementation of the conditional capital increase is conditional upon:

- the holders or creditors of option, convertible and/or income bonds, or profit participation rights, or a combination of these instruments, issued by the company up to May 16, 2028 (inclusive) pursuant to the authorization granted to the Board of Management by the Annual Shareholders' Meeting on May 17, 2023, to make use of their option or conversion right, or
- the obligated parties to convertible bonds and/or option bonds issued by the company, pursuant to the authorization granted to the Board of Management by the ordinary Annual Shareholders' Meeting on May 17, 2023, until May 16, 2028 (inclusive) to fulfill their conversion or option duty or tender shares, and
- no other forms of settlement are used for servicing.

New shares are issued at the option or respectively conversion price determined in accordance with the authorization mentioned above. The new shares participate in the profit from the start of the financial year in which they are created; insofar as is legally permissible, the Board of Management may also, with the consent of the Supervisory Board, establish profit sharing for new shares in respect of an already-expired financial year by way of deviation from this and also from Section 60 (2) AktG. The Management Board is entitled, with the consent of the Supervisory Board, to establish the further particulars of the execution of the conditional capital increase. The Supervisory Board is authorized to amend the wording of the Articles of Incorporation in accordance with the respective use of the Contingent Capital 2023 and after all option or conversion deadlines have expired, as well as to undertake all other associated adjustments to the Articles of Incorporation that only concern the wording.

SHARE BUYBACKS

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

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

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

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

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

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

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

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

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

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

Opportunities and Risks

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

Opportunity Management

Strengthening the Portfolio Structure

GROWTH ACQUISITIONS

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

COMPLEMENTARY ADDITIONS

Opportunities for the inorganic development of a portfolio company as part of the individual strategic alignment are taken by acquiring complementary additions. Continuous exchange takes place between segment management and the managing directors of the portfolio companies on this subject, in the framework of the strategic dialog and with a view to systematically analyzing and actively pursuing opportunities. The holding company's own M&A team supports the managing directors in assessing opportunities. Additional opportunities from complementary additions also arise in view of the increased internationalization of the portfolio companies. The focus here is on the markets in Asia and North America in particular, in addition to Europe.

Driving Innovation

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

Improving Performance

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

Striving for Sustainability

The sustainability strategy is established as an independent strategy initiative within the **PARKOUR perform** strategy program. INDUS sees significant opportunities in promoting sustainable entrepreneurial initiatives. Future key technologies are based on innovations that make an important contribution to achieving climate and sustainability targets. The portfolio companies are given targeted support by INDUS in this respect via the innovation and sustainability development bank.

More sustainable products and processes may bring about an increase in sales or offset an impending loss of sales. Differentiating features can include the implementation of renewable or recycled raw materials in the current product range, or even the use of new technologies that minimize the consumption of resources during production. INDUS expects that this value driver will become even more important in future, and therefore that additional sales opportunities will be generated via corresponding differentiating features.

On the personnel side, the Group's clear commitment to sustainability, in conjunction with the corresponding implementation of sustainability initiatives, addresses the personal importance of environment-related topics to many employees of INDUS Group, with the result that opportunities in the competition for skilled workers are also increased in this respect.

The clear sustainability strategy offers opportunities in the framework of business financing. INDUS has associated its sustainability rating with promissory note issues since 2020. A rating improvement results in an interest advantage, while a worsening causes an interest disadvantage. The ISS ESG rating was maintained at prime status (C+) in financial year 2023.

The Portfolio Companies' Opportunities

Alongside the opportunities from product and process innovation, the opportunities of the portfolio companies are derived from the development of the market and competitive environment. In this process, the portfolio companies can benefit from positive economic development in their respective markets and from future fields that are derived from megatrends.

Opportunities for portfolio companies in the Engineering segment arise in particular from the megatrends of digitalization and sustainability. Important future fields here are automation and robotics, sensors and measurement technology, energy technology, and logistics.

In the Infrastructure segment, there are strategic opportunities from the megatrends of mobility, urbanization, digitalization, and sustainability (e.g. sustainable construction). Particular relevant future fields are infrastructure networks, infrastructure buildings, and energy efficiency.

In the Materials segment, the opportunities are in a high level of expertise in materials. Opportunities exist in particular in the future fields of circular economy and waste management, agriculture and food industries, and in energy-efficient and sustainable production processes. Long-term growth opportunities for the portfolio companies in the area of medical disposables and aids arise from the megatrend of demography and health; increasing regulatory requirements, particularly from the new European Medical Devices Regulation, offer opportunities for companies that are able to meet these requirements consistently.

Risk Management

Structure and Instruments

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

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

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

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

The core process of "acquisition of companies" is closely interconnected with risk management. The holding company's M&A team analyzes the opportunities and risks of an acquisition company on the basis of due diligence audits and prepares the decision paper for the Board of Management. The Board of Management decides on an acquisition only after a detailed analysis of the opportunities and risks, in consideration of the risk-bearing capacity. In the case of company acquisitions that require approval, the Supervisory Board then receives a decision paper from the Board of Management including a representation of the opportunities and risks for approval of the acquisition.

The objective of the risk management system is to identify, assess, manage, and monitor risks systematically. There are thresholds in place for reporting the risks, which take account of the structure of the investment portfolio. The Board of Management regularly, and as required by events, examines and revises the Group's risk portfolio. On this basis, the necessary risk control measures are defined and documented and their effectiveness is monitored. The Supervisory Board is regularly informed about the risk position of INDUS Holding AG and INDUS Group.

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

Internal Control and Risk Management System

REPORT IN ACCORDANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE[1)]

The internal control system (ICS) of INDUS is a systematic set of rules, procedures, and responsibilities implemented by the management team that targets the proper performance of the company's business activities and controlling risks in the business processes. To ensure this comprehensive task is performed properly, we operate the following integrated management systems.

— INDUS Corporate Governance System
— Risk Management System (RMS)
— Compliance Management System (CMS)
— Sustainability Management System
— Accounting System

The design of these systems includes uniformly specified system and process elements that ensure that the systems are correct and functional. In the framework of the system design and on the basis of a risk analysis, roles and responsibilities are defined, guidelines and rules are communicated, and internal training sessions and programs are implemented. Among other aspects, ongoing operation includes proper provision of resources (e.g. whistleblower/complaints system). The efficacy of the systems is monitored by means of controls that are integrated into the system, self-assessments, and external checks (e.g. reviews of IT security in the framework of risk management). Progress is overseen through monitoring processes. The managing directors of the portfolio companies confirm once a year that the specifications in the compliance management system are complied with, in particular the INDUS Code of Conduct and the associated policy statement on observing human rights. Independent of processes, Internal Audit reviews compliance with rules, procedures, and responsibilities and with effect from January 1, 2023 was reorganized and markedly expanded in connection with the amended management structure. For the current year, Internal Audit's audit plan comprises 72 audits, wherein one audit corresponds to the audit of an audit area at a company. The audit plan is updated on a rolling basis. Audit findings are entered into the planning for the subsequent year. This guarantees dynamic risk orientation. Progress of agreed measures is also monitored here in order to remedy vulnerabilities by means of follow-up deadlines.

All portfolio companies are part of our ICS. The scope of activities to be carried out by each unit differs, and depends on factors including the materiality of the unit for the consolidated financial statements and the specific risks that are associated with the unit. The management team of each unit is required, in their area of responsibility and based on the specifications that are mandatory Group-wide, to implement an appropriate and effective ICS and RMS.

1) Not subject of the audit

The Audit Committee is systematically included in the monitoring of the ICS and RMS. In particular it monitors accounting and the accounting process as well as the suitability and effectiveness of the ICS, the RMS, and the internal audit system. As per the recommendations of the German Corporate Governance Code 2022, the Board of Management has engaged with the suitability and efficacy of the risk management system and internal control system, and not found any material objections.

REPORT IN ACCORDANCE WITH SECTIONS 289 (4), 315 (4) HGB

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

The accounting-related ICS is a set of principles, procedures, and measures aimed at ensuring proper accounting, which undergoes continuous optimization. The aICS is structured in such a way that the consolidated financial statements of INDUS Holding AG are prepared in lawful accordance with International Financial Reporting Standards (IFRS) as applicable in the European Union (EU), and with the commercial code provisions as per Section 315e (1) of the German Commercial Code (HGB), which must additionally be observed. The annual financial statements are prepared in accordance with the German Commercial Code (HGB). Regardless of its structuring, however, the aICS cannot provide absolute assurance of the avoidance or identification of accounting errors.

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

The portfolio companies prepare their financial statements for consolidation purposes ("reporting packages") in accordance with the provisions of the Group's consolidated accounting guidelines. Reporting and consolidation processes are carried out at all portfolio companies by means of a standardized IT system, which is made available by INDUS Holding AG via a centralized procedure. This process for uniform, proper Group accounting is supported by procedural instructions and standardized consolidated accounting. For the assessment of pension obligations, assessment of real estate or the determination of segment-specific capital costs, external service providers are additionally commissioned in some cases.

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

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

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

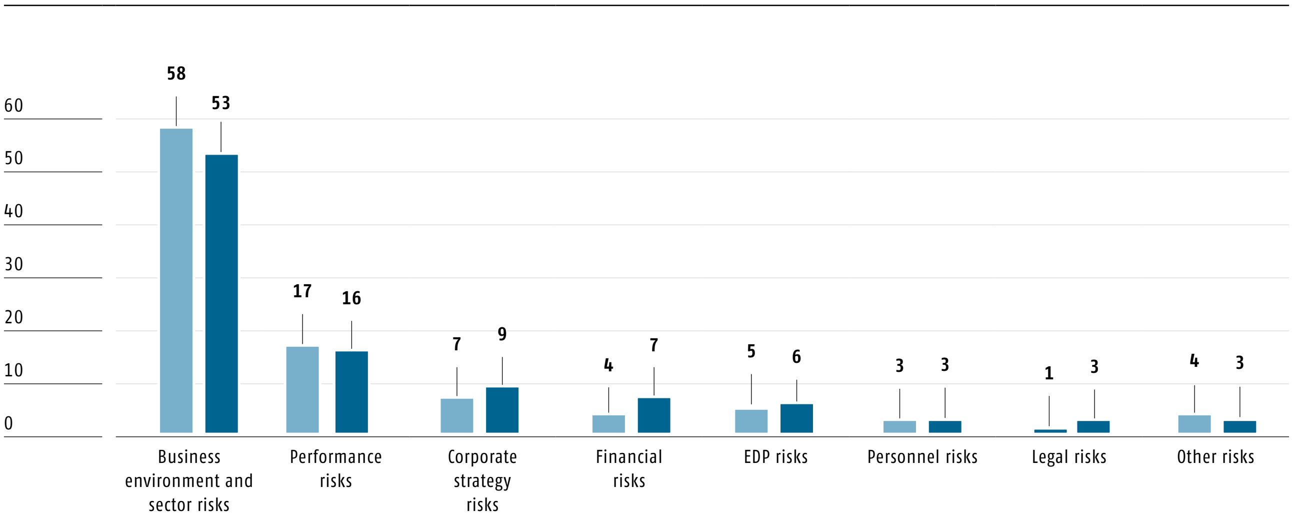
Description of Individual and Aggregate Risks

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

The Group's overall risk exposure is assessed by means of a risk metric calculated using a Monte Carlo simulation of all the risks identified and measured. The Monte Carlo simulation simulates and aggregates the losses. Opportunities are not taken into account in this process. With a confidence level of 98%, the determined risk metric for the INDUS Group is around EUR 71.9 million (previous year: EUR 72.1 million, taking a confidence level of 97% as a basis). There is a 98% probability that the financial burden from the materialization of risks will not exceed this amount. The estimate of the probabilities of occurrence and the amount of the loss in each case is subject to a great deal of discretionary judgment and may differ from the actual amount of the loss. The risk metric determined on the basis of the risk management system is nevertheless a guide to the risk-bearing capacity and financial stability of the Group. Not taking opportunities into account in the Monte Carlo simulation results in an additional degree of certainty of planning certainty. The Group is deemed to be capable of bearing its risk exposure when the risk metric is covered by liquidity and equity. The Board of Management considers that the Group can bear the risk of the exposure as calculated and that its continued existence is not threatened.

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

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



Business Environment and Sector Risks

The business performance of the portfolio companies is closely related to developments in the economy as a whole. A further escalation of the Russia-Ukraine war and possibly resulting negative economic effects is difficult to assess by means of forecasts. Similarly, the conflict in the Middle East has escalated and represents a significant risk to the global economic situation, in particular given that the goods flowing through the Red Sea and the Suez Canal are at risk, and energy supply could be impaired if the conflict spreads. Further risks for global economic development result from increasing tensions between the USA and China with unforeseeable effects. Along with the risks inherent in the business cycle, increases in energy and raw material prices pose risks to the performance of the individual companies and of the Group as a whole. High energy costs result in competitive disadvantages in international cost comparison, and the high volatility of commodities markets entails supply risks and in particular the risk that price rises cannot be passed on to customers. Continued high inflation and the resulting interest increases by the central banks to date will dampen consumption due to falling buying power, with negative consequences for economic performance.

INDUS avoids disproportionately high dependency on individual sectors by means of a well-balanced investment portfolio. The portfolio companies' high degree of specialization and strong positions within mostly attractive market niches reduce both their industry risk and general economic risk. However, by virtue of its nature, fundamental risk arising from economic and sector-specific factors cannot be avoided.

The automotive industry is also undergoing an enormous structural shift towards e-mobility, with high risks for direct and indirect sub-supplier industries. INDUS has significantly reduced these risks by discontinuing and selling series suppliers from the automotive technology area.

Corporate Strategy Risks

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

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

Performance Risks

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

The portfolio companies need raw materials and supplies sourced from various suppliers to manufacture products. Given the wide diversification of the INDUS Group's overall portfolio, procurement risks are however limited with respect to effects on the Group as a whole, as has been evident in recent years in particular. There is the risk that supply with primary products or primary materials is not always ensured. A few primary products (such as semiconductors) were either impossible or difficult to procure in previous years.

There is an increasing focus on risks in the supply chain arising from a lack of transparency or non-compliance, for example with the protected legal positions anchored in the German Supply Chain Act (Law on Entrepreneurial Duties of Care to Avoid Human Rights Breaches in Supply Chains). INDUS has performed a risk analysis of its own operations and direct suppliers, and assessed the risk situation. Risk identification and assessment of measures, e.g. in the Code of Conduct for suppliers, self-assessments, existing certifications, training or supplier audits, are refined in the framework of a continual improvement process.

Performance risks may also result from climate change. For the Group's portfolio companies with activities in conformity with EU taxonomy, a climate risk and vulnerability assessment has been carried out at location level. The assessment found that the locations are only affected by very few climate risks and that, in the case of their materialization, they should be assessed as not at risk in terms of the performance of their business activities. In addition, adjustment measures have been identified that attenuate the effects of the risks.

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

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

Personnel Risks

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

The companies of the INDUS Group conduct their human resources work independently. They are located in many different industries and regions, so the risks in respect of recruitment and human resources development are highly diverse. Qualified employees are a vital factor in the success of every portfolio company. Given the demographic development and the continued good employment situation, the risk of a shortage of experts continues to be at a high level internationally.

EDP Risks

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

For the Group's companies, the possible failure of information technology represents a significant operational and financial risk. The companies in the Group are increasingly dependent on the functionality and stability of the various individual EDP systems. The loss of data or know-how and data manipulation pose further risks. There is an increasing tendency towards cyber attacks. The companies in the Group employ a range of instruments to control risk, depending on their individual risk exposure. These range from emergency and data backup processes, the use of advanced anti-virus and firewall software and hardware, physical and digital access controls and other preventive protective measures such as raising employee awareness through their Group-wide training by means of e-learning programs on the subjects of IT security and data protection. Measures to prevent, discover, and deal with cyber attacks continue to be highly relevant. Risks are partly reinsured by means of cyber insurance. As a material further measure, an external service provider regularly performs pen tests and needs-related tests at the Group companies to enable the protective measures implemented in the companies to be assessed from an independent perspective.

Financial Risks

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

A widely diversified financing structure, which is spread over eight (previous year: eight) core banks, keeps the company from being dependent on individual lenders, so the risk of losing banks as lenders is currently considered to be low. The portfolio of companies, which is intended to be long-term in nature, is financed by the holding company via a revolving long-term loan. Credit collateralizations exist only in isolated cases and to a non-material extent at subsidiary level – primarily through the acquisition of liabilities previously backed by the previous owner, in the framework of an acquisition. There are no financial covenants at Group level. The agreed equity ratio of INDUS Holding AG of 40% does not represent an economic risk from today's perspective. A deterioration in key financial ratios could lead to higher financing terms as a result of changed rating assessments. INDUS relies on a mix of fixed-rate and variable loans for its funding requirements, the latter of which are hedged with interest rate swaps. Due to the interest rate hedges, a change in interest rates would not impact financial position during the term of any particular loan. The nominal volume of interest rate hedges totaled EUR 93.4 million as of December 31, 2023 (previous year: EUR 113.2 million).

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

There are foreign currency risks as a result of the individual portfolio companies' international activities. INDUS counters these in a need- and risk-oriented manner by hedging transactions through forward exchange contracts. The nominal volume of exchange rate hedges totaled EUR 6.6 million as of December 31, 2023 (previous year: EUR 0.0 million). Further explanation of financing matters may be found in the Notes under "Information on the Significance of Financial Instruments."

Legal Risks

INDUS Holding AG and its portfolio companies are exposed to numerous legal risks. These exist primarily in the areas of competition, antitrust, foreign trade, customs, and tax law. Risks also arise from the individual portfolio companies' operating activities in respect of warranty and product liability claims. Effective contract and quality management reduces this risk, but it cannot be eliminated completely. By means of guidelines, training courses and information on compliance, the holding company provides the portfolio companies with support on competition and antitrust law, preventing corruption and money-laundering, foreign trade law and customs law. The companies are included in a control cycle for monitoring, that is executed with support from specialist lawyers. As flanking measures to raise awareness, these risk areas are supported by training given by specialist lawyers as well as by the implemented e-learning program.

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

Other Risks

Other risks essentially includes risks of force majeure, i.e. in particular for elemental damage or a pandemic. The net risk of these exposures is low either because these losses are usually adequately insured (elemental damage) or, because of the previous COVID situation, sufficient preparation for a similar situation is guaranteed.

Sustainability Risks

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

Risks Arising from Reported Goodwill

Based on its corporate strategy of pressing ahead with diversification by continuously enlarging its investment portfolio, the Group recognized EUR 395.8 million in goodwill (previous year: EUR 403.7 million). According to IAS 36, this must be subjected to an impairment test at least once a year. In addition, the impairment test is performed for indicators of possible impairment that occur during the year (triggering events). If the recoverable amount is less than the carrying amount then goodwill is subject to impairment. During the reporting year, impairment losses were recorded on goodwill in the amount of EUR 12.8 million (previous year: EUR 39.4 million). INDUS has accounted for the goodwill risk by reporting in the statement of financial position any impairments identified through impairment testing.

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

The Board of Management's Overall Assessment

In the 2023 financial year, INDUS utilized opportunities through the acquisition of a sub-subsidiary and therefore continued a key focus of its long-term strategy: Growth through acquisitions. The Board of Management continues to see good growth opportunities for 2024 in possible acquisitions at both the portfolio level and the level of the portfolio companies (sub-subsidiaries).

With targeted promotion of innovations in the portfolio companies, opportunities will be considerably greater as the result of product and process innovations. The strengthened measures to improve market excellence and operational excellence increase the portfolio companies' opportunities amongst their competition. Structural change to industry in respect of climate protection and climate-neutral technologies will open up new market opportunities for the companies. The sharpened **PARKOUR perform** strategy will contribute to this.

On the risk side, high levels of macroeconomic and political uncertainty persist. The development in Europe is particularly characterized by the Russia-Ukraine war and the conflict in the Middle East. The consequences and scope of the wars, in particular in the event of further escalation, are difficult to assess. To date, the INDUS Group has not been directly affected to a significant extent by sanctions and embargoes. High energy costs, high inflation, and the effect of monetary policy countermeasures in terms of interest increases and tightening of money supply have resulted in a recession with corresponding economic risks. With the sale of SELZER and SCHÄFER, a series supplier and a niche provider from the automotive technology sector, the risks of the portfolio due to volatile development and automotive industry risks have been significantly reduced.

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

Forecast Report

The INDUS Group expects sales totaling EUR 1.85 to 1.95 billion and an operating income (EBIT) of EUR 145 to 165 million for 2024. The EBIT margin is expected to be within a range of 7.5 to 8.5%. A further reduction in greenhouse gas emission intensity is planned for 2024.

Forecast Economic Outlook

A slight recovery is expected in Germany in 2024. However, and particularly after the weak fourth quarter of 2023, uncertainties may continue in the first few months of 2024. The International Monetary Fund expects the German economy to grow by 0.5% in 2024. An increase of 0.9% was still being assumed in October 2023. The ifo institute had also dropped its forecast from 1.4% to 0.9% in December and, given the decision by the Federal Constitutional Court and the resulting budgetary deficit, reduced it again in January to 0.7% growth. The ifo Business Climate Index had fallen again at the start of 2024. However, companies from the processing sector assessed both their current position and the outlook to be somewhat better, while services, retail, and the main construction sector expectations dropped markedly. The inflation rate weakened in Germany in January 2024, most recently to 2.9% compared with the same month in the previous year. However, it is to be expected that price pressure in the euro area will only achieve the target of 2% in around two years. This means that, despite the weak economic situation, steps to lower interest rates are only likely in the second half of 2024. At its meeting in January 2024, the European Central Bank left the base rate at 4.5% for the third time in a row.

The International Monetary Fund most recently corrected the expectations for the development of the global economy slightly upward – especially given the more resilient US economy and supportive fiscal policy in China. However, the growth forecast of 3.1% remains below the historic average of 3.8%. The war in the Middle East adds another risk for the global economic situation, in particular given that the energy supply could be interrupted if the conflict spreads.

ECONOMIC GROWTH (in %)

	2023 (Prelimiary)	2024 (Forecast)	2025 (Forecast)
Economic regions			
Global economy	3.1	3.1	3.2
Euro area	0.5	0.9	1.7
Selected countries			
United States	2.5	2.1	1.7
China	5.2	4.6	4.1
Germany	-0.3	0.5	1.6

Source: International Monetary Fund, World Economic Outlook (as of: January 2024)

Engineering: A Challenging Financial Year

The framework conditions for German machine-building remained difficult in 2024. The ifo Business Climate Index slipped to a new low at the beginning of the 2024 year, after a slight upward trend in fall 2023. At 85.4%, capacity utilization was below the long-standing average. Given the restraint in terms of investments, continued weakening demand at international level, and the decreasing order buffer, the trade association Verband Deutscher Maschinen- und Anlagenbau e.V. (VDMA) expects a decrease in real production of -4% in 2024. Though at 10.3 months the order range in November 2023 was still high, after a weak year-end the incoming orders for 2023 were in total 12% lower than the previous year. According to a snap poll by the VDMA in November 2023, for two thirds of companies the current order backlog cannot or can only to a minor extent sustain production and capacity utilization in 2024. A ray of hope: In terms of orders from outside Germany, there are initial signs of a bottoming-out. With respect to sales, the VDMA forecasts a real-terms minus of 2% for 2024. Based on the association's survey results, what is most needed to strengthen Germany as a location is improvement in the administrative burden, availability of workers, and energy prices. Machine builders see opportunities in particular in the area of automation and digitalization.

Infrastructure: Weakness in Homebuilding in Particular

The outlook in the construction sector remains markedly cautious: Starting from an estimated minus of -5.5% for 2023, the Hauptverband der Deutschen Bauindustrie (HDI) association forecasts a slightly weakened decline in real-terms sales of -3.5% in 2024. Homebuilding continues to falter in particular, with a downturn of 12% expected here. For construction investment, the economic research institutions expect repeat falls of -0.6% to -2.5% in 2024 – and a turnaround in 2025. The data from the start of the year confirm this pessimistic basic mood: The ifo Business Climate Index continued its descent in January. The range of order backlog reduced to 3.6 months in January, and was therefore 0.8 months below the same month in the previous year. The construction industry association forecasts a slight relaxation for construction prices: In the current year, it anticipates a reduction of 1% in light of dropping material prices.

Materials: Downward Trend Not Broken Yet

After a brief recovery in fall 2023, the ifo Business Climate Index for companies from the areas of material production and processing as well as manufacturing of metal products has markedly dimmed since year-end 2023. The order backlog is melting – capacity utilization in both subsections was under 80% in January 2024. According to the steel and metal processing trade association, production declined by 5.4% compared to the previous quarter in the fourth quarter of 2023 alone. However, the downward trend flattened out in December 2023. Given the low level of incoming orders, the Gesamtmetall employer association also anticipates declining development in 2024. At the same time, the trade association sees the first signs of a bottoming-out by reference to the slightly stabilizing production and export plans. Prices, which have been dropping since May 2022, imply further relaxation on the cost side: Producer prices for metals were 9.4% below the previous year in December 2023.

The economic situation for companies from the area of medical disposables and aids remains subdued in 2024. An indication: According to the ifo economic review from January 2024, approximately 40% of wholesalers of pharmaceutical, medical, and orthopedic products assess the business development opportunities with pessimism. However, a continuation of growth in the med-tech market is nominally anticipated: The LBBW forecasts for 2024 that, based above all on price increases, there will be a nominal plus in sales of 5%. The effects of the planned hospital reform cannot yet be sufficiently assessed here. The growth forecast for global medical technology up to 2027 is around 5% annually.

Expected Group Performance

Strategy Update: PARKOUR perform

Since the start of the **PARKOUR perform** strategy update in the 2023 financial year, key milestones have been achieved in the meantime. Alongside the sales of SELZER and SCHÄFER, these most significantly included the introduction of segment management as well as the amended management system with free cash flow as an additional key control variable.

For 2024, planning was implemented with a changed budgeting process for the first time, with a stronger top-down approach in the allocation of resources.

STRENGTHENING THE PORTFOLIO STRUCTURE

In the past financial year 2023, INDUS also achieved a complementary addition with QUICK Bauprodukte GmbH. With the sale of SCHÄFER and SELZER, the discontinued operations were completely concluded: The sale of SCHÄFER Group to a company within Callista Portfolio Holding GmbH became economically effective on July 31. The sale of SELZER Group to a portfolio company of MUTARES SE & Co. KGaA became effective on September 1, 2023.

For 2024, inorganic growth is to be significantly strengthened with the acquisition of new companies. This relates both to the portfolio level and possibly complementary additions for the portfolio companies.

In the case of corresponding development in the 2024 financial year and appropriate targets, two acquisitions at portfolio company level and additional complementary additions are intended. Resources of EUR 70 million have been budgeted for this purpose.

DRIVING INNOVATION

The “Driving Innovation” strategic initiative is essential to the consistent implementation of the INDUS buy, hold & develop investment approach. The core task of innovation management is to increase portfolio companies’ innovation capability and activity, with the goal of generating marketable or process-improving, future-securing innovations.

In 2023, the INDUS innovation development bank supported 15 innovation projects. For 2024 there are currently six projects in the preparatory phase at the portfolio companies. The collective project **INDUS AI Sprint**, which was started in 2023, supports smaller-scale flagship and exploration projects from the areas of artificial intelligence and data science, and will also be continued in 2024.

Overall, the project volume for the innovation development bank grew in 2023 and a further increase is expected for 2024.

The **workgroups** are well-established as an instrument. The Hydrogen Workgroup has continued its work; the subject of hydrogen infrastructure will be more closely examined in 2024. Alongside ideas for business models, the Sustainable Construction Workgroup also engages with future trends in construction. The first joint projects in the portfolio companies are being started. Alongside methodological knowledge on innovation, the focus here is also intended to be on developing new business ideas geared toward sustainability.

The subject of **artificial intelligence** has dynamically increased in importance in 2023. Here, an offering was quickly created to give the portfolio companies a professional initiation in the subject. Foundation workshops in collaboration with the Technical University of Munich and Fraunhofer IAIS as well as a themed day on language processing were offered for the portfolio companies in the second half of the year. As a support program for small flagship and exploration projects, INDUS AI Sprint, mentioned in the previous section, supports further steps in implementation and the collection of initial experience with tools and methods. The subject of AI will also be intensively addressed in 2024 with basic and advanced training as well as networking offerings.

IMPROVING PERFORMANCE

INDUS will concentrate on improving performance at the portfolio companies by encouraging their **market excellence** and **operational excellence**. Both focal points offer the portfolio companies support that can be allocated to one of the following four pillars: "Status check", "implementation", "knowledge" and "cooperation". These offerings are actively requested by the portfolio companies and are also deployed by the holding company as needed.

MARKET EXCELLENCE

In terms of the **market excellence** focal point, the offerings directly target the optimization of the portfolio companies' individual market positioning and servicing, and therefore result in sustainable improvements in income.

In 2023, the department provided active support in smaller sparring deployments and for six major strategic development and implementation projects. Employees from the relevant portfolio companies were always materially included in project implementation. This guaranteed sustainable knowledge transfer, among other outcomes.

In addition, various seminars were again offered in order to convey practically relevant knowledge on selected specialist topics. In addition to two already established seminars on the subjects of "sales abroad" and "digital selling", the subject of "market and customer segmentation" was also offered for the first time. In the 2024 financial year, the seminar offering will again be supplemented with current and need-based content. In addition to face-to-face seminars, the use of virtual keynote presentations on selection topics is planned.

OPERATIONAL EXCELLENCE

With the **operational excellence** focus area, the holding company supports portfolio companies in improving their value-adding core processes, ranging from production strategy and production planning and control to process effectiveness and efficiency. The support includes the offering of knowledge transfer by means of an extensive basic and advanced training offering focused on lean management. INDUS also initiates and assists the portfolio companies on-site with corresponding optimization projects. By way of supplement to this, a program for recording and optimizing IT system landscapes was continued. Based on this, significant need for action in the area of digitalization and software has already been identified.

For 2024, the need for action will be approached in the framework of projects with the portfolio companies and networking. For the 2024 financial year, the status checks will be updated on a rolling basis and the portfolio companies will be further supported in their continual improvement process. For 2024, INDUS plans to continue its lean management training offerings. In addition, the "Lean-Erfa" and "Best Practice Day – Digitalization in Product" networking offerings will be offered. Moreover, a collective area of expertise on the subject of ERP projects will be introduced.

The operational excellence department plays a key role in the delivery of external expertise. This takes place through the maintenance of networks within and outside the INDUS holding company, participation in trade fairs and events, and the assessment of potential new collaborative partners.

STRIVING FOR SUSTAINABILITY

In the area of sustainability, work in 2023 was shaped by constantly increasing reporting requirements. In the 2022 Annual Report, reporting on EU taxonomy-compliant economic activities was required for the first time, and this demanded comprehensive documentation with respect to technical criteria as well as minimum standards (including in the supply chain). In 2023, the EU taxonomy environmental objectives that had to be taken into account were expanded from two to six objectives: "Climate change mitigation" and "climate change adaptation" had already been assessed and quantified for the 2022 financial year, while the subjects of "sustainable use and protection of water and marine resources", "transition to a circular economy" and "pollution prevention and control" as well as "protection and restoration of biodiversity and ecosystems" were reported on and reviewed for the first time for 2023.

From 2025 (2024 Annual Report), the reporting of INDUS Holding AG will be subject to the new directive for sustainability reporting, the Corporate Sustainability Reporting Directive (CSRD). The CSRD would like to achieve greater standardization and quantification of report contents and therefore measurability and comparability of disclosures with the specified indicators. In addition to key figures on emissions, there is a focus on social topics. Here, a marked expansion of data queries for the portfolio companies is vital.

One particular prioritized objective continues to be the constant and sustainable reduction of greenhouse gas emissions. The previous metric for this was the emissions intensity, that sets out the CO_2equivalent emissions proportionally to the gross value added.

The CSRD standardizes absolute and intensity objectives for the emissions, divided by scope 1, 2, and 3. The CSRD specifies sales as the ratio. We will adjust our key figures accordingly and switch from GVA to sales in the denominator.

The necessity of decarbonization and protection of resources requires significant investment, whereby the investment for these sustainability projects exceeds the usual amortization duration for investments projects, in some cases by a wide margin. The portfolio companies realize these projects with the aid of the sustainability development bank: It supports the portfolio companies' sustainability-related efforts with an investment subsidy of up to 80%. In 2023, the Board of Management approved and launched five projects with an investment volume of EUR 1.7 million and an average support rate of 53%. In addition to photovoltaic plants for regenerative power production, support was provided for heated spiral conveyors that use waste heat and therefore save significant quantities of gas, and a system for increasing energy efficiency.

With respect to sustainability ratings there is a continued trend for rating agencies to base their assessments on publicly assessable information. Due to the lack of standardization in the ratings and sometimes non-transparent approach by the agencies, as well as imprecise processing of data by the agencies, these assessments are somewhat prone to error. An analysis is currently being performed as to how the assessments of INDUS by various agencies can be improved (in particular Sustainalytics, MSCI ESG and S&P Global). With the ISS ESG rating, INDUS achieved a top position for the eighth time in a row, including in the international comparison group “Financials / Multi-Sector Holdings”. INDUS received a C+ rating in the “Corporate ESG Performance” area and therefore also “prime” status, which was and is the requirement for ESG-linked (re-)financing. For the three implemented ESG-linked loans, there is a direct link between the interest amount and this rating.

In addition to legal requirements and more detailed reporting obligations, the further development of the subject of ESG within the Group continues to be a key focus, i.e. the constant improvement of all key ESG figures. The sharing of best practice between the portfolio companies continues to be invested in, so that companies that have already implemented many sustainable projects can learn from one another, and other companies that have not yet engaged in detail with the subject are inspired to do so. In the meantime, there are named points of contact for sustainability management in all portfolio companies; this also takes corresponding account of the topic in the entire Group in organizational terms. Interest in ESG topics has also grown significantly on the investor side. INDUS is meeting this interest through participation in various event formats (e.g. sustainability roadshows or the cooperative bank investment forum), at which we present our sustainability strategy.

Expectations for the Financial Year 2024

The following forecast report is based on the business plan adopted by the Management Board and Supervisory Board. The statements on the forecast development of the economy are currently cautious and continue to be shaped by major uncertainties. The conflict in the Middle East adds a new risk for the global economic situation, in particular given that the energy supply could be restricted if the conflict spreads. In addition, there is the risk of increased geopolitical and therefore economic fragmentation. The scope and extent of the effects of the indirect consequences of these risks on INDUS Group are currently neither foreseeable nor quantifiable.

For the coming year, the companies in the **Engineering** segment expect sideways movement for sales and operating income (EBIT), with slightly increasing sales and falling operating income (EBIT). The companies in the **Infrastructure** segment are planning for a slight increase in sales and a significant increase in EBIT; after the economic slow-down in 2023, a rally in business is expected for 2024. In the **Materials** segment, INDUS expects increasing pressure on selling prices and the collection of an EU anti-dumping duty on imports of important raw materials. In the forecast for 2024, this results in a slight reduction in sales and falling operating income (EBIT).

Overall, the forecasts for 2024 predict that sales will rise to between EUR 1.85 billion and EUR 1.95 billion. Operating income (EBIT) is expected to be in a range of EUR 145 million to EUR 165 million. The EBIT margin is expected to be between 7.5% and 8.5%. These forecasts have been created against the background of the uncertain framework conditions described above. The forecast for operating income (EBIT) does not include any impairment of goodwill or property, plant, and equipment.

The INDUS Group investment budget for this year was set in the course of the planning process and totals around EUR 75 million to EUR 85 million (excluding acquisitions). The investments are distributed relatively evenly across the three segments. The plan budgets an amount of EUR 70 million for acquisitions of companies for 2024.

The INDUS Group equity ratio of 37.3% was below the target of 40% in 2023. A figure of around 39% is forecast for year-end 2024. In the medium term, the target is still to maintain a stable equity ratio of more than 40%. Under its revolving financing program, INDUS also expects to borrow in the form of loans and promissory note loans in 2024. In such financing matters, INDUS can rely on its tried-and-tested bank partners of many years, with whom the holding company is in constant contact. On the basis of the current financial planning, the Board of Management assumes a slight decrease in net financial liabilities. The repayment term for continuing operations on an EBITDA basis was 2.0 years for 2023. For 2024, we assume a repayment term of around 2.3 years. It is important that in the long term we remain in the target range of 2.0 to 2.5 years.

FINANCIAL POSITION: INCREASING SALES AND EBIT IN THE AMOUNT OF EUR 145 TO 165 MILLION PLANNED

TARGET PERFORMANCE COMPARISON

GROUP	ACTUAL 2023	PLAN 2024
Key performance variables		
Acquisitions	1 add-on acquisition	2 growth acquisitions further add-on acquisitions
Sales	EUR 1.80 billion	EUR 1.85 billion to 1.95 billion
EBIT	EUR 149.6 million	EUR 145 to 165 million
EBIT margin	8.3%	7.5 to 8.5%
Free cash flow	EUR 198.9 million	> EUR 110 million
Investments in property, plant, and equipment, and intangible assets	EUR 61.9 million	EUR 75 to 85 million
Greenhouse emissions (GHG emissions Scope 1+2)*	20.9 t CO_2 / EUR million in sales	reduction by at least 6%
Supplementary management variables		
Equity ratio	37.3%	higher than previous year, around 39%
Net debt/EBITDA	2.0 years	around 2.3 years
Working capital	EUR 466.9 million	slightly increasing
SEGMENTS		
Engineering		
Sales	EUR 599.6 million	slightly increasing
EBIT	EUR 57.0 million	decreasing
EBIT margin	9.5%	8 to 10%
Infrastructure		
Sales	EUR 582.2 million	slightly increasing
EBIT	EUR 49.3 million	strongly increasing
EBIT margin	8.5%	10 to 12%
Materials		
Sales	EUR 619.9 million	slightly decreasing
EBIT	EUR 57.3 million	decreasing
EBIT margin	9.2%	7 to 9%

* Net emissions intensity related to Group sales

The companies in the **Engineering** segment have recorded good performance in 2023. Sales were at almost EUR 600 million. The operating income (EBIT) was significantly improved despite the impairments from the annual impairment test. Based on our estimation, the incoming orders for the portfolio companies in the Engineering segment will at best slightly recover overall in the next six to nine months, and the price quality of new orders will remain at the current level. On the basis of these assumptions, the plan foresees a slight increase in sales for the segment in 2024 after adjustment in prices. For earnings projection for 2024, there are a few encumbering factors on the cost side. The companies in the Engineering segment expect a slight increase in sales and a decreasing EBIT for 2024. The EBIT margin should be in the range of 8% to 10%.

The **Infrastructure** segment was in particular encumbered by increasing economic clouding in the construction industry in 2023. Nevertheless, it largely maintained selling prices. Very much following PARKOUR perform, the complementary addition of QUICK Bauprodukte GmbH in Schwerte at the start of 2023 focused on the resulting medium- and long-term opportunities in engineering and bridge building. Given the economic development, a slight increase in sales is expected in the Infrastructure segment for 2024, though this will effectively be a sideways movement. There will be a marked improvement in operating income (EBIT) for the coming year. The main reason for this is optimization processes at a major portfolio company. Overall, the INDUS Board of Management is expecting slightly increasing sales for the Infrastructure segment, as well as a strongly increasing operating result (EBIT) and an EBIT margin of 10% to 12%.

In the **Materials** segment, 2023 sales were at the level of the previous year, while operating income (EBIT) slightly reduced. Segment sales will reduce by around 1.3% in 2024. The anti-dumping duty previously expected for 2023 is now set to arrive in 2024, and will put a significant strain on the operating income (EBIT). A further reduction in the operating income is primarily caused by expected price reductions for some of the segment's portfolio companies, as well as the discontinuation of significant positive one-off effects. We expect a positive trend for medical disposables and aids. However, overall this trend cannot make up for the negative effects from the metal processing companies. Overall, in the Materials segment we expect slightly decreasing sales and decreasing EBIT with an EBIT margin in the range of 7% to 9%.

Post-balance-sheet Events

At the end of January 2024, the Board of Management of INDUS Holding AG resolved to cease and phase out the operation of imeco GmbH & Co. KG Goldbach. Around 120 employees are affected by this measure. No material effects on the financial position and financial performance are expected from the ceasing of operational business.

On February 21, 2024 INDUS Holding AG submitted a public share buyback offer for up to 1,100,000.00 registered no-par-value shares to its shareholders at a price of EUR 23.00 per share. The volume of the buyback offer was accordingly up to EUR 25,300,000.00. The buyback offer applied from February 22, 2024 to March 1, 2024. As a result of the offer, 1,100,000 shares were acquired by INDUS Holding AG with a value of EUR 25,300,000.00. The bought-back shares do not qualify for dividends.

As of March 11, 2024 Hauff-Technik GmbH & Co. KG, Hermaringen has taken on the remaining 50% in Hauff-Technik Gridcom GmbH (Gridcom). Gridcom is a specialist in the development and production of passive components for glass-fiber infrastructure. Hauff-Technik acquired the first 50% of Gridcom in October 2016.

03

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Income

in EUR '000	Notes	2023	2022*
REVENUE	[9]	**1,802,431**	**1,804,109**
Other operating income	[10]	20,617	25,095
Own work capitalized	[11]	5,375	3,539
Change in inventories	[12]	-17,088	30,003
Cost of materials	[13]	-801,416	-872,208
Personnel expenses	[14]	-521,537	-494,642
Depreciation/amortization	[15]	-89,248	-85,991
Impairment	[15]	-19,320	-42,772
Other operating expenses	[16]	-230,253	-233,468
OPERATING INCOME (EBIT)		**149,561**	**133,665**
Interest income		1,575	1,378
Interest expense		-21,184	-14,490
NET INTEREST	[17]	**-19,609**	**-13,112**
Income from shares accounted for using the equity method		1,386	511
Other financial income		8,382	-5,133
FINANCIAL INCOME	[17]	**-9,841**	**-17,734**
EARNINGS BEFORE TAXES FROM CONTINUING OPERATIONS		**139,720**	**115,931**
Income taxes	[18]	-55,767	-33,454
EARNINGS AFTER TAXES FROM CONTINUING OPERATIONS		**83,953**	**82,477**
Earnings from discontinued operations	[7]	-27,839	-123,907
EARNINGS AFTER TAXES		**56,114**	**-41,430**
of which interests attributable to non-controlling shareholders		677	805
of which interests attributable to INDUS shareholders		55,437	-42,235
Earnings per share – basic and diluted, in EUR	[19]		
from continuing operations	[19]	3.10	3.04
from discontinued operations	[19]	-1.04	-4.61
from continuing and discontinued operations	[19]	**2.06**	**-1.57**

* Previous year's values (income taxes, earnings after taxes and earnings per share), adjusted. For further information, see under [8].

Consolidated Statement of Comprehensive Income

in EUR '000	Notes	2023	2022*
EARNINGS AFTER TAXES		**56,114**	**-41,430**
Actuarial gains/losses	[29] [30]	-3,893	15,160
Deferred taxes	[29] [26]	935	-3,696
Items not to be reclassified to profit or loss		**-2,958**	**11,464**
Currency conversion adjustment	[29]	-3,354	6,412
Change in the market values of hedging instruments (cash flow hedge)	[29] [37]	-2,955	6,772
Deferred taxes	[26] [37]	468	-1,072
Items to be reclassified to profit or loss		**-5,841**	**12,112**
OTHER COMPREHENSIVE INCOME		**-8,799**	**23,576**
TOTAL COMPREHENSIVE INCOME		**47,315**	**-17,854**
of which interests attributable to non-controlling shareholders		610	789
of which interests attributable to INDUS shareholders		46,705	-18,643

* Previous year's values (earnings after taxes and total comprehensive income), adjusted. For further information, see under [8].

Consolidated Statement of Financial Position

in EUR '000	Notes	Dec. 31, 2023	Dec. 31, 2022*
ASSETS			
Goodwill	[20] [22]	395,808	403,725
Right-of-use assets from leasing/rent	[21] [22]	73,878	68,904
Other intangible assets	[22]	164,170	172,436
Property, plant, and equipment	[22]	344,428	344,283
Investment property	[22]	10,005	2,215
Financial investments	[23]	11,347	5,571
Shares accounted for using the equity method	[24]	5,662	4,276
Other non-current assets	[25]	2,659	1,967
Deferred taxes	[26]	21,262	20,170
Non-current assets		**1,029,219**	**1,023,547**
Inventories	[27]	429,269	449,387
Receivables	[28]	181,310	195,468
Other current assets	[25]	17,336	22,048
Current income taxes	[26]	5,799	5,342
Cash and cash equivalents		265,843	127,816
Assets held for sale	[34]	0	66,273
Current assets		**899,557**	**866,334**
TOTAL ASSETS		**1,928,776**	**1,889,881**
EQUITY AND LIABILITIES			
Subscribed capital		69,928	69,928
Capital reserve		318,143	318,143
Other reserves		329,866	304,677
Equity held by INDUS shareholders		**717,937**	**692,748**
Non-controlling interests in the equity		1,724	2,060
Equity	[29]	**719,661**	**694,808**
Pension provisions	[30]	27,009	23,568
Other non-current provisions	[31]	596	1,093
Non-current financial liabilities	[32]	618,162	580,638
Other non-current liabilities	[33]	48,027	59,737
Deferred taxes	[26]	55,398	54,038
Non-current liabilities		**749,192**	**719,074**
Other current provisions	[31]	41,675	42,336
Current financial liabilities	[32]	153,849	140,734
Trade payables		63,661	74,283
Other current liabilities	[33]	174,491	165,710
Current income taxes	[26]	26,247	17,245
Liabilities in connection with assets held for sale	[34]	0	35,691
Current liabilities		**459,923**	**475,999**
TOTAL ASSETS		**1,928,776**	**1,889,881**

* Previous year's values (deferred taxes, other reserves, equity held by INDUS shareholders, equity), adjusted. For further information, see under [8].

Consolidated Statement of Changes in Equity

in EUR '000	Subscribed capital	Capital reserve	Retained earnings	Other reserves	Equity held by INDUS shareholders	Interests attributable to non-controlling shareholders	Group equity*
AS OF JAN. 1, 2022 before IAS 37 adjustment	**69,928**	**318,143**	**410,994**	**-13,434**	**785,631**	**1,843**	**787,474**
IAS 37 adjustment (rev. 2020)			-46,000		-46,000		-46,000
AS OF JAN. 1, 2022	**69,928**	**318,143**	**364,994**	**-13,434**	**739,631**	**1,843**	**741,474**
Earnings after taxes			-42,235		-42,235	805	-41,430
Other comprehensive income				23,592	23,592	-16	23,576
Total comprehensive income			**-42,235**	**23,592**	**-18,643**	**789**	**-17,854**
Capital increase						177	177
Dividend payment			-28,240		-28,240	-749	-28,989
AS OF DEC. 31, 2022	**69,928**	**318,143**	**294,519**	**10,158**	**692,748**	**2,060**	**694,808**
AS OF JAN. 1, 2023	**69,928**	**318,143**	**294,519**	**10,158**	**692,748**	**2,060**	**694,808**
Earnings after taxes			55,437		55,437	677	56,114
Other comprehensive income				-8,732	-8,732	-67	-8,799
Reclassification			67	-67			
Total comprehensive income			**55,504**	**-8,799**	**46,705**	**610**	**47,315**
Dividend payment			-21,516		-21,516	-946	-22,462
AS OF DEC. 31, 2023	**69,928**	**318,143**	**328,507**	**1,359**	**717,937**	**1,724**	**719,661**

* Previous year's values (earnings after taxes, total comprehensive income and balance as of December 31, 2022), adjusted. For further information, see under [8].

For additional information on equity, see [29].

Consolidated Statement of Cash Flows

in EUR '000	2023	2022*
Earnings after taxes from continuing operations	83,953	82,477
Depreciation/appreciation of non-current assets (excluding deferred taxes)	108,568	128,763
Gains (-) and losses (+) on the disposal of fixed assets	-824	-3,902
Income taxes	55,767	33,454
Financial income	9,841	17,734
Other non-cash transactions	2,442	16
Changes in provisions	-3,561	11,373
Increase (-)/decrease (+) in inventories, receivables, and other assets	35,349	-94,341
Increase (+)/decrease (-) in trade payables and other equity and liabilities	-3,374	9,932
Income taxes received/paid	-48,089	-48,454
Dividends received	50	71
Operating cash flow from continuing operations	**240,122**	**137,123**
Interest paid	-24,533	-22,162
Interest received	2,068	1,378
Cash flow from operating activities from continuing operations	**217,657**	**116,339**
Cash outflow from investments in		
Intangible assets	-10,816	-8,047
Property, plant, and equipment	-51,133	-46,493
Financial investments	-601	-417
Shares in fully consolidated companies	-8,851	-58,769
Cash inflow from the disposal of		
Shares in fully consolidated companies	0	9,843
Other assets	21,318	9,445
Cash flow from investing activities from continuing operations	**-50,083**	**-94,438**
Contributions to capital (capital increase)	0	177
Deposits by non-controlling shareholders	-21,516	-28,240
Dividend payment	-946	-749
Payments to non-controlling shareholders	0	-2,474
Cash outflow from the repayment of contingent purchase price commitments	168,732	264,061
Cash inflow from the raising of loans	-126,596	-157,789
Cash outflow from the repayment of loans	-20,175	-19,081
Cash outflow from the repayment of lease liabilities	**-501**	**55,905**
Net changes in cash and cash equivalents from continuing operations	167,073	77,806
Net changes in cash and cash equivalents from discontinued operations	-24,589	-80,920
Exchange-rate-related change to cash and cash equivalents from continuing operations	-753	-194
Exchange-rate-related change in cash and cash equivalents from discontinued operations	0	-68
Changes in cash and cash equivalents in connection with assets held for sale	-3,704	-5,128
Cash and cash equivalents at the beginning of the period	127,816	136,320
Cash and cash equivalents at the end of the period	**265,843**	**127,816**

* Previous year's values (earnings after taxes from continuing operations, income taxes), adjusted. For further information, see [8].

Additional information on the statement of cash flows can be found in the notes under item [35]. With respect to cash outflow for investment in shares in fully consolidated companies, reference is made to item [5]. The development of financial liabilities is set out under [32].

Notes

Basic Principles of the Consolidated Financial Statements

[1] General Information

INDUS Holding Aktiengesellschaft with registered office in Kölner Strasse 32, 51429 Bergisch Gladbach, Germany, is listed in the Cologne Commercial Register under record no. HRB 46360. INDUS is an established long-term oriented financial investor specializing in the acquisition of SMEs in the manufacturing sector in German-speaking Europe. Since January 1, 2023, the operating companies have been allocated into three company areas (segments): Engineering, Infrastructure, and Materials. Previous-year figures have been adapted to the new segmentation.

INDUS Holding AG has prepared its consolidated financial statements for the 2023 financial year from January 1, 2023 to December 31, 2023 in accordance with the International Financial Reporting Standards (IFRS) and their interpretation by the International Financial Reporting Interpretations Committee (IFRIC) as applicable in the European Union (EU).

The statement of income was prepared using the total cost method. The statement of financial position is structured according to current/non-current status of assets and liabilities.

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

The consolidated financial statements are prepared using historical cost accounting, with the exception of balance sheet items which must be carried at fair value. The annual financial statements of the companies included in the scope of consolidation were prepared as of the reporting date of INDUS Holding AG and are based on uniform accounting and valuation methods. Pursuant to Section 315e German Commercial Code (HGB), INDUS Holding AG is obligated to prepare its consolidated financial statements in compliance with IFRS Standards. The basis for this is Directive No. 1606/2002 of the European Parliament and Council on the application of international accounting standards in the European Union. Information that must be included in the Notes in accordance with the German Commercial Code (HGB) and goes beyond what is mandatory under IFRS is presented in the Notes as well. The financial statements were drawn up by the Board of Management on March 13, 2024. The Supervisory Board approved the consolidated financial statements at its meeting on March 14, 2024.

[2] Application and Impact of New and Revised Standards

All standards which were mandatorily applicable as of December 31, 2023 have been observed. No use was made of the discretionary right to apply standards before they become mandatory.

MANDATORY STANDARDS AND INTERPRETATIONS TO BE APPLIED FOR THE FIRST TIME IN THE 2023 FINANCIAL YEAR

The application of the following standards has been mandatory for the first time since January 1, 2023.

- IFRS 17 “Insurance contracts”
- Change to IAS 1 and Practice Statement 2: “Disclosure of Accounting Policies”
- Changes to IAS 8: “Definition of Accounting Estimates”
- Change to IAS 12 on prohibited recognition of deferred taxes in the case of the first-time recognition of an asset of liability

The first-time application of these new standards has not resulted in any material changes to these financial statements.

The “Changes to IAS 12: Global Minimum Taxation: Pillar Two Model Rules” are currently not relevant for INDUS. INDUS Holding AG with its subsidiaries falls into the scope of application of the OECD Pillar Two rules. The German implementation act relating to Pillar Two was published in the Federal Law Gazette on December 27, 2023 and came into force on December 28, 2023. INDUS is currently assessing the effects of Pillar Two. According to an analysis, based on the reporting period INDUS Holding AG and its subsidiaries can utilize the “Safe Harbor Rules”. We do not expect any tax burdens to arise from the Pillar Two Rules in the medium term, and as such also expect no material effects in the medium term from the "Changes to IAS 12: Global Minimum Taxation: Pillar Two Model Rules".

STANDARDS PUBLISHED UP TO DECEMBER 31, 2023 WHICH HAVE NOT BEEN APPLIED EARLY IN THESE FINANCIAL STATEMENTS

New standards that have already been published, but have not been applied early will have no material effect on the financial position and financial performance of INDUS.

[3] Accounting Principles

CONSOLIDATION PRINCIPLES

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

Contingent purchase price components are carried at the acquisition date, at their fair value. Changes in their amounts are recorded through profit and loss in the subsequent periods. Incidental acquisition costs incurred in acquiring the investment are not included in the purchase price allocation. Instead, they are recognized as expenses in the period of acquisition.

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

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

CURRENCY CONVERSION

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

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

The exchange rates as applied on the reporting date are shown in the following table, along with the average annual rates:

		Exchange rate as of the reporting date		Average exchange rate	
	EUR 1 =	Dec. 31, 2023	Dec. 31. 2022	2023	2022
United Arab Emirates	AED	4.054	3.939	3.975	3.872
Brazil	BRL	5.362	5.639	5.402	5.443
Canada	CAD	1.464	1.444	1.460	1.370
Switzerland	CHF	0.926	0.985	0.972	1.005
China	CNY	7.851	7.358	7.660	7.080
Czech Republic	CZK	24.724	24.116	24.001	24.560
Denmark	DKK	7.453	7.437	7.451	7.440
United Kingdom	GBP	0.869	0.887	0.870	0.853
Hungary	HUF	382.800	400.870	381.759	390.944
South Korea	KRW	1,433.660	1,344.090	1,413.264	1,358.071
Morocco	MAD	10.940	11.197	10.956	10.682
Mexico	MXN	18.723	20.856	19.190	21.205
Poland	PLN	4.340	4.681	4.542	4.684
Romania	RON	4.976	4.950	4.947	4.932
Serbia	RSD	117.034	117.393	117.309	117.451
Singapore	SGD	1.460	1.430	1.452	1.452
Turkey	TRY	32.653	19.965	25.749	17.385
Taiwan	TWD	33.877	32.890	33.703	31.330
United States	USD	1.105	1.067	1.082	1.054
South Africa	ZAR	20.348	18.099	19.954	17.210

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

In the consolidated financial statements of December 31, 2023, accounting for AURORA Isı Araçları San. ve Tic. Ltd. Şti, Ergene, Turkey was conducted in accordance with IAS 29 (Financial Reporting in Hyperinflationary Economies). Due to the hyperinflation context, transactions in Turkey have not been converted at exchange rates as valid on the reporting date, average exchange rates nor respectively historic rates. The non-monetary assets and liabilities as well as equity have been adjusted to the price index applicable on the reporting date. The balance of adjustments is reported in the consolidated statement of income as “Profits/losses from the net position of monetary items” under other financial income. The price index INDUS has used is the consumer price index of the Turkish Statistical Institute (as of December 31, 2023: 1,859 index points). IAS 29 is to be applied as though Turkey has always been hyperinflationary. The profits from ongoing hyperinflation of non-monetary assets and liabilities, equity, and the consolidated statement of income amount to EUR 2,993 thousand.

FINANCIAL STATEMENT ACCOUNTING AND MEASUREMENT

Goodwill does not undergo amortization due to its indeterminate useful life. It is tested for impairment at least once a year (as of September 30).

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

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

Other intangible assets acquired for a fee are measured at cost. The customer base refers to customer relationships of acquired investments and is depreciated on a linear basis over the economic usage period from eight to 15 years. Copyrights, licenses, and other intangible assets primarily refers to brand names, technology, and software. They are depreciated on a linear basis over two to 15 years. Capitalized development costs are internally generated assets that fulfill the recognition criteria of IAS 38. These are capitalized at production cost. They are amortized from commencement of their use and this is done using the straight-line method over five to 15 years.

Leases are recognized in the statement of financial position as right-of-use assets from leases and as (financial) liabilities from leasing. In addition to fixed payments, the liabilities also include expected residual value payments, extension options and exercise prices for purchase options if these are reasonably certain to be exercised. Lease payments are discounted at the interest rate underlying the lease or at the incremental borrowing rate. Furthermore, the exemptions of IFRS 16 are applied to low-value lease assets and leases with a term of up to one year, i.e. instead of assets or lease liabilities being recognized, the lease installments continue to be recognized as other operating expenses.

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

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

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

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

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

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

Receivables and other assets are recognized at amortized costs; for current receivables this is generally the nominal value. Amortized costs are taken into account with appropriate valuation allowances. Losses are recognized in other operating expenses when loans and receivables are impaired or derecognized or respectively recorded in other operating income if impairments are reversed.

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

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

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

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

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

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

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

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

With defined benefit obligations, pensions and other post-employment benefits are calculated using the projected unit credit method. The interest rate used for discounting future claims is the market rate for risk-adjusted long-term investments with similar maturities. The Heubeck 2018 G Reference Tables are used to calculate the likelihood of mortality. For every pension plan, the projected benefit obligation is reduced by the fair value of the qualified plan assets. Differences between actuarial assumptions and actual change in the underlying parameters used to calculate projected unit credits and the fair value of plan assets give rise to actuarial gains and losses. These actuarial gains or losses are recognized directly in equity, taking into consideration any deferred taxes, through the change in consolidated equity and recorded on the statement of income and in pension provisions.

In the assessment of **other provisions**, the settlement amount is calculated based on a best-possible estimate. Provisions are discounted when the outflow of resources is classified as long term and the effect of this is significant. Provisions for product warranties are calculated for the sales that are subject to warranty and the relevant warranty period on the basis of ensured experience values. Individual provisions are formed for known damages. Provisions for pending losses from orders and other liabilities from the transactions are calculated on the basis of the services to be performed.

Deferred taxes on goodwill accrue only to the extent that they are tax-deductible. This is generally the case for German limited partnerships.

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

Deferred taxes are measured using the tax rate valid for the periods in which the differences are expected to be reversed. Regardless of maturities, deferred taxes are not to be discounted. Deferred taxes are recognized on the basis of the tax rates prevailing or approved in the various countries in accordance with the current legal position. In Germany, a corporate income tax rate of 15% applies (previous year: 15%). Taking into consideration a trade tax assessment multiplier ranging from 295% to 515%, as well as a solidarity surcharge of 5.5%, the income tax rate for domestic companies amounts to between 26.15% and 33.85% (previous year: 26.15% to 33.85%). Foreign tax rates range between 9% and 31% (previous year: between 9% and 32.02%).

In the context of **income realization** from customer contracts, revenue is recognized in accordance with the 5-step model described in IFRS 15, either over a period of time or at a certain point in time. The INDUS product portfolio is highly diversified. Revenue is generated from the sale of goods, order production, and, to a lesser extent, from services provided. The revenue is attributable to the following areas: complete conveyor systems, robotic gripping systems, valve technology, automation components for final vehicle assembly, plants for inert gas systems, plants for metal detection technology, integrated control rooms, electric heat tracing systems, and measurement solutions as well as solutions for specialized vehicles (segment: Engineering), reinforcement of ferroconcrete, construction materials, network and cable laying, air-conditioning and heating technology, accessories for private homebuilding, window construction (segment: Infrastructure), orthotic devices, surgical stockings, lenses and optical devices, surgical accessories, rehabilitation technology as well as hygienic products for medical applications and housekeeping, carbide tools for road construction and mining, manufacture of housings, blasting agent for the steel industry as well as bolt welding technology for structural connecting elements used in bridge construction (segment: Materials). For many contracts from the Engineering and Infrastructure segments, the revenue was realized over the period.

If the prerequisites for revenue recognition over time are met, the percentage of completion must be ascertained. The input-oriented cost-to-cost method is used for this, due to the reliability of the calculation. Revenue is thus recognized based on the percentage of completion until the goods are transferred to the customer or until the service has been performed. Anticipated losses are recognized directly as expenses. If the prerequisites for recognition over time are not met, income realization takes place at a point in time. This is typically the point in time at which goods are transferred or the point in time when the customer accepts the contract liabilities.

Contracts with customers usually include payment terms that are standard for the industry. Advance payments are in some cases agreed for contracts that lead to point-in-time sales recognition. Warranty agreements that are standard for the industry were recognized as provisions for product warranties in the amount of EUR 11,879 thousand (previous year: EUR 13,617 thousand).

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

In the **statement of cash flows**, interest and dividends received are allocated to the cash flow from operating activities. The figure for funds corresponds to the balance sheet item cash and cash equivalents and includes bank balances and cash on hand. Cash flow from operating activities is determined using the indirect method. Operating expenses and income with no effect on net cash are eliminated from cash flows from operating activities.

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

As was also the case in the previous year, there was increased uncertainty during 2023 due to the war in Ukraine. In particular this was apparent in indirect effects such as price increases and shortages of raw materials. The estimate-based balance sheet items are also dependent on the further development of the war in Ukraine and the resulting economic effects.

The effects of the coronavirus pandemic adversely affected the economic activities of the portfolio companies in 2022. There were no coronavirus effects in the 2023 financial year.

In the context of the corporate planning process, those investments that are not directly affected by the war in Ukraine but are somewhat significantly affected by indirect effects of the war, in the form of price increases, material shortages, and supply bottlenecks, have integrated this individually into (partial) planning. The future-oriented parameters relevant to estimation may be interest rates, foreign currency rates, market risk premiums, payment defaults, creditworthiness, and revenue as well as new orders and payment receipts. These planning assumptions are subject to heightened uncertainty.

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

INDUS has committed to achieve climate neutrality by 2045. An interim target for 2025 is to reduce greenhouse gas emissions by 35% compared with 2018. INDUS supports the portfolio companies in their efforts to conserve resources and avoid greenhouse gas emissions. The individual company plans were discussed in the context of the budget meetings and decisions were taken. INDUS financially supports the portfolio companies by means of the Sustainability Development Bank.

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

With regard to an impact on production conditions, the product portfolio, and the Group's performance as a result of global warming, INDUS does not expect the current situation to get worse in the forecast period. This is also due to the INDUS Group's high level of diversification in terms of locations, selling markets, and fields of business. The portfolio companies' products will nevertheless need to adapt to new requirements and make necessary innovations to gain or maintain the best market positions. As in the previous year, there was no indication that goodwill was impaired as a result of climate change in financial year 2023.

Items on the balance sheet are also influenced by future events that cannot be controlled. This can result in bad debt losses, affect the useful lives of intangible assets or property, plant, and equipment, or similar; these are all risks inherent with commercial activity. The financial statement accounting of such items in the accounts is based on many years' experience and the assessment of current conditions.

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

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

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

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

For the 2024 financial year, INDUS does not on the whole anticipate events requiring material adjustment to balance sheet items in these financial statements. The assumptions made regarding conditions in the general economy and the relevant markets in particular have been discussed in detail in the forecast report in the combined management report.

[4] Scope of Consolidation

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

FULLY CONSOLIDATED SUBSIDIARIES

	Germany	International	Total	of which attributable to investments of less than 100%
Dec. 31, 2023				
Engineering	39	34	73	15
Infrastructure	33	17	50	6
Materials	27	18	45	5
Non-core/other	10	0	10	0
Total	**109**	**69**	**178**	**26**
Dec. 31, 2022				
Engineering	41	34	75	16
Infrastructure	32	18	50	6
Materials	28	18	46	5
Non-core/Other	17	6	23	0
Total	**118**	**76**	**194**	**27**

The complete listing of equity interests in accordance with Section 313 of the German Commercial Code (HGB), which forms part of the Notes, is published with the consolidated financial statements in the company register.

The carrying amounts of interests attributable to non-controlling shareholders is EUR 1,724 thousand (previous year: EUR 2,060 thousand). None of the non-controlling interests are significant individually.

Insofar as non-controlling shareholders have a right to tender at the time of the initial consolidation that INDUS cannot withdraw from, and combination with a call/put option exists for INDUS, economic or anticipated ownership rests with INDUS and the affected shares are fully consolidated and recognized at fair value as a contingent purchase price commitment. As of the reporting date, purchase price commitments from non-controlling shareholders with a right to tender were recognized at EUR 55,558 thousand (previous year: EUR 64,050 thousand). Purchase price models exist for all material cases that allow an objective measurement of the shares taking into consideration the company-specific risk structure, which guarantees an exchange of non-controlling interests at fair value. INDUS may generally exercise its rights at contractually agreed exercising periods.

As of December 31, 2023, the scope of consolidation includes 34 limited liability companies (GmbH) as general partners that form a single company with the corresponding LLCs (December 31, 2022: 36 limited liability companies (GmbHs) as general partners).

[5] Business Combinations

DISCLOSURES ON INITIAL CONSOLIDATION FOR THE CURRENT FINANCIAL YEAR

COMPANY ACQUISITIONS

With a contract dated January 12, 2023, the INDUS Holding AG subsidiary BETOMAX systems GmbH & Co. KG acquired 100% of the shares in QUICK Bauprodukte GmbH (QUICK), Schwerte, Germany. QUICK is a specialist for formwork and reinforcement accessories, and manufactures and distributes standard and special parts for bridge building, overground and underground construction, and tunnel construction. QUICK's portfolio of products complements the BETOMAX product range and opens up new opportunities for the company in the field of bridge building. QUICK has been allocated to the Infrastructure segment. The economic transfer (closing) took place on March 31, 2023.

The fair value of the total consideration amounted to EUR 11,398 thousand as of the acquisition date and included an earn-out of EUR 2,200 thousand, adopted cash and cash equivalents of EUR 347 thousand, and a cash benefit of EUR 8,851 thousand. The earn-out depends on the future earnings performance.

Goodwill of EUR 4,415 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 purchase price allocation, the acquired assets and liabilities have been calculated as follows:

NEW ACQUISITION: QUICK (EUR '000)

	Carrying amounts at the time of acquisition	Assets added due to initial consolidation	Addition to consolidated statement of financial position
Goodwill	0	4,415	4,415
Other intangible assets	2,747	7,761	10,508
Property, plant, and equipment	585	500	1,085
Inventories	394	199	593
Receivables	456	0	456
Other assets*	458	0	458
Cash and cash equivalents	347	0	347
Total assets	**4,987**	**12,875**	**17,862**
Pension provisions	304	0	304
Other provisions	200	0	200
Financial liabilities	2,747	0	2,747
Trade payables	201	0	201
Other equity and liabilities**	475	2,538	3,013
Total liabilities	**3,927**	**2,538**	**6,465**

* 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 the client base.

QUICK was consolidated for the first time as of March 31, 2023. QUICK contributed sales amounting to EUR 4,584 thousand and operating income (EBIT) of EUR -304 thousand. If Quick had been consolidated as of January 1, 2023, revenue would have amounted to EUR 6,215 thousand and EBIT to EUR -490 thousand.

The expenses affecting net income from initial consolidation of QUICK, i.e. subsequent valuation of the added value and incidental acquisition costs identified in the purchase price allocation (PPA), reduced operating income (EBIT) by EUR 852 thousand. The incidental acquisition costs for this were recorded in other operating expenses.

[6] Termination of Business

DISCLOSURES ON DECONSOLIDATION FOR THE CURRENT FINANCIAL YEAR

The SCHÄFER Group was sold to a subsidiary of Callista Portfolio Holding GmbH, and the contract was signed on July 5, 2023. The deconsolidation took place on July 31, 2023.

The SELZER Group was sold to a subsidiary of MUTARES SE & Co. KGaA on July 28, 2023. The transaction was completed on September 1, 2023, immediately following approval by the German Federal Cartel Office. The deconsolidation took place on August 31, 2023.

Since the search for a buyer began (Q4 2022), SCHÄFER and SELZER assets have been reported in the statement of financial position 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.

In detail, the following assets and liabilities have been disposed of with the deconsolidation:

DISINVESTMENTS: SCHÄFER + SELZER (in EUR '000)

	SCHÄFER	SELZER	Total disposal
Intangible assets / property, plant, and equipment	299	3,435	3,734
Financial investments	650	0	650
Inventories	2,655	13,787	16,442
Receivables	1,437	5,018	6,455
Other assets*	193	8,758	8,951
Cash and cash equivalents	484	2,449	2,933
Total "Assets held for sale"	**5,718**	**33,447**	**39,165**
Pension provisions	0	2,562	2,562
Other provisions	54	11,366	11,420
Financial liabilities	1,853	7,522	9,375
Trade payables	795	6,682	7,477
Other equity and liabilities**	1,190	5,955	7,145
Total "Liabilities in connection with assets held for sale"	**3,892**	**34,087**	**37,979**

* 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

[7] Discontinued Operations

SMA, SELZER, and SCHÄFER are each discontinued operations pursuant to IFRS 5.32.

SMA
On October 24, 2022, INDUS Holding AG lost control of SMA and its subsidiaries, and deconsolidated the companies.

SELZER/SCHÄFER
SCHÄFER and SELZER were disposed of and deconsolidated in the third quarter of 2023.

The following overview presents the expenses and income from discontinued operations for 2023 and 2022:

in EUR '000	SELZER	SCHÄFER	2023	SMA	SELZER	SCHÄFER	2022
Revenue	40,058	8,681	48,739	41,263	54,306	14,089	109,658
Other revenue	912	139	1,051	1,503	2,609	317	4,429
Expenses	-62,798	-13,266	-76,064	-113,295	-124,888	-17,159	-255,342
Operating income (EBIT)	-21,828	-4,446	-26,274	-70,529	-67,973	-2,753	-141,255
Income taxes	26	-1,481	-1,455	930	-2,450	-233	-1,753
Earnings from discontinued operations	**-21,823**	**-6,019**	**-27,842**	**-50,156**	**-70,573**	**-3,178**	**-123,907**

From the disposal of SCHÄFER and SELZER, a consolidation result of EUR 19 thousand was collected.

The following cash flows are attributable to discontinued operations:

in EUR '000	SELZER	SCHÄFER	2023	SMA	SELZER	SCHÄFER	2022
Cash flow from operating activities	-12,588	-2,099	-14,687	-25,972	-21,852	-881	-48,705
Cash flow from investing activities	-8,488	-272	-8,760	-15,881	-11,648	-772	-28,301
Cash flow from financing activities	-740	-402	-1,142	-1,040	-2,165	-709	-3,914
Net changes in cash and cash equivalents from discontinued operations	**-21,816**	**-2,773**	**-24,589**	**-42,893**	**-35,665**	**-2,362**	**-80,920**

[8] Adjustment of the Previous Year's Figures in Accordance with IAS 8

The calculation of deferred taxes from the previous year was corrected in accordance with IAS 8.42, by lower tax expenses in the amount of EUR 9,587 thousand. The adjustment relates to the statement of income including the earnings per share, the balance sheet, the statement of total comprehensive income, the statement of changes in equity, the statement of cash flows and the disclosures in the notes relating to deferred taxes [18] and [26]. The earnings per share from continuing operations increased by EUR 0.36. In the statement of financial position, the deferred tax assets reduced by EUR 2 thousand and the deferred tax liabilities reduced by EUR 9,589 thousand. The amended previous year items have been indicated in the primary financial statement components.

Notes to the Statement of Income

[9] Revenue

Revenue of EUR 1,802,431 thousand includes revenue from measurement at a given time of EUR 1,522,620 thousand and from measurement over time of EUR 261.726 thousand (previous year: EUR 205,275 thousand). Also included is EUR 18,085 thousand in revenue from services (previous year: EUR 18,104 thousand). A breakdown of revenue by reportable segments can be found under segment reporting [36].

[10] Other Operating Income

in EUR '000	2023	2022
Income from the reversal of provisions	6,048	4,996
Income from currency conversion	2,145	7,192
Income from asset disposals	1,760	4,197
Reversal of valuation allowances	2,037	1,581
Transfer to earnings/release of deferrals carried as liabilities	328	381
Insurance compensation	2,901	2,236
Appreciation/reversal of impairment on property, plant, and equipment	0	31
Other operating income	5,398	4,481
Total	**20,617**	**25,095**

Income from currency conversion of EUR 2,145 TEUR thousand (previous year: EUR 7,192 thousand) is offset by expenses of EUR -3,116 thousand (previous year: EUR -9,092 thousand). The figure from exchange rate differences recognized in income therefore amounts to EUR -971thousand (previous year: EUR -1,900 thousand).

[11] Own Work Capitalized

Alongside the own work capitalized, research and development expenses that are not eligible for capitalization in the amount of EUR 22,872 thousand (previous year: EUR 21,146 thousand) were recognized for the period.

[12] Change in Inventories

in EUR '000	2023	2022
Work in process	-23,496	23,746
Finished goods	6,408	6,257
Total	**-17,088**	**30,003**

[13] Cost of Materials

in EUR '000	2023	2022
Raw materials, consumables and supplies, and purchased merchandise	-705,686	-765,254
Purchased services	-95,730	-106,954
Total	**-801,416**	**-872,208**

[14] Personnel Expenses

in EUR '000	2023	2022
Wages and salaries	-438,531	-415,996
Social security	-79,823	-74,755
Pensions	-3,183	-3,891
Total	**-521,537**	**-494,642**

[15] Depreciation/Amortization and Impairment

in EUR '000	2023	2022
Depreciation/amortization	-89,248	-85,991
Impairment	-19,320	-42,772
Total	**-108,568**	**-128,763**

Impairments in the amount of EUR 19,320 thousand relate to goodwill in the amount of EUR 12,810 thousand (previous year: EUR 39,366 thousand), intangible assets of EUR 828 thousand (previous year: EUR 1,874 thousand) and tangible fixed assets of EUR 5,683 thousand (previous year: EUR 1,532 thousand).

The impairments are allocated to the segments as follows: Engineering in the amount of EUR 5,098 thousand (previous year: EUR 13,800 thousand), Infrastructure in the amount of EUR 7,509 thousand (previous year: EUR 12,700 thousand) and Materials in the amount of EUR 6,713 thousand (previous year: EUR 14,835 thousand).

For further information on impairments on goodwill see item [20].

[16] Other Operating Expenses

in EUR '000	2023	2022
Selling expenses	-96,995	-102,125
Operating expenses	-59,308	-58,407
Administrative expenses	-61,153	-57,939
Other expenses	-12,797	-14,997
Total	**-230,253**	**-233,468**

SELLING EXPENSES

in EUR '000	2023	2022
Shipping, packaging, and commissions	-51,478	-57,859
Vehicle, travel, and entertainment expenses	-22,431	-20,542
Marketing and trade fairs	-13,455	-12,897
Receivables and guarantees	-6,413	-7,839
Other selling expenses	-3,218	-2,988
Total	**-96,995**	**-102,125**

OPERATING EXPENSES

in EUR '000	2023	2022
Machinery and plant: Maintenance, upkeep, and ongoing costs	-19,752	-20,646
Land and buildings: Maintenance and ancillary costs	-16,319	-14,975
Energy, supplies, tools	-11,833	-10,948
Other operating expenses	-11,404	-11,838
Total	**-59,308**	**-58,407**

ADMINISTRATIVE EXPENSES

in EUR '000	2023	2022
EDP, office, and communication services	-18,519	-18,088
Consulting and fees	-21,522	-19,676
Insurance	-5,667	-5,223
Human resources administration and continuing education	-8,200	-7,738
Other administrative costs	-7,245	-7,214
Total	**-61,153**	**-57,939**

OTHER EXPENSES

in EUR '000	2023	2022
Cost of currency conversion	-3,116	-9,092
Disposal of fixed assets	-935	-295
Other	-8,746	-5,610
Total	**-12,797**	**-14,997**

Included in various items of other operating expenses are expenditure on short-term leases of EUR 233 thousand (previous year: EUR 471 thousand) and expenditure on low-value leased assets of EUR 395 thousand (previous year: EUR 302 thousand).

[17] Financial Income

in EUR '000	2023	2022
Interest and similar income	1,575	1,378
Interest and similar expenses	-21,184	-14,490
Net interest	**-19,609**	**-13,112**
Income from shares accounted for using the equity method	**1,386**	**511**
Interests attributable to non-controlling shareholders	4,783	-5,203
Expense from/amortization of financial assets	33	0
Profit/loss from hyperinflation	2,993	0
Income from financial investments	573	70
Other financial income	**8,382**	**-5,133**
Total	**-9,841**	**-17,734**

Interest expenses include interest expenses for lease liabilities pursuant to IFRS 16 of EUR 1,758 thousand (previous year: EUR 1,444 thousand). The item "interests attributable to non-controlling shareholders" includes the effect on income from the subsequent valuation of the contingent purchase price liabilities (call/put options) of EUR 11,686 thousand (previous year: EUR 3,008 thousand) as well as earnings after taxes attributable to external entities from shares in limited partnerships and stock corporations with call/put options.

[18] Income Taxes

in EUR '000	2023	2022
Non-recurring taxes	176	-689
Current taxes	-57,208	-58,957
Deferred taxes	1,265	26,192
Total	**-55,767**	**-33,454**

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

SPECIAL TAX ASPECTS

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

In the past, INDUS has focused its acquisitions primarily on German limited partnerships. The acquisition of a limited partnership has the following tax-related consequences.

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

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

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

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

	2023	2022
Earnings before income taxes	139,720	115,931
Expected tax expenses 29.6% (previous year: 29.6%)	41,357	34,316
Reconciliation		
Non-recurring taxes	-176	689
Measurement of associated companies according to the equity method	-410	-151
Amortization of goodwill corporations	1,960	5,804
Structural effects of		
divergent local tax rates	506	633
divergent national tax rates	364	-1,445
Corporate acquisition transaction costs	82	70
Effects from discontinued operations at INDUS Holding AG	0	-17,002*
Capitalization or valuation allowance of deferred taxes on loss carryforwards due to changed assessment of future use	6,733	109
Use of tax loss carryforwards for which no deferred taxes have been formed to date	-335	-763
No offsetting of income for autonomous subsidiaries	2,877	10,222
Income attributable to other shareholders	-1,416	1,540
Effects of the interest barrier on INDUS Holding AG	562	680
Other non-deductible expenses and tax-free income	3,663	-1,248
Actual tax expenses	**55,767**	**33,454**
as a percentage of income	39.9	28.9

* Previous year's figure adjusted (additional item).

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

[19] Earnings per Share

The earnings per share for continuing operations is EUR 3.10 (previous year: EUR 3.04 per share). Earnings per share for discontinued operations came to EUR -1.04 (previous year: EUR -4.61 per share). The weighted average number of shares in circulation remained unchanged in the current year at 26,895,559 (previous year: 26,895,559).

in EUR '000	2023	2022
Income attributable to INDUS shareholders	**55,437**	**-42,235**
Earnings from discontinued operations	-27,839	-123,907
Income attributable to INDUS shareholders from discontinued operations	**83,276**	**81,672**
Weighted average shares outstanding (in thousands)	26,896	26,896
Earnings per share from continuing operations (in EUR)	3.10	3.04
Earnings per share from discontinued operations (in EUR)	-1.04	-4.61
Earnings per share from continuing and discontinued operations (in EUR)	**2.06**	**-1.57**

Notes to the Consolidated Statement of Financial Position

[20] Goodwill

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

FIXED ASSET SCHEDULE – GOODWILL (in EUR '000)

	Carrying amount Jan. 1, 2020	Changes in scope of consolidation	Addition	Disposal	Depreciation	Exchange rate difference	Carrying amount Dec. 31, 2023
Engineering	184,376	0	0	0	-3,597	-67	180,712
Infrastructure	134,082	4,415	0	0	-7,509	540	131,528
Materials	85,267	0	0	0	-1,704	4	83,568
Total goodwill	**403,725**	**4,415**	**0**	**0**	**-12,810**	**477**	**395,808**
	Carrying amount Jan. 1, 2022	**Changes in scope of consolidation**	**Addition**	**Disposal**	**Depreciation**	**Exchange rate difference**	**Carrying amount Dec. 31, 2022**
Engineering	163,718	32,528	0	0	-11,926	56	184,376
Infrastructure	146,383	0	0	0	-12,700	399	134,082
Materials	99,697	0	0	0	-14,740	310	85,267
Total goodwill	**409,798**	**32,528**	**0**	**0**	**-39,366**	**765**	**403,725**

IMPAIRMENT TESTS

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

ANNUAL IMPAIRMENT TEST AS OF SEPTEMBER 30, 2023

The annual impairment test for all goodwill was performed as of September 30, 2023. The latest projections were available from all portfolio companies for the purposes of this test. The planning assumptions take into account both current knowledge and historical developments.

In accordance with the detailed planning periods of usually three years, future cash flows are extrapolated with a global growth rate of 1.0% (previous year: 1.0%). The payments determined in this manner are discounted using capital cost rates. These are based on risk-free interest rates of 2.62% (previous year: 1.5%), a market risk premium of 7.00% (previous year: 7.25%) and segment-specific beta coefficients derived from a peer group and borrowing rates. The following pre-tax cost of capital rates were applied for this: Infrastructure 12.5% (previous year: 11.5%), Engineering 12.8% (previous year: 12.2%), Materials 12.3% and 12.6% (previous year: 10.7% and 11.4%). An industry-specific pre-tax cost of capital rate of 11.2% (previous year: 10.8%) was applied to individual portfolio companies belonging to the former Automotive Technology segment.

An increase in the pre-tax cost of capital rates of 0.5 percentage points dated September 30, 2023 would lead to additional goodwill impairments in the amount of EUR 6,101 thousand (previous year: EUR 8,200 thousand). A decrease in the growth rate of 1.0 percentage point would lead to additional goodwill impairments of EUR 9,080 thousand (previous year: EUR 4,400 thousand).

[21] Right-of-use Assets from Leasing/Rent

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

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

	Carrying amount Jan. 1, 2020	Addition	Disposal	Addition Depreciation	Disposal Depreciation	IFRS 5 reclassification/ scope of consolidation disposal	Re-classifications/ currency differences	Carrying amount Dec. 31, 2023
Right-of-use assets – land and buildings	52,678	13,212	6,053	11,925	5,409	2,745	-367	55,699
Right-of-use assets – technical equipment and machinery	7,533	3,488	863	2,455	257	0	-13	7,947
Right-of-use assets – vehicles	6,530	6,481	3,957	4,562	3,884	0	3	8,379
Right-of-use assets – other leasing/rent	2,163	667	862	980	856	2	7	1,853
Total right-of-use assets from leasing/rent	**68,904**	**23,848**	**11,735**	**19,922**	**10,406**	**2,747**	**-370**	**73,878**

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

The INDUS Group primarily recognizes right-of-use assets for land and buildings. These relate both to administration buildings and to production facilities and warehouses. The leased technical equipment generally refers to machinery necessary for production processes. The leases are agreed individually. The right-of-use assets from these have estimated total economic lives of up to 50 years. The corresponding financial liabilities are explained in more detail under [32].

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

PURCHASE / MANUFACTURING COSTS IN 2023

(in EUR '000)

	Opening balance Jan. 1, 2023	Changes in scope of consolidation	Addition	Disposal	Reclassification	IFRS 5 reclassification	Exchange rate difference	Closing balance Dec. 31, 2023
Goodwill	**473,733**	**4,415**	**0**	**-1,898**	**0**	**0**	**473**	**476,723**
Right-of-use assets from leasing/rent	**119,472**	**2,747**	**23,848**	**-11,735**	**-622**	**0**	**-263**	**133,447**
Capitalized development costs	29,397	0	2,103	-113	334	0	180	31,901
Customer base	148,900	7,761	0	0	0	0	-171	156,490
IP rights, concessions, other intangible assets	175,466	0	8,712	-2,238	-140	0	409	182,209
Total other intangible assets	**353,763**	**7,761**	**10,815**	**-2,351**	**194**	**0**	**418**	**370,600**
Land and buildings	280,686	0	9,709	-744	3,153	0	1,911	294,715
Technical equipment and machinery	311,807	0	9,151	-5,427	8,234	0	1,052	324,817
Other equipment, factory	189,965	1,085	15,199	-7,049	3,075	6	232	202,513
Advance payments and facilities under construction	16,866	0	14,188	-687	-14,800	0	18	15,585
Total property, plant, and equipment	**799,324**	**1,085**	**48,247**	**-13,907**	**-338**	**6**	**3,213**	**837,630**
Investment property	**8,563**	**0**	**0**	**-8,559**	**766**	**20,182**	**27**	**20,979**

DEPRECIATION IN 2023

(in EUR '000)

	Opening balance Jan. 1, 2023	Changes in scope of consolidation	Addition	Disposal	Reclassification	IFRS 5 reclassification	Exchange rate difference	Closing balance Dec. 31, 2023
Goodwill	**70,008**	**0**	**12,810**	**-1,898**	**0**	**0**	**-5**	**80,915**
Right-of-use assets from leasing/rent	**50,568**	**0**	**19,922**	**-10,406**	**-622**	**0**	**107**	**59,569**
Capitalized development costs	17,476	0	2,292	-102	0	0	146	19,812
Customer base	43,638	0	11,932	0	0	0	14	55,584
IP rights, concessions, other intangible assets	120,213	0	12,281	-1,503	3	0	40	131,034
Total other intangible assets	**181,327**	**0**	**26,505**	**-1,605**	**3**	**0**	**200**	**206,430**
Land and buildings	87,027	0	13,076	-678	-1	0	-57	99,367
Technical equipment and machinery	237,706	0	19,805	-5,247	432	0	669	253,365
Other equipment, factory and office equipment	130,308	0	15,887	-6,304	140	6	167	140,204
Advance payments and facilities under construction	0	0	268	0	0	0	-2	266
Total property, plant, and equipment	**455,041**	**0**	**49,036**	**-12,229**	**571**	**6**	**777**	**493,202**
Investment property	**6,348**	**0**	**294**	**-6,373**	**48**	**10,629**	**28**	**10,974**

PURCHASE / MANUFACTURING COSTS IN 2022

(in EUR '000)

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

DEPRECIATION IN 2022

(in EUR '000)

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

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

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

	Dec. 31, 2023	Dec. 31, 2022
Goodwill	**395,808**	**403,725**
Right-of-use assets from leasing/rent	**73,878**	**68,904**
Capitalized development costs	12,089	11,921
Customer base	100,906	105,262
IP rights, concessions, other intangible assets	51,175	55,253
Total other intangible assets	**164,170**	**172,436**
Land and buildings	195,348	193,659
Technical equipment and machinery	71,452	74,101
Other equipment, factory and office equipment	62,309	59,657
Advance payments and facilities under construction	15,319	16,866
Property, plant, and equipment	**344,428**	**344,283**
Investment property	**10,005**	**2,215**

[23] Financial Investments

in EUR '000	Dec. 31, 2023	Dec. 31, 2022
Other investments	2,500	2,441
Other loans	8,847	3,130
Total	**11,347**	**5,571**

[24] Shares Accounted for Using the Equity Method

As of December 31, 2023, the carrying amount of shares accounted for using the equity method totaled EUR 5,662 thousand (previous year: EUR 4,276 thousand).

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

in EUR '000	2023	2022
Purchase price of the associated company	4,033	4,033
Appropriated income in the period	1,386	511
Key figures of the associated company:		
Assets	9,228	7,695
Liabilities	2,344	3,532
Capital	6,884	4,163
Revenue	20,804	12,731
Earnings	2,771	1,022

[25] Other Assets

in EUR '000	Dec. 31, 2023	Dec. 31, 2022
Other financial assets		
Reinsurance premiums	436	465
Long-term receivables	28	4
Loans and other receivables	767	755
Positive market value of derivatives	1,390	4,171
Other assets	9,311	11,075
Total other financial assets	**11,932**	**16,470**
Other non-financial assets		
Accrual of payments not relating to the reporting period	6,106	5,949
Other tax refund claims	1,957	1,596
Total other non-financial assets	**8,063**	**7,545**
Total	**19,995**	**24,015**
of which current	17,336	22,048
of which non-current	2,659	1,967

[26] Deferred Taxes and Current Income Taxes

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

2023 (in EUR '000)	Assets	Liabilities	Balance
Goodwill, limited partnerships	7,513	-19,641	-12,128
Right-of-use assets from leasing/rent	0	-19,687	-19,687
Intangible assets	23,308	-42,820	-19,512
Property, plant, and equipment	2,789	-8,184	-5,395
Receivables and inventories	27,249	-2,114	25,135
Other current assets	279	-556	-277
Non-current provisions	4,018	-1,638	2,380
Other equity and liabilities	349	-30,028	-29,679
Liabilities from leasing/rent	20,147	0	20,147
Capitalization of loss carryforwards	4,880	0	4,880
Netting	-69,270	69,270	0
Deferred taxes	**21,262**	**-55,398**	**-34,136**

2022 (in EUR '000)	Assets	Liabilities	Balance
Goodwill, limited partnerships	5,125	-21,466	-16,341
Right-of-use assets from leasing/rent	0	-18,254	-18,254
Intangible assets	9,002	-44,632	-35,630
Property, plant, and equipment	11,539	-7,010	4,529
Receivables and inventories	24,111	-937	23,174
Other current assets	8,718	-1,240	7,478
Non-current provisions	9,898	-1,832	8,066
Other equity and liabilities	91	-30,309	-30,218
Liabilities from leasing/rent	18,630	0	18,630
Capitalization of loss carryforwards	4,698	0	4,698
Netting	-71,642	71,642	0
Deferred taxes	**20,170**	**-54,038**	**-33,868**

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

The deferred tax liabilities result primarily from the calculation of deferred taxes on goodwill for limited partnerships with tax-deductible recognition of goodwill. For tax purposes, rules governing the purchase price allocation are similar to those under IFRS for limited partnerships, and the corresponding added value – and goodwill for tax purposes – are tax-deductible. As goodwill is not subject to scheduled amortization in accordance with IFRS, deferred taxes must be recognized when the goodwill for tax purposes is amortized, as per the conditions set out in IAS 12.21B. Deferred taxes must be recognized before the company is sold.

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

DEVELOPMENT OF DEFERRED TAXES (in EUR '000)

	Jan. 1, 2023	Income statement	Other	Dec. 31, 2023
Trade tax	4,051	-1,351	0	2,700
Corporation tax	647	1,533	0	2,180
Capitalization of loss carryforwards	**4,698**	**182**	**0**	**4,880**
Other deferred taxes	-38,565	1,083	-1,535	-39,017
Deferred taxes	**-33,867**	**1,265**	**-1,535**	**-34,137**
	Jan. 1, 2022	**Income statement**	**Other**	**Dec. 31, 2022**
Trade tax	4,348	-297	0	4,051
Corporation tax	659	-12	0	647
Capitalization of loss carryforwards	**5,007**	**-309**	**0**	**4,698**
Other deferred taxes	-39,805	26,501	-25,262	-38,566
Deferred taxes	**-34,798**	**26,192**	**-25,262**	**-33,868**

Other changes in deferred taxes break down as follows:

in EUR '000	2023	2022
Reserves for mark-to-market valuation of hedging instruments (cash flow hedge)	468	-1,072
Currency conversion reserve	21	-4,865
Pension provisions (actuarial gains/losses)	935	-3,696
Transfer to retained earnings	-421	0
Change in scope of consolidation	-2,538	-15,629
Total	**-1,535**	**-25,262**

The recognized deferred taxes are based on tax loss carryforwards of EUR 23,460 thousand (previous year: EUR 35,004 thousand).

Other tax loss carryforwards amounting to a total of EUR 264,929 thousand (previous year: EUR 208,504 thousand), where the probability of realization in the next years is unlikely, were not capitalized. These are largely trade tax loss carryforwards, resulting from the special tax aspects of the INDUS Group, as described under [18]. Future potential realization possibilities are therefore determined by the trade tax rate that is applicable at the time. The largest individual item is the holding company's trade tax loss carryforward. Utilization of the tax loss carryforwards is not subject to any time restrictions.

Deferred tax assets of EUR 130 thousand (previous year: EUR 1,478 thousand) were recognized in addition to deferred tax liabilities at companies that recently incurred tax losses, since on the basis of the earnings projection it is more probable than not that there will be taxable profits to offset against them.

For temporary differences associated with shares in subsidiaries, no deferred tax liabilities have been recognized because INDUS Holding AG is able to control the timing of the liquidation of the temporary differences and no reversal of the differences (through disposal or distribution) is planned. The differences in the net assets of the subsidiaries structured as a limited company and the tax base, which is generally the acquisition cost, came to EUR 126,057 thousand (previous year: EUR 133,100 thousand). The total of the unrecognized temporary differences associated with investments in subsidiaries is EUR 6,303 thousand (previous year: EUR 6,655 thousand).

[27] Inventories

in EUR '000	Dec. 31, 2023	Dec. 31, 2022
Raw materials, consumables, and supplies	166,616	173,902
Unfinished goods	97,388	118,898
Finished goods and goods for resale	144,113	137,645
Advance payments	21,152	18,942
Total	**429,269**	**449,387**

The carrying amounts for inventories include depreciation of EUR 22,244 thousand (previous year: EUR 23,483 thousand).

[28] Receivables

in EUR '000	Dec. 31, 2023	Dec. 31, 2022
Receivables from customers	164,446	182,087
Contract receivables	16,807	12,553
Receivables from associated companies	57	828
Total	**181,310**	**195,468**

In the current reporting year, EUR 28 thousand of receivables from customers with a payment term of over one year have been recognized (previous year: EUR 4 thousand).

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

in EUR '000	2023	2022
Costs incurred including prorated income	43,733	105,574
Advance payments received	83,627	133,958
Contract receivables	16,807	12,553
Contract liabilities	56,701	40,937

Contract liabilities relate to contracts with sales in accordance with the over-time method exhibiting an offset surplus of received prepayments. These are shown under other liabilities in the statement of financial position. Of the contract liabilities recognized in the amount of EUR 40,937 thousand in the previous year, EUR 26,117 thousand were recognized as revenue in the reporting year. As of December 31, 2023, contract liabilities exist with allocated transaction prices of EUR 318,333 thousand (previous year: EUR 275,060 thousand). These are scheduled to be realized as revenue within the next one to 37 months.

The receivables include valuation allowances of EUR 5,802 thousand (previous year: EUR 5,944 thousand). The development is depicted below:

in EUR '000	2023	2022
Valuation allowances as of Jan. 1	**5,944**	**4,756**
Currency difference	36	27
Change in scope of consolidation	6	-947
Additions	2,047	3,975
Utilization	-208	-167
Reversals	-2,023	-1,700
Valuation allowances as of Dec. 31	**5,802**	**5,944**

Receivables in the amount of EUR 1,568 thousand (previous year: EUR 840 thousand) were derecognized through profit and loss in the financial year (other operating expenses).

Profit/loss due to valuation allowances or derecognition of receivables are recorded in the amount of EUR -1,356 thousand (previous year: EUR -2,275 thousand) in the consolidated income under other operating income or respectively other operating expenses.

[29] Equity

SUBSCRIBED CAPITAL

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

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

AUTHORIZED CAPITAL

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

— to avoid fractional amounts;
— in the event of a capital increase through cash contributions – if the issue price of the new shares issued under

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

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

The Board of Management is authorized, with the Supervisory Board's approval, to decide on the additional details of the capital increase and its implementation, in particular on the content of the share rights and the terms and conditions of the share issue, including the issue amount.

CONTINGENT CAPITAL

At the Annual Shareholders' Meeting on May 17, 2023, the company's capital stock was conditionally increased by up to EUR 6,992,843.02; this increase serves the granting of shares in the case of exercising option or respectively conversion rights or in the case of fulfillment of option or respectively conversion obligations to the owners of bonds, which are issued due to the created authorization (Contingent Capital 2023).

The conditional capital increase is only to be implemented to the extent necessary for

- the holders or creditors of option, convertible, and/or income bonds, or profit participation rights, or a combination of these instruments, issued by the company up to May 16, 2028 (inclusive) pursuant to the authorization granted to the Board of Management by the Annual Shareholders' Meeting on May 17, 2023, to make use of their option or conversion right, or
- the obligated parties to convertible bonds and/or option bonds issued by the company, pursuant to the authorization granted to the Board of Management by the ordinary Annual Shareholders' Meeting on May 17, 2023, until May 16, 2028 (inclusive) to fulfill their conversion or option duty or tender shares and
- no other forms of settlement are used for servicing.

New shares are issued at the option or respectively conversion price determined in accordance with the authorization mentioned above. The new shares participate in the profit from the start of the financial year in which they are created; insofar as is legally permissible, the Board of Management may also, with the consent of the Supervisory Board, establish profit sharing for new shares in respect of an already-expired financial year by way of deviation from this and also from Section 60 (2) AktG. The Board of Management is entitled, with the consent of the Supervisory Board, to establish the further particulars of the execution of the conditional capital increase. The Supervisory Board is authorized to amend the wording of the Articles of Incorporation to correspond with the respective utilization of the Contingent Capital 2023 and after all option or conversion deadlines have expired, as well as to perform all other associated adjustments to the Articles of Incorporation that only affect the version.

RESERVES AND CONSOLIDATED NET PROFIT

The development of reserves is presented in the statement of changes in equity and includes the capital reserves of INDUS Holding AG. As of the reporting date, the equity ratio was 37.3% (previous year: 36.8%).

INTERESTS ATTRIBUTABLE TO NON-CONTROLLING SHAREHOLDERS

Shares held by non-controlling shareholders amounted to EUR 1,724 thousand (previous year: EUR 2,060 thousand), mostly comprising shares in a subsidiary of Rolko Kohlgrüber GmbH. The interests attributable to non-controlling shareholders for limited partnerships and limited liability companies, for which the economic ownership of the corresponding non-controlling shares had already been transferred under reciprocal option agreements at the acquisition date, are shown under other liabilities [33].

APPROPRIATION OF DISTRIBUTABLE PROFIT

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

Payment of a dividend of EUR 1.20 per no-par-value share (previous year: EUR 0.80 per no-par-value share).

At 25,795,559 dividend-bearing shares (previous year: 26,895,559 shares), this equates to a payment of EUR 30,954,670.80 (previous year: EUR 21,516,447.20). The text of the proposed appropriation of distributable profit is published separately. The proposed dividend was not recognized in the balance sheet and there are no tax consequences.

OTHER RESERVES

DEVELOPMENT OF OTHER RESERVES (in EUR '000)

	Jan. 1, 2022	Other income 2022	Transfer to retained earnings	Dec. 31, 2022	Other income 2023	Transfer to retained earnings	Dec. 31, 2023
Currency conversion reserve	6,271	6,428	0	12,699	-3,287	0	9,412
Pension provisions (actuarial gains/losses)	-24,394	15,160	0	-9,234	-3,893	354	-12,773
Deferred taxes for pensions	6,874	-3,696	0	3,178	935	-421	3,692
Reserve for cash flow hedges	-2,593	6,772	0	4,179	-2,955	0	1,224
Deferred taxes for cash flow hedges	408	-1,072	0	-664	468	0	-196
Total other reserves	**-13,434**	**23,592**	**0**	**10,158**	**-8,732**	**-67**	**1,359**

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

CAPITAL MANAGEMENT

INDUS manages capital with the goal of increasing the return on equity as well as ensuring the INDUS Group has adequate liquidity and good credit standing. The ratio of equity to interest-bearing total capital, consisting of interest-bearing debt capital and equity, is constantly optimized to the same end. Interest-bearing debt capital comprises pension provisions and financial liabilities, less cash and cash equivalents, and amounts to EUR 533,177 thousand (previous year: EUR 617,125 thousand). Taking into account equity in the statement of financial position, total capital comes to EUR 1,252,838 thousand (previous year: EUR 1,311,933 thousand). Relative to total interest-bearing capital employed, the equity ratio is 57.4% (previous year: 53.0%).

The EUR 59,095 thousand decrease in total capital (previous year: decrease of EUR 20,995 thousand) was due to a EUR 24,853 thousand increase in equity (previous year: decrease of EUR 92,666 thousand) and a EUR 83,948 thousand decrease in interest-bearing debt capital (previous year: increase of EUR 71,670 thousand).

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

[30] Pensions

The defined benefit plans exist in portfolio companies in Germany and Switzerland. The German pension plans are based on lifetime pension payments for the beneficiaries and their surviving dependents and are subject to the regulations for pension provisions, pension funds, life insurance, and relief funds, which are mainly regulated through the company pension. The pension plans are only financed via guarantee fund assets in individual cases. Pension obligations in Switzerland are subject to the legal regulations for company pensions and are financed in accordance with these regulations so that they are funded via pension funds.

The average weighted term of the obligations for German plans amounts to 12.6 years (previous year: 12.5 years) and for Swiss plans 15.9 years (previous year: 15.8 years).

STATEMENT OF INCOME

(in EUR '000)

	2023	2022	Change
Current service cost	784	1,921	-1,137
Interest expense	1,807	469	1,338
Income from plan assets	-995	-162	-833
Past service cost	-83	-186	103
Administrative costs of the trust	126	127	-1
Cost of defined benefit obligation	**1,639**	**2,169**	**-530**
+ Defined contribution plan cost	3,337	3,419	-82
= Cost of pension commitments for the period	**4,976**	**5,588**	**-612**

CHANGES IN THE PROJECTED BENEFIT OBLIGATION

(in EUR '000)

	2023	2022	Change
Opening balance: DBO as of Jan. 1	**66,014**	**81,976**	**-15,962**
Service cost	784	1,961	-1,177
Past service cost	-83	-186	103
Interest expense	1,807	507	1,300
Pension payments	-5,182	-3,636	-1,546
Employee contributions	1,217	1,319	-102
Actuarial gains/losses	3,727	-15,489	19,216
Settlement	0	-2,650	2,650
Change in scope of consolidation	304	0	304
Currency difference	2,822	2,212	610
Closing balance: DBO as of Dec. 31	**71,410**	**66,014**	**5,396**

BALANCE SHEET VALUE

(in EUR '000)

	2023	2022	Change
Present value of provisioned benefit entitlements	27,009	23,568	3,441
Present value of funded benefit entitlements	44,401	42,446	1,955
Defined benefit obligation: Projected value of benefit obligations	**71,410**	**66,014**	**5,396**
Market value of plan assets	-44,401	-42,446	-1,955
Net obligation = provision	**27,009**	**23,568**	**3,441**
Actuarial gains/losses	-12,773	-9,234	-3,539
Opening balance: Balance sheet value as of Jan. 1	**23,568**	**41,321**	**-17,753**
Pension obligation expenses	1,638	2,247	-609
Pension payments	-2,348	-2,526	178
Actuarial gains/losses recognized in equity	3,893	-15,160	19,053
Exchange rate changes	314	336	-22
IFRS 5 Reclassification	0	-2,650	2,650
Change in scope of consolidation/netting	-56	0	-56
Closing balance: Balance sheet value as of Dec. 31	**27,009**	**23,568**	**3,441**
Underlying assumptions in percent:			
Discount factor			
Germany	3.20	3.80	
Switzerland	1.50	2.25	
Salary trend			
Germany	2.50	2.50	
Switzerland	1.65	1.90	
Pension trend			
Germany	2.00	2.00	
Switzerland	0.00	0.00	
Expected income from plan assets			
Germany	0.00	1.00	
Switzerland	0.00	0.00	

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

The defined benefit plans are impacted by actuarial risks, such as longevity risk and interest rate risk. An increase or decrease in the discount factor of 0.5 percentage points would reduce the net obligation by EUR 3,438 thousand (previous year: EUR 3,455 thousand) or respectively increase net obligation by EUR 3,883 thousand (previous year: EUR 3,885 thousand). An increase or decrease in the pension factor of 0.5 percentage points would increase the net obligation by EUR 813 thousand (previous year: EUR 1,477 thousand) or respectively reduce net obligation by EUR 673 thousand (previous year: EUR 1,379 thousand).

In connection with retirement benefits, payments amounting to EUR 6,300 thousand are expected in 2024 (in 2022 for 2023: EUR 3,376 thousand).

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

in EUR '000	2023	2022
Assets as of Jan. 1	**42,446**	**40,655**
Expected income from plan assets	995	162
Ongoing contributions by the companies	2,568	2,704
Pensions paid	-4,185	-2,494
Netting/other	-292	-457
Change in scope of consolidation	360	0
Exchange rate changes	2,509	1,876
Assets as of Dec. 31	**44,401**	**42,446**

The statement of financial position also contains reimbursement claims of EUR 436 thousand (previous year: EUR 465 thousand).

[31] Other Provisions

Other provisions includes interest in the amount of EUR -20 thousand (previous year: EUR -3 thousand).

2023 PROVISIONS (in EUR '000)

	Opening balance Jan. 1, 2023	Change in scope of consolidation	Utilization	Reversals	Additions/ newly created	Exchange rate difference	Closing balance Dec. 31, 2023
Liabilities from warranties	13,622	35	4,832	2,407	5,462	-1	11,879
Obligations for commissions, bonuses, and discounts	14,513	0	12,826	234	12,847	32	14,332
Personnel expenses	3,140	19	2,131	473	3,181	4	3,740
Other provisions	12,154	80	7,143	1,452	8,793	-112	12,320
Total	**43,429**	**134**	**26,932**	**4,566**	**30,283**	**-77**	**42,271**

The liabilities for warranties have been recognized due to legal or de facto liabilities, liabilities for commissions, bonuses, and discounts, as well as personnel expenses based on estimated values. Personnel expenses primarily pertain to contributions to the Employers' Liability Insurance Association as well as expected severance packages. Other provisions relates to the provisions for onerous contracts as well as a range of possible individual risks, which are measured in terms of their probability of occurrence. There were no significant expected reimbursements in relation to liabilities recognized as per IAS 37.

[32] Financial Liabilities

LIABILITIES / DEVELOPMENT (in EUR '000)

	Jan. 1, 2023 Carrying amount	Cash-effective	Not cash-effective				Dec. 31, 2023 Carrying amount
			Initial recognition	Change in scope of consolidation	IFRS 5 reclassification	Exchange rate change and other changes that are not cash-effective	
Liabilities to banks	347,727	-8,792	0	0	0	1,633	340,568
Lease liabilities	70,145	-20,175	23,848	2,747	0	450	77,015
Promissory note loans	303,500	50,928	0	0	0	0	354,428
Total financial liabilities	**721,372**	**21,961**	**23,848**	**2,747**	**0**	**2,083**	**772,011**

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

The cash-effective changes to financial liabilities included cash flow from discontinued operations in the amount of EUR 0 thousand (previous year: EUR -3,914 thousand). This is attributable to changes in liabilities to banks in the amount of EUR 0 thousand (previous year: EUR +273 thousand) as well as changes in liabilities from leasing of EUR 0 thousand (previous year: EUR -4,187 thousand)

Accrued interest of EUR 1,522 thousand is included in the exchange rate changes and other non-cash-effective changes (previous year: EUR 446 thousand).

FINANCIAL LIABILITIES / DERIVATIVES (in EUR '000)

	Dec. 31, 2023 Carrying amount	Repayment obligation Up to 1 year	From 1 to 5 years	More than 5 years
Liabilities to banks				
in EUR, the Group's currency	339,931	95,691	212,172	32,068
in other currency	637	637	0	0
Lease liabilities	77,015	18,236	40,166	18,613
Promissory note loans	354,428	39,285	167,643	147,500
Total financial liabilities	**772,011**	**153,849**	**419,981**	**198,181**
Notional value of derivatives	93,444	33,280	60,164	0

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

[33] Other Liabilities

in EUR '000	Dec. 31, 2023	Current	Non-current	Dec. 31, 2022	Current	Non-current
Other financial liabilities						
Liabilities to outside shareholders	67,548	20,990	46,558	76,459	17,606	58,853
Liabilities for employees	25,166	25,166	0	43,068	43,068	0
Derivative financial instruments	8	8	0	0	0	0
Customer credit notes	8,432	7,897	535	7,187	7,187	0
Sundry other liabilities	5,136	4,711	425	2,766	2,340	426
Total other financial liabilities	**106,290**	**58,772**	**47,518**	**129,480**	**70,201**	**59,279**
Other non-financial liabilities						
Liabilities for employees	15,345	15,329	16	2,452	2,452	0
Obligations for annual financial statement costs	3,560	3,560	0	3,266	3,266	0
Advance payments received	23,389	23,389	0	33,030	33,018	12
Contract liabilities	56,701	56,701	0	40,937	40,937	0
Other tax liabilities	12,169	12,157	12	11,879	11,879	0
Accrual of payments not relating to the reporting period	4,619	4,583	36	3,959	3,957	2
Investment subsidies	445	0	445	444	0	444
Total other non-financial liabilities	**116,228**	**115,719**	**509**	**95,967**	**95,509**	**458**
Total	**222,518**	**174,491**	**48,027**	**225,447**	**165,710**	**59,737**

Liabilities to outside shareholders of EUR 55,558 thousand (previous year: EUR 64,050 thousand) include contingent purchase price liabilities, carried at fair value, insofar as the minority shareholders can tender shares to INDUS by terminating the Articles of Incorporation or on the basis of option agreements. During the financial year, there were new purchase price commitments of EUR 2,200 thousand, EUR 10,618 thousand was recognized in income, and

EUR 74 thousand was deducted mainly due to payouts to outside shareholders. Purchase price commitments fluctuated in line with the percentage change in the operating income (EBIT), partially kept in check by upper and lower limits.

[34] Asstes Held For Sale and Liabilities in Connection With Assets Held For Sale

In the fourth quarter of 2022, the Board of Management of INDUS Holding AG made the decision to sell SELZER Fertigungstechnik and its subsidiaries, and SCHÄFER Holding GmbH and its subsidiaries. Buyers have been being actively sought since then, and sales within the next financial half-year are considered very likely.

The allocated assets have therefore been 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.

The SCHÄFER Group was sold to a subsidiary of Callista Portfolio Holding GmbH, and the contract was signed on July 5, 2023. The deconsolidation took place on July 31, 2023.

The SELZER Group was sold to a subsidiary of MUTARES SE & Co. KGaA on July 28, 2023. The deconsolidation took place on August 31, 2023.

Write-downs in connection with the sales of SCHÄFER and SELZER are recognized as expenses under income from discontinued operations in the amount of EUR 10,103 thousand (previous year: EUR 63,038 thousand).

Assets in the amount of EUR 9,553 thousand were not sold and have been reclassified into the item “Investment property” as per IFRS 5.27.

Other Disclosures

[35] Information on the Statement of Cash Flows

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

in EUR '000	2023	2022
Cash-effective processes attributable to the acquisition of portfolio companies	9,198	63,039
less acquired funds	-347	-4,270
Net purchase price	**8,851**	**58,769**

Cash and cash equivalents include limited-authorization accounts amounting to EUR 649 thousand (previous year: EUR 557 thousand). Investing and financing transactions of EUR 553 thousand (previous year: EUR 3,439 thousand) that did not lead to changes in cash and cash equivalents are not included in the statement of cash flows.

The cash inflow from the disposal of shares in fully consolidated companies in the previous year relates to the second tranche of the purchase price payment for the sale of Wiesauplast Group. Cash inflow from the disposal of other assets concerns the disposal of assets held for sale in the amount of EUR 14,403 thousand (previous year: EUR 0 thousand) and fixed assets in the amount of EUR 6,915 thousand (previous year: EUR 9,445 thousand).

The development of financial liabilities is set out under item [32]. EUR 21,933 thousand (previous year: EUR 20,525 thousand) was paid for leases (interest and principal repayment) in the financial year.

The effects arising from hyperinflation in respect of AURORA Isı Araçları San. ve Tic. Ltd. Şti, Ergene, Turkey are recognized as income in the amount of EUR 2,993 thousand in earnings after taxes. This non-cash-effective effect is corrected within the financial result in the cash flow from current operations in the amount of EUR 2,993 thousand. The effect of purchasing power loss in Turkey on cash and cash equivalents is EUR 194 thousand and is included in the statement of cash flows in the changes in cash and cash equivalents caused by currency exchange rates.

The statement of cash flows contains the cash flows from continuing operations. The following table presents the cash flows of the entire INDUS Group, broken down by continuing and discontinued operations:

in EUR '000	2023	2022
Cash flow from operating activities from continuing operations	217,657	116,339
Cash flow from operating activities from discontinued operations	-14,687	-48,705
Total cash flow from operating activities	**202,970**	**67,634**
Cash flow from investing activities from continuing operations	-50,083	-94,438
Cash flow from investing activities from discontinued operations	-8,760	-28,301
Total cash flow from investing activities	**-58,843**	**-122,739**
Cash flow from financing activities from continuing operations	-501	55,905
Cash flow from financing activities from discontinued operations	-1,142	-3,914
Total cash flow from financing activities	**-1,643**	**51,991**
Net changes in cash and cash equivalents from continuing operations	167,073	77,806
Net changes in cash and cash equivalents from discontinued operations	-24,589	-80,920
Total net changes in cash and cash equivalents	**142,484**	**-3,114**

See [7] for information regarding the composition of cash flows from discontinued operations.

[36] Segment Reporting

SEGMENT INFORMATION BY DIVISION

SEGMENT REPORTING IN ACCORDANCE WITH IFRS 8

(in EUR '000)

	Engineering	Infrastructure	Materials	Total segments	Reconciliation	Consolidated financial statements
2023						
Revenue with external third parties						
from customer contracts	443,144	532,387	546,372	1,521,903	717	1,522,620
in accordance to measurement-over-time method	142,596	48,981	70,149	261,726	0	261,726
from service contracts	13,873	881	3,331	18,085	0	18,085
Revenue with external third parties	**599,613**	**582,249**	**619,852**	**1,801,714**	**717**	**1,802,431**
Revenue with Group companies	2,155	36	92	2,283	-2,283	0
Revenue	**601,768**	**582,285**	**619,944**	**1,803,997**	**-1,566**	**1,802,431**
Segment earnings (EBIT)	**57,021**	**49,274**	**57,327**	**163,622**	**-14,061**	**149,561**
Depreciation/amortization	**-37,460**	**-33,720**	**-36,447**	**-107,627**	**-941**	**-108,568**
of which amortization	-32,362	-26,211	-29,734	-88,307	-941	-89,248
of which impairment	-5,098	-7,509	-6,713	-19,320	0	-19,320
Segment EBITDA	**94,481**	**82,994**	**93,774**	**271,249**	**-13,120**	**258,129**
Income from measurement according to the equity method	**0**	**1,386**	**0**	**1,386**	**0**	**1,386**
Investments	**12,118**	**35,239**	**22,046**	**69,403**	**1,397**	**70,800**
of which company acquisitions	0	8,851	0	8,851	0	8,851
Dec. 31, 2023						
Shares accounted for using the equity method	0	5,662	0	5,662	0	5,662
Goodwill	180,712	131,528	83,568	395,808	0	395,808

SEGMENT REPORTING IN ACCORDANCE WITH IFRS 8

(in EUR '000)

	Engineering	Infrastructure	Materials	Total segments	Reconciliation	Consolidated financial statements
2022						
Revenue with external third parties						
from customer contracts	429,652	519,810	630,761	1,580,223	507	1,580,730
in accordance to measurement-over-time method	139,323	65,952	0	205,275	0	205,275
from service contracts	11,892	195	6,017	18,104	0	18,104
Revenue with external third parties	**580,867**	**585,957**	**636,778**	**1,803,602**	**507**	**1,804,109**
Revenue with Group companies	2,340	85	153	2,578	-2,578	0
Revenue	**583,207**	**586,042**	**636,931**	**1,806,180**	**-2,071**	**1,804,109**
Segment earnings (EBIT)	**47,413**	**51,330**	**49,906**	**148,649**	**-14,984**	**133,665**
Depreciation/amortization	**-45,153**	**-37,209**	**-42,548**	**-124,910**	**-3,853**	**-128,763**
of which amortization	-31,353	-24,509	-27,713	-83,575	-2,416	-85,991
of which impairment	-13,800	-12,700	-14,835	-41,335	-1,437	-42,772
Segment EBITDA	**92,566**	**88,539**	**92,454**	**273,559**	**-11,131**	**262,428**
Income from measurement according to the equity method	**0**	**511**	**0**	**511**	**0**	**511**
Investments	**71,185**	**15,183**	**23,466**	**109,834**	**3,475**	**113,309**
of which company acquisitions	58,769	0	0	58,769	0	58,769
Dec. 31, 2022						
Shares accounted for using the equity method	0	4,276	0	4,276	0	4,276
Goodwill	184,376	134,082	85,267	403,725	0	403,725

RECONCILIATION

(in EUR '000)

	2023	2022
Segment earnings (EBIT)	**163,622**	**148,649**
Areas not allocated incl. holding company	-14,061	-14,984
Financial income	-9,841	-17,734
Earnings before taxes	**139,720**	**115,931**

The segment classification was changed with effect from January 1, 2023. Due to a new management structure accompanying the introduction of a new segment management system as well as associated adapted internal reporting, the segments have been re-organized. The previously five segments have become three segments, Engineering, Infrastructure, and Materials. The reconciliations contain the figures of the holding company, the non-operating units not allocated to any segment, and consolidations. See the explanation provided in the management report regarding the products and services that generate segment sales.

The key control variable for the segments is operating income (EBIT) as defined in the consolidated financial statements. The information pertaining to the segments has been ascertained in compliance with the reporting and valuation methods that were applied in the preparation of the consolidated financial statements. The transfer prices between the segments are based on arm's-length prices.

SEGMENT INFORMATION BY REGION

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

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

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

in EUR '000	Group	Germany	EU	Third countries
2023				
Revenue with external third parties	1,802,431	906,513	354,047	541,871
Dec. 31, 2023				
Non-current assets, less deferred taxes and financial instruments	993,951	873,512	38,071	82,368
2022				
Revenue with external third parties	1,804,109	896,887	352,829	554,393
Dec. 31, 2022				
Non-current assets, less deferred taxes and financial instruments	995,839	876,160	39,438	80,241

[37] Information on the Significance of Financial Instruments

FINANCIAL INSTRUMENTS (in EUR '000)

	Balance sheet value	IFRS 9 not applicable	IFRS 9 financial instruments	of which measured at fair value	of which measured at amortized cost
Dec. 31, 2023					
Financial investments	11,347	0	11,347	2,500	8,847
Cash and cash equivalents	265,843	0	265,843	0	265,843
Receivables	181,310	16,808	164,502	0	164,502
Other assets	19,995	8,064	11,931	1,216	10,715
Financial instruments: Assets	**478,495**	**24,872**	**453,623**	**3,716**	**449,907**
Financial liabilities	772,011	77,015	694,996	0	694,996
Trade payables	63,661	0	63,661	0	63,661
Other liabilities	222,518	116,228	106,290	55,565	50,725
Financial instruments: Equity and liabilities	**1,058,190**	**193,243**	**864,947**	**55,565**	**809,382**
Dec. 31, 2022					
Financial investments	5,571	0	5,571	2,441	3,130
Cash and cash equivalents	127,816	0	127,816	0	127,816
Receivables	195,468	12,553	182,915	0	182,915
Other assets	24,015	7,545	16,470	4,171	12,299
Financial instruments: Assets	**352,870**	**20,098**	**332,772**	**6,612**	**326,160**
Financial liabilities	721,372	70,145	651,227	0	651,227
Trade payables	74,283	0	74,283	0	74,283
Other liabilities	225,447	95,967	129,480	64,050	65,430
Financial instruments: Equity and liabilities	**1,021,102**	**166,112**	**854,990**	**64,050**	**790,940**

The fair value of financial liabilities that are measured at amortized costs is EUR 760,552 thousand (previous year: EUR 663,413 thousand). The fair value of all other financial instruments measured at amortized costs corresponds to the amortized cost, or deviates immaterially.

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

	Carrying amounts		Net gains/losses	
	Dec. 31, 2023	Dec. 31, 2022	2023	2022
Financial assets measured at fair value through profit and loss	0	0	0	0
Financial assets measured at cost	449,907	326,160	-1,759	-4,690
Financial assets recognized at fair value directly in equity – of which equity instruments	2,500	2,441	2	-6
Derivatives with hedging relationships, hedge accounting	1,216	4,171	-2,955	4,171
Financial instruments: Assets	**453,623**	**332,772**	**-4,712**	**-525**
Financial liabilities measured at fair value through profit and loss	55,565	64,050	11,678	-3,855
Financial liabilities measured at cost	809,382	790,940	-158	-681
Derivatives with hedging relationships, hedge accounting	0	0	0	2,601
Financial instruments: Equity and liabilities	**864,947**	**854,990**	**11,520**	**-4,536**

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

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

Total interest income for financial instruments not measured at fair value through profit and loss amounts to EUR 1,544 thousand (previous year: EUR 1,365 thousand). The corresponding total interest expenses are EUR 20,039 thousand (previous year: EUR 12,835 thousand). These are fully attributable to financial liabilities measured at amortized costs.

TYPE AND SCOPE OF RISKS RESULTING FROM FINANCIAL INSTRUMENTS

PRINCIPLES OF FINANCIAL RISK MANAGEMENT

Management of operating risks is the responsibility of the individual companies and their managing directors. The holding company calculates and monitors the overall financing need on the basis of the local risk assessment and the investment and financing plans of the respective portfolio companies. Interest and currency risks are hedged by means of derivative financial instruments. The derivative financial instruments are concluded exclusively for protective purposes.

RISK MANAGEMENT AND FINANCIAL DERIVATIVES

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

LIQUIDITY RISK

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

Basically, the individual portfolio companies finance themselves from their operating results. Transfers are made between INDUS Holding AG and the portfolio companies depending on the liquidity situation. The INDUS Group holds sufficient cash and cash equivalents to enable the firm to take action at any time (2023: EUR 265,843 thousand, previous year: EUR 127,816 thousand). It also has unused credit lines totaling EUR 94,495 thousand (previous year: EUR 91,575 thousand).

Widely diversified debt financing, which is spread over eight (previous year: eight) core banks, means the company is never dependent on individual lenders, so the risk from losing banks as lenders is currently limited. The level of available liquidity and firm financing commitments enable the company to take advantage of acquisition opportunities at any time. Long-term financing is structured in tranches with revolving new lines of financing, limiting financing risk.

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

CASH OUTFLOW (in EUR '000)

	Dec. 31, 2023			Dec. 31, 2022		
	Up to 1 year	From 1 to 5 years	More than 5 years	Up to 1 year	From 1 to 5 years	More than 5 years
Interest rate derivatives	2,167	2,090	0	520	385	0
Total derivative financial instruments	**2,167**	**2,090**	**0**	**520**	**385**	**0**
Financial liabilities	176,595	467,102	213,530	143,093	413,411	244,282
of which lease liabilities	20,599	44,929	21,450	17,225	38,836	14,003
Trade payables	63,661	0	0	74,283	0	0
Other financial liabilities	58,772	47,518	0	70,201	59,279	0
Total financial instruments	**299,028**	**514,620**	**213,530**	**287,577**	**472,690**	**244,282**

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

DEFAULT RISK

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

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

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

Based on the total stock of trade receivables, there are eight customers (previous year: seven) which have a share of more than 1% each. This equates to a share of around 18% of outstanding items as recognized in the consolidated financial statements (previous year: around 21%). The ten largest customers accounted for around 16% of Group sales (previous year: around 19%).

Furthermore, there are receivables from customers and associated companies which are overdue but have had no valuation allowances carried out for them. There are generally no major payment defaults with due dates of up to three months, since overdue payments largely result from timing differences in their booking. Since trade receivables were not subjected to valuation allowances and were not overdue, there were no indications as of the reporting date that the debtors may not be able to meet their payment obligations. Trade receivables are regarded as in default if it is very unlikely that the debtor will meet its payment obligation.

This is particularly relevant in insolvency proceedings or in legal disputes with no prospect of success. The expected defaults are calculated using past experience, taking account of the expectations for future financial performance. For all other financial assets, the default risk is seen as very low, and there is not an increased credit default risk compared with the previous year.

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

	2023	2022
Carrying amount	181,310	195,468
of which valuation allowance	5,802	5,944
gross value of receivables before impairment	187,112	201,412
of which as per reporting date		
neither impaired nor overdue	125,935	164,599
not impaired and overdue by the following periods		
less than 3 months	32,878	26,340
between 3 and 6 months	4,108	2,442
between 6 to 9 months	1,029	1,065
between 9 and 12 months	1,046	848
more than 12 months	3,336	2,367

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

DEFAULT RISK ON RECEIVABLES (in EUR '000)

	Loss Rate (Weighted Average)	Gross Carrying Amount	Expected Loss	Impaired Credit Rating
Not overdue and between 1 and < 3 months overdue	0.15%	158,813	236	No
Between 3 and < 6 months overdue	4.24%	4,108	174	No
Between 6 and < 9 months overdue	11.76%	1,029	121	No
Between 9 and < 12 months overdue	27.25%	1,046	285	No
> 12 months overdue	33.72%	3,336	1,125	Yes

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

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

INTEREST RATE RISK

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

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

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

MARKET PRICE RISK SENSITIVITY ANALYSIS (in EUR '000)

	Dec. 31, 2023		Dec. 31, 2022	
	BP +100	BP -100	BP +100	BP -100
Market value of derivatives	2,892	-3,173	1,410	-1,464
of which equity/hedges	2,892	-3,173	1,410	-1,464
of which interest expense per statement of income	0	0	0	0
Market value of loans	41,896	-47,827	11,163	-11,893
Total market value	**44,788**	**-51,000**	**12,573**	**-13,357**

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

CURRENCY RISK

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

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

In an assumed scenario where the exchange rates of all foreign currencies rise by 10% against the euro as of the reporting date, net income from currency conversion would change by EUR 3,120 thousand (previous year: EUR 8,436 thousand). As in the previous year, net receivables in US dollars and Swiss francs are the main influence.

HEDGE ACCOUNTING

HEDGING INSTRUMENTS

As at the reporting date, currency hedges with a nominal volume of EUR 6,561 thousand (previous year: EUR 0 thousand) were in place. The exchange rate hedges concerned transactions in US Dollars. Hedging contracts had a negative market value of EUR 182 thousand (previous year: EUR 0 thousand).

Interest rate hedges account for a nominal volume of EUR 93,444 thousand (previous year: EUR 113,225 thousand). The market values amounted to EUR 1,216 thousand (previous year: EUR 4,171 thousand). As in the previous year, interest rate hedges relate to already recognized loan transactions. Further details on terms and maturities are included in the report on financial liabilities [31].

FINANCIAL STATEMENT ACCOUNTING OF HEDGING TRANSACTIONS AS HEDGE ACCOUNTING

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

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

	Nominal amounts	Carrying amount of hedging instruments	Balance sheet item	Changes in hedging instrument values recognized in other income
Dec. 31, 2023				
Cash flow hedges				
Interest rate hedges	93,444	1,216	Other current assets	-2,955
Exchange rate hedges	0	0	Other current liabilities	0
Total		**1,216**		**-2,955**
Dec. 31, 2022				
Cash flow hedges				
Interest rate hedges	113,225	4,171	Other current assets	6,772
Exchange rate hedges	0	0	Other current liabilities	0
Total		**4,171**		**6,772**

The average interest rate for interest rate hedges is 1.07% (previous year: 0.95%). As in the previous year, there was no hedge accounting for exchange rate hedges as of the reporting date.

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

	Reserve for cash flow hedges	Deferred taxes for cash flow hedges
As of Jan. 01, 2022	**-2,593**	**408**
Change in fair value		
Interest rate hedges	6,772	-1,072
Exchange rate hedges	0	0
As of Dec. 31, 2022	**4,179**	**-664**
As of Jan. 01, 2023	**4,179**	**-664**
Change in fair value		
Interest rate hedges	-2,955	468
Exchange rate hedges	0	0
As of Dec. 31, 2023	**1,224**	**-196**

[38] Collateral Furnished

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

PLEDGED ASSETS (in EUR '000)

	2023	2022
Land charges	14,943	18,805
Pledged assets	0	0
Other collateral	921	575
Total collateral	**15,864**	**19,380**

[39] Contingent Liabilities

Liabilities from guarantees exist in the amount of EUR 2,224 thousand (previous year: EUR 3,008 thousand). These include external obligations which INDUS Holding AG assumed in connection with the business activities of the portfolio companies. Currently, it is extremely unlikely that the beneficiaries would utilize the guarantees.

[40] Other Financial Obligations

Obligations from purchase commitments for fixed assets came to EUR 12,227 thousand (previous year: EUR 7,761 thousand), of which EUR 10,201 thousand (previous year: EUR 6,988 thousand) was for property, plant, and equipment, and EUR 2,026 thousand (previous year: EUR 773 thousand) was for intangible assets.

[41] Related-Party Disclosure

MEMBERS OF MANAGEMENT IN KEY POSITIONS AND AFFILIATED PERSONS

In line with the structure of INDUS Group, members of the management team hold key positions on the Supervisory Board, which consists of twelve members (previous year: twelve members), and the Board of Management of INDUS Holding AG, which consists of five people (January 1 to September 30, 2023: four people; from October 1, 2023: five people) (previous year: four people) according to the management structures in place since January 1, 2023.

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

OVERVIEW OF COMPENSATION* (in EUR '000)

	Expense in the period	of which current compensation	of which share-based payment	of which severance payments	of which pensions
2023					
INDUS Holding AG					
Supervisory Board	725	725	0	0	0
Board of Management	2,982	2,829	153	0	0
Total	**3,707**	**3,554**	**153**	**0**	**0**
2022					
INDUS Holding AG					
Supervisory Board	776	776	0	0	0
Board of Management	1,831	2,064	-233	0	0
Total	**2,607**	**2,840**	**-233**	**0**	**0**

* Changes to the year-over-year comparison figures due to the new management structure as of January 1, 2023.

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

SUPERVISORY BOARD COMPENSATION

The Supervisory Board's compensation was determined by the extraordinary Annual Shareholders' Meeting of INDUS Holding AG in November 2018. It is stipulated in Section 16 (1) and (2) of the Articles of Incorporation. In addition to reimbursement of out-of-pocket expenses incurred in performing their duties in the financial year ended, all Supervisory Board members receive fixed compensation of EUR 30 thousand along with an attendance fee of EUR 3 thousand per meeting. The Chair receives double these two aforementioned sums, and the Deputy Chair receives one-and-a-half times these amounts. Each member of a Supervisory Board committee receives compensation in the amount of EUR 5,000 in addition to reimbursement of expenses for their activities in the past financial year. The chair of the committee receives twice the amount mentioned above. There are no stock option plans or similar securities-based incentive systems in place for Supervisory Board members. The Supervisory Board met six times in 2023 (previous year: eight times).

For further information about Supervisory Board compensation we refer you to our separate compensation report.

BOARD OF MANAGEMENT COMPENSATION

For the 2023 financial year, the compensation of the members of the Board of Management of INDUS Holding AG comprised basic salary (including taxable benefits in kind), performance-based variable compensation (short term incentive program), and a share-based component of the compensation (long term incentive program). A current compensation system for the members of the Board of Management was adopted at the Annual Shareholders' Meeting 2021. The variable components STI and LTI were redefined. The STI is used to compensate for the Management Board members' annual contribution to achieving the operating targets specified by the Supervisory Board and for sustainable business development. The STI is composed of one portion that rewards the achievement of financial targets and one portion that rewards the achievement of non-financial targets with respect to sustainability and strategy. The portion of target STI value relating to non-financial targets makes up at least 20%.

LONG-TERM INCENTIVE PROGRAM UP TO 2020 (OLD COMPENSATION SYSTEM)

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

The number of SARs granted to Board of Management members in annual tranches was determined based on the option price at the grant date and the contractually specified target price. The last SARs were issued in financial year 2020. Up to December 31, 2023 there were 124,090 granted and not-yet-exercised SARs (previous year: 185,376). In the 2023 financial year, 61,286 options have lapsed. The fair value of previously granted, not-yet-exercised SARs totaled EUR 7 thousand as of the reporting date (previous year: EUR 50 thousand). A provision in this amount was recognized. A liquidation in the amount of EUR 43 thousand (previous year: EUR 455 thousand) was recorded in personnel expenses. No payments were made from the stock options in the financial year or the previous year.

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

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

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

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

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

In financial year 2023, 39,980 (previous year: 24,429) virtual performance shares (VPS) were issued from the new LTI program. This performance period for this plan (LTI Plan 2023) runs until December 31, 2026. Any payments under the LTI Plan 2023 will be made in the year 2027. On the date on which they were granted, the total fair value of the VPSs was EUR 693 thousand (previous year: EUR 706 thousand). Up to December 31, 2023 there were 89,789 granted and not-yet-exercised VPSs (previous year: 49,809). The fair value of previously granted, not-yet-exercised VPSs totaled EUR 1,084 thousand as of the reporting date (previous year: EUR 887 thousand). A provision in this amount was recognized in the annual financial statements. An addition was made to personnel expenses in the amount of EUR 197 thousand (previous year: EUR 211 thousand).

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

CHANGE OF CONTROL

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

COMPENSATION

For the 2023 financial year, the compensation for members of the Board of Management of INDUS Holding AG consisted of basic salary (including taxable benefits in kind), performance-based variable compensation (short-term incentive program), and a share-based component of the compensation (long-term incentive program). The new long-term incentive program, structured as a virtual performance share plan (VPSP), was in effect for 2023 and the previous year.

In total, expenses of EUR 2,982 thousand (previous year: EUR 1,831 thousand) have been recognized as compensation paid to the Board of Management. EUR 2,000 thousand (previous year: EUR 1,856 thousand) is attributable to fixed compensation, EUR 829 thousand to short-term variable compensation (previous year: EUR 208 thousand) and EUR 153 thousand to virtual share options (previous year: EUR -233 thousand).

Disclosures in the sense of Section 314 (1) (6) (a) HGB: The compensation paid to members of the Board of Management in the financial year amounted to EUR 3,565 thousand (previous year: EUR 2,767 thousand). The compensation paid to the Supervisory Board was EUR 725 thousand (previous year: EUR 776 thousand). For one former member of the Board of Management there are pension rights with a present value of EUR 73 thousand (previous year: EUR 77 thousand). The pension rights are covered by a reinsurance policy of corresponding value. In the financial year, EUR 6 thousand (previous year: EUR 6 thousand) of claims was paid out.

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

OTHER RELATIONS

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

RELATED-PARTY DISCLOSURE

(in EUR '000)

	Sales and other operating income	Purchase of goods	Other purchases	Outstanding amounts	Loans granted
2023					
Related companies	1,051	119	0	6	0
Non-controlling shareholders	17,502	0	43	0	0
Total related parties	**18,553**	**119**	**43**	**6**	**0**
2022					
Related companies	540	62	0	36	776
Non-controlling shareholders	21,372	0	60	0	0
Total related parties	**21,912**	**62**	**60**	**36**	**776**

Revenue of EUR 16,259 thousand (previous year: EUR 20,192 thousand) was recognized in 2023 from a business relationship with a related company of a non-controlling shareholder.

Other material transactions with individuals on the Board of Management or the Supervisory Board or parties related to them were present neither in the reporting year nor in the previous year.

[42] Employees

AVERAGE NUMBER OF EMPLOYEES IN THE FINANCIAL YEAR

	2023	2022
Employees by region		
Germany	7,119	7,456
Europe (EU & Switzerland)	1,212	1,499
Rest of world	986	1,436
Employees in continuing and discontinued operations	**9,317**	**10,391**
Employees by segment		
Engineering	2,842	2,771
Infrastructure	2,934	2,875
Materials	3,107	3,151
Other	46	40
Employees from continuing operations	**8,929**	**8,837**
Employees from discontinued operations	388	1,554
Employees in continuing and discontinued operations	**9,317**	**10,391**

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

External auditor PricewaterhouseCoopers GmbH auditing firm's fee for auditing the consolidated financial statements amounted to EUR 1,093 thousand (previous year: EUR 919 thousand), of which for previous years EUR 130 thousand (previous year: EUR 0 thousand), for other confirmation and valuation services EUR 0 thousand (previous year: EUR 3 thousand), of which for previous years EUR 130 thousand (previous year: EUR 0 thousand), for tax accountancy services EUR 0 thousand (previous year: EUR 0 thousand) and for other services EUR 0 thousand (previous year: EUR 0 thousand).

[44] German Corporate Governance Code

Pursuant to Section 161 AktG, the Board of Management and the Supervisory Board submitted a German Corporate Governance Code declaration on December 6, 2023 and made it available to shareholders on the INDUS Holding AG website www.indus.de/en.

[45] Use of Exemptions in Accordance With Section 264 (3) and Section 264b of the German Commercial Code (HGB)

In the complete list of shareholdings recorded in the electronic commercial register in accordance with Section 313 of the German Commercial Code (HGB), which constitutes part of the notes, there is a list of the subsidiaries which have been exempted from disclosure duties in accordance with Section 264 (3) and Section 264b HGB as of December 31, 2023.

[46] Events after the Reporting Date

At the end of January 2024, the Board of Management of INDUS Holding AG resolved to cease and phase out the operation of imeco GmbH & Co. KG Goldbach. Around 120 employees are affected by this measure. No material effects on the financial position and financial performance are expected from the ceasing of operational business.

On February 21, 2024 INDUS Holding AG submitted a public share buyback offer for up to 1,100,000.00 registered no-par-value shares to its shareholders at a price of EUR 23.00 per share. The volume of the buyback offer was accordingly up to EUR 25,300,000.00. The buyback offer applied from February 22, 2024 to March 1, 2024. As a result of the offer, 1,100,000.00 shares were acquired by INDUS Holding AG with a value of EUR 25,300,000.00. The bought-back shares do not qualify for dividends.

As of March 11, 2024 Hauff-Technik GmbH & Co. KG, Hermaringen has taken on the remaining 50% in Hauff-Technik Gridcom GmbH (Gridcom). Gridcom is a specialist in the development and production of passive components for glass-fiber infrastructure. Hauff-Technik acquired the first 50% of Gridcom in October 2016.

Bergisch Gladbach, March 13, 2024

INDUS Holding AG

The Board of Management

Dr. Johannes Schmidt Rudolf Weichert

Gudrun Degenhart Dr. Jörn Großmann Axel Meyer

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FURTHER INFORMATION

Responsibility Statement

We hereby certify that, to the best of our knowledge, the consolidated financial statements give a true and fair view of the financial position and financial performance of the Group, and the combined management report for the 2023 financial year includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group, in accordance with the applicable accounting principles as of December 31, 2023.

Bergisch Gladbach, March 13, 2024

The Board of Management

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

Dividend Proposal

The following proposal will be submitted to the Annual Shareholders' Meeting regarding the appropriation of the balance sheet profit for the 2023 financial year in the amount of EUR 80,830,067.16:

Payment of a dividend of EUR 1.20 per no-par-value share that qualifies for dividends (25,795,559.00) on the capital stock of EUR 69,928,453.64	30,954,670.80
Transfer to other retained earnings	48,000,000.00
Profit carried forward	1,875,396.36
Balance sheet profit	80,830,067.16

The proposed appropriation of distributable profit takes into account the 1,100,000 treasury shares held by the company's Board of Management at the time of preparation of the Annual Financial Statement, and which in accordance with Section 71b of the German Stock Corporation Act (AktG) do not qualify for dividends. The number of shares qualifying for dividends may change before the Annual Shareholders' Meeting. If this happens, and if there is an unchanged distribution of EUR 1.20 per no-par-value share that qualifies for dividends, the Annual Shareholders' Meeting will be offered a correspondingly adjusted proposed appropriation of distributable profit.

Bergisch Gladbach, March 13, 2024

The Board of Management

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

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

Report of the Independent Group Auditors

To INDUS Holding AG, Bergisch Gladbach, Germany

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

Opinions

We have audited the consolidated financial statements of INDUS Holding AG, Bergisch Gladbach, Germany, and its subsidiaries (the Group) – consisting of the consolidated statement of financial position as of December 31, 2023, the consolidated statement of comprehensive income, the consolidated statement of income, the consolidated statement of changes in equity, and the consolidated statement of cash flows for the financial year from January 1 to December 31, 2023, along with the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the Group management report of INDUS Holding AG, which is summarized with the management report for the company, for the financial year from January 1 to December 31, 2023. We have not audited the content of the disclosures contained in the "Opportunities and Risks" section, "Risk Management" subsection in the Group management report, which are identified as unaudited in compliance with the German provisions of law.

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

- the accompanying consolidated financial statements comply in all material respects with the IFRS as adopted by the EU, and with the additional requirements under German law in accordance with Section 315e (1) HGB and, in compliance with these requirements, give a true and fair view of the net assets and financial position of the Group as of December 31, 2023, and of its financial performance for the financial year from January 1 to December 31, 2023, and
- the accompanying Group management report as a whole provides an appropriate view of the position of the Group. In all material respects, this Group management report is consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the risks and opportunities of future development. Our opinion on the Group management report does not extend to the above-specified content of the disclosures under the "Opportunities and Risks" section, "Risk Management" subsection of the Group management report.

In accordance with Section 322 (3) sentence 1 HGB, we declare that our audit has not resulted in any reservations relating to the legal compliance of the Group financial statements and of the Group management report.

Basis of opinions

We conducted our audit of the consolidated financial statements and of the Group management report in accordance with Section 317 HGB and the EU Audit Regulation No 537/2014 (hereinafter referred to as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits of the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under these requirements and principles are set out in further detail in the section "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" in our Group auditor's report. In accordance with the requirements under European law and German commercial and professional law, we are independent of the Group companies and we have fulfilled our other professional responsibilities under German law in accordance with these requirements. In addition, we declare that, in accordance with Article 10 (2) letter f of the EU Audit Regulation, we have not provided prohibited non-audit services under Article 5 (1) of the EU Audit Regulation. We believe that the evidence we have obtained represents a sufficient and appropriate basis for our opinions on the consolidated financial statements and on the Group management report.

KEY AUDIT MATTERS IN THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Key audit matters are those matters which in our professional judgment were of most significance in the audit of the consolidated financial statements for the financial year January 1 to December 31, 2023. These matters were considered in the context of our overall audit of the consolidated financial statements, and when forming our opinion in this regard we have not provided a separate opinion on these matters.

From our perspective, the following matter was the most important in our audit:

1) Impairment of goodwill

We have structured our representation of this particularly important audit matter as follows:

a) Matter and problem
b) Audit approach and findings
c) Reference to further information

We have set out what constitutes the particularly important audit matter in the following:

1) IMPAIRMENT OF GOODWILL

a) In the company's consolidated financial statements, goodwill is posted with a total of EUR 395.8 million (20.5% of the total assets or 54.9% of the equity) under the "Goodwill" balance sheet item. Goodwill is subject to an impairment test by the company once a year or on an event-driven basis, in order to determine possible need for depreciation/amortization. The impairment test is performed at the level of the groups of cash-generating units to which the respective goodwill is assigned. In the course of the impairment test, the carrying amount of the respective carrying amounts including the goodwill is compared with the correspondingly achievable amount. The achievable amount is essentially determined based on the value in use. The basis of the valuation here is normally the present value of future cash flows for the respective group of cash-generating units. The present values are determined using discounted cash flow models. Here, the Group's adopted medium-term planning forms the starting point, which is projected forwards with assumptions about long-term growth rates. In this process, expectations about future market development and assumptions on the development of the macroeconomic influences are also taken into account. Discounting is applied by means of weighted average capital costs for the respective group of cash-generating units. As a result of the impairment test, after taking into account the value in use for the groups of cash generating-unit, there were impairments of a total of EUR 12.8 million.

The result of the evaluation is to a high degree dependent on the evaluation by legal representatives of the future cash flow of the respective group of cash-generating units, the discounting rate applied, the growth rate, and other assumptions, and is associated with significant uncertainty. In light of this and due to the complexity of the evaluation, this matter was of particular importance in the context of the audit.

b) One factor of our audit was understanding the methodical approach to performing impairment tests. After alignment of the future cash flow used in the calculation with the Group's adopted medium-term planning, we assessed the suitability of the calculation, in particular through reconciliation with general and industry-specific market expectations. In addition, we assessed the appropriate consideration of costs for Group functions. With the knowledge that even relatively minor changes to the applied discounting rate, but also to the growth rate, can result in material effects on the amount of corporate value determined in this way, we intensively engaged with the parameters and assumptions used to determine the applied discounting rate and respectively the growth rate, and have examined the calculation schedule. In order to take into account existing uncertainties in terms of the forecast, we examined the sensitivity analyses created by the company.

The valuation parameters and assumptions applied by the legal representatives are overall in line with our expectations and are also within bandwidths that we consider to be reasonable.

c) Company disclosures on the impairment test and goodwill are provided in Sections 20 and 22 of the Notes.

Other information

The legal representatives are responsible for the other information. The other information comprises the disclosures in the “Opportunities and Risks” section, “Risk Management” subsection in the Group management report that are identified as unaudited, the content of which is not an audited component of the Group management report.

The other information also comprises

- the Declaration on Corporate Governance in accordance with Section 289f of the German Commercial Code (HGB) and Section 315d HGB
- the separate non-financial Group report on the fulfillment of Sections 315b to 315c of the German Commercial Code (HGB)
- all other parts of the Annual Report – without further cross-references to external information – with the exception of the audited consolidated financial statements, audited Group management report, and our Group auditor's report.

Our opinions on the consolidated financial statements and on the Group management report do not cover the other information, and consequently we do not express an opinion or any other form of audit conclusion in relation to this.

In connection with our audit, our responsibility is to read the other information mentioned above and, in doing so, to consider whether the other information:

- is materially inconsistent with the consolidated financial statements, the audited content of the Group management report disclosures, or our knowledge obtained during the audit,
- or otherwise appears materially misstated.

Responsibilities of legal representatives and the Supervisory Board for the consolidated financial statements and the Group management report

The legal representatives are responsible for preparing consolidated financial statements that comply, in all material respects, with IFRS as adopted by the EU and the additional requirements of German commercial law in accordance with Section 315e (1) of the German Commercial Code (HGB) and ensuring that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the legal representatives are responsible for the internal checks that they have determined to be necessary in order to enable the preparation of consolidated financial statements that are free from representations which are materially incorrect due to fraud (i.e. manipulation of the accounting and asset misappropriation) or error.

In preparing the consolidated financial statements, the legal representatives are responsible for assessing the Group's ability to continue as a going concern. They are also responsible for disclosing, as applicable, matters related to the ability to continue as a going concern. In addition, they are responsible for financial reporting on the going-concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative to doing so.

Furthermore, management is responsible for the preparation of a Group management report which, as a whole, provides an appropriate view of the Group's position and is in all material respects consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the risks and opportunities of future development. The legal representatives are also responsible for arrangements and measures (systems) they consider necessary to enable the preparation of a Group management report in compliance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and the Group management report.

External auditor's responsibilities for the audit of the consolidated financial statements and of the Group management report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement due to fraudulent acts or error, and whether the Group management report as a whole provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and presents the risks and opportunities of future development appropriately, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the Group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 of the German Commercial Code (HGB) and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits of the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW) will always detect a material misstatement. Misstatements can arise from fraudulent acts or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this Group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. Furthermore,

— we identify and assess the risks of material misstatements due to fraudulent actions or errors in the consolidated financial statements and in the Group management report, plan and perform audit procedures in response to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of material misstatements resulting from fraudulent actions going undetected is greater than the risk that material misstatements resulting from error are not detected, as fraudulent actions may include collusive collaboration, falsification, deliberate incompleteness, misleading statements, and/or the invalidation of internal controls.

— we obtain an understanding of the internal control systems relevant to the audit of the consolidated financial statements and of arrangements and systems relevant to the audit of the Group management report to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.

- we evaluate the appropriateness of accounting standards used by the legal representatives and the reasonableness of estimates and related disclosures made by the legal representatives.
- we draw conclusions on the appropriateness of legal representatives' use of the going-concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements and the Group management report or, if these disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained as of the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- we assess the presentation, structure and content of the Group financial statements overall, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in such a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group in compliance with IFRS as adopted by the EU and the additional requirements of the German commercial law in accordance with Section 315e (1) of the German Commercial Code (HGB).
- we obtain sufficient and appropriate audit evidence concerning the financial information of the companies or operating activities within the Group to be able to express opinions on the consolidated financial statements and on the Group management report. We are responsible for the guidance, oversight, and performance of the audit of the consolidated financial statements. We are solely responsible for our opinion.
- we evaluate the consistency of the Group management report in relation to the consolidated financial statements, conformity with the law, and the view of the Group's position it provides.
- we perform audit procedures on the future-oriented information presented by management in the Group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the future-oriented information, and evaluate whether the future-oriented information is properly derived from these assumptions. We do not express a separate opinion on the future-oriented information and on the assumptions used as a basis for it. There is a substantial unavoidable risk that future events will materially differ from the future-oriented information.

We communicate with those responsible for governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant shortcomings in the internal control system that we identify during our audit.

We also provide those responsible for governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to impact our independence, and where applicable, the related actions taken or safeguards implemented to remedy threats to independence.

From the matters communicated to those responsible for governance, we determine which matters are of most significance in the audit of the consolidated financial statements of the current reporting period and are therefore the key audit matters. We describe these matters in our Group auditor's report unless law or regulation prevents public disclosure about the matter.

Other Statutory and Other Legal Requirements

Assurance report in accordance with Section 317 (3a) of the German Commercial Code (HGB) on the electronic reproductions of the consolidated financial statements and the Group management report prepared for the purpose of disclosure

Opinion

We have performed an assurance engagement in accordance with Section 317 (3a) of the German Commercial Code (HGB) to obtain reasonable assurance that the electronic reproduction of the consolidated financial statements and the Group management report contained in the file INDUSHoldingAG_KA_2023-12-31-de.zip and prepared for publication purposes (hereinafter also referred to as the "ESEF documents") meets the requirements of Section 328 (1) of the German Commercial Code (HGB) for the electronic reporting format ("ESEF format") in all material respects. In accordance with German legal requirements, this assurance engagement only extends to the conversion of the information contained in the consolidated financial statements and the Group management report into the ESEF format and as such relates neither to the information contained in this reproduction nor any other information contained in the specified file.

In our opinion, the reproduction of the consolidated financial statements and the Group management report contained in the aforementioned accompanying file and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) of the German Commercial Code (HGB) for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on the other information contained in the aforementioned file beyond this opinion and our opinions on the accompanying consolidated financial statements and the accompanying Group management report for the financial year from January 1 to December 31, 2023 contained in the above "Report on the audit of the consolidated financial statements and of the Group management report."

Basis for the opinion

We conducted our audit of the reproduction of the consolidated financial statements and the Group management report contained in the aforementioned file in accordance with Section 317 (3b) of the German Commercial Code (HGB) and the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) Assurance Standard: Audit of the electronic reproductions of financial statements and management reports created for the purpose of disclosure, in accordance with Section 317 (3a) of the German Commercial Code (HGB) (Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) PS 410 (June 2022)) and of the International Standard on Assurance Engagements 3000 (Revised). Our responsibility under these is described in more detail in the "Responsibility of the consolidated financial statements auditor for the assurance engagement on ESEF documents" section. Our auditor practice has applied the requirements for the quality management system as stated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany): Quality management requirements in audit practice (IDW QMS 1 (September 2022)).

Responsibility of the legal representatives and the Supervisory Board for the ESEF documents

The company's legal representatives are responsible for preparing the ESEF documents with the electronic reproduction of the consolidated financial statements and Group management report in accordance with Section 328 (1) sentence 4 No. 1 of the German Commercial Code (HGB) and for marking up the consolidated financial statements in accordance with Section 328 (1) sentence 4 No. 2 HGB.

In addition, the company's legal representatives are responsible for the internal checks they consider necessary for preparing ESEF documents that are free from material breaches – whether due to fraud or error – of the requirements of Section 328 (1) HGB for the electronic reporting format.

The Supervisory Board is responsible for overseeing the process of preparing the ESEF documents as part of the financial reporting process.

Responsibility of the consolidated financial statements auditor for the assurance engagement on ESEF documents

Our objective is to obtain reasonable assurance of whether the ESEF documents are free from material breaches – whether due to fraud or error – of the requirements of Section 328 (1) of the German Commercial Code (HGB). We exercise professional judgment and maintain professional skepticism throughout the audit. Furthermore,

— we identify and assess the risks of material breaches of the requirements of Section 328 (1) of the German Commercial Code (HGB), whether due to fraud or error, plan and perform assurance procedures in response to those risks, and obtain assurance evidence that is sufficient and appropriate for providing a basis for our opinion.
— we obtain an understanding of the internal control system relevant to the assessment of the ESEF documents in order to plan assurance procedures that are appropriate in the circumstances, but not with the aim of expressing an opinion on the effectiveness of these controls.
— we evaluate the technical validity of the ESEF documents – i.e., whether the file containing the ESEF documents meets the requirements of Commission Delegated Regulation (EU) 2019/815 in the version applicable on the reporting date on the technical specification for this electronic file.
— we evaluate whether the ESEF documents enable an XHTML reproduction with content equivalent to the audited consolidated financial statements and the audited Group management report.
— we evaluate whether the mark-up of the ESEF documents using inline XBRL technology (iXBRL) provides an appropriate, fully machine-readable XBRL copy of the XHTML reproduction in accordance with Articles 4 and 6 of the Delegated Regulation (EU) 2019/815 as amended as of the reporting date.

Further Disclosures Pursuant to Article 10, EU Audit Regulation

We were selected as the consolidated financial statements auditor at the Annual Shareholders' Meeting on May 17, 2023. We were engaged by the Supervisory Board on October 9, 2023. We have been the group auditor of INDUS Holding AG, Bergisch Gladbach, Germany, continuously since the financial year 2022.

We declare that the opinions expressed in this external auditor's report are consistent with the additional report to the Audit Committee in accordance with Article 11 of the EU Audit Regulation (audit report).

Fee Information

The fees paid or to be paid to us and other companies in the PwC network for the consolidated financial statement audit services for the financial year from January 1 to December 31, 2023 total EUR 1.3 million.

Reference to Another Matter – Use of the Audit Report

Our audit report must always be read in conjunction with the audited consolidated financial statements and the audited Group management report, and the audited ESEF documents. The consolidated financial statements and Group management report transferred to ESEF format – including the versions to be placed in the company register – are only electronic reproductions of the audited consolidated financial statements and the audited Group management report and not substitutes for them. In particular, the "Assurance report in accordance with Section 317 (3a) of the German Commercial Code (HGB) on the electronic reproductions of the consolidated financial statements and the Group management report prepared for the purpose of disclosure" and our opinion contained therein can only be used in conjunction with the ESEF documents provided in electronic form.

Auditor Responsible

The auditor responsible for the engagement is
Dr. Achim Lienau.

Osnabrück, March 13, 2024

PricewaterhouseCoopers
Wirtschaftsprüfungsgesellschaft

Dr. Achim Lienau	Christoph Hölscher
German Public Auditor	German Public Auditor

Further Information on the Board Members

The Supervisory Board of INDUS Holding AG

Jürgen Abromeit
Chairman/CEO of A-XELLENCE AG, Osnabrück
CHAIRMAN OF THE BOARD

Further mandates within the meaning of Section 125(1) sentence 5 of the German Stock Corporation Act (AktG):
- Wickeder Holding GmbH, Wickede (Ruhr), member of the Advisory Board
- PORTA Holding GmbH & Co. KG, Porta Westfalica, Deputy Chairperson of the Advisory Board
- Dango Dienenthal Management GmbH, Siegen, member of the Advisory Board (since January 1, 2024)

Wolfgang Lemb*
Managing Director of the Board of Management IG Metall, Frankfurt (until October 23, 2023)
DEPUTY CHAIRPERSON

Dr. Jürgen Allerkamp
(until May 17, 2023)
Fully qualified lawyer

Further mandates within the meaning of Section 125(1) sentence 5 of the German Stock Corporation Act (AktG):
- RE.START projects AG, Berlin, Chairperson of the Supervisory Board
- ERWE Immobilien AG, Frankfurt, Deputy Chairperson of the Supervisory Board
- Degussa Bank AG, Frankfurt, member of the Supervisory Board

Dr. Dorothee Becker
Graduate economist, Spokesperson for the Management of the Gebrüder Becker group of companies, Wuppertal

Dorothee Diehm*
First Authorized Representative of IG Metall – Freudenstadt office, Freudenstadt

Further mandates within the meaning of Section 125(1) sentence 5 of the German Stock Corporation Act (AktG):
- HOMAG Group AG, Schopfloch, member of the Supervisory Board

Pia Fischinger*
Deputy Chairperson of Karl Simon GmbH & Co. KG works council, Aichhalden

Cornelia Holzberger*
Lawyer (commercial law), M. BRAUN Inertgas-Systeme GmbH, Garching-Hochbrück

Gerold Klausmann*
Head of Finance/Management Control department at Karl Simon GmbH & Co. KG, Aichhalden

Jan Klingelnberg
(since May 17, 2023)
CEO as delegate of the Administrative Board of Klingelnberg AG, Zürich, Switzerland

Further mandates within the meaning of Section 125(1) sentence 5 of the German Stock Corporation Act (AktG):
- Klingelnberg GmbH, Hückeswagen, Chairperson of the Supervisory Board[1]
- Klingelnberg AG, Zürich, Switzerland, member of the Administrative Board[1]

Stefan Müller*
(since May 17, 2023)
Manager of Färberei der Ofa Bamberg GmbH, Bamberg

Barbara Schick
Fully qualified lawyer, Deputy Chairperson of the Boards of Management of Group companies of Versicherungskammer Bayern Versicherungsanstalt des öffentlichen Rechts, Munich:

- Versicherungskammer Bayern Versicherungsanstalt des öffentlichen Rechts (holding company)

— Bayern-Versicherung Lebensversicherung Aktiengesellschaft
— Bayerischer Versicherungsverband Versicherungsaktiengesellschaft
— Bayerische Landesbrandversicherung Aktiengesellschaft
— Versicherungskammer Bayern Konzern-Rückversicherung Aktiengesellschaft

Further mandates within the meaning of Section 125(1) sentence 5 of the German Stock Corporation Act (AktG)
— Feuersozietät Berlin Brandenburg Versicherung Aktiengesellschaft, Berlin, Chairperson of the Supervisory Board[2]
— Saarland Feuerversicherung Aktiengesellschaft, Saarbrücken, Chairperson of the Supervisory Board[2]
— BavariaDirekt Versicherung AG (formerly Ostdeutsche Versicherung AG), Berlin, Chair of the Supervisory Board[2]

Helmut Späth
(until May 17, 2023)
Businessman (business graduate)

Uwe Trinogga*
Head of Quality Assurance at Selzer Fertigungstechnik GmbH & Co. KG, Driedorf

Carl Martin Welcker
Engineer (graduate engineer), Managing Director of Alfred H. Schütte GmbH & Co. KG, Cologne

Further mandates within the meaning of Section 125(1) sentence 5 of the German Stock Corporation Act (AktG)
— DEG, Deutsche Investitions- und Entwicklungsgesellschaft, Cologne, member of the Supervisory Board

PROF. DR. RER. POL. ISABELL WELPE
(since May 17, 2023)
Technical University of Munich (TUM), Germany, Chairperson of the Professorship for Strategy and Organization

Further mandates within the meaning of Section 125(1) sentence 5 of the German Stock Corporation Act (AktG):
— CANCOM SE, Munich, member of the Supervisory Board, member of the Audit Committee
— CENIT AG, Stuttgart, member of the Supervisory Board (until May 21, 2023), member of the Audit Committee (until May 21, 2023)
— STEMMER IMAGING AG, Puchheim, member of the Supervisory Board
— Deloitte Deutschland GmbH audit firm, Munich, member of the Supervisory Board, member of the Personnel Committee

The Board of Management of INDUS Holding AG

Dr.-Ing. Johannes Schmidt, CEO
Chairman of the Board

Further mandates in advisory bodies:
— Richard Bergner Holding GmbH & Co. KG

Rudolf Weichert, CFO
Deputy Chairperson of the Board
(since January 1, 2024)
Business graduate

Further mandates in advisory bodies:
— Börsenrat (business advisory board) of Düsseldorf Stock Exchange

Gudrun Degenhart, COO
(since October 1, 2023)
Graduate in business administration

Dr. Jörn Großmann, COO
Graduate in biological sciences, MBA

Axel Meyer, COO
Graduate industrial engineer, LL.M.

* Employee representative on the Supervisory Board
[1] Mandates in the Group companies of Klingelnberg AG, Zürich, in the sense of Section 100 (2) Sentence 2 of the German Stock Corporation Act (AktG)
[2] Mandates in Group companies of Versicherungskammer Bayern Versicherungsanstalt des öffentlichen Rechts, Munich

Investments of INDUS Holding AG

By segment	Capital (in EUR million)	INDUS stake (in %)
Engineering		
ASS Maschinenbau GmbH; Overath	0.57 [1]	100
M. Braun Inertgas-Systeme GmbH; Garching bei München	1.72 [1]	100
Budde Fördertechnik GmbH; Bielefeld	0.39 [1]	75
eltherm GmbH; Burbach	1.30 [1]	100
GSR Ventiltechnik GmbH & Co. KG; Vlotho	0.57 [1]	100
Heiber und Schröder Maschinenbau GmbH; Erkrath	0.37 [1]	100
Held Systems GmbH; Heusenstamm	0.38 [1]	70
Horn GmbH & Co. KG; Flensburg	8.36 [1]	100
IEF - Werner GmbH; Furtwangen im Schwarzwald	1.28	100
IPETRONIK GmbH & Co. KG; Baden-Baden	2.75 [1]	100
Jungmann Systemtechnik GmbH & Co. KG; Buxtehude	0.05	100
m+p International Mess-und Rechnertechnik GmbH; Hanover	1.68 [1]	100
M B N - Maschinenbaubetriebe Neugersdorf GmbH; Ebersbach-Neugersdorf	0.76 [1]	100
Mesutronic Gerätebau GmbH, Kirchberg im Wald	0.54 [1]	95
Peiseler GmbH & Co. KG; Remscheid	1.16 [1]	100
Infrastructure		
Ancotech AG; Dielsdorf, Switzerland	3.37 [1]	100 [2]
AURORA Konrad G. Schulz GmbH & Co. KG; Mudau	6.56 [1]	100
BETOMAX systems GmbH & Co. KG; Neuss	2.11 [1]	100
FS-BF GmbH & Co. KG, Reichshof-Hahn	0.64 [1]	100
HAUFF-TECHNIK GmbH & Co. KG; Hermaringen	1.74 [1]	100
H. Heitz Furnierkantenwerk GmbH & Co. KG, Melle	4.39 [1]	100
MIGUA Fugensysteme GmbH, Wülfrath	1.69 [1]	100
OBUK Haustürfüllungen GmbH & Co. KG; Oelde	0.52 [1]	100
REMKO GmbH & Co. KG air conditioning and heating technology; Lage	1.82 [1]	100
Schuster Klima Lüftung GmbH & Co. KG; Friedberg	1.05	100
Turmbau Steffens & Nölle GmbH; Berlin	0.50	100
Weigand Bau GmbH; Bad Königshofen im Grabfeld	1.00	80
Weinisch GmbH & Co. KG; Oberviechtach	0.53	100
WIRUS Fenster GmbH & Co. KG; Rietberg-Mastholte	1.53	70

By segment	Capital (in EUR million)	INDUS stake (in %)
Materials		
Betek GmbH & Co. KG; Aichhalden	7.05 [1]	100
Bilstein & Siekermann GmbH + Co. KG; Hillesheim	3.11 [1]	100
Dessauer Schaltschrank- und Gehäusetechnik GmbH; Dessau-Roßlau	0.03	100
HAKAMA AG; Bättwil, Switzerland	5.00	100
imeco GmbH & Co. KG; Goldbach	0.86 [1]	100 [2]
MEWESTA Hydraulik GmbH & Co.KG; Münsingen	0.54	100
Mikrop AG; Wittenbach, Switzerland	1.13 [1]	100
Ofa Bamberg GmbH; Bamberg	1.52 [1]	100 [2]
planetroll GmbH & Co. KG; Munderkingen	0.54	100
Raguse Gesellschaft für medizinische Produkte mbH; Ascheberg	0.92 [1]	100
Rolko Kohlgrüber GmbH; Borgholzhausen	0.53 [1]	100
Helmut Rübsamen GmbH & Co. KG, Metalldrückerei-Umformtechnik; Bad Marienberg	0.53	100
Karl Simon GmbH & Co. KG; Aichhalden	7.14 [1]	100
VULKAN INOX GmbH; Hattingen	1.13 [1]	100

[1] Including subsidiaries
[2] CHF million

Key Figures

in EUR '000	2016	2017	2018	2019	2020	2021*	2022*	2023*
STATEMENT OF INCOME								
Sales	1,444,270	1,640,640	1,710,788	1,742,799	1,558,554	1,633,469	1,804,109	1,802,431
of which domestic	735,486	815,497	878,860	890,190	801,805	837,621	896,887	906,513
of which abroad	708,784	825,143	831,928	852,609	756,749	795,848	907,222	895,918
Personnel expenses	430,230	479,679	506,637	527,461	501,007	467,485	494,642	521,537
Personnel expense ratio (personnel expenses as % of sales)	29.8	29.2	29.6	30.3	32.1	28.6	27.4	28.9
Cost of materials	648,685	745,894	811,929	782,448	690,106	757,033	872,208	801,416
Cost-of-materials ratio (cost of materials as % of sales)	44.9	45.5	47.5	44.9	44.3	46.3	48.3	44.5
EBITDA	199,424	213,918	218,083	225,706	157,710	251,156	262,428	258,129
Depreciation/amortization	55,976	62,438	83,657	107,810	132,630	85,530	128,763	108,568
EBIT	143,448	151,481	134,426	117,896	25,080	165,626	133,665	149,561
EBIT margin (EBIT as % of sales)	9.9	9.2	7.9	6.8	1.6	10.1	7.4	8.3
Financial income	-20,070	-22,290	-19,720	-18,922	-15,446	-15,957	-17,734	-9,841
EBT	123,378	129,191	114,706	98,974	9,634	149,669	115,931	139,720
Earnings after taxes from continuing operations	80,418	83,074	71,185	60,072	-26,902	97,762	82,477	83,953
Earnings from discontinued operations	–	–	–	–	–	-50,198	-123,907	-27,839
Earnings after taxes	80,418	83,074	71,185	60,072	-26,902	47,564	-41,430	56,114
Earnings per share from continuing operations (in EUR)	3.27	3.37	2.90	2.43	-1.10	3.68	3.04	3.10
Earnings per share from discontinued operations (in EUR)	–	–	–	–	–	-1.90	-4.61	-1.04
Earnings per share (in EUR)	3.27	3.37	2.90	2.43	-1.10	1.78	-1.57	2.06
Statement of financial position								
Assets								
Intangible assets	483,008	515,044	509,420	592,315	559,778	646,017	645,065	633,856
Property, plant and equipment	369,331	397,008	418,227	430,679	405,470	416,610	344,283	344,428
Inventories	308,697	339,154	408,693	381,364	332,463	403,894	449,387	429,269
Receivables	177,626	197,528	202,523	202,527	161,943	168,890	195,468	181,310
Other assets	55,762	68,571	71,508	66,186	74,472	85,678	127,862	74,070
Cash and cash equivalents	127,180	135,881	109,647	135,120	194,701	136,320	127,816	265,843
Equity and liabilities								
Equity	644,568	673,813	709,825	727,721	676,354	787,474	694,808	719,661
Provisions	96,815	118,730	118,966	129,032	128,424	88,483	66,997	69,280
Financial liabilities	503,731	534,846	592,406	681,386	713,614	640,454	721,372	772,011
Other equity and liabilities	276,490	325,797	298,821	270,052	210,435	340,998	406,704	367,824
Total assets	**1,521,604**	**1,653,186**	**1,720,018**	**1,808,191**	**1,728,827**	**1,857,409**	**1,889,881**	**1,928,776**

in EUR '000	2016	2017	2018	2019	2020	2021*	2022*	2023*
Group equity ratio (equity/total assets) as %	42.4	40.8	41.3	40.2	39.1	42.4	36.8	37.3
Non-current financial liabilities	389,757	439,545	465,886	546,341	553,773	477,286	580,638	618,162
Current financial liabilities	113,974	95,301	126,520	135,045	159,841	163,168	140,734	153,849
Net debt (non-current and current financial liabilities – cash and cash equivalents)	376,551	398,965	482,759	546,266	518,913	504,134	593,556	506,168
Net debt/EBITDA	1.9	1.9	2.2	2.4	3.3	2.0	2.3	2.0
Trade payables	55,409	66,162	65,659	55,931	48,926	75,811	74,283	63,661
Advance payments received and contract liabilities	58,409	67,569	73,378	49,703	35,024	53,060	73,967	80,090
Working capital (inventories + trade receivables – trade payables – advance payments – contract liabilities)	372,505	402,951	472,180	478,257	410,457	443,914	496,605	466,828
Gearing (net debt/equity)	0.6	0.6	0.7	0.8	0.8	0.6	0.9	0.7
Return on equity (earnings after taxes/equity) in %	12.5	12.3	10.0	8.3	-4.0	6.0	-6.0	7.8
Investments	103,884	111,425	102,401	107,438	53,502	119,881	113,309	70,800
Statement of cash flows								
Operating cash flow	137,945	144,942	96,010	167,733	174,444	177,743	137,123	240,122
Cash flow from operating activities	114,564	123,962	74,654	147,286	155,188	158,355	116,339	217,657
Cash flow from investing activities	-104,454	-109,956	-98,317	-76,152	-52,345	-105,990	-94,438	-50,083
Cash flow from financing activities	-14,938	-3,898	-2,706	-46,141	-42,015	-40,840	55,905	-501
Cash flow per share (in EUR)	4.69	5.07	3.05	6.02	6.35	6.01	4.33	8.09
Other performance indicators								
XETRA share price at year-end (in EUR)	51.64	59.50	39.00	38.85	32.10	32.75	21.95	22.35
Average number of shares	24,450,509	24,450,509	24,450,509	24,450,509	24,450,509	26,332,863	26,895,559	26,895,559
Number of shares at year-end	24,450,509	24,450,509	24,450,509	24,450,509	24,450,509	26,895,559	26,895,559	26,895,559
Market capitalization	1,262,624	1,454,805	953,570	949,902	784,861	880,830	590,357	601,116
Dividend (in EUR million)**	33,008	36,676	36,676	19,560	19,560	28,240	21,516	30,955
Dividend per share (in EUR)**	1.35	1.50	1.50	0.80	0.80	1.05	0.80	1.20
Number of portfolio companies	44	45	45	47	46	44	45	43

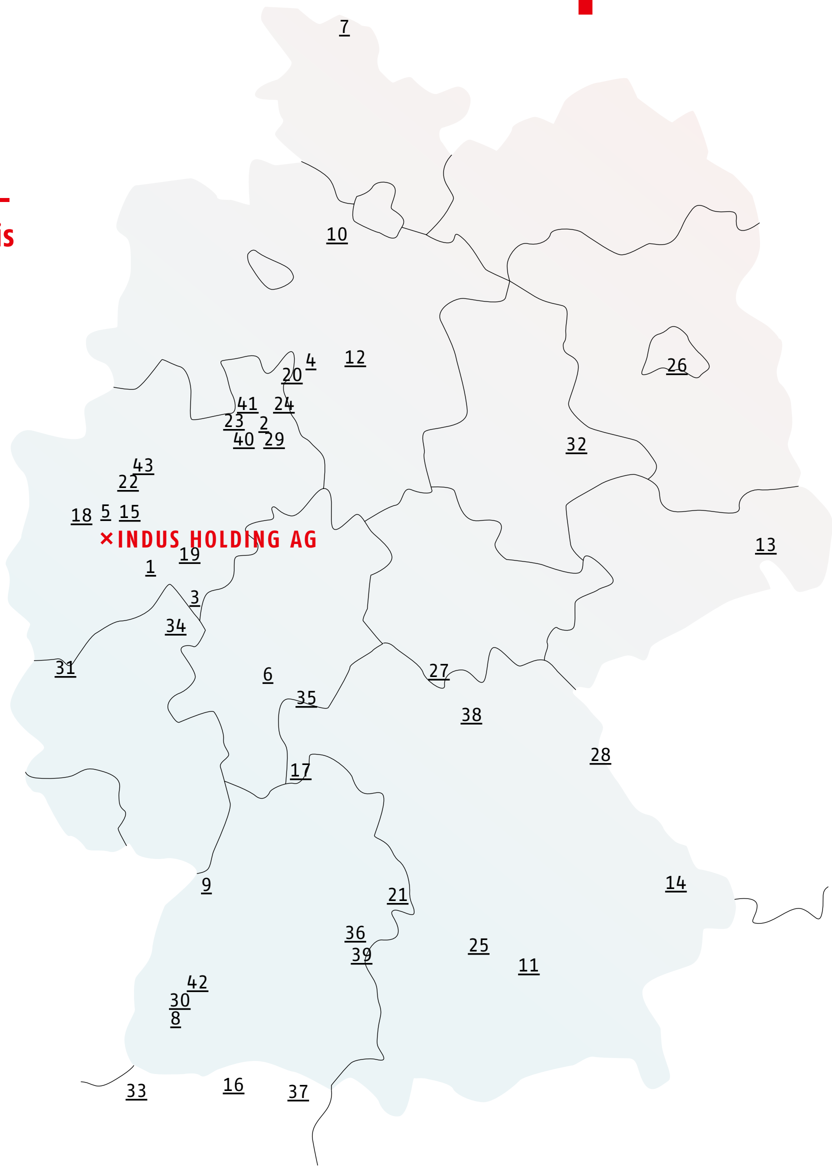
* For the annual values for 2023, 2022, and 2021, the amounts from continuing operations are stated in each case.

** Total dividend amount and dividend per share for the financial year; dividend proposal for the 2023 financial year – subject to approval at Annual Shareholders' Meeting on May 22, 2024.

Overview of Portfolio Companies

Our portfolio companies operate independently within their markets. They use this freedom to actively develop their company further, tailoring it closely to customers' needs. This keeps both the individual firms and our Group as a whole successful and resilient.

Further information about the portfolio companies in the INDUS Group can be found at www.indus.de/en/investments/portfolio



ENGINEERING

1 ASS
2 BUDDE
3 ELTHERM
4 GSR
5 HEIBER + SCHRÖDER
6 HELD-GRUPPE
7 HORNGROUP
8 IEF-WERNER
9 IPETRONIK
10 JST
11 M.BRAUN
12 M+P
13 MBN
14 MESUTRONIC
15 PEISELER

INFRASTRUCTURE

16 ANCOTECH
17 AURORA
18 BETOMAX
19 FS-BF
20 H. HEITZ
21 HAUFF-TECHNIK
22 MIGUA
23 OBUK
24 REMKO
25 SCHUSTER
26 TSN
27 WEIGAND
28 WEINISCH
29 WIRUS

MATERIALS

30 BETEK
31 BILSTEIN & SIEKERMANN
32 DSG
33 HAKAMA
34 RÜBSAMEN
35 IMECO
36 MEWESTA
37 MIKROP
38 OFA
39 PLANETROLL
40 RAGUSE
41 ROLKO
42 SIMON
43 VULKAN INOX

As of December 31, 2023

Engineering

33.3% / EUR 599.6 million of total sales

Engineering remains the backbone of the German economy. This is also the home of the SME industry, with its numerous hidden champions. This is where we find companies that enable progress with their technological expertise. Whether it's the energy transition or the optimization of work and production processes – engineering is the foundation of successful change. Interconnecting production with cutting-edge information and communication technology creates the space for new growth models. The megatrends of digitalization and sustainability are the driving force behind these developments.

The companies that currently make up the INDUS Engineering segment are supporting the manufacturing industry today with a broad range of products and services. They are established names in the specialized field of machinery and equipment construction, and niche suppliers for automation and robotics, sensor technology, and measuring/control engineering.

Axel Meyer is the Board member responsible for the Engineering segment.

ASS MASCHINENBAU GMBH, OVERATH
Robotic hands and automation systems for manufacturers
Sales 2023: EUR 17.1 million
www.ass-automation.com

BUDDE FÖRDERTECHNIK GMBH, BIELEFELD
Specialist in logistics and material flows
Sales 2023: EUR 75.8 million
www.budde.de

ELTHERM GMBH, BURBACH
Specialist in electrical heat tracing systems
Sales 2023: EUR 40.7 million
www.eltherm.com

GSR VENTILTECHNIK GMBH & CO. KG, VLOTHO
Innovative valve technology for Industrial applications
Sales 2023: EUR 25.8 million
www.ventiltechnik.de

HEIBER + SCHRÖDER MASCHINENBAU GMBH, ERKRATH
Special machinery for packaging solutions
Sales 2023: EUR 20.5 million
www.heiber-schroeder.com

HELD-GRUPPE, DIETZENBACH
Laser cutting and welding technology
Sales 2023: EUR 16.6 million
www.held-systems.com

HORNGROUP HOLDING GMBH & CO. KG, FLENSBURG
Refueling technology and workshop solutions worldwide
Sales 2023: EUR 66.2 million
www.the-horngroup.com

IEF-WERNER GMBH, FURTWANGEN
Automation components and systems
Sales 2023: EUR 22.4 million
www.ief.de

IPETRONIK GMBH & CO. KG, BADEN-BADEN
Measurement and testing technology
Sales 2023: EUR 63.1 million
www.ipetronik.com

JUNGMANN SYSTEMTECHNIK GMBH & CO. KG, BUXTEHUDE
All-in-one solutions for control desk, control room and control center set-up
Sales 2023: EUR 15.8 million
www.jungmann.de

M. BRAUN INERTGAS-SYSTEME GMBH, GARCHING
Inert gas glovebox systems for industry and research
Sales: 2023: EUR 99.7 million
www.mbraun.de

MBN MASCHINENBAUBETRIEBE NEUGERSDORF GMBH, EBERSBACH-NEUGERSDORF
Sophisticated solutions for special machinery and plant technology
Sales 2023: EUR 51.2 million
www.mbn-gmbh.de

MESUTRONIC GERÄTEBAU GMBH, KIRCHBERG IM WALD
Metal and foreign body detection in production
Sales 2023: EUR 29.8 million
www.mesutronic.de

M+P INTERNATIONAL MESS- UND RECHNERTECHNIK GMBH, HANOVER
Vibration experts
Sales 2023: EUR 15.3 million
www.mpihome.com

PEISELER GMBH & CO. KG, REMSCHEID
High-precision indexing devices and rotary tilt tables for machine tools
Sales 2023: EUR 39.7 million
www.peiseler.de

Infrastructure

32.3% / EUR 582.3 million of total sales

Growing mobility and advancing urbanization, increasing digitalization and sustainability are the megatrends providing lasting momentum to the construction industry in Germany. Public investment in infrastructure for the maintenance and expansion of traffic routes, high capacity requirements in residential construction, and energy renovations are driving demand. Construction and building technology are gaining ideas from the social demand for sustainable building. Modern technologies enable intelligent infrastructures and supply networks for telecommunications and energy supplies.

The companies in the INDUS Infrastructure segment exploit their stable positioning to develop their ranges and focus on these needs – in the fields of construction and building technology, telecommunications infrastructure, and air-conditioning technology.

Dr. Jörn Großmann is the Board member responsible for the Infrastructure segment.

ANCOTECH GRUPPE, DIELSDORF
Special reinforcements and tanker transport systems
Sales 2023: EUR 55.3 million
www.ancotech.com

AURORA KONRAD G. SCHULZ GMBH & CO. KG, MUDAU
Heating and air-conditioning systems
Sales 2023: EUR 82.3 million
www.aurora-eos.com

BETOMAX SYSTEMS GMBH & CO. KG, NEUSS
Concrete construction solutions
Sales 2023: EUR 23.8 million
www.betomax.de

FS-BF GMBH & CO. KG, REICHSHOF/HAHN
Sealants made from silicone and acrylic
Sales 2023: EUR 41.7 million
www.fsbf.com

H. HEITZ FURNIERKANTENWERK GMBH & CO. KG, MELLE
Edge and wrapping veneer for the furniture and construction industries
Sales 2023: EUR 33.4 million
www.h-heitz.de

HAUFF-TECHNIK GMBH & CO. KG, HERMARINGEN
Innovative sealing systems for cables and pipes
Sales 2023: EUR 92.7 million
www.hauff-technik.de

MIGUA FUGENSYSTEME GMBH, WÜLFRATH
Section construction for expansion joints
Sales 2020: EUR 12.9 million
www.migua.com

OBUK HAUSTÜRFÜLLUNGEN GMBH & CO. KG, OELDE
Individual front door panels
Sales 2023: EUR 25.6 million
www.obuk.de

REMKO GMBH & CO. KG, LAGE
Commercial air-conditioning and heating technology
Sales 2023: EUR 90.2 million
www.remko.de

SCHUSTER KLIMA LÜFTUNG GMBH & CO. KG, FRIEDBERG
Energy-efficient ventilation and air-conditioning technology
Sales 2023: EUR 17.5 million
www.klima-schuster.de

TURMBAU STEFFENS & NÖLLE GMBH, BERLIN
International construction of towers
Sales 2023: EUR 9.1 million
www.turmbau.de

WEIGAND BAU GMBH, BAD KÖNIGSHOFEN IM GRABFELD
Modern pipeline and cable duct construction
Sales 2023: EUR 26.7 million
www.weigandbau.de

WEINISCH GMBH & CO. KG, OBERVIECHTACH
High-quality powder coating of metals
Sales 2023: EUR 6.4 million
www.weinisch.de

WIRUS FENSTER GMBH & CO. KG, RIETBERG-MASTHOLTE
High-quality windows and doors
Sales 2023: EUR 64.7 million
www.wirus-fenster.de

All the portfolio company sales in all segments comprise sales to external third parties.

Materials

34.4% / EUR 619.9 million of total sales

In the manufacturing sector, innovative materials and new composite materials are pushing the boundaries of what is possible. Together with the latest production processes, they enable solutions that break into new performance and application dimensions. The megatrend sustainability demands new solutions for the sparing use of resource. The spotlight has fallen on recycling and waste management.

The companies in the INDUS Materials segment have a high level of expertise in materials. They specialize in metal forming and processing, metal production, and medical consumables and aids. They make the most of the knowledge they have acquired and constantly transfer that knowledge to new application possibilities.

Gudrun Degenhart is the Board member responsible for the Materials segment.

BETEK GMBH & CO. KG, AICHHALDEN
Carbide-tipped wear parts
Sales 2023: EUR 301.5 million
www.betek.de

BILSTEIN & SIEKERMANN GMBH & CO. KG, HILLESHEIM
Cold extrusion parts, turned parts, and locking screws
Sales 2023: EUR 17.5 million
www.bsh-vs.com

DESSAUER SCHALTSCHRANK- UND GEHÄUSETECHNIK GMBH, DESSAU-ROSSLAU
Switch cabinets and machine casings
Sales 2023: EUR 11.2 million
www.dessauer-schaltschraenke.de

HAKAMA AG, BÄTTWIL (CH)
Thin sheet technology
Sales 2023: EUR 17.3 million
www.hakama.ch

IMECO GMBH & CO. KG, GOLDBACH
Products made of non-wovens
Sales 2023: EUR 17.3 million
www.imeco.de

MEWESTA HYDRAULIK GMBH & CO. KG, MÜNSINGEN
Hydraulic control blocks and systems
Sales 2023: EUR 7.0 million
www.mewesta.de

MIKROP AG, WITTENBACH
Miniaturized precision optics
Sales 2023: EUR 19.6 million
www.mikrop.com

OFA BAMBERG GMBH, BAMBERG
Compression hosiery and bandages
Sales 2023: EUR 79.0 million
www.ofa.de

PLANETROLL GMBH & CO. KG, MUNDERKINGEN
Stirring technology and power transmission technology
Sales 2023: EUR 5.3 million
www.planetroll.de

RAGUSE GESELLSCHAFT FÜR MEDIZINISCHE PRODUKTE MBH, ASCHEBERG-HERBERN
Surgical drapes
Sales 2023: EUR 14.9 million
www.raguse.de

ROLKO KOHLGRÜBER GMBH, BORGHOLZHAUSEN
Rehabilitation equipment
Sales 2023: EUR 31.3 million
www.rolko.de

HELMUT RÜBSAMEN GMBH & CO. KG, BAD MARIENBERG
Metal processing and forming technology
Sales 2023: EUR 54.3 million
www.helmut-ruebsamen.de

KARL SIMON GMBH & CO. KG, AICHHALDEN
Sintered products, toolmaking, and materials laboratory
Sales 2023: EUR 13.0 million
www.simon.group

VULKAN INOX GMBH, HATTINGEN
Granules for surface treatment
Sales 2023: EUR 30.7 million
www.vulkan-inox.de

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

Financial Calendar

Date	Event
March 20, 2024	Publication of the Annual Report for the 2023 financial year
March 21, 2024	Analysts' and Investors' Conference, Frankfurt/Main
May 14, 2024	Publication of interim report on the first quarter of 2024
May 22, 2024	Annual Shareholders' Meeting 2024, Cologne
August 13, 2024	Publication of interim report on the first half of 2024
November 12, 2024	Publication of interim report on the first nine months of 2024

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

Imprint

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

DATE OF PUBLISHING
March 20, 2024

PUBLISHER
INDUS Holding AG,
Bergisch Gladbach, Germany

CONCEPT/DESIGN
Berichtsmanufaktur GmbH,
Hamburg, Germany

PHOTOS
Catrin Moritz

PRINT
AlsterWerk MedienService GmbH,
Hamburg

This Annual Report is also available in German. Only the German version is legally binding.

www.indus.de/en

INDUS HOLDING AG – ANNUAL REPORT 2023