

Interim financial report
for the first half of

2023

The **Muehlhan Group** offers its customers in the **Middle East** and in **Russia** a diversified range of services with professional industrial quality standards in the field of **Construction/Infrastructure**. Our customers benefit from our exceptional organizational skills, on-time delivery, the technical expertise that differentiates us from our competitors, and our more than 140 years of experience.

The companies provide their services in the areas of **passive fire protection** and to a lesser extent in the areas of **surface protection**, **insulation** and **steel construction**.

Group key figures

in kEUR		1 st half of 2023	1 st half of 2022
Results			
Revenues		5,796	121,539
Earnings from operations before depreciation and amortization (EBITDA)		-1,981	7,111
Earnings from operations (EBIT)		-2,022	4,152
Earnings before income taxes (EBT)		-1,656	3,487
Consolidated income attributable to shareholders of Muehlhan AG		-1,644	1,375
Earnings per share from continuing operations	in EUR	-0.09	0.12
Cash flow from operating activities		1,693	-1,690
Investments in property, plant and equipment (not incl. leases)		49	1,170
Balance sheet			
Total assets		54,355	78,458
Fixed assets ¹		845	897
Equity		42,748	64,483
Equity ratio	in %	78.6	82.2
Employees			
Employees (annual average)	number	389	2,087

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

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Letter from the Executive Board

*Dear shareholders,
business partners and employees!*

Following the sale of numerous subsidiaries, trademark rights and other assets at the end of 2022, the Muehlhan Group consists of the companies in Russia and the Middle East, over and above the holding company, in 2023.

The Group's performance in the first half of 2023 was significantly worse than expected. In Russia, activities are still being hit hard by Russia's war of aggression against Ukraine and the related sanctions imposed on Russia. In the Middle East, the resumed activities fell well short of expectations, mainly due to a very selective approach to selecting projects and customers. The holding company incurred substantial but necessary one-time expenses in the first half of 2023 in connection with the settlement of the sale of subsidiaries and the preparation and legally compliant implementation of a share buyback program. A provision also had to be set up for a legal dispute. Significantly lower expenses for the holding company are expected for the second half of the year.

Revenues of €5.8 million and EBIT of €-2.0 million were generated in the first six months of 2023. At €-1.6 million, the consolidated income after the first six months attributable to investors of Muehlhan AG is better than EBIT due to interest income. Cash flow from operating activities is positive at €1.7 million thanks to a special effect.

Following the company sales in the previous year, the Executive Board is now focusing on expanding the existing business in the Middle East, albeit subject to the restrictions associated with a selective approach to projects and customers. In addition, all companies are focusing on cutting costs.

Muehlhan AG distributed a dividend of €1.00 per share to its shareholders in June 2023. In addition, a share buyback program will continue until the beginning of September, giving shareholders the opportunity to benefit from the income from the prior-year company sales and also to take advantage of the opportunity to sell their shares at a fair price before Muehlhan AG withdraws from the stock market.

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

Stay healthy!

Hamburg, July 2023

The Executive Board



Stefan Müller-Arends



Gautam Arya

Muehlhan AG's share price performance has to be analyzed against the backdrop of the sale of numerous subsidiaries, trademark rights and other assets at the end of 2022, and in light of the announcement that the cash generated from the transaction will be distributed to the shareholders to the extent permitted by law. Muehlhan AG will only keep its activities in Russia and the Middle East.

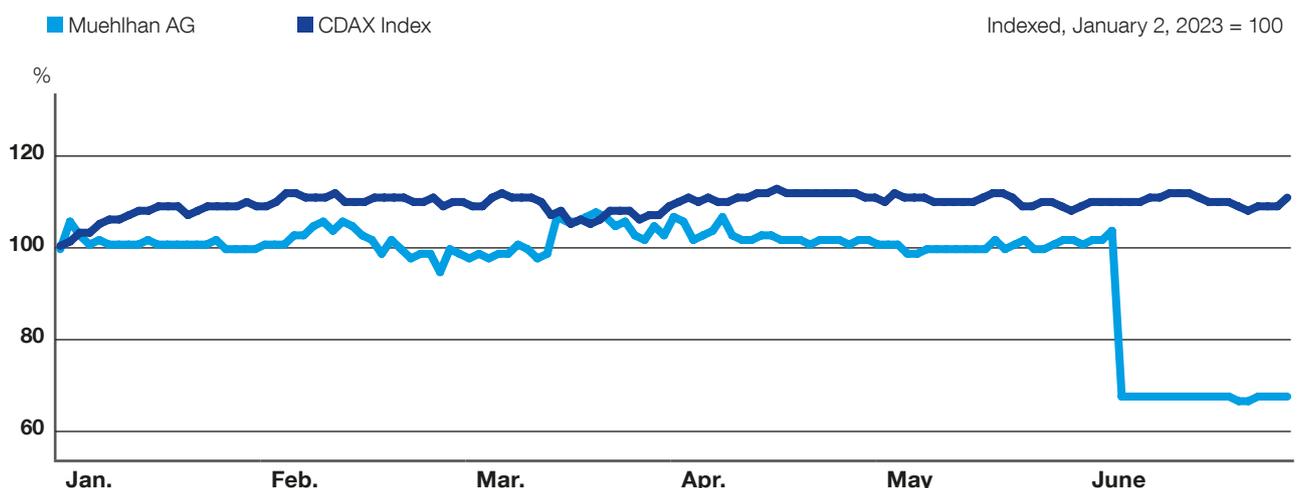
The company's shares opened 2023 at a price of €2.54 per share and moved within a corridor of between €2.42 and €2.74 per share up until the end of May 2023. Neither the publication of the 2022 Annual Report nor the announcement of a share buyback program and delisting from the stock market had any significant impact on the share price.

A resolution to distribute a dividend of €1.00 per share was passed at the Annual General Meeting on June 6, 2023. On June 6, the implementation of a public share buyback offer in the amount of €1.75 per share was also announced. As a result, the share price fell by €0.92 from €2.65 on June 6 to €1.73 per share on June 7. During the rest of June, Muehlhan's share price remained constant at between €1.72 and €1.74 per share. The share price as of June 30, 2023, was €1.73 per share.

Shareholder structure as of June 30, 2023

There were no major changes to the shareholder structure as of June 30, 2023, in comparison with December 31, 2022. More than 50% of the shares remain in the possession of the family that founded the company. By July 25, 2023, more than 40% of the shares in free float had participated in the share buyback. The share buyback will run until September 6, 2023, and will not be reflected in the shareholder structure until it has been completed.

Share performance in the first half of 2023



Group Interim Management Report

for the first half of 2023



Inspection of passive fire protection system

Economic Report

Business performance and results of operations

Performance in first half of the year falls considerably short of expectations

Following the sale of numerous subsidiaries, trademark rights and other assets at the end of 2022, the Muehlhan Group will consist of the companies in Russia and the Middle East, over and above the holding company, in 2023. This means that the current figures cannot be compared with those for the previous year. Below, the current results of the companies that will remain in the Group (Russia, Middle East, holding company) are compared against the prior-year results for these companies. Business development in Russia and the Middle East was worse than expected. Muehlhan AG was also hit by negative one-time effects.

Revenues of €5.3 million were generated between January and the end of June 2023 in Russia and the Middle East. In addition, the holding company generated revenues of €0.5 million. In the previous year, the companies in Russia and the Middle East were still generating revenues of €8.0 million, and the holding company €3.4 million, mainly from intra-group allocations. **EBITDA** (earnings before interest, taxes, depreciation and amortization) amounted to €-2.0 million as of June 30, 2023, as against €-0.7 million in the same period of the previous year. **EBIT** (earnings before interest and taxes) also amounted to €-2.0 million, down by €-1.2 million on the previous year's EBIT of €-0.8 million. The deterioration stems on the one hand from the operating companies in Russia and, in particular, in the Middle East. In addition, the holding company was hit by non-recurring expenses in connection with the settlement of the sale of subsidiaries, the share buyback program that was launched in June and a legal dispute for which a provision has been set up. The **consolidated income** after taxes after the first six months amounted to €-1.7 million, outstripping EBIT by €0.3 million. This was due to interest income from the short-term investment of cash and cash equivalents. The **consolidated income** after taxes after the first six months for the companies remaining in the Group came to €0.1 million in the same period of the previous year.

The consolidated income after the first six months attributable to investors of Muehlhan AG came to €-1.6 million compared with €0.1 million for the companies remaining in the Group in the previous year. Cash flow from operating activities amounts to €1.7 million, including a cash inflow from an earn-out component related to the sale of the oil and gas companies in the North Sea in 2021 amounting to €6.2 million. Without this

payment, cash flow would be clearly in negative territory due to the payment of transaction costs resulting from the sale of the main subsidiaries and the start-up costs for new projects in the Middle East. In the previous year, the cash flow generated by the companies remaining in the Group amounted to €-0.5 million.

Breakdown by region

In **Russia**, services are provided in the Ship, Oil & Gas business segments. The services include passive fire protection and insulation.

Activities are still being hit hard by the Russian war of aggression against Ukraine and the related sanctions imposed on Russia. It is still proving difficult to recruit personnel and, in particular, to source material for projects. In the first half of 2023, revenues dropped by €1.0 million year-over-year to €3.5 million. Despite the difficulties, balanced EBIT was achieved, compared to €0.3 million in the previous year.

In the **Middle East**, passive fire protection services are provided in the Industry/Construction business segment.

Activities were resumed or stepped up during the reporting period. They fell well short of expectations, however, mainly due to a very selective approach to choosing projects and customers. Projects are only accepted if the customer's creditworthiness, as well as the margin and payment terms, are acceptable. The main focus in the Middle East, however, remains on the recovery of receivables. Compared to the same period of the previous year, revenues fell from €3.4 million to €1.7 million. EBIT deteriorated from €-0.3 million to €-0.7 million due to project start-up costs and costs for the resumption of activities.

Accident rate

One of the non-financial performance indicators used by Muehlhan is the accident rate, an internal accident statistic that is defined as the number of working hours lost due to accidents per million working hours. The working environment and the demands on Muehlhan's employees are not without risks. Consequently, while Muehlhan can apply a broad set of measures to reduce occupational accidents, it cannot eliminate them entirely. There were no accidents in the reporting period (previous year: 11).



Large construction site at which Muehlhan is carrying out insulation work

Net assets and financial position

Barely any investment activity

Capital expenditure amounted to €0.1 million in the first half of 2023 and related to investments for new projects in the Middle East. In the prior-year period, there was also hardly any capital expenditure at the companies remaining in the Group.

Inventories and **trade receivables** were up slightly compared to December 31, 2022, due to seasonal factors. Other receivables grew from €13.5 million to €16.9 million. Material effects include a reduction in receivables due to receipt of a payment for an earn-out component in connection with the sale of the oil and gas activities in the North Sea at the end of 2021 and an increase in receivables due to the issue of a short-term interest-bearing loan. **Cash and cash equivalents** fell to €26.6 million, mainly due to the dividend payment made to the company's shareholders and the issue of a short-term loan. Cash and cash equivalents are partly invested on a short-term basis.

Equity was reduced significantly, largely by the dividend payment in June 2023, falling from €64.5 million to €42.7 million.

Cash flow from operating activities is positive at € 1.7 million, but includes a positive one-time effect of €6.2 million from the aforementioned earn-out.

Forecast and Report on Opportunities and Risks

Outlook

The original forecast released by the Executive Board and Supervisory Board in the 2022 Annual Report expected revenues of between €15 million and €20 million and balanced EBIT. The forecast had to be revised in July. Revenues are now tipped to come in to between €10 million and €15 million in the 2023 financial year, with EBIT in the range of €-2.0 million to €-2.5 million.

The reduction in the forecast for revenues can be traced back to the low level of business activities in the Middle East and to the fact that the Russian company has been hit harder than expected by the sanctions due to Russia's war of aggression in Ukraine.

Lower revenues will also translate into lower EBIT. In addition, earnings in the first six months were hit hard by one-time effects, in particular in connection with the settlement of the sale of key subsidiaries and other assets at the end of 2022, costs in connection with the share buyback program and a provision set up for a legal dispute. Significantly lower expenses are expected for the holding company for the second half of the year.

Opportunities and risks

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

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

As in the past, the regions and markets of relevance to the Muehlhan Group continue to vary greatly. The Oil & Gas business segment, for example, is dependent on the development in crude oil prices. Experience has shown that a significant decline also leads to restrictions in maintenance work in the

short term. Among other things, the current conflict with Russia is creating difficulties in sourcing materials due to disrupted supply chains.

Setting aside the war in Ukraine and the consequences and economic risks triggered by this, there are no material changes to the Group's opportunities and risks in comparison with the 2022 financial year. We therefore refer you to the detailed notes published in the 2022 Annual Report.



Insulation work at a gas production plant

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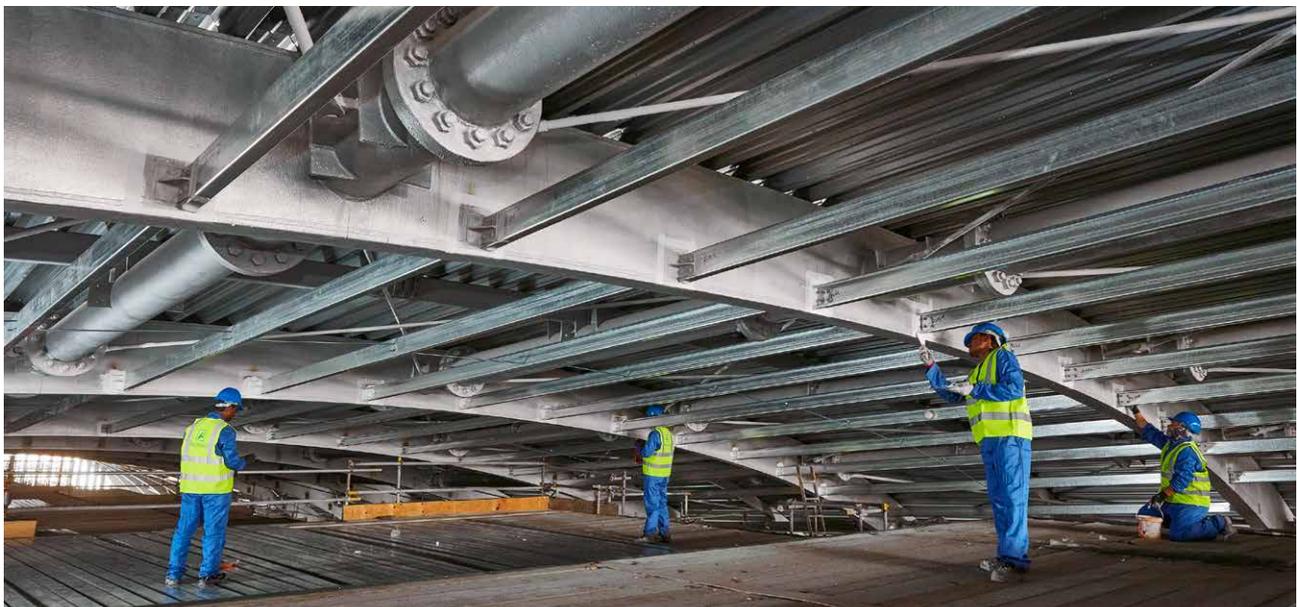
Interim Consolidated Financial Statements

as of June 30, 2023

CONSOLIDATED BALANCE SHEET

Assets in kEUR	06/30/2023	12/31/2022
NON-CURRENT ASSETS		
Property, plant and equipment	196	240
Financial assets	5	6
Other non-current assets	645	651
Deferred tax assets	20	255
Total non-current assets	865	1,151
CURRENT ASSETS		
Inventories	1,801	1,515
Trade receivables and contract assets	8,166	7,191
Cash and cash equivalents	26,628	55,121
Other current assets	16,894	13,480
Total current assets	53,490	77,307
TOTAL ASSETS	54,355	78,458

Rounding differences may occur.



Application of passive fire protection system

Equity and liabilities in kEUR	06/30/2023	12/31/2022
EQUITY		
Subscribed capital	19,500	19,500
Capital reserve	13,267	13,267
Treasury shares	-318	-318
Other reserves	5,809	6,328
Retained earnings	3,929	24,972
Non-controlling interests	561	735
Total equity	42,748	64,483
NON-CURRENT LIABILITIES		
Deferred tax liabilities	152	53
Total non-current liabilities	152	53
CURRENT LIABILITIES		
Current provisions	3,309	3,199
Trade payables and contract liabilities	5,007	7,677
Other current liabilities	3,139	3,046
Total current liabilities	11,455	13,922
TOTAL EQUITY AND LIABILITIES	54,355	78,458

Rounding differences may occur.

CONSOLIDATED INCOME STATEMENT FOR 2023 FINANCIAL HALF-YEAR

in kEUR	1 st half of 2023	1 st half of 2022
Revenues	5,796	121,539
Other operating income	907	3,288
Cost of materials and purchased services	-2,751	-51,441
Personnel expenses	-2,880	-41,932
Other operating expenses	-3,052	-24,343
Earnings from operations before depreciation and amortization (EBITDA)	-1,981	7,111
Depreciation and amortization of intangible assets and property, plant and equipment	-41	-2,959
Earnings from operations (EBIT)	-2,022	4,152
Financial result	487	-665
Earnings before income taxes (EBT)	-1,656	3,487
Income tax result	-122	-1,075
Consolidated income	-1,657	2,412
Consolidated income attributable to non-controlling interests	-13	1,037
Consolidated income attributable to shareholders of Muehlhan AG	-1,644	1,375
EARNINGS PER SHARE in EUR		
Shares	number	19,398,305
from continuing operations		19,384,967
basic		-0.09
diluted		-0.09

Rounding differences may occur.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in kEUR	1 st half of 2023	1 st half of 2022
Consolidated income	-1,657	2,412
Recyclable items		
Currency translation differences (legally independent entities abroad)	-680	2,417
Other comprehensive income after taxes	-680	2,417
Total comprehensive income	-2,337	4,830
of which attributable to non-controlling interests	-174	1,335
Shareholders of Muehlhan AG	-2,163	3,495
Total comprehensive income from continuing operations	-2,337	4,830

Rounding differences may occur.

CONSOLIDATED CASH FLOW STATEMENT

in kEUR	1 st half of 2023	1 st half of 2022
Consolidated income attributable to shareholders of Muehlhan AG	-1,644	1,375
Depreciation of fixed assets	41	2,641
Loss from the disposal of fixed assets	8	-65
Non-cash expenses/income from the allocation of gains/losses to non-controlling interests	13	-1,037
Income tax expense	122	1,075
Other non-cash expenses/income	88	3,755
Decrease/Increase in provisions	234	96
Cash flow	-1,138	7,840
Decrease/Increase in inventories, trade receivables, contract assets and other assets	4,244	-21,251
Increase/Decrease in trade payables, contract liabilities and other liabilities	-1,281	12,499
Income taxes paid	-132	-777
Cash flow from operating activities	1,693	-1,690
Proceeds from disposals of fixed assets		
in property, plant and equipment	0	67
Capital expenditures		
in intangible assets	0	-4
in property, plant and equipment	-49	-1,170
Cash flow from the issuance of short-term loans	-10,000	0
Interest received	752	8
Cash flow from investing activities	-9,297	-1,099
Payments to shareholders and non-controlling shareholders (dividends)	-19,398	-15,129
Cash flow from the repayment of current borrowings	0	-2,453
Cash flow from taking up of current borrowings	0	17,623
Cash flow from repayment of non-current borrowings	0	-3,000
Interest paid	-271	-571
Cash flow from financing activities	-19,669	-3,530
Currency, scope of consolidation and valuation-related changes in cash and cash equivalents*	-610	-209
Total changes in cash and cash equivalents*	-27,883	-6,528
Cash and cash equivalents* at the beginning of the period	55,121	18,698
Cash and cash equivalents* at the end of the period	26,628	12,170

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

Rounding differences may occur.

CONSOLIDATED STATEMENT OF CHANGES IN GROUP EQUITY

in kEUR	Equity applicable to equity holders of the parent company				
	Subscribed capital	Capital reserve	Profit reserves	Conversion reserve	Other reserves
					Adjustment from currency translation
As of 01/01/2022	19,500	13,490	2,478	-91	-3,181
Changes in non-controlling interests	0	0	-284	0	0
Contribution to share-based payment	0	21	0	0	0
Withdrawal from retained earnings	0	0	89	0	0
Dividends paid	0	0	0	0	0
Total comprehensive income	0	0	0	0	2,120
As of 06/30/2022	19,500	13,511	2,283	-91	-1,061
As of 01/01/2023	19,500	13,267	5,107	-91	1,312
Dividends paid	0	0	0	0	0
Total comprehensive income	0	0	0	0	-519
As of 06/30/2023	19,500	13,267	5,107	-91	793

Rounding differences may occur.

			Non-controlling interests	Equity
Retained earnings	Treasury shares	Equity		
38,653	-329	70,520	6,817	77,336
0	0	-284	284	0
0	0	21	0	21
-89	0	0	0	0
-14,539	0	-14,539	-590	-15,129
1,375	0	3,495	1,335	4,830
25,400	-329	59,213	7,846	67,058
24,972	-318	63,750	735	64,483
-19,399	0	-19,399	0	-19,399
-1,644	0	-2,162	-174	-2,336
3,929	-318	42,189	561	42,748

Notes

Company

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

Consolidated group

The consolidated group did not change against December 31, 2022.

Principles for the preparation of the interim consolidated financial statements

The interim consolidated financial statements for the period from January 1 to June 30, 2023, were prepared in accordance with IAS 34 Interim Financial Reporting and were not subject to any audit or review by an auditor. The interim consolidated financial statements should be read in conjunction with the consolidated financial statements for the period ending December 31, 2022.

Significant accounting and valuation principles

The figures for this interim report were determined in accordance with International Financial Reporting Standards (IFRS). The financial statements were prepared based on the going-concern premise. The same accounting and valuation methods were applied as for the 2022 consolidated financial statements.

Discretionary decisions and estimates

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

may give rise to a significant risk that a substantial adjustment will have to be made within the next financial year to the assets and liabilities shown:

Impairment of non-current assets

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

Impairment of current assets

The Group recognizes impairments for credit-impaired receivables to reflect expected losses due to customer insolvency. The Group bases its assessment of the appropriateness of impairments for credit-impaired receivables on the maturity structure of receivable balances and past empirical data on the derecognition of receivables, customers' creditworthiness and changes in payment terms. If the customers' financial situation deteriorates, the actual amounts that have to be derecognized could exceed expectations.

Income taxes

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

Deferred taxes

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

Fair value of derivative financial instruments and other financial instruments

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

Other provisions

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

Revenue recognition

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

Remarks

For the purpose of preparing the interim consolidated financial statements, the Executive Board makes judgments, estimates and assumptions that affect the application of accounting principles in the company and the reporting of assets and liabilities and of income and expenses. The actual amounts may differ from the estimates. The business results for the first six months of the financial year are not necessarily indicative of the results that may be expected for the entire year.

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

Events after the reporting date

Effective July 6, 2023, Muehlhan AG acquired the company Beschichtungswerk Wyhlen GmbH, Bremen. The seller is paying Muehlhan AG €33 thousand. Muehlhan AG has also purchased a loan receivable of €80 thousand from the seller. The purchase price for the company and for the loan was paid in July 2023. Beschichtungswerk Wyhlen GmbH, Bremen, will not be consolidated in Muehlhan AG's consolidated financial statements.

There were no other events or new information of material significance for the business and/or for assessing the business after June 30, 2023.

Hamburg, July 28, 2023

Muehlhan AG,
The Executive Board

Stefan Müller-Arends

Gautam Arya

Responsibility statement

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

Hamburg, July 28, 2023

Muehlhan AG,
The Executive Board



Stefan Müller-Arends



Gautam Arya

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FINANCIAL CALENDAR

October 27, 2023

Publication of results for the third quarter of 2023

IMPRINT

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NOTES

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

FORWARD-LOOKING STATEMENTS

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