04 CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Income

in EUR '000	Notes	2021	2020
REVENUE	[7]	**1,741,498**	**1,558,554**
Other operating income	[8]	28,376	22,090
Own work capitalized	[9]	6,025	6,367
Change in inventories	[10]	23,668	-27,541
Cost of materials	[11]	-817,615	-690,106
Personnel expenses	[12]	-529,076	-501,007
Depreciation/amortization	[13]	-104,982	-132,630
Other operating expenses	[14]	-232,494	-210,647
OPERATING INCOME (EBIT)		**115,400**	**25,080**
Interest income		177	270
Interest expense		-14,667	-16,459
NET INTEREST	[15]	**-14,490**	**-16,189**
Income from shares accounted for using the equity method		1,082	787
Other financial income		-2,919	-44
FINANCIAL INCOME	[15]	**-16,327**	**-15,446**
EARNINGS BEFORE TAXES		**99,073**	**9,634**
Taxes	[16]	-51,509	-36,536
EARNINGS AFTER TAXES		**47,564**	**-26,902**
of which attributable to non-controlling shareholders		755	85
of which attributable to INDUS shareholders		46,809	-26,987
Earnings per share, basic, in EUR	[17]	1.78	-1.10
Earnings per share, diluted, in EUR		1.78	-1.10

Consolidated Statement of Comprehensive Income

in EUR '000	2021	2020
EARNINGS AFTER TAXES	**47,564**	**-26,902**
Actuarial gains/losses	3,834	-897
Deferred taxes	-899	351
Items not to be reclassified to profit or loss	**2,935**	**-546**
Currency conversion adjustment	7,101	-5,158
Change in the market values of hedging instruments (cash flow hedge)	1,678	1,977
Deferred taxes	-264	-332
Items to be reclassified to profit or loss	**8,515**	**-3,513**
OTHER COMPREHENSIVE INCOME	**11,450**	**-4,059**
TOTAL COMPREHENSIVE INCOME	**59,014**	**-30,961**
of which attributable to non-controlling shareholders	755	85
of which attributable to INDUS shareholders	58,259	-31,046

Consolidated Statement of Financial Position

in EUR '000	Notes	Dec. 31, 2021	Dec. 31, 2020
ASSETS			
Goodwill	[18] [20]	409,798	380,932
Right-of-use assets from leasing/rent	[19]	93,402	85,780
Other intangible assets	[20]	142,817	93,066
Property, plant and equipment	[20]	416,610	405,470
Investment property	[20]	5,782	5,938
Financial investments	[21]	8,794	7,130
Shares accounted for using the equity method	[22]	4,578	7,527
Other non-current assets	[23]	3,476	3,915
Deferred taxes	[24]	13,771	11,992
Non-current assets		**1,099,028**	**1,001,750**
Inventories	[25]	403,894	332,463
Receivables	[26]	168,890	161,943
Other current assets	[23]	35,538	20,402
Current income taxes	[24]	13,739	17,568
Cash and cash equivalents		136,320	194,701
Current assets		**758,381**	**727,077**
TOTAL ASSETS		**1,857,409**	**1,728,827**
EQUITY AND LIABILITIES			
Subscribed capital		69,928	63,571
Capital reserve		318,143	239,833
Other reserves		397,560	371,904
Equity held by INDUS shareholders		**785,631**	**675,308**
Non-controlling interests in the equity		1,843	1,046
Equity	[27]	**787,474**	**676,354**
Pension provisions	[28]	41,321	49,682
Other non-current provisions	[29]	1,435	1,404
Non-current financial liabilities	[30]	477,286	553,773
Other non-current liabilities	[31]	47,023	20,139
Deferred taxes	[24]	48,569	32,109
Non-current liabilities		**615,634**	**657,107**
Other current provisions	[29]	88,344	77,339
Current financial liabilities	[30]	163,168	159,841
Trade payables		62,178	48,926
Other current liabilities	[31]	125,823	94,175
Current income taxes	[24]	14,788	15,085
Current liabilities		**454,301**	**395,366**
TOTAL EQUITY AND LIABILITIES		**1,857,409**	**1,728,827**

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, 2020	**63,571**	**239,833**	**447,566**	**-25,056**	**725,914**	**1,807**	**727,721**
Earnings after taxes			-26,987		-26,987	85	-26,902
Other comprehensive income				-4,059	-4,059		-4,059
Reclassification			-2,593	2,593			
Total comprehensive income			**-29,580**	**-1,466**	**-31,046**	**85**	**-30,961**
Dividend payment			-19,560		-19,560	-1,034	-20,594
Change in scope of consolidation						188	188
AS OF DEC. 31, 2021	**63,571**	**239,833**	**398,426**	**-26,522**	**675,308**	**1,046**	**676,354**
AS OF JAN. 1, 2021	**63,571**	**239,833**	**398,426**	**-26,522**	**675,308**	**1,046**	**676,354**
Earnings after taxes			46,809		46,809	755	47,564
Other comprehensive income				11,450	11,450		11,450
Reclassification			-1,638	1,638			
Total comprehensive income			**45,171**	**13,088**	**58,259**	**755**	**59,014**
Capital increase	6,357	78,310			84,667	42	84,709
Dividend payment			-21,517		-21,517	-261	-21,778
Transactions involving interests attributable to non-controlling shareholders			-11,086		-11,086	261	-10,825
AS OF DEC. 31, 2021	**69,928**	**318,143**	**410,994**	**-13,434**	**785,631**	**1,843**	**787,474**

Consolidated Statement of Cash Flows

in EUR '000	2021	2020
Earnings after taxes	47,564	-26,902
Depreciation/appreciation of non-current assets (excluding deferred taxes)	104,982	131,530
Gains (-) and losses (+) on the disposal of fixed assets	-1,917	-1,307
Taxes	51,509	36,536
Financial income	16,327	15,446
Other non-cash transactions	1,077	-94
Changes in provisions	8,880	5,773
Increase (-)/decrease (+) in inventories, receivables, and other assets	-85,259	88,372
Increase (+)/decrease (-) in trade payables and other equity and liabilities	36,176	-29,877
Income taxes received/paid	-44,208	-46,373
Dividends received	1,244	1,340
Operating cash flow	**136,375**	**174,444**
Interest paid	-20,079	-19,612
Interest received	278	356
Cash flow from operating activities	**116,574**	**155,188**
Cash outflow from investments in		
Intangible assets	-8,905	-8,438
Property, plant and equipment	-66,693	-44,050
Financial investments	-2,200	-965
Shares accounted for using the equity method	0	-1,014
Shares in fully consolidated companies	-67,328	0
Cash inflow from the disposal of assets		
Shares in fully consolidated companies	7,849	-4,296
Other assets	6,914	6,418
Cash flow from investing activities	**-130,363**	**-52,345**
Contributions to capital (capital increase)	84,667	0
Cash inflow from minority shareholders	42	188
Dividend payment	-21,517	-19,560
Dividends paid to minority shareholders	-261	-1,034
Cash outflow from the repayment of contingent purchase price commitments	0	-22,336
Payments related to transactions involving interests attributable to non-controlling shareholders	-713	0
Cash inflow from raising of loans	57,500	140,581
Cash outflow from the repayment of loans	-143,224	-120,285
Cash outflow from the repayment of lease liabilities	-20,964	-19,569
Cash flow from financing activities	**-44,470**	**-42,015**
Net changes in cash and cash equivalents	-58,259	60,828
Changes in cash and cash equivalents caused by currency exchange rates	-122	-1,247
Cash and cash equivalents at the beginning of the period	194,701	135,120
Cash and cash equivalents at the end of the period	**136,320**	**194,701**

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. The operating companies are allocated to one of five company areas (segments): Construction/Infrastructure, Automotive Technology, Engineering, Medical Engineering/Life Science, and Metals Technology.

INDUS Holding AG prepared its consolidated financial statements for the financial year from January 1, 2021 to December 31, 2021 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 of the German Commercial Code (HGB), INDUS Holding AG is obligated to prepare its consolidated financial statements in compliance with the IFRS. 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 16, 2022. The Supervisory Board approved the consolidated financial statements at its meeting on March 17, 2022.

[2] Application and Impact of New and Revised Standards

All standards whose application was mandatory as of December 31, 2021, were 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 2021 FINANCIAL YEAR

The new standards do not have any material effect on the financial position and financial performance of INDUS.

STANDARDS PUBLISHED BY DECEMBER 31, 2021, WHICH WERE NOT APPLIED EARLY IN THESE FINANCIAL STATEMENTS

No material effect on the financial position and financial performance of INDUS will arise from new standards that have already been published, but were not applied early.

[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.

When acquired companies are included in the scope of consolidation for the first time, the carrying amount of the investments in the holding company's accounts is offset against assets and liabilities. In the subsequent periods, the carrying amount of the holding company's investment is offset against the carrying amount of the subsidiaries' net equity. Contingent purchase price components are measured at fair value on the acquisition date if they are likely to be realized and the amounts can be reliably estimated. 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.

If minority shareholders have a right to tender as of the time of the initial consolidation and INDUS is unable to revoke this right, the purchase price commitment for interests attributable to non-controlling shareholders that are eligible are 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 affecting net income.

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 translated at average exchange rates and any resultant currency adjustments up until disposal of the subsidiary are recognized with no effect on the statement of income. The exchange rates used are shown in the following table:

		Exchange rate as of the reporting date		Average exchange rate	
	EUR 1 =	Dec. 31, 2021	Dec. 31, 2020	2021	2020
United Arab Emirates	AED	4.178	4.487	4.346	4.193
Bosnia and Herzegovina	BAM	1.966	1.946	1.956	1.957
Brazil	BRL	6.310	6.374	6.381	5.890
Canada	CAD	1.439	1.563	1.483	1.529
Switzerland	CHF	1.033	1.080	1.081	1.070
China	CNY	7.195	8.023	7.634	7.871
Czech Republic	CZK	24.858	26.242	25.647	26.455
Denmark	DKK	7.436	7.441	7.437	7.454
United Kingdom	GBP	0.840	0.899	0.860	0.889
Hungary	HUF	369.190	363.890	358.464	351.204
South Korea	KRW	1,346.380	1,336.000	1,353.946	1,345.106
Morocco	MAD	10.555	10.862	10.634	10.829
Mexico	MXN	23.144	24.416	23.990	24.512
Poland	PLN	4.597	4.560	4.564	4.443
Romania	RON	4.949	4.868	4.921	4.838
Serbia	RSD	117.590	117.574	117.586	117.620
Singapore	SGD	1.528	1.622	1.590	1.574
Turkey	TRY	15.234	9.113	10.467	8.044
Taiwan	TWD	31.525	34.322	33.028	33.596
United States of America	USD	1.133	1.227	1.184	1.141
South Africa	ZAR	18.063	18.022	17.479	18.768

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.

FINANCIAL STATEMENT ACCOUNTING AND MEASUREMENT

Goodwill does not undergo amortization due to its indefinite useful life. It is tested for impairment at least once a year. This testing involves comparing the recoverable value, which is the higher of value in use or fair value less costs to sell, with the carrying amount of the cash-generating unit.

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 46 (previous year: 45) cash-generating units. No individual goodwill amount is significant within the meaning of IAS 36.134.

Other intangible assets purchased for a fee are measured at cost and – where applicable – amortized on a straight line basis over their economic life of two to fifteen years. Internally generated intangible assets which fulfill the criteria of IAS 38 are capitalized at cost. Otherwise the expenses are recognized through profit and loss in the year in which they come into being. The assets are amortized upon commencement of their use, and this is done using the straight-line method over five to fifteen years.

Leases are recognized in the statement of financial position as right-of-use assets from leases and as (financial) liabilities from leasing. The right-of-use assets are recognized at cost and subsequently amortized over the lease term using the straight-line method. On the liability side, a liability is recognized in the amount of the present value of the payment obligations. In addition to fixed payments, the liabilities also include expected residual value payments 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. The Group applies exemptions under which IFRS 16 is applied to the contracts that were previously classified as leases under IAS 17 and IFRIC 4, and the contracts that were previously not classified as leases are not reassessed. 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 including depreciation 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.

Financial instruments are contracts that are financial assets at one company and simultaneously financial liabilities or an equity instrument at another. In accordance with the business model, the subsequent valuation of financial assets takes place in the categories “Financial assets measured at fair value through profit and loss”, “Financial assets at amortized cost” and “Financial assets recognized at fair value directly in equity.” Financial liabilities are accounted for in two categories, “Financial liabilities measured at fair value through profit and loss” and “Financial liabilities measured at cost.”

A financial asset is measured at amortized cost if it is held in a business model that involves the collection of contractual cash flows, the contractual terms provide for cash flows on specified dates in the form of interest and principal repayment, and the asset was not designated as "measured at fair value through profit and loss." This particularly includes all trade receivables, loans and other assets (excluding derivatives).

All financial assets that are not measured at amortized costs or recognized at fair value directly in equity are measured at fair value through profit and loss. Financial liabilities are classified and measured at amortized costs or "at fair value through profit and loss." A financial liability is measured at fair value through profit and loss if it is held for trading purposes, is a derivative, or is designated as such on initial recognition.

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 market information available on the reporting date or by using accepted valuation methods, such as the discounted cash flow method, and through 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. Gains and losses are recognized in consolidated income when loans and receivables are impaired or derecognized.

In the case of short-term receivables and liabilities, amortized costs generally correspond to par or the settlement amount.

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. As the historical basis is applied to 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 hedged item 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 INDUS' financing structure as of the reporting date, contractually agreed EBIT multiples, and individual plans of the acquired companies are used as the input 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. 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.

Other provisions are calculated for current legal or actual obligations toward third parties resulting from an event in the past that will likely lead to an outflow of resources and the amount of which can be reliably estimated. The settlement amount is calculated on the basis of the best possible estimation. 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 invoices, pending losses from orders, and other obligations from the transactions are calculated on the basis of the services to be performed. Tax provisions are accrued on the basis of reasonable estimates for uncertain obligations to national tax authorities.

Contingent liabilities are potential obligations toward third parties or existing obligations that are not likely to lead to an outflow of resources or the amount of which cannot be reliably estimated. Disclosures must be made in the Notes regarding existing contingent liabilities.

Deferred taxes are determined for all temporary differences between the amount according to the IFRS balance sheet and the corresponding fiscal value according to the balance sheet approach. Temporary differences arise when the realization of the asset or settlement of the liability leads to income or expenses that diverge from a fiscal point of view. Deferred taxes on goodwill are formed 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 tax assets are recognized as soon as it is probable that sufficient taxable income against which the deductible temporary difference can be offset will be available. With tax loss carryforwards, this is the case either when it is probable that sufficient taxable income will be available or when nettable deferred tax liabilities of a corresponding amount can be offset against sufficient taxable income in future.

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. Taking into consideration the trade tax assessment multiplier ranging from 295% to 515% and a solidarity surcharge of 5.5%, the income tax rate for domestic companies comes to between 26.15% and 33.85% (previous year: average of 29.6%). Foreign tax rates range between 16% and 34% (previous year: between 16% and 34%).

As regards **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. Revenue is allocable to the following areas: reinforcement of reinforced concrete, construction materials, network and cable laying, air-conditioning and heating technology, accessories for private housing construction, window construction (Construction segment), model or prototype construction for the automotive industry, pre-series and small series production, series production of components for large automotive manufacturers, testing and measurement solutions, solutions for specialized vehicles (Automotive Technology segment), complete conveyor systems, robotic gripping systems, valve technology, automation components for vehicle assembly, inert gas system equipment, metal search technology equipment, integrated control rooms and electric heat tracing systems (Engineering segment), orthotic devices, surgical stockings, optical lenses and full optical devices, surgical accessories, rehabilitation technology and hygienic products for medical applications and household use (Medical Engineering/Life Science segment), supplying rail technology, carbide tools for road construction and mining, manufacture of housings, blasting agents for the steel industry, bolt welding technology for structural connecting elements used in bridge construction (Metals Technology segment). For numerous contracts from the Construction/Infrastructure and Engineering segments, and for individual contracts in the Automotive Technology segment, income is realized over a period of time.

If the prerequisites for revenue recognition over time are met, the percentage of completion must be ascertained. Due to the reliability of the calculations, the cost to cost method is applied. 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.

The revenue recognized is the equivalent value that is expected for the transfer of goods or the performance of services. However, it must be probable that the revenue will not be subject to material correction. The general prerequisite is that the amount of revenue can be reliably determined and there is sufficient probability that INDUS will receive an economic benefit. Contracts with customers generally contain 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 14,672 thousand (previous year: EUR 12,910 thousand).

Government grants are recognized and reduce the corresponding expenses. If the grants are granted for a prolonged period, deferred income is recognized and released to income over the term of the grant.

The **virtual stock options** (“stock appreciation rights” until 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 compliance with the provisions of IAS 7, the **statement of cash flows** is divided into cash flow from operating activities, investment activities and financing activities. Interest and dividends received are assigned to cash flows 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.

The coronavirus pandemic in 2021 continued to adversely affect the economic activities of the portfolio companies. This particularly includes the indirect effects of the pandemic, such as raw materials shortages, price increases and supply change bottlenecks. Balance sheet items based on estimates also depend on the further progression of the coronavirus pandemic, the emergence of new virus variants, progress with vaccinations and the effectiveness of vaccines, government action and the effects of the pandemic on financial and commodities markets.

The measurement of certain balance sheet items dated December 31, 2021 is therefore subject to increased uncertainty. In particular, goodwill, inventories, trade receivables, contract assets, deferred taxes on tax loss carryforwards, and provisions were affected.

In their corporate planning process the portfolio companies, which are affected very differently by COVID-19 depending on their business model, have taken this into account in their individual plans. The affected estimate-related forward-looking parameters may be interest rates, foreign currency rates, market risk premiums, payment defaults, good credit standing, revenue, new orders, and payment receipts. These planning assumptions are burdened with 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 will provide the portfolio companies with financial support in future from its 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. Increases in energy and commodities prices are a risk for the performance of the individual companies and the Group. Depending on the market situation and the portfolio company, these increases cannot always be passed on promptly and fully to customers. For this reason, INDUS expects investment in sustainable and energy-efficient production processes to increase. INDUS believes this will result in promising opportunities, particularly for companies in the Automotive Technology, Engineering, and Metals Technology segments in the medium term.

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 adapt to new requirements and leverage innovation to gain or maintain the best market positions. In financial year 2021, there was no indication that goodwill was impaired as a result of climate change.

Items on the statement of financial position are influenced by uncontrollable future events. 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 in 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. Future tax-effective income is also applied to determine at what amount to value deferred tax assets.

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 necessity of having to make substantial valuation adjustments in future cannot be ruled out, as many relevant valuation parameters are beyond management's control.

For the 2022 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 relevant markets in particular have been discussed in detail in the forecast report in the combined management report.

[4] Scope of Consolidation

In the consolidated financial statements, all subsidiary companies are fully consolidated if INDUS Holding AG has the direct or indirect possibility of controlling the companies' financial and business policy for the benefit of the INDUS Group. 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 equity interest of less than 100%
Dec. 31, 2021				
Construction/ Infrastructure	29	9	38	5
Automotive Technology	23	18	41	2
Engineering	32	28	60	20
Medical Engineering/ Life Science	6	10	16	4
Metals Technology	20	10	30	1
Other	8	0	8	0
Total	**118**	**75**	**193**	**32**
Dec. 31, 2020				
Construction/ Infrastructure	26	9	35	2
Automotive Technology	29	22	51	3
Engineering	29	26	55	19
Medical Engineering/ Life Science	6	10	16	5
Metals Technology	21	9	30	1
Other	8	0	8	0
Total	**119**	**76**	**195**	**30**

The list 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 German Federal Gazette.

The carrying amount of interests attributable to non-controlling shareholders is EUR 1,843 thousand (previous year: EUR 1,046 thousand). None of the non-controlling interests are significant individually.

Insofar as minority 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 resides 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 minority interests with a right to tender of EUR 53,563 thousand (previous year: EUR 18,990 thousand) were recognized. 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, 2021, the scope of consolidation includes 35 limited liability companies (GmbH) as general partners that form a single company with the corresponding LLCs (December 31, 2020: 35 limited liability companies (GmbH) as general partners).

Additions to the scope of consolidation result from the acquisition or startup of companies.

Disposals from the scope of consolidation are the result of the sale of portfolio companies and one merger.

[5] Business Combinations

DISCLOSURES ON INITIAL CONSOLIDATION FOR THE CURRENT FINANCIAL YEAR

JST

By contract dated November 17, 2020, INDUS Holding AG has acquired all the members' shares in JST Jungmann Systemtechnik GmbH & Co. KG, Buxtehude. JST is an SME that provides integrated control room solutions and extensive know-how in the conceptual design, construction, and maintenance of control rooms. JST is assigned to the Engineering segment. The risks and rewards were transferred on January 4, 2021 and initial consolidation of JST took place on January 1, 2021.

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

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

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

NEW ACQUISITION: JST (in EUR '000)

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

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

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

The initial consolidation of JST took place in January 2021. JST contributed sales amounting to EUR 11,917 thousand and operating income (EBIT) of EUR -35 thousand to income.

The expenses affecting net income from initial consolidation of JST, i.e. subsequent valuation of the additional value and incidental acquisition costs identified in the purchase price allocation (PPA), reduced operating income by EUR 3,902 thousand. The incidental acquisition costs were recorded in the statement of income.

WIRUS

By contract dated March 19, 2021, INDUS Holding AG acquired 70% of the shares in WIRUS Fenster GmbH & Co. KG, Rietberg-Mastholte (Gütersloh). WIRUS' product range encompasses window frames made of plastic and aluminum, sliding, house and side doors, and privacy and sun-protection systems. The acquisition brings to the portfolio a profitable windows manufacturer with an above-average level of digitalization, underlining the Group's ambitions to expand in growth industries. WIRUS has been allocated to the Construction/Infrastructure segment. The risks and rewards were transferred on May 20, 2021 and initial consolidation of WIRUS took place on May 1, 2021.

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

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

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

NEW ACQUISITION: WIRUS (in EUR '000)

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

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

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

The initial consolidation of WIRUS took place in May 2021. WIRUS contributed sales amounting to EUR 45,839 thousand and operating income (EBIT) of EUR 2,785 thousand to income in 2021. If WIRUS had been consolidated from January 1, 2021, revenue would have amounted to EUR 64,118 thousand and operating income (EBIT) to EUR 3,638 thousand.

The expenses affecting net income from initial consolidation of WIRUS, i.e. subsequent valuation of the additional value and incidental acquisition costs identified in the purchase price allocation (PPA), reduced operating income by EUR 3,200 thousand. The incidental acquisition costs were recorded in the statement of income.

FURTHER COMPANY ACQUISITIONS

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

With contract and effect as of December 22, 2021, HORNGROUP Holding GmbH & Co. KG acquired another 35% of the shares in TECALEMIT, Inc. Delaware, from the company founder. The previous 50% stake in TECALEMIT, Inc. was included in the INDUS consolidated financial statements using the equity method. TECALEMIT Inc. is allocated to the Engineering segment.

The fair value of the total consideration for the additional company acquisitions amounted to EUR 16,255 thousand on the acquisition date. This consists of a cash component in the amount of EUR 10,124 thousand and a contingent purchase price payment in the amount of EUR 6,132 thousand, which was recognized and measured at fair value and results from an earn-out clause and call/put options. The cash component was paid on July 1, 2021 and

December 23, 2021. The amount of the contingent purchase price commitment is determined on the basis of EBIT multiples and a forecast of the future-relevant EBIT. The fair value of the previous 50% stake was EUR 5,833 thousand as of the acquisition date.

Goodwill of EUR 6,275 thousand, determined in the course of the purchase price allocation, is not tax-deductible.

Goodwill is the residual amount of the total consideration less the value of the re-assessed acquired assets and assumed liabilities and does not represent the accountable potential earnings of the acquired company for the future or the expertise of the personnel.

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

NEW ACQUISITION: FURTHER ACQUISITIONS (in EUR '000)

	Carrying amounts at the time of acquisition	Assets added due to initial consolidation	Addition to consolidated statement of financial position
Goodwill	0	6,275	6,275
Other intangible assets	0	9,924	9,924
Property, plant and equipment	1,687	0	1,687
Inventories	4,483	1,386	5,869
Receivables	1,874	0	1,874
Other assets*	714	0	714
Cash and cash equivalents	1,902	0	1,902
Total assets	**10,660**	**17,585**	**28,245**
Pension provisions	135	0	135
Other provisions	169	0	169
Financial liabilities	36	0	36
Trade payables	1,783	0	1,783
Other equity and liabilities**	902	3,131	4,033
Total liabilities	**3,025**	**3,131**	**6,156**

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

The re-assessed intangible assets essentially comprise client relations.

FLACO was consolidated for the first time in July 2021 and TECALEMIT, Inc. on December 31, 2021. Other company acquisitions contributed sales amounting to EUR 6,697 thousand and operating income (EBIT) of EUR -111 thousand to income in the financial year 2021. If FLACO and TECALEMIT, Inc. had been consolidated from January 1, 2021, revenue would have amounted to EUR 26,504 thousand and operating income (EBIT) to EUR 4,025 thousand.

The expenses affecting net income from initial consolidation of FLACO, i.e. subsequent valuation of the additional value and incidental acquisition costs identified in the purchase price allocation (PPA), reduced operating income by EUR 815 thousand. The incidental acquisition costs were recorded in the statement of income.

DISCLOSURES ON INITIAL CONSOLIDATION IN 2022

HEIBER UND SCHRÖDER

By contract dated December 17, 2021, INDUS Holding AG acquired 100% of the shares in Heiber und Schröder Maschinenbau GmbH (HEIBER + SCHRÖDER) in Erkrath. HEIBER + SCHRÖDER is an SME provider of special machinery for the cardboard industry, supplying its products to packaging manufacturers worldwide, especially suppliers to the food, cosmetic, household goods and toy sectors. Heiber und Schröder Maschinenbau GmbH has a subsidiary, Heiber Schroeder USA Inc., based in Cary, Illinois. HEIBER + SCHRÖDER is assigned to the Engineering segment. The economic transfer and the initial consolidation of the transaction are expected to take place in the second quarter 2022.

[6] Company Disposals

DISCLOSURES ON DECONSOLIDATION FOR THE CURRENT FINANCIAL YEAR

DISPOSAL OF WIESAUPLAST

On November 29, 2021, INDUS signed an agreement on the sale of WIESAUPLAST GmbH & Co. KG and its subsidiaries from the Automotive Technology segment. WIESAUPLAST had been part of INDUS since 1997 and specializes in the series supply of high-precision and safety-related parts for the automotive industry. WIESAUPLAST was deconsolidated effective December 30, 2021. The WIESAUPLAST Group was sold to a strategic investor.

The following assets and liabilities were disposed of in the course of the sale:

DISINVESTMENT: WIESAUPLAST

	Disposal consolidated statement of financial position
Other intangible assets	1,466
Property, plant and equipment	10,499
Financial investments	0
Inventories	10,438
Receivables	9,868
Other assets*	4,930
Cash and cash equivalents	2,151
Total assets	**39,352**
Pension provisions	4,204
Other provisions	3,327
Financial liabilities	123
Trade payables	2,356
Other equity and liabilities**	4,994
Total liabilities	**15,004**

* 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

Notes to the Statement of Income

[7] Revenue

Revenues include EUR 187,829 thousand in revenues using measurement over time (previous year: EUR 193,033 thousand). Also included is EUR 17,991 thousand in revenue from services (previous year: EUR 13,859 thousand). A breakdown of revenue by reportable segments can be found under segment reporting [33].

[8] Other operating income

in EUR '000	2021	2020
Income from the reversal of provisions	6,389	5,322
Income from currency conversion	5,282	312
Income from asset disposals	3,617	2,166
Reversal of valuation allowances	2,226	2,163
Transfer to earnings/release of deferrals carried as liabilities	1,241	1,123
Insurance compensation	1,733	1,423
Income from rental and lease agreements	361	364
Appreciation/reversal of impairment on property, plant, and equipment	0	1,120
Gains from tax inspections	0	754
Other operating income	7,527	7,343
Total	**28,376**	**22,090**

Income from currency conversion of EUR 5,282 thousand (previous year: EUR 312 thousand) is offset by expenses of EUR -4,318 thousand (previous year: EUR -5,768 thousand). The figure from exchange rate differences recognized in income therefore amounts to EUR 964 thousand (previous year: EUR -5,456 thousand).

[9] Own work capitalized

in EUR '000	2021	2020
Other own work capitalized	2,808	1,950
Own work capitalized in accordance with IAS 38	3,217	4,417
Total	**6,025**	**6,367**

Expenses for research and development not eligible for capitalization of EUR 20,424 thousand (previous year: EUR 18,925 thousand) were recognized for the period.

[10] Change in Inventories

in EUR '000	2021	2020
Work in process	35,113	4,598
Finished goods	-11,445	-32,139
Total	**23,668**	**-27,541**

[11] Cost of Materials

in EUR '000	2021	2020
Raw materials, consumables and supplies, and purchased merchandise	-709,031	-586,227
Purchased services	-108,584	-103,879
Total	**-817,615**	**-690,106**

[12] Personnel Expenses

in EUR '000	2021	2020
Wages and salaries	-444,459	-423,721
Social security	-80,957	-76,196
Pensions	-3,660	-1,090
Total	**-529,076**	**-501,007**

Personnel expenses do not include the interest component from the transfer to pension provisions. This is recognized in net interest at EUR 367 thousand (previous year: EUR 496 thousand).

During the financial year, subsidies for social insurance contributions based on governmental COVID-19 support in the amount of EUR 1,067 thousand (previous year: EUR 2,604 thousand) were recognized as personnel expenses with an effect on net income.

[13] Depreciation/Amortization

in EUR '000	2021	2020
Depreciation/amortization	-96,793	-92,078
Impairment	-8,189	-40,552
Total	**-104,982**	**-132,630**

This item includes both depreciation/amortization and impairments. Impairment losses of EUR 5,710 thousand were recognized in the course of regular impairment testing as of September 30, 2021 and impairment losses of EUR 2,479 thousand were recognized in connection with the disposal of WIESAUPLAST, adding up to EUR 8,189 thousand in total for the current financial year (previous year: impairment losses as of June 30 and September 30.) The impairment relates to goodwill in the amount of EUR 2,529 thousand (previous year: EUR 33,916 thousand), intangible assets in the amount of EUR 461 thousand (previous year: EUR 1,468 thousand) and property, plant and equipment in the amount of EUR 5,199 thousand (previous year: EUR 5,168 thousand). All impairment in the financial year was recognized in the Automotive Technology segment (previous year: Automotive Technology EUR 33,769 thousand, Engineering EUR 2,300 thousand, Metals Technology EUR 4,483 thousand).

[14] Other Operating Expenses

in EUR '000	2021	2020
Selling expenses	-93,909	-79,225
Operating expenses	-68,366	-63,210
Administrative expenses	-54,531	-51,128
Other expenses	-15,688	-17,084
Total	**-232,494**	**-210,647**

SELLING EXPENSES

in EUR '000	2021	2020
Shipping, packaging and commissions	-56,284	-45,425
Vehicle, travel and entertainment expenses	-15,423	-14,244
Marketing and trade fairs	-9,709	-7,709
Receivables and guarantees	-9,258	-9,219
Other selling expenses	-3,235	-2,628
Total	**-93,909**	**-79,225**

OPERATING EXPENSES

in EUR '000	2021	2020
Machinery and plant: rent and maintenance	-25,284	-23,016
Land and buildings: leases and occupancy costs	-14,896	-14,552
Energy, supplies, tools	-17,726	-15,407
Other operating expenses	-10,460	-10,235
Total	**-68,366**	**-63,210**

ADMINISTRATIVE EXPENSES

in EUR '000	2021	2020
EDP, office, and communication services	-17,077	-15,943
Consulting and fees	-19,043	-19,845
Insurance	-5,205	-4,729
Human resources administration and continuing education	-6,420	-5,238
Other administrative costs	-6,786	-5,373
Total	**-54,531**	**-51,128**

OTHER EXPENSES

in EUR '000	2021	2020
Cost of currency conversion	-4,318	-5,768
Losses due to deconsolidation of companies	-838	-4,300
Disposal of fixed assets	-1,700	-858
Other	-8,832	-6,158
Total	**-15,688**	**-17,084**

Expenses for short-term leases of EUR 216 thousand (previous year: EUR 193 thousand) and for low-value leased assets of EUR 434 thousand (previous year: EUR 335 thousand) are included in various items of other operating expenses.

[15] Financial Income

in EUR '000	2021	2020
Interest and similar income	177	270
Interest and similar expenses	-14,667	-16,459
Net interest	**-14,490**	**-16,189**
Income from shares accounted for using the equity method	**1,082**	**787**
Minority interests	-3,378	-539
Expense from/amortization of financial assets	-9	-103
Income from financial investments	468	598
Other financial income	**-2,919**	**-44**
Total	**-16,327**	**-15,446**

Interest expenses include interest expenses for lease liabilities pursuant to IFRS 16 of EUR 1,854 thousand (previous year: EUR 1,795 thousand). The "minority interests" item includes an effect on income from the subsequent valuation of the contingent purchase price liabilities (call/put options) of EUR 4,226 thousand (previous year: EUR 2,380 thousand) and earnings after taxes that external entities are entitled to from shares in limited partnerships and stock corporations with call/put options.

[16] Taxes

in EUR '000	2021	2020
Non-recurring taxes	-906	444
Current taxes	-46,921	-41,171
Deferred taxes	-3,682	4,191
Total	**-51,509**	**-36,536**

Non-recurring taxes were primarily due to changes resulting from external tax audits.

SPECIAL TAX ASPECTS

INDUS Holding AG's 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 play a subordinate role 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 focused its acquisitions above all on German limited partnerships. The acquisition of a limited partnership has tax consequences as follows:

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 tax savings, in trade tax at limited partnerships and in 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 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)

	2021	2020
Earnings before income taxes	99,073	9,634
Expected tax expenses 29.6% (previous year: 29.6%)	29,326	2,852
Reconciliation		
Non-recurring taxes	906	-444
Measurement of associated companies according to the equity method	-320	-233
Amortization of goodwill corporations	354	5,891
Structural effects of		
divergent local tax rates	743	532
divergent national tax rates	-2,116	-643
Corporate acquisition transaction costs	306	65
Capitalization or valuation allowance of deferred tax loss carryforwards	3,012	2,917
Use of actual tax loss carryforward	-2,536	-176
No offsetting of income for autonomous subsidiaries	18,977	19,977
Income attributable to other shareholders	1,000	159
Effects of the interest barrier on INDUS Holding AG	652	384
Other non-deductible expenses and tax-free income	1,205	5,255
Actual tax expenses	**51,509**	**36,536**
as a percentage of income	52.0	379.2

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%) and an unchanged solidarity surcharge of 5.5%, the income tax rate for domestic companies comes to 29.6% (previous year: 29.6%).

[17] Earnings per Share

Earnings came to EUR 1.78 per share (previous year: EUR -1.10 per share). The weighted average number of shares in circulation remained unchanged in the current year at 26,332,863 (previous year: 24,450,509). The increase in the weighted average number of shares in circulation stems from the capital increase of 2,445,050 shares to 26,895,559 shares on March 26, 2021. See item [27] for further details.

in EUR '000	2021	2020
Income attributable to INDUS shareholders	**46,809**	**59,457**
Weighted average shares outstanding (in thousands)	26,333	24,451
Earnings per share (in EUR)	1.78	-1.10

Notes on the Consolidated Statement of Financial Position

[18] Goodwill

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

FIXED ASSET SCHEDULE – GOODWILL (in EUR '000)

	Carrying amount as of Jan. 1, 2021	Changes in scope of consolidation	Addition	Disposal	Impairment	Exchange rate difference	Carrying amount as of Dec. 31, 2021
Construction/Infrastructure	115,759	18,077	0	0	0	354	134,190
Automotive Technology	21,913	0	0	0	-2,529	-9	19,375
Engineering	150,581	12,542	0	0	0	431	163,554
Medical Engineering/Life Science	69,639	0	0	0	0	0	69,639
Metals Technology	23,040	0	0	0	0	0	23,040
Total goodwill	**380,932**	**30,620**	**0**	**0**	**-2,529**	**775**	**409,798**

	Carrying amount as of Jan. 1, 2020	Changes in scope of consolidation	Addition	Disposal	Impairment	Exchange rate difference	Carrying amount as of Dec. 31, 2020
Construction/Infrastructure	115,722	0	0	0	0	37	115,759
Automotive Technology	51,259	0	0	0	-29,223	-123	21,913
Engineering	153,232	0	0	0	-2,300	-351	150,581
Medical Engineering/Life Science	69,639	0	0	0	0	0	69,639
Metals Technology	25,317	0	0	0	-2,393	116	23,040
Total goodwill	**415,169**	**0**	**0**	**0**	**-33,916**	**-321**	**380,932**

IMPAIRMENT TESTING OF GOODWILL

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

ANNUAL IMPAIRMENT TEST AS OF SEPTEMBER 30, 2021

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

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

The annual impairment test resulted in impairment losses on goodwill of EUR 2,342 thousand. The impairment losses relate to a cash-generating unit in the Automotive Technology segment. The impairment losses are due to worse future prospects in this cash-generating unit (CGU). The carrying amount of goodwill before impairment losses amounted to EUR 2,342 thousand. In the same period of the previous year, goodwill impairment losses of EUR 2,300 thousand were recognized relating to the Engineering segment.

In the previous year, an additional impairment test was performed as of June 30, 2020, due to the coronavirus crisis. The test performed resulted in impairment losses on goodwill of EUR 31,616 thousand. The impairment losses related to the Automotive Technology segment in the amount of EUR 29,223 thousand and to the Metals Technology segment in the amount of EUR 2,393 thousand.

An increase in the cost of capital before tax by 0.5 percentage points would not lead to any additional goodwill impairment losses (previous year: EUR 5,051 thousand). A decrease in the growth rate of 1.0 percentage point would lead to additional goodwill impairments of EUR 252 thousand (previous year: EUR 6,868 thousand).

[19] 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 as of Jan. 1, 2021	Addition	Disposal	Addition depreciation	Disposal depreciation	Reclassification/ Currency differences	Carrying amount as of Dec. 31, 2021
Right-of-use assets – land and buildings	70,609	19,260	3,143	13,563	2,756	522	76,441
Right-of-use assets – technical equipment and machinery	8,271	3,930	1,464	3,055	1,414	127	9,223
Right-of-use assets – vehicles	5,484	5,613	3,123	4,425	3,053	-7	6,595
Right-of-use assets – other leasing/rent	1,416	442	543	727	562	-7	1,143
Total right-of-use assets from leasing/rent	**85,780**	**29,245**	**8,273**	**21,770**	**7,785**	**635**	**93,402**

	Carrying amount as of Jan. 1, 2020	Addition	Disposal	Addition depreciation	Disposal depreciation	Reclassification/ Currency differences	Carrying amount as of Dec. 31, 2020
Right-of-use assets – land and buildings	60,639	24,091	1,544	13,442	1,507	-642	70,609
Right-of-use assets – technical equipment and machinery	7,430	4,400	966	3,058	499	-34	8,271
Right-of-use assets – vehicles	6,416	3,522	1,716	4,428	1,711	-21	5,484
Right-of-use assets – other leasing/rent	1,253	1,164	605	1,002	605	1	1,416
Total right-of-use assets from leasing/rent	**75,738**	**33,177**	**4,831**	**21,930**	**4,322**	**-696**	**85,780**

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 concerns 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 [30].

[20] Development of Goodwill, Other Intangible Assets, Tangible Fixed Assets, and Investment Property

PURCHASE/MANUFACTURING COSTS IN 2021

(in EUR '000)

	Opening balance Jan. 1, 2021	Changes in scope of consolidation	Addition	Disposal	Reclassification	Exchange rate difference	Closing balance Dec. 31, 2021
Goodwill	**478,848**	**25,183**	**0**	**0**	**0**	**785**	**504,816**
Capitalized development costs	36,726	0	3,217	-227	217	109	40,042
IP rights, concessions, other intangible assets	228,136	57,254	5,688	-1,829	671	469	290,389
Total other intangible assets	**264,862**	**57,254**	**8,905**	**-2,056**	**888**	**578**	**330,431**
Land and buildings	326,828	-34,417	5,154	-5,215	20,866	2,694	315,910
Technical equipment and machinery	464,726	-35,811	21,772	-19,495	5,821	2,166	439,179
Other equipment, factory and office equipment	210,294	-7,238	12,426	-13,001	1,437	845	204,763
Advance payments and facilities under construction	26,685	484	31,990	-1,224	-28,987	24	28,972
Total property, plant and equipment	**1,028,533**	**-76,982**	**71,342**	**-38,935**	**-863**	**5,729**	**988,824**
Investment property	**12,232**	**0**	**0**	**0**	**0**	**0**	**12,232**

AMORTIZATION 2021

(in EUR '000)

	Opening balance Jan. 1, 2021	Changes in scope of consolidation	Addition	Appreciation	Disposal	Reclassification	Exchange rate difference	Closing balance Dec. 31, 2021
Goodwill	**97,916**	**-5,436**	**2,529**	**0**	**0**	**0**	**9**	**95,018**
Capitalized development costs	20,645	0	3,201	0	-1	0	107	23,952
IP rights, concessions, other intangible assets	151,151	-4,012	17,880	0	-1,698	7	334	163,662
Total other intangible assets	**171,796**	**-4,012**	**21,081**	**0**	**-1,699**	**7**	**441**	**187,614**
Land and buildings	115,527	-36,784	14,437	0	-2,176	-18	912	91,898
Technical equipment and machinery	361,720	-35,686	26,980	0	-18,523	392	1,419	336,302
Other equipment, factory and office equipment	145,818	-8,022	18,029	0	-12,145	-357	691	144,014
Advance payments and facilities under construction	0	0	0	0	0	0	0	0
Total property, plant and equipment	**623,065**	**-80,492**	**59,446**	**0**	**-32,844**	**17**	**3,022**	**572,214**
Investment property	**6,294**	**0**	**156**	**0**	**0**	**0**	**0**	**6,450**

PURCHASE/MANUFACTURING COSTS IN 2020

(in EUR '000)

	Opening balance Jan. 1, 2020	Changes in scope of consolidation	Addition	Disposal	Reclassification	Exchange rate difference	Closing balance Dec. 31, 2021
Goodwill	**484,010**	**-4,798**	**0**	**0**	**0**	**-364**	**478,848**
Capitalized development costs	32,298	0	4,417	0	0	11	36,726
IP rights, concessions, other intangible assets	226,937	-883	4,021	-2,202	733	-470	228,136
Total other intangible assets	**259,235**	**-883**	**8,438**	**-2,202**	**733**	**-459**	**264,862**
Land and buildings	336,493	-1,246	2,867	-1,814	-8,041	-1,431	326,828
Technical equipment and machinery	476,477	-18,016	13,346	-8,953	4,841	-2,969	464,726
Other equipment, factory and office equipment	208,070	-2,764	10,948	-9,259	3,908	-609	210,294
Advance payments and facilities under construction	20,322	0	16,560	-556	-9,587	-54	26,685
Total property, plant and equipment	**1,041,362**	**-22,026**	**43,721**	**-20,582**	**-8,879**	**-5,063**	**1,028,533**
Investment property	**3,673**	**0**	**46**	**0**	**8,513**	**0**	**12,232**

AMORTIZATION 2020

(in EUR '000)

	Opening balance Jan. 1, 2020	Changes in scope of consolidation	Addition	Appreciation	Disposal	Reclassification	Exchange rate difference	Closing balance Dec. 31, 2020
Goodwill	**68,841**	**-4,798**	**33,916**	**0**	**0**	**0**	**-43**	**97,916**
Capitalized development costs	17,557	0	3,081	0	0	0	7	20,645
IP rights, concessions, other intangible assets	140,269	-883	13,816	0	-2,023	201	-229	151,151
Total other intangible assets	**157,826**	**-883**	**16,897**	**0**	**-2,023**	**201**	**-222**	**171,796**
Land and buildings	114,034	-1,246	10,256	-1,078	-652	-5,331	-456	115,527
Technical equipment and machinery	358,557	-18,016	30,083	-21	-7,140	171	-1,914	361,720
Other equipment, factory and office equipment	138,092	-2,764	19,415	0	-8,455	-4	-466	145,818
Advance payments and facilities under construction	0	0	0	0	0	0	0	0
Total property, plant and equipment	**610,683**	**-22,026**	**59,754**	**-1,099**	**-16,247**	**-5,164**	**-2,836**	**623,065**
Investment property	**830**	**0**	**133**	**0**	**0**	**5,331**	**0**	**6,294**

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

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

	Dec. 31, 2021	Dec. 31, 2020
Goodwill	409,798	380,932
Capitalized development costs	16,090	16,081
IP rights, concessions, other intangible assets	126,727	76,985
Total other intangible assets	**142,817**	**93,066**
Land and buildings	224,012	211,303
Technical equipment and machinery	102,877	103,006
Other equipment, factory and office equipment	60,749	64,476
Advance payments and facilities under construction	28,972	26,685
Property, plant and equipment	**416,610**	**405,470**
Investment property	**5,782**	**5,938**

[21] Financial Investments

in EUR '000	Dec. 31, 2021	Dec. 31, 2020
Other investments	2,517	2,509
Other loans	6,277	4,621
Total	**8,794**	**7,130**

Other loans largely relate to tenant loans originated by the company recognized at amortized costs. Other loans are partially settled without interest, largely with interest rates suitable for their duration and long-term fixed interest rates. There were no defaults in either financial year.

[22] Shares Accounted for Using the Equity Method

As of December 31, 2021, the carrying amounts of shares accounted for using the equity method totaled EUR 4,578 thousand (previous year: EUR 7,527 thousand).

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

in EUR '000	2021	2020
Purchase price of associated companies	5,044	6,583
Appropriated income in the period	1,082	787
Key figures of the associated companies:		
Assets	8,910	15,822
Liabilities	4,017	5,199
Capital	4,892	10,624
Revenue	23,475	20,454
Earnings	2,163	1,576

In the course of the acquisition by stages of TECALEMIT, Inc. the previous 50% stake was remeasured as of December 31, 2021 in accordance with IFRS 3.42. Remeasurement income of EUR 2,394 thousand was recognized in other operating income.

[23] Other Assets

in EUR '000	Dec. 31, 2021	Dec. 31, 2020
Accrual of payments not relating to the reporting period	6,111	6,633
Other tax refund claims	3,788	3,846
Long-term receivables	659	750
Reinsurance premiums	977	702
Loans and other receivables	553	858
Positive market value of derivatives	0	145
Contract initiation costs	2,627	2,435
Other assets	24,299	8,948
Total	**39,014**	**24,317**
of which current	35,538	20,402
of which non-current	3,476	3,915

In the other assets, contract initiation costs in the amount of EUR 2,627 thousand (previous year: EUR 2,435 thousand), which are recognized at the nominal value of the payments made, were activated. The contract initiation costs are realized over the term of the contracts depending on the supplied amounts of the total volume. No deliveries were made during the past financial year.

[24] 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:

2021 (in EUR '000)	Assets	Liabilities	Balance
Goodwill of limited partnerships	672	-25,105	-24,433
Intangible assets	781	-47,605	-46,824
Property, plant and equipment	7,905	-7,621	284
Receivables and inventories	27,520	-353	27,167
Other current assets	3,754	-1,176	2,578
Non-current provisions	8,334	-20	8,314
Other current equity and liabilities	27,018	-33,909	-6,891
Capitalization of loss carryforwards	5,007	0	5,007
Netting	-67,220	67,220	0
Deferred taxes	**13,771**	**-48,569**	**-34,798**

2020 (in EUR '000)	Assets	Liabilities	Balance
Goodwill of limited partnerships	3,697	-20,437	-16,740
Intangible assets	606	-45,807	-45,201
Property, plant and equipment	1,758	-4,356	-2,598
Receivables and inventories	660	-1,319	-659
Other current assets	54	-205	-151
Non-current provisions	12,406	0	12,406
Other current equity and liabilities	26,333	-975	25,358
Capitalization of loss carryforwards	7,468	0	7,468
Netting	-40,990	40,990	0
Deferred taxes	**11,992**	**-32,109**	**-20,117**

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

Deferred tax liabilities result mainly from the calculation of deferred taxes on the tax-deductible goodwill of limited partnerships. For tax purposes, rules governing the purchase price allocation are similar to those under IFRS for limited partnerships, and the resulting assets – and goodwill of a fiscal nature – are tax-deductible. As goodwill is no longer amortized in accordance with IFRS, deferred taxes will henceforth be accrued in line with the amortization of fiscal goodwill as per the conditions set forth 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:

CHANGE IN DEFERRED TAXES (in EUR '000)

	Jan. 1, 2021	Income statement	Other	Dec. 31, 2021
Trade tax	4,825	-477	0	4,348
Corporation tax	1,465	-806	0	659
Foreign tax	1,178	-1,178	0	0
Capitalization of loss carryforwards	**7,468**	**-2,461**	**0**	**5,007**
Other deferred taxes	-27,585	-2,594	-9,626	-39,805
Deferred taxes	**-20,117**	**-5,055**	**-9,626**	**-34,798**

	Jan. 1, 2020	Income statement	Other	Dec. 31, 2020
Trade tax	4,421	404	0	4,825
Corporation tax	2,114	-649	0	1,465
Foreign tax	3,460	-2,282	0	1,178
Capitalization of loss carryforwards	**9,995**	**-2,527**	**0**	**7,468**
Other deferred taxes	-33,877	6,718	-426	-27,585
Deferred taxes	**-23,882**	**4,191**	**-426**	**-20,117**

Other changes in deferred taxes break down as follows:

in EUR '000	2021	2020
Reserves for mark-to-market valuation of hedging instruments (cash flow hedge)	-264	-332
Currency conversion reserve	-1,072	244
Pension provisions (actuarial gains/ losses)	-899	351
Transfer to retained earnings	-689	-689
Change in scope of consolidation	-6,702	0
Total	**-9,626**	**-426**

Recognized deferred taxes are based on tax loss carryforwards of EUR 34,823 thousand (previous year: EUR 41,406 thousand).

Other tax loss carryforwards amounting to a total of EUR 395,328 thousand (previous year: EUR 310,533 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 [16]. 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 4,636 thousand (previous year: EUR 4,133 thousand) were recognized in addition to deferred tax liabilities at companies that recently incurred tax losses, since on the basis of the earnings projections 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 reversal of the temporary differences and no liquidation 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 50,944 thousand (previous year: EUR 55,284 thousand). The total of the unrecognized temporary differences associated with investments in subsidiaries is EUR 5,587 thousand (previous year: EUR 5,094 thousand).

[25] Inventories

in EUR '000	Dec. 31, 2021	Dec. 31, 2020
Raw materials, consumables, and supplies	160,589	120,836
Unfinished goods	102,205	80,319
Finished goods and goods for resale	118,854	111,011
Advance payments	22,246	20,297
Total	**403,894**	**332,463**

The carrying amounts for inventories include depreciation of EUR 26,781 thousand (previous year: EUR 24,039 thousand).

[26] Receivables

in EUR '000	Dec. 31, 2021	Dec. 31, 2020
Receivables from customers	153,646	149,081
Contract receivables	13,402	10,699
Receivables from associated companies	1,842	2,163
Total	**168,890**	**161,943**

In the current reporting year, EUR 659 thousand of receivables from customers with a payment term of over one year have been recognized (previous year: EUR 750 thousand).

Receivables include contract receivables with revenue recognized according to the measurement-over-time method. The level of contract receivables increased due to new orders in accordance with the measurement-over-time method and advanced order completions. On the other hand, there were reductions due to billing. The following table contains further information about contract receivables:

in EUR '000	2021	2020
Costs incurred including prorated income	111,173	88,610
Advance payments received	125,148	103,226
Contract receivables	13,402	10,699
Contract liabilities	27,377	25,315

Contract liabilities relate to contracts with revenue recognition over time 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 25,315 thousand in the previous year, EUR 18,582 thousand were recognized as revenue in the reporting year. As of December 31, 2021, there are contract liabilities with allocated transaction prices of EUR 154,479 thousand (previous year: EUR 156,009 thousand). These are scheduled to be realized as revenue within the next 1 to 30 months.

The receivables include valuation allowances of EUR 4,756 thousand (previous year: EUR 5,946 thousand). The development is depicted below:

in EUR '000	2021	2020
Valuation allowances as of Jan. 1	**5,946**	**7,883**
Currency difference	37	-44
Change in scope of consolidation	286	-15
Additions	1,740	2,226
Utilization	-1,204	-2,253
Reversals	-2,049	-1,851
Valuation allowances as of Dec. 31	**4,756**	**5,946**

Receivables in the amount of EUR 349 thousand (previous year: EUR 921 thousand) were derecognized through profit and loss in the financial year.

[27] Equity

SUBSCRIBED CAPITAL

The capital stock came to EUR 69,928,453.64 on the reporting date (previous year: EUR 63,571,323.62). Capital stock consists of 26,895,559 (previous year: 24,450,509) no-par-value shares. A capital increase of around 10% of capital stock (EUR 6,357,130.02) was completed on March 26, 2021. The number of shares was increased by 2,445,050 no-par-value shares.

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, Hamburg, 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 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 were sold or issued, or are to 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 excluding subscription rights, shall count 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.

CONTINGENT CAPITAL

At the Annual Shareholders' Meeting on May 24, 2018, the company's capital stock was conditionally increased by up to EUR 11,700,000.04, divided into 4,500,000 no-par-value shares (contingent capital 2018).

The implementation of the conditional capital increase is conditional upon:

— exercise by the holders or creditors of convertible bonds or warrants from option bonds (or a combination thereof) issued or guaranteed by INDUS Holding AG or its Group companies by May 23, 2023, pursuant to the authorization granted to the Board of Management by the Annual Shareholders' Meeting on May 24, 2018, of such convertible bonds or warrants;
— obligations from convertible bonds or option bonds, issued by the company, pursuant to the authorization granted to the Board of Management by the Annual Shareholders' Meeting on May 24, 2018, until May 23, 2023, that fulfill conversion or option rights; and
— contingent capital being required in accordance with the terms of the convertible bonds or option bonds.

New shares are issued at the strike or conversion price determined in accordance with the authorization mentioned above. The new shares participate in profits from the beginning of the financial year in which option or conversion rights are exercised or option or conversion obligations are fulfilled. The Supervisory Board is authorized to amend the wording of the Articles of Incorporation in accordance with such use of the contingent capital and to change all option or conversion deadlines after they expire.

RESERVES AND CONSOLIDATED NET INCOME AVAILABLE FOR DISTRIBUTION

The development of reserves is presented in the statement of changes in equity and includes INDUS Holding AG's capital reserves. As of the reporting date, the equity ratio was 42.4% (previous year: 39.1%).

INTERESTS ATTRIBUTABLE TO NON-CONTROLLING SHAREHOLDERS

Interests held by non-controlling shareholders essentially consist of the non-controlling interests in the subsidiary of ROLKO-Kohlgrüber GmbH. Minority interests in limited partnerships and limited liability companies, for which the economic ownership of the corresponding minority interests had already been transferred under reciprocal option agreements at the acquisition date, are shown under other liabilities [30].

A reciprocal option agreement (symmetrical call/put option) was signed in 2021 for the acquisition of a 20% minority interest in Weigend Bau GmbH. The option can be exercised by either of the parties at any time after January 1, 2022. Another 23.2% minority interest was acquired in a sub-subsidiary. Both transactions are reported in the table of equity as "Transactions involving interests attributable to non-controlling shareholders."

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 1.05 per no-par-value share (previous year: EUR 0.80 per no-par-value share). At 26,895,559 shares (previous year: 26,895,559 shares), this equates to a payment of EUR 28,240,336.95 (previous year: EUR: 21,516,447.20). The full 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

CHANGE IN OTHER RESERVES

(in EUR '000)

	Jan. 1, 2020	Other comprehensive income 2020	Transfer to retained earnings	Dec. 31, 2020	Other comprehensive income 2021	Transfer to retained earnings	Dec. 31, 2021
Currency conversion reserve	4,328	-5,158	0	-830	7,101	0	6,271
Pension provisions (actuarial gains/losses)	-32,940	-897	3,282	-30,555	3,834	2,327	-24,394
Deferred taxes for pensions	8,800	351	-689	8,462	-899	-689	6,874
Reserve for cash flow hedges	-6,248	1,977	0	-4,271	1,678	0	-2,593
Deferred taxes for cash flow hedges	1,004	-332	0	672	-264	0	408
Total other reserves	**-25,056**	**-4,059**	**2,593**	**-26,522**	**11,450**	**1,638**	**-13,434**

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 Holding AG manages capital so as to increase the return on equity and ensure 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 545,454 thousand (previous year: EUR 568,595 thousand). Taking equity in the statement of financial position into account, total capital comes to EUR 1,332,928 thousand (previous year: EUR 1,244,949 thousand). Relative to total interest-bearing capital employed, the equity ratio is 59.1% (previous year: 54.3%).

The EUR 88,778 thousand increase in total capital (previous year: decline of EUR 81,890 thousand) was due to a EUR 111,120 thousand increase in equity (previous year: decline of EUR 51,367 thousand) and a EUR 23,141 thousand decline in interest-bearing debt capital (previous year: decline of EUR 30,613 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 obligations to maintain a minimum equity ratio at the stock corporation in connection with loan agreements. This enables it to keep receiving funds 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.

[28] 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 14.5 years (previous year: 15.2 years) and for Swiss plans 16.9 years (previous year: 19.0 years).

STATEMENT OF INCOME (in EUR '000)

	2021	2020	Change
Current service cost	1,881	3,218	-1,337
Interest expense	367	496	-129
Income from plan assets	-67	-128	61
Past service cost	-1,301	-122	-1,179
Administrative costs of the trust	115	152	-37
Settlement of a Swiss pension plan	0	-4,542	4,542
Cost of defined benefit obligation	**995**	**-926**	**1,921**
+ Defined contribution plan cost	3,332	3,770	-438
= Expenses for pension commitments in the reporting period	**4,327**	**2,844**	**1,483**

BALANCE SHEET VALUE (in EUR '000)

	2021	2020	Change
Present value of provisioned benefit entitlements	41,321	49,682	-8,361
Present value of funded benefit entitlements	40,655	34,411	6,244
DBO: Projected benefit obligation of pension commitments	**81,976**	**84,093**	**-2,117**
Market value of plan assets	-40,655	-34,411	-6,244
Net obligation = provision	**41,321**	**49,682**	**-8,361**
Actuarial gains/losses	-24,394	-30,555	6,164
Opening balance: amount carried on the statement of financial position as of Jan. 1	**49,682**	**52,942**	**-3,260**
Pension obligation expenses	995	-926	1,921
Pension payments	-2,777	-2,935	158
Actuarial gains/losses recognized in equity	-3,834	897	-4,731
Exchange rate changes	520	-296	816
Change in scope of consolidation/netting	-3,265	0	-3,265
Closing balance: amount carried on the statement of financial position as of Dec. 31	**41,321**	**49,682**	**-8,361**
Underlying assumptions in %:			
Discount factor			
Germany	1.00	0.75	
Switzerland	0.35	0.15	
Salary trend			
Germany	2.50	2.50	
Switzerland	0.90	0.90	
Pension trend			
Germany	1.75	1.75	
Switzerland	0.00	0.00	
Expected income from plan assets			
Germany	1.00	0.75	
Switzerland	0.00	0.00	

In the previous year, benefit obligations in Switzerland were settled with a defined benefit obligation of EUR 14,600 thousand due to the discontinuation of BACHER AG.

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 5,442 thousand (previous year: EUR 5,815 thousand) or increase net obligation by EUR 6,050 thousand (previous year: EUR 7,628 thousand). An increase or decrease in the pension factor of 0.5 percentage points would increase the net obligation by EUR 1,975 thousand or decrease it by EUR 1,649 thousand respectively.

In connection with retirement benefits, payments amounting to EUR 3,450 thousand are expected in 2022 (in 2020 for 2021: EUR 3,278 thousand).

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

in EUR '000	2021	2020
Assets as of Jan. 1	**34,411**	**43,526**
Expected income from plan assets	67	128
Ongoing contributions by the companies	2,452	3,283
Pensions paid	1,324	-2,989
Netting/other	768	237
Settlement of a Swiss pension plan	0	-10,058
Exchange rate changes	1,633	284
Assets as of Dec. 31	**40,655**	**34,411**

The statement of financial position also contains reimbursement claims of EUR 975 thousand (previous year: EUR 640 thousand).

[29] Other Provisions

Other provisions include interest in the amount of EUR 17 thousand (previous year: EUR 28 thousand).

PROVISIONS 2021 (in EUR '000)

	Opening balance Jan. 1, 2021	Change in scope of consolidation	Utilization	Reversals	Addition/ newly created	Exchange rate difference	Closing balance Dec. 31, 2021
Sales and purchasing obligations	35,916	-883	28,268	4,166	40,011	163	42,773
Personnel expenses	24,021	1,164	20,970	798	26,281	120	29,818
Other provisions	18,806	-724	11,084	1,048	11,071	167	17,188
Total	**78,743**	**-443**	**60,322**	**6,012**	**77,363**	**450**	**89,779**

Liabilities from sales activities include provisions for warranties based on legal or de facto obligations, liabilities for customer bonuses and rebates as well as estimated values for anticipated invoices. Provisions for personnel expenses are formed for personnel credit hours, service anniversaries, partial retirement, severance commitments, and similar obligations. Other provisions relate to 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 obligations recognized as per IAS 37.

[30] Financial Liabilities

FINANCIAL LIABILITIES/DEVELOPMENT

(in EUR '000)

	Jan. 1, 2021 Carrying amount	Cash-effective	Not cash-effective			Dec. 31, 2021 Carrying amount
			Initial recognition	Changes in scope of consolidation	Exchange rate change	
Liabilities to banks	340,405	-62,722	0	3,651	-12	281,322
Lease liabilities	86,120	-20,964	29,245	-123	847	95,125
Promissory note loans	287,089	-23,082	0	0	0	264,007
Total financial liabilities	**713,614**	**-106,768**	**29,245**	**3,528**	**835**	**640,454**

	Jan. 1, 2020 Carrying amount	Cash-effective	Not cash-effective			Dec. 31, 2020 Carrying amount
			Initial recognition	Changes in scope of consolidation	Exchange rate change	
Liabilities to banks	361,694	-21,282	0	0	-7	340,405
Lease liabilities	74,520	-19,569	33,177	-1,557	-451	86,120
Promissory note loans	245,172	41,917	0	0	0	287,089
Total financial liabilities	**681,386**	**1,066**	**33,177**	**-1,557**	**-458**	**713,614**

FINANCIAL LIABILITIES/DERIVATIVES

(in EUR '000)

	Dec. 31, 2021 Carrying amount	Repayment obligation		
		Up to 1 year	From 1 to 5 years	From 5 years
Liabilities to banks				
in EUR, the Group's currency	280,434	93,099	176,638	10,697
in South African rand	888	888	0	0
Lease liabilities	95,125	26,099	50,408	18,618
Promissory note loans	264,007	43,082	119,925	101,000
Total financial liabilities	**640,454**	**163,168**	**346,971**	**130,315**
Notional value of derivatives	160,554	47,329	108,816	4,409

	Dec. 31, 2020 Carrying amount	Repayment obligation		
		Up to 1 year	From 1 to 5 years	From 5 years
Liabilities to banks				
in EUR, the Group's currency	338,883	98,772	219,460	20,651
in other currencies	1,522	1,522	0	0
Lease liabilities	86,120	16,465	53,430	16,225
Promissory note loans	287,089	43,082	158,007	86,000
Total financial liabilities	**713,614**	**159,841**	**430,897**	**122,876**
Notional value of derivatives	209,083	53,823	137,961	17,299

[31] Other Liabilities

in EUR '000	Dec. 31, 2021	Current	Non-current	Dec. 31, 2020	Current	Non-current
Liabilities to outside shareholders	64,187	19,594	44,593	30,683	13,167	17,516
Liabilities for employees	20,503	20,503	0	19,344	19,344	0
Derivative financial instruments	2,601	2,601	0	4,279	4,279	0
Advance payments received	25,683	25,683	0	9,709	9,491	218
Contract liabilities	27,377	27,377	0	25,315	25,315	0
Other tax liabilities	10,143	10,143	0	9,572	9,572	0
Accrual of payments not relating to the reporting period	4,640	4,472	168	3,042	2,784	258
Investment subsidies	1,556	0	1,556	1,604	0	1,604
Customer credit notes	11,786	11,786	0	5,992	5,992	0
Sundry other liabilities	4,370	3,664	706	4,774	4,231	543
Total	**172,846**	**125,823**	**47,023**	**114,314**	**94,175**	**20,139**

Liabilities to outside shareholders of EUR 53,563 thousand (previous year: EUR 18,990 thousand) include contingent purchase price liabilities, carried at fair value, insofar as the minority shareholders can tender shares to INDUS by terminating the Articles of Incorporation or on the basis of option agreements. During the financial year, there were new purchase price commitments of EUR 39,339 thousand, EUR 4,403 thousand was recognized in income, and EUR 363 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.

Other Disclosures

[32] Information on the Statement of Cash Flows

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

in EUR '000	2021	2020
Cash-effective attributable to the acquisition of portfolio companies	71,115	0
Less purchased cash	-3,787	0
Net purchase price	**67,328**	**0**

Cash and cash equivalents include limited-authorization accounts amounting to EUR 663 thousand (previous year: EUR 400 thousand). Investing and financing transactions of EUR 5,143 thousand (previous year: EUR 494 thousand) that did not lead to changes in cash and cash equivalents are not included in the statement of cash flows.

The proceeds from the disposal of shares in fully consolidated companies were composed of the sales price of EUR 10,000 thousand received in financial year 2021, less cash sold of EUR 2,151 thousand.

EUR 22,818 thousand (previous year: EUR 21,364 thousand) was paid for leases (interest and principal repayment) in the financial year.

[33] Segment Reporting

SEGMENT INFORMATION

SEGMENT REPORT IN ACCORDANCE WITH IFRS 8

(in EUR '000)

	Construction/ Infrastructure	Automotive Technology	Engineering	Medical Engineering/ Life Science	Metals Technology	Total segments	Reconciliation	Consolidated financial statements
2021								
Revenue with external third parties								
from customer contracts	416,217	269,985	286,242	142,795	420,409	1,535,648	30	1,535,678
in accordance with the over time method	35,181	929	151,719	0	0	187,829	0	187,829
from service contracts	188	10,946	979	5,878	0	17,991	0	17,991
Revenue with external third parties	**451,586**	**281,860**	**438,940**	**148,673**	**420,409**	**1,741,468**	**30**	**1,741,498**
Revenue with Group companies	44,290	84,784	72,405	19,277	68,701	289,457	-289,457	0
Revenue	**495,876**	**366,644**	**511,345**	**167,950**	**489,110**	**2,030,925**	**-289,427**	**1,741,498**
Segment earnings (EBIT)	**70,524**	**-57,282**	**56,923**	**12,114**	**42,261**	**124,540**	**-9,140**	**115,400**
Depreciation/amortization	**-19,107**	**-35,705**	**-22,696**	**-10,900**	**-15,642**	**-104,050**	**-932**	**-104,982**
of which amortization	-19,107	-27,516	-22,696	-10,900	-15,642	-95,861	-932	-96,793
of which impairment	0	-8,189	0	0	0	-8,189	0	-8,189
Segment EBITDA	**89,631**	**-21,577**	**79,619**	**23,014**	**57,903**	**228,590**	**-8,208**	**220,382**
Income from measurement according to the equity method	**-310**	**83**	**1,309**	**0**	**0**	**1,082**	**0**	**1,082**
Investments	**48,578**	**27,664**	**40,881**	**11,607**	**14,005**	**142,735**	**191**	**142,926**
of which company acquisitions	32,700	0	34,628	0	0	67,328	0	67,328
of which acc. to the equity method	0	0	0	0	0	0	0	0
Dec. 31, 2021								
Shares accounted for using the equity method	3,770	808	0	0	0	4,578	0	4,578
Goodwill	134,190	19,375	163,554	69,639	23,040	409,798	0	409,798

SEGMENT REPORT IN ACCORDANCE WITH IFRS 8

(in EUR '000)

	Construction/ Infrastructure	Automotive Technology	Engineering	Medical Engineering/ Life Science	Metals Technology	Total segments	Reconciliation	Consolidated financial statements
2020								
Revenue with external third parties								
from customer contracts	347,643	241,701	232,175	136,819	393,566	1,351,904	-242	1,351,662
in accordance with the over time method	36,321	19,836	136,876	0	0	193,033	0	193,033
from service contracts	58	7,619	948	5,234	0	13,859	0	13,859
Revenue with external third parties	**384,022**	**269,156**	**369,999**	**142,053**	**393,566**	**1,558,796**	**-242**	**1,558,554**
Revenue with Group companies	35,493	73,697	64,960	16,120	54,519	244,789	-244,789	0
Revenue	**419,515**	**342,853**	**434,959**	**158,173**	**448,085**	**1,803,585**	**-245,031**	**1,558,554**
Segment earnings (EBIT)	**64,475**	**-87,840**	**31,418**	**10,209**	**14,363**	**32,625**	**-7,545**	**25,080**
Depreciation/amortization	**-15,419**	**-61,132**	**-22,447**	**-10,160**	**-22,555**	**-131,713**	**-917**	**-132,630**
of which amortization	-15,419	-27,363	-20,147	-10,160	-18,072	-91,161	-917	-92,078
of which impairment	0	-33,769	-2,300	0	-4,483	-40,552	0	-40,552
Segment EBITDA	**79,894**	**-26,708**	**53,865**	**20,369**	**36,918**	**164,338**	**-6,628**	**157,710**
Income from measurement according to the equity method	**-79**	**-194**	**1,060**	**0**	**0**	**787**	**0**	**787**
Investments	**18,123**	**17,988**	**4,111**	**6,230**	**6,885**	**53,337**	**165**	**53,502**
of which company acquisitions	0	0	0	0	0	0	0	0
of which acc. to the equity method	0	1,014	0	0	0	1,014	0	1,014
Dec. 31, 2020								
Shares accounted for using the equity method	4,080	720	2,727	0	0	7,527	0	7,527
Goodwill	115,759	21,913	150,581	69,639	23,040	380,932	0	380,932

RECONCILIATION

(in EUR '000)

	2021	2020
Segment earnings (EBIT)	**124,540**	**32,625**
Areas not allocated incl. holding company	-9,305	-7,554
Consolidations	165	9
Financial income	-16,327	-15,446
Earnings before taxes	**99,073**	**9,634**

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The classification of segments corresponds without change to the current state of internal reporting. The companies are assigned to the segments based on their selling markets if the large majority of their range is sold in a particular market environment (Automotive Technology, Medical Engineering/Life Science). Otherwise they are classified by common features in their production structure (Construction/Infrastructure, Engineering, Metals Technology). The reconciliations contain the figures of the holding company, non-operating units not allocated to any segment, and consolidations. See the explanation provided in the management report regarding the products and services that generate segment sales.

The key control variable for the segments is operating income (EBIT) as defined in the consolidated financial statements. The information pertaining to the segments has been ascertained in compliance with the reporting and valuation methods that were applied in the preparation of the consolidated financial statements. 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
2021				
Revenue with external third parties	1,741,498	910,348	343,915	487,235
Dec. 31, 2021				
Non-current assets, less deferred taxes and financial instruments	1,072,987	893,656	50,022	129,309
2020				
Revenue with external third parties	1,558,554	801,805	346,678	410,071
Dec. 31, 2020				
Non-current assets, less deferred taxes and financial instruments	978,713	830,743	57,378	90,592

[34] 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, 2021					
Financial investments	8,794	0	8,794	2,517	6,277
Cash and cash equivalents	136,320	0	136,320	0	136,320
Receivables	168,890	13,402	155,488	0	155,488
Other assets	39,014	12,617	26,397	0	26,397
Financial instruments: Assets	**353,018**	**26,019**	**326,999**	**2,517**	**324,482**
Financial liabilities	640,454	0	640,454	0	640,454
Trade payables	62,178	0	62,178	0	62,178
Other liabilities	172,846	71,755	101,091	56,164	44,927
Financial instruments: Equity and liabilities	**875,478**	**71,755**	**803,723**	**56,164**	**747,559**
Dec. 31, 2020					
Financial investments	7,130	0	7,130	2,509	4,621
Cash and cash equivalents	194,701	0	194,701	0	194,701
Receivables	161,943	10,699	151,244	0	151,244
Other assets	24,317	12,914	11,403	145	11,258
Financial instruments: Assets	**388,091**	**23,613**	**364,478**	**2,654**	**361,824**
Financial liabilities	713,614	0	713,614	0	713,614
Trade payables	48,926	0	48,926	0	48,926
Other liabilities	114,314	52,090	62,224	23,269	38,955
Financial instruments: Equity and liabilities	**876,854**	**52,090**	**824,764**	**23,269**	**801,495**

The fair value of financial liabilities that are measured at amortized costs is EUR 648,256 thousand (previous year: EUR 732,962 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, 2021	Dec. 31, 2020	2021	2020
Financial assets measured at fair value through profit and loss	0	145	-145	111
Financial assets measured at cost	324,482	361,824	484	-5,296
Financial assets recognized at fair value directly in equity – of which equity instruments	2,517	2,509	0	0
Financial instruments: Assets	**326,999**	**364,478**	**339**	**-5,185**
Financial liabilities measured at fair value through profit and loss	53,563	18,990	0	0
Financial liabilities measured at cost	747,559	801,495	84	-1,329
Derivatives with hedging relationships, hedge accounting	2,601	4,279	0	0
Financial instruments: Equity and liabilities	**803,723**	**824,764**	**84**	**-1,329**

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 140 thousand (previous year: EUR 234 thousand). The corresponding total interest expenses are EUR 14,274 thousand (previous year: EUR 16,030 thousand).

TYPE AND SCOPE OF RISKS RESULTING FROM FINANCIAL INSTRUMENTS

PRINCIPLES OF FINANCIAL RISK MANAGEMENT

In keeping with the philosophy of INDUS Holding AG, the assessment and management of operating risks is the responsibility of the portfolio 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 rate and exchange rate risks are hedged using non-derivative and derivative financial instruments, with the latter being transacted solely for hedging 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 the 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 is 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 using 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 (2021: EUR 135,120,000, previous year: EUR 194,701,000). It also has unused credit lines totaling EUR 82,736 thousand (previous year: EUR 83,620 thousand).

Loans are widely diversified, thereby preventing the company from becoming dependent on individual lenders. 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. In the 2020 financial year, a promissory note loan with a sustainability component (ESG-linked) in the amount of EUR 60,000 thousand was taken out. The interest on the promissory note loan is linked to the sustainability rating.

Another ESG-linked promissory note loan with a volume of EUR 56,000 thousand was issued on December 1, 2021. Funds were credited on January 12, 2022.

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. 31,2021			Dec. 31, 2020		
	Up tp 1 year	From 1 to 5 years	From 5 years	Up tp 1 year	From 1 to 5 years	From 5 years
Interest rate derivatives	1,373	2,157	25	1,804	3,385	170
Total derivative financial instruments	**1,373**	**2,157**	**25**	**1,804**	**3,385**	**170**
Financial liabilities	173,305	367,514	141,278	171,350	455,247	135,212
of which lease liabilities	27,125	52,227	19,641	18,974	58,439	16,908
Trade payables	62,178	0	0	48,926	0	0
Other liabilities	123,222	45,467	1,556	89,896	18,536	1,604
Total financial instruments	**358,705**	**412,981**	**142,834**	**310,172**	**473,783**	**136,816**

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.

A concentration of default risks arising from business relationships exists in the Automotive Technology segment and results from the segment's oligopolistic customer structure. Based on the total stock of trade receivables, there are eleven customers (previous year: seven) with a share of more than 1% each. This equates to a share of about 22% of open items as recognized in the consolidated financial statements (previous year: 16%). The ten largest customers accounted for approximately 24% of Group sales (previous year: approximately 20%).

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 the case 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.

RECEIVABLES FROM CUSTOMERS AND ASSOCIATED COMPANIES AND CONTRACT ASSETS

(in EUR '000)

	2021	2020
Carrying amount	168,890	161,943
of which valuation allowance	4,756	5,946
Gross amount of receivables before valuation allowance	173,646	167,889
of which as per reporting date		
neither impaired nor past due	137,663	134,556
not impaired and past due by the following		
less than 3 months	25,510	21,432
between 3 and 6 months	2,533	3,596
between 6 and 9 months	1,263	1,086
between 9 and 12 months	898	564
more than 12 months	1,732	1,460

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

DEFAULT RISK FOR RECEIVABLES

(in EUR '000)

	Loss rate (weighted average)	Gross carrying amount	Expected loss	Impaired credit rating
Not past due and 1 to <3 months past due	1.04%	163,173	1,692	No
3 to <6 months past due	7.19%	2,533	182	No
6 to <9 months past due	5.23%	1,263	66	No
9 to <12 months past due	4.57%	898	41	No
>12 months past due	3.18%	1,732	55	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 by 100 basis points in parallel. 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):

SENSITIVITY ANALYSIS FOR MARKET PRICE RISK (in EUR '000)

	Dec. 31, 2021		Dec. 31, 2020	
	BP +100	BP -100	BP +100	BP -100
Market value of derivatives	2,853	-2,982	4,598	-4,834
of which equity/hedges	2,853	-2,982	4,598	-4,834
of which interest expense per statement of income	0	0	0	0
Market value of loans	11,165	-11,895	11,571	-12,199
Total market value	**14,018**	**-14,877**	**16,169**	**-17,033**

Since interest rate risks are virtually completely hedged against, economically speaking, 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. The instruments employed are forward exchange transactions and suitable options.

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.

Assuming that the exchange rates of all foreign currencies were to rise by 10% against the euro as of the reporting date, net income from currency conversion would change by EUR -6,989 thousand (previous year: EUR -4,631 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 5,180 thousand (previous year: EUR 10,113 thousand) were in place. The currency hedges relate to transactions in US dollars (previous year: US dollars and British pounds). Hedging contracts have a market value of EUR -5 thousand (previous year: EUR -40 thousand).

Interest rate hedges account for a nominal volume of EUR 155,261 thousand (previous year: EUR 198,828 thousand). The market values amounted to EUR -2,601 thousand (previous year: EUR -4,279 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.

FINANCIAL STATEMENT ACCOUNTING OF HEDGING TRANSACTIONS AS HEDGE ACCOUNTING

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

HEDGE ACCOUNTING PURSUANT TO IFRS 9 (in TEUR)

	Nominal amounts	Carrying amount of hedging instruments	Balance sheet item	Changes in hedging instrument values recognized in other income
Dec. 31, 2021				
Cash flow hedges				
Interest rate hedges	155,260	-2,601	Other current liabilities	1,678
Exchange rate hedges	0	0	Other current liabilities	0
Total		**-2,601**		**1,678**
Dec. 31, 2020				
Cash flow hedges				
Interest rate hedges	198,828	-4,279	Other current liabilities	1,840
Exchange rate hedges	0	0	Other current liabilities	137
Total		-4,279		1,977

The average interest rate for interest rate hedges is 0.82% (previous year: 0.94%). As in the previous year, there were no 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. 1, 2020	-6,248	1,004
Change in fair value		
Interest rate hedges	1,840	-291
Exchange rate hedges	137	-41
As of Dec. 31, 2020	**-4,271**	**672**
As of Jan. 1, 2021	-4,271	672
Change in fair value		
Interest rate hedges	1,678	-264
Exchange rate hedges	0	0
As of Dec. 31, 2021	**-2,593**	**408**

[35] Collateral Furnished

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

PLEDGED ASSETS (in EUR '000)

	2021	2020
Land charges	18,714	18,146
Pledged assets	162	150
Other collateral	81	752
Total collateral	**18,957**	**19,048**

[36] Contingent Liabilities

Liabilities from guarantees exist in the amount of EUR 6,637 thousand (previous year: EUR 7,218 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.

[37] Other Financial Obligations

Obligations from purchase commitments for fixed assets came to EUR 11,551 thousand (previous year: EUR 18,056 thousand), of which EUR 11,416 thousand (previous year: EUR 18,032 thousand) was for property, plant, and equipment, and EUR 135 thousand (previous year: EUR 24 thousand) was for intangible assets. In addition, there is a payment obligation from a multi-year customer contract in the amount of EUR 1,000 thousand (previous year: EUR 1,500 thousand).

[38] Related Party Transactions

MEMBERS OF MANAGEMENT IN KEY POSITIONS AND AFFILIATED PERSONS

In line with the structure of the INDUS Group, key management personnel include 12 members of the Supervisory Board (previous year: 12 members), 4 people on the Board of Management of INDUS Holding AG (previous year: 4 people), and the managing directors of the operating units (2021: 120 people, previous year: 113 people).

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

COMPENSATION OVERVIEW (in EUR '000)

	Expense in the period	of which salaries	of which SAR*	of which severance payments	of which pensions
2021					
INDUS Holding AG					
Supervisory Board	706	706	0	0	0
Board of Management**	3,277	2,487	790	0	0
Subsidiaries					
Managing directors	22,711	22,300	0	0	411
Family members	191	191	0	0	0
Total	**26,885**	**25,684**	**790**	**0**	**411**
2020					
INDUS Holding AG					
Supervisory Board	751	751	0	0	0
Board of Management**	2,810	2,460	350	0	0
Subsidiaries					
Managing directors	20,220	19,514	0	0	706
Family members	196	196	0	0	0
Total	**23,977**	**22,921**	**350**	**0**	**706**

* SAR = Stock Appreciation Rights = virtual stock options
** Benefits granted are to be disclosed for members of the Board of Management.

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. This 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 the two aforementioned sums, and the deputy receives one-and-a-half times these amounts. Each member of a Supervisory Board committee receives compensation in the amount of EUR 5 thousand in addition to reimbursement of out-of-pocket expenses for his/her 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 2021 (previous year: seven times).

For further information about Supervisory Board compensation we refer to our separate Compensation Report.

BOARD OF MANAGEMENT COMPENSATION

For the 2021 financial year, the compensation paid to the members of the Board of Management of INDUS Holding Aktiengesellschaft 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 new 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.

LONG-TERM INCENTIVE PROGRAM UNTIL 2020 (OLD COMPENSATION SYSTEM)

The old long-term incentive program (LTI program) consisted of awarding virtual stock options (SAR, stock appreciation rights). 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 is granted a tranche of SARs each year. 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 exercise price of the tranche's SAR on exercise and a defined payout threshold 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 55,031 SAR were granted in 2020. On the date on which they were granted, the total fair value of the SARs was EUR 350 thousand. Until December 31, 2021 there were 228,264 granted and not yet exercised SAR (previous year: 268,505). The fair value of previously granted, not yet exercised SARs totaled EUR 505 thousand as of the reporting date (previous year: EUR 976 thousand). A provision for this amount was recognized in the annual financial statements. The addition is included in personnel expenses at EUR 0 (previous year: EUR 386 thousand). A liquidation of EUR 471 thousand is recognized in other operating income (previous year: EUR 46 thousand). 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 (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 – PSU) are awarded to the members of the Board of Management at the beginning of each performance period. The number of PSU 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 PSU is reduced accordingly and may also be zero if the target is not met by a large margin. Overachievement against the targets results in a bonus factor of more than 100%, and the number of PSU 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.

The first 25,380 virtual performance shares (VPS) from the new LTI program were awarded in financial year 2021. This performance period for this plan (LTI Plan 2021) runs until December 31, 2024. Any payments under the LTI Plan 2021 will be made in 2025. On the date on which they were granted, the total fair value of the VPS was EUR 790 thousand. As of December 31, 2021 there were 25,380 granted and not yet exercised VPS. The fair value of previously granted, not yet exercised VPS totaled EUR 676 thousand as of the reporting date. A provision for this amount was recognized in the annual financial statements. The same amount is included in personnel expenses.

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 be paid for a maximum of the period through the end of their employment contracts, or a total term of two financial years if the regular end of the contract differs from this period.

TOTAL COMPENSATION GRANTED

For the 2021 and the previous financial year, the compensation paid to 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). The long-term incentive program, structured as a virtual performance share plan (VPSP), was in effect in 2021. Virtual stock options (SAR, stock appreciation rights) were awarded for the previous year as part of the old LTI program (until 2020).

Board of Management members received a total of EUR 2,794 thousand (previous year: EUR 2,794 thousand). A total of EUR 3,277 thousand is attributable to the financial year (previous year: EUR 2,810 thousand), of which EUR 1,747 thousand is attributable to fixed compensation (previous year: EUR 1,720 thousand), EUR 740 thousand to short-term variable compensation (previous year: EUR 740 thousand) and EUR 790 thousand to the virtual stock options (previous year: EUR 350 thousand). The previous year variable compensation amounted to EUR -483 thousand (previous year: EUR -16 thousand).

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 DISCLOSURES

(in EUR '000)

	Sales and other operating income	Purchase of goods	Other purchases	Outstanding amounts	Loans made
2021					
Related companies	1,659	41	252	905	858
Family members of managing directors and shareholders	1	153	5	0	0
Non-controlling shareholders	14,220	0	0	0	0
Managing directors of portfolio companies	0	0	71	4	1,000
Total related parties	**15,880**	**194**	**328**	**909**	**1,858**
2020					
Related companies	3,775	82	61	1,595	839
Family members of managing directors and shareholders	0	87	63	0	0
Non-controlling shareholders	12,923	0	873	0	0
Managing directors of portfolio companies	0	0	172	0	0
Total related parties	**16,698**	**169**	**1,169**	**1,595**	**839**

Revenue of EUR 14,220 thousand (previous year: EUR 12,923 thousand) was recognized in 2021 from a business relationship with a related company of a non-controlling shareholder.

[39] Employees

AVERAGE NUMBER OF EMPLOYEES IN THE FINANCIAL YEAR

	2021	2020
Employees by region		
Germany	7,571	7,588
Europe (EU & Switzerland)	1,609	1,531
Rest of world	1,730	1,525
Total	**10,910**	**10,644**
Employees by segment		
Construction/Infrastructure	2,173	1,898
Automotive Technology	3,277	3,202
Engineering	2,289	2,243
Medical Engineering/Life Science	1,613	1,646
Metals Technology	1,520	1,616
Other	38	39
Total	**10,910**	**10,644**

[40] Cost of the Annual Financial Statements and Audit of the Consolidated Financial Statements

External auditor Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft's fee for auditing the consolidated financial statements amounted to EUR 611 thousand (previous year: EUR 458 thousand), of which EUR 32 thousand (previous year: EUR 3 thousand) was for previous years, EUR 40 thousand (previous year: EUR 55 thousand) for other confirmation and valuation services, of which EUR 5 thousand for previous years (previous year: EUR 5 thousand), EUR 38 thousand (previous year: EUR 38 thousand) for accountancy services and EUR 30 thousand (previous year: EUR 0) for other services. “Confirmation services” refer to the review of the non-financial statement of INDUS Group, the material compensation report and confirmation of a covenant.

[41] German Corporate Governance Code

Pursuant to Section 161 of the German Stock Corporation Act (AktG), the Board of Management and the Supervisory Board submitted a German Corporate Governance Code declaration in December 2021 and made it available to shareholders on the INDUS Holding Aktiengesellschaft website.
www.indus.de/en

[42] With Section 264 (3) and Section 264b 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, the subsidiaries are listed to which exemption from disclosure duties has been applied in accordance with Section 264 (3) and Section 264b of the German Commercial Code (HGB) as of December 31, 2021.

[43] Events After the Reporting Date

Russia began military action against Ukraine on February 24, 2022. We are closely monitoring the situation and understand that the economic consequences of the war between Russia and Ukraine will also likely impact the business activities of the INDUS Group portfolio companies. Material adverse effects on assets, finances, and profit for financial year 2022 cannot be ruled out. The scope of these effects cannot currently be known or quantified and thus do not constitute part of our forecast.

The portfolio companies of the INDUS Group generated sales of some EUR 17 million with customers in Russia in 2021 and of some EUR 3 million with customers in Ukraine. This represents around 1.2% of total Group sales in 2021. Sales to customers in Russia and Ukraine stem principally from the Metals Technology segment. The loss of this business will not have a material impact on the financial position and financial performance of the INDUS Group. INDUS Holding AG does not have any operating subsidiaries or plants in Russia or Ukraine.

Bergisch Gladbach, March 16, 2022

INDUS Holding AG

The Board of Management

Dr. Johannes Schmidt

Dr. Jörn Großmann

Axel Meyer

Rudolf Weichert