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COMPANY AND SHAREHOLDERS

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We are firmly focused on our 2025 targets

From labor shortages to interest rate hikes – 2022 was another demanding year for the INDUS Group. The Group has repositioned itself strategically with PARKOUR perform and set out the path for the coming years. INDUS Board of Management Interview.

2022 was a challenging year. How would you describe it looking back?

DR. JOHANNES SCHMIDT – We didn't let ourselves get distracted by the difficult conditions resulting from the coronavirus and the war, supply chain problems, price increases, and labor shortages. All in all, our portfolio companies performed well. They faced the challenges, had the foresight to ensure they had sufficient materials, and passed on the majority of the cost increases. At the holding company, we used these times of crises to identify opportunities and reposition the Group. We refined our strategy and focused our portfolio on future fields in industrial technology. We decided to part ways with the loss-making series suppliers in the Automotive Technology segment. It took great effort from all involved, but it has been worth it. We're grateful to all employees in the portfolio companies and the holding company for their dedication.

RUDOLF WEICHERT – This overall picture is reflected in the figures for the financial year. Sales from continuing operations increased by 10 percent to EUR 1.8 billion. The EBIT margin before impairment almost came to 10 percent. That's one side of the coin; the other side shows sales from discontinued operations of around EUR 110 million, and

earnings after taxes of EUR -123.9 million in this instance. We are seeing the consequences of our decision to divest from the series suppliers – a difficult step, but one that will pay off in the coming years.

Cost pressure on the portfolio companies was considerable. How did they manage?

AXEL MEYER – 2022 clearly showed that the portfolio companies who worked on the optimization of their own cost items with determination while also passing on price increases made it through the year



with ease. The support offers that have been available for a number of years as part of our “Improving Performance” strategic initiative to attain operational excellence in all business processes play a decisive role in safeguarding the profitability of our portfolio companies, even under difficult economic conditions. In times when it is necessary to increase prices, it is vitally important that customer relationships are maintained so that long-term partnerships remain healthy, despite difficult price negotiations. We supported our managing and sales directors actively over the last year with targeted seminars and training courses aimed at helping them formulate their arguments in a comprehensible manner and to succeed in negotiations with customers.

DR. JÖRN GROßMANN – Driven by the sharp increase in the cost of energy in the 2022 financial year, one focal point was naturally on initiatives to reduce energy consumption. This also contributed to achieving one of the most important targets of our “Striving for Sustainability” strategic initiative – a reduction in our Group’s greenhouse gas emissions. Our portfolio companies also identified potential energy substitutes in added value processes, such as replacing gas with electricity. We supported technical improvements that significantly reduced portfolio companies’ energy consumption through our sustainability development bank.

Let’s come back to the strategy update: why was it necessary?

DR. JOHANNES SCHMIDT – We’re currently experiencing a number of great upheavals. And they’re happening in the economy, too. We therefore asked ourselves what our strengths are, what we’re good at, and also what we want to improve. In the past, INDUS was a broad-base, long-term financial investor. Now INDUS is an investment company focused on the



technology-oriented industrial SME sector. With **PARKOUR perform**, we’re building on our strength, diversification, where we already have a solid footing – in highly specialized industrial technology in innovative niches of the market. We are repositioning ourselves with the Engineering, Infrastructure, and Materials segments. We have defined the future fields that will drive our development and we will be speeding up development of our portfolio companies and the acquisition of new companies.

You’re parting ways with the series suppliers in the Automotive Technology segment. What specific impacts will this restructuring have?

DR. JOHANNES SCHMIDT – As part of the strategy update, we have decided to sell SELZER and SCHÄFER by the end of 2023. Productive talks are already underway. This

will free us of the heavy losses in the automotive sector. As a result, the items on the statement of income from SMA, SCHÄFER and SELZER were assigned to discontinued operations from the end of the 2022 financial year. We have recognized the necessary impairment and can now make a fresh start following the 2022 annual financial statements.

Rising cost of capital, value adjustments. What does this mean for INDUS in terms of its financial strength?

RUDOLF WEICHERT – The steep interest rate hikes by central banks around the world have led to a considerable increase in interest rates in recent months. It remains to be seen whether, as currently expected, the highest rates will be seen by mid-2023. Higher interest rates impact us in the form of a significantly higher cost of capital and as a result in impairment losses following impairment testing. Higher interest rates also make it more expensive to take on new credit. In light of this, it is important that we return to our former earning power and follow free cash flow developments closely. Free cash flow also allows us to reduce our net debt, and this is one of the reasons why we have defined free cash flow as an additional management variable.

Do you have to change how the portfolio companies are managed?

DR. JOHANNES SCHMIDT – We introduced segment management with the strategy update. In short, this means one member of the Board of Management is now responsible for one segment. This member will focus the portfolio companies' activities on



the future fields, drive organic and inorganic growth, and ensure that the segment's management is focused on earnings and value. This means supporting the portfolio companies more closely. The focus is on exploiting growth opportunities.

Will INDUS continue to grow through acquisitions?

DR. JÖRN GROßMANN – The acquisition of companies with a promising future remains an important source of growth for the INDUS portfolio. In addition to growth acquisitions at portfolio level, complementary additions for existing portfolio companies remain a focal point. One good example of this is the complementary acquisition of QUICK Bauprodukte GmbH at the beginning of January 2023 for our portfolio company BETOMAX. In my segment, Infrastructure, infrastructure buildings are an important future field. Quick complements BETOMAX's range of products, particularly in the area of bridge construction. This opens up new growth opportunities for both companies in a segment of the market with a promising future.

AXEL MEYER – With HEIBER + SCHRÖDER and HELD, we were able to complete two very fitting growth acquisitions for the Engineering segment in 2022. Machinery

from HEIBER + SCHRÖDER is used in automated processes in the cardboard industry. Global trends such as automation and sustainability promise great growth potential. As a supplier of specialized laser cutting and welding equipment, the HELD Group is a broadly positioned company in terms of application areas. With its innovativeness, it is continually tapping into new market segments – such as innovative laser welding systems for the manufacture of electrodes in the future field of hydrogen electrolysis. I'm particularly pleased that both of the newly acquired companies made positive contributions to income in 2022, despite the high level of depreciation/amortization resulting from initial consolidation.

How reliable is the INDUS dividend?

DR. JOHANNES SCHMIDT – INDUS continues to pay dividends. We pay out around 50 percent of our balance sheet profit. This is something our shareholders can depend on.

RUDOLF WEICHERT – Our repositioning in 2022 resulted in considerable non-cash value allowances and impairment. Nevertheless, we want our shareholders to share in the good operating performance of our continuing operations and the cash flow generated there, despite the difficult conditions throughout the year. Together with the Supervisory Board, we will therefore propose a dividend of EUR 0.80 per share at the Annual Shareholders' Meeting.

What are your expectations for 2023? What are the biggest building sites?

DR. JOHANNES SCHMIDT – Our strategic repositioning means we are focusing firmly on our medium-term goals until 2025 – sales significantly above EUR 2 billion, despite sell offs, and an EBIT margin back over 10 percent. 2025 is not far away. We're hitting the ground running in 2023; the strength of the INDUS portfolio will become clear to see again. We're focused on successfully completing the sale of the series suppliers. We will push the three new segments forward at speed with the segment management. We will make first- and second-level acquisitions with a clear focus on the predefined future fields. We hope we will receive some tailwind from the macro-economic conditions. <<



Management Bodies

The INDUS Board of Management



DR.-ING. JOHANNES SCHMIDT

CHAIRMAN OF THE BOARD (responsible for the Materials segment)

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



DR. JÖRN GROßMANN

BOARD MEMBER (responsible for the Materials Infrastructure segment)

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



AXEL MEYER

BOARD MEMBER (responsible for the Engineering segment)


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



RUDOLF WEICHERT

BOARD MEMBER (CFO)

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

 Detailed information concerning memberships of the Board members on other Supervisory Boards can be found on p. 141 and online at www.indus.de/en/about-indus/board-of-management

The INDUS Supervisory Board

Supervisory Board members representing shareholders are elected for no longer than the period until the end of the Annual Shareholders' Meeting that resolves the approval of the actions for the fourth financial year after the start of the term in office. The financial year in which the term of office begins is not taken into account here. The Annual Shareholders' Meeting can define a shorter term of office for the Supervisory Board members representing shareholders on their election. Re-election is permitted. Candidates must not be above the age of 70 at the time of their election or re-election. The terms of office of the serving members of the Supervisory Board end with the end of the Annual Shareholders' Meeting in 2023.

JÜRGEN ABROMEIT

Supervisory Board Chairman
(since 2018)

GEROLD KLAUSMANN*

Member of the Supervisory
Board (since 2018)

WOLFGANG LEMB*

Deputy Supervisory Board
Chairman (since 2018)

ISABELLA PFALLER

Member of the Supervisory
Board (until May 31, 2022)

DR. JÜRGEN ALLERKAMP

Member of the Supervisory
Board (since 2007)

BARBARA SCHICK

Member of the Supervisory
Board (since May 31, 2022)

DR. DOROTHEE BECKER

Member of the Supervisory
Board (since 2014)

HELMUTH SPÄTH

Member of the Supervisory
Board (since 2012)

DOROTHEE DIEHM*

Member of the Supervisory
Board (since 2018)

UWE TRINOGGA*

Member of the Supervisory
Board (since 2018)

PIA FISCHINGER*

Member of the Supervisory
Board (since 2018)

CARL MARTIN WELCKER

Member of the Supervisory
Board (since 2010)

CORNELIA HOLZBERGER*

Member of the Supervisory
Board (since 2018)

Supervisory Board Committees

Nomination Committee

Jürgen Abromeit (Chairman of the Board),
Isabella Pfaller until May 31, 2022,
Barbara Schick since May 31, 2022,
Carl Martin Welcker

Personnel Committee



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

Audit Committee

Barbara Schick since May 31, 2022
(Chairwoman and Financial Expert),
Isabella Pfaller until May 31, 2022
(Chairwoman and Financial Expert),
Dr. Jürgen Allerkamp (Financial Expert),
Gerold Klausmann (Financial Expert)

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

Jürgen Abromeit (Chairman),
Pia Fischinger,
Wolfgang Lemb,
Isabella Pfaller until May 31, 2022

  Detailed information concerning memberships on other
Supervisory Boards can be found on p. 140 and online at
www.indus.de/en/about-indus/supervisory-board

* Employee representative

Report of the Supervisory Board



Dear Shareholders,
I would like to take this opportunity to inform you of the Supervisory Board's work over the past financial year.


Cooperation Between the Board of Management and the Supervisory Board

In the reporting year, the Supervisory Board diligently fulfilled its duties under applicable law and the company's Articles of Incorporation. The Supervisory Board continually advised the Board of Management, supervised its management of the company, and ensured that all actions taken were legal and proper and served their intended purpose. The Board of Management fulfilled its informational duties at all times and regularly, promptly, and comprehensively informed the Supervisory Board, both in writing and orally, of all issues relating to strategy, planning, business performance, risk exposure, risk management, compliance, and internal audit that were of material importance to the company and the INDUS Group. This included information about any divergence between the actual performance of the INDUS Group and previously reported goals and of the actual course of business from the originally communicated planning as well as information relating to significant other events.

The members of the Supervisory Board always had sufficient opportunity to critically review, in their plenary sessions and committees, the reports and proposed resolutions presented by the Board of Management, and to introduce suggestions of their own. This kept them informed of current business performance and asset development at all times. Matters to which the Supervisory Board devoted its attention included, in addition to corporate, financial, and investment planning, the company's risk exposure and risk management. Where necessary due to the law, the Articles of Incorporation, or the rules of procedure, the Supervisory Board provided approval on a case-by-case basis for business transactions requiring approval. Between board meetings, the Supervisory Board Chair also engaged in an intensive exchange of information and ideas with the Board of Management and was kept regularly informed of significant company developments as they happened. The Chair of the Audit Committee conferred bilaterally with the Chief Financial Officer and the Supervisory Board Chair on specific subjects. The Supervisory Board as the supervisory body was always included in all fundamental decisions.

Composition of the Supervisory Board

Ms. Isabella Pfaller resigned from the Supervisory Board effective at the end of the Annual Shareholders' Meeting on May 31, 2022. The 2022 Annual Shareholders' Meeting elected Ms. Barbara Schick as her successor. The Supervisory Board resolved to appoint Ms. Schick as the Chairwoman of the Audit Committee. The shareholder representatives on the Supervisory Board elected Ms. Schick as a member of the Nomination Committee. Apart from this, there were no other changes to the Supervisory Board or its committees. Details of the composition of the Supervisory Board and its committees can be found in the Annual Report in the "Management Bodies" section and on the INDUS website.

  See p. 9 and p. 140 et seq. as well as www.indus.de/en/about-indus/supervisory-board

Meeting Frequency and Attendance

The Supervisory Board held eight ordinary meetings in financial year 2022. Four Supervisory Board meetings were held as video conferences. The other four Supervisory Board meetings were held as physical meetings, with the option for individual members to attend by video link. In addition, the resolutions of the shareholder representatives on the Supervisory Board on independence were adopted in a video conference on March 17, 2022. The resolutions of the shareholder representatives on independence and the election of Ms. Schick to the Supervisory Board on April 28, 2022, were made in physical meetings with the option for individual shareholder representatives to join via video conference.

The Board of Management attended all Supervisory Board meetings except for the meeting held on June 8, 2022, although the Supervisory Board also regularly discussed agenda items without the Board of Management. Apart from the excused absence of one member at three Supervisory Board meetings and one Personnel Committee meeting and three other members at one Supervisory Board meeting each, all members of the Supervisory Board and the committees always took part in all meetings of the Supervisory Board and its committees. All shareholder representatives attended the shareholder representative Supervisory Board meetings in person or via video.

SUPERVISORY BOARD MEETINGS IN FINANCIAL YEAR 2022

	Attendance at ordinary meetings	in %
Supervisory Board		
Jürgen Abromeit (Chairman)	8/8	100
Wolfgang Lemb (Deputy Chair)	8/8	100
Dr. Jürgen Allerkamp	7/8	88
Dr. Dorothee Becker	5/8	63
Dorothee Diehm	7/8	88
Pia Fischinger	8/8	100
Cornelia Holzberger	8/8	100
Gerold Klausmann	8/8	100
Isabella Pfaller (until May 31, 2022)	4/4	100
Barbara Schick (from May 31, 2022)	4/4	100
Helmut Späth	7/8	88
Uwe Trinogga	8/8	100
Carl Martin Welcker	8/8	100

COMMITTEE MEETINGS IN FINANCIAL YEAR 2022

	Attendance	in %
Personnel Committee		
Jürgen Abromeit (Chairman)	2/2	100
Dr. Dorothee Becker	1/2	50
Dorothee Diehm	2/2	100
Wolfgang Lemb	2/2	100
Audit Committee		
Isabella Pfaller (Chairwoman until May 31, 2022)	1/1	100
Barbara Schick (Chairwoman from May 31, 2022)	2/2	100
Dr. Jürgen Allerkamp	3/3	100
Gerold Klausmann	3/3	100
Nomination Committee		
Jürgen Abromeit (Chairman)	7/7	100
Isabella Pfaller (until May 31, 2022)	2/2	100
Barbara Schick (from May 31, 2022)	5/5	100
Carl Martin Welcker	7/7	100

Conflicts of Interest

There were no indications that members of the Supervisory Board or Board of Management had conflicts of interest, which must be promptly disclosed to the Supervisory Board and of which the Annual Shareholders' Meeting is to be informed.

Corporate Governance

The Supervisory Board and the Board of Management issued an updated Declaration of Conformity with the German Corporate Governance Code on December 8, 2022, pursuant to Section 161 of the German Stock Corporation Act (AktG). The Declaration does not deviate from the Code and is available on the INDUS website.

Self-assessment of the Supervisory Board and its Committees

The Supervisory Board again performed a self-assessment of the entire body and the Personnel and Audit Committees in 2022. A corresponding survey was distributed to the members of the Supervisory Board in May 2022. The members of the Personnel and Audit Committees received an additional survey. The filled-out surveys were evaluated by the Supervisory Board Chairman and the findings and potential suggestions for the future were discussed at the Supervisory Board meeting on September 22, 2022. Overall, the self-assessment confirmed that the work of the Supervisory Board and the Personnel and Audit Committees was efficient and trustworthy.

Main Topics of the Meetings

The **first ordinary Supervisory Board meeting on March 17, 2022**, focused on the presentation and discussion of the 2021 separate and consolidated financial statements of INDUS Holding AG and the Group and the resolutions on these. Ms. Pfaller, the Chair of the Audit Committee, particularly explained significant aspects of accounting for the consolidated financial statements to the Supervisory Board. At the Audit Committee's recommendation and after in-depth discussion with the external auditor, Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Stuttgart, Cologne branch, the Supervisory Board approved the annual financial statements and the consolidated financial statements as well as the separate non-financial Group report for the financial year 2021. After a thorough review, the Supervisory Board had no objections to make to the joint management report and explanatory report by the Board of Management. In line with the recommendation of the Personnel Committee, the external auditor's formal and material review of the compensation report for the 2021 financial year was approved. The Supervisory Board agreed with the dividend and resolutions proposed by the Board of Management for the 2022 Annual Shareholders' Meeting. Based on the Audit Committee's suggestion, the Supervisory Board resolved to propose PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft at the 2022 Annual Shareholders' Meeting as the first choice for auditor of the separate and consolidated financial statements at the Supervisory Board meeting on December 8, 2021.

Other items on the agenda at the Supervisory Board meetings included the 2021 annual risk management and compliance report, the direct impacts of the war in Ukraine, and the current investments in the automotive field.

In the **second ordinary meeting held on April 28, 2022**, the Supervisory Board acknowledged Ms. Pfaller's resignation from the Supervisory Board effective with the end of the 2022 Annual Shareholders' Meeting, and the shareholder representatives' resolution to nominate Ms. Schick as successor at the 2022 Annual Shareholders' Meeting. The Supervisory Board also dealt with the company's performance in the first quarter of 2022 and specifically the development of the portfolio companies in the Automotive Technology segment, based on a detailed report from the Board of Management. The Board of Management also updated the Supervisory Board on the company's risk situation.

The Supervisory Board held a **third ordinary meeting on May 16, 2022**. The Supervisory Board looked closely at a report from the Board of Management regarding the planned acquisition of the HELD Group, a successful manufacturer of laser technology systems, which the Supervisory Board approved following discussion.

In addition to the company's current performance, the main issues of discussion at the **fourth ordinary meeting on May 30, 2022**, were the Forecast I for the 2022 financial year, a current risk report on the direct and indirect impacts of the war in Ukraine, the composition targets and skill profile of the Supervisory Board, and the Supervisory Board diversity concept. Based on the Nomination Committee's recommendations, the latest versions of these were approved following discussion.

In the **fifth ordinary meeting on June 8, 2022**, the Supervisory Board turned to the topic of a successor for Ms. Pfaller on the Audit and Nomination Committees following her resignation from the Supervisory Board. The Supervisory Board elected new member Ms. Schick as member and Chair of the Audit Committee. The shareholder representatives on the Supervisory Board resolved to elect Ms. Schick as a member of the Nomination Committee.

The Supervisory Board held a **sixth ordinary meeting on September 22, 2022**. The board dealt in depth with the Board of Management's report concerning business performance in the months from January to August 2022 at this meeting. The Board of Management also presented its Forecast II for year-end 2022 on the basis of the results in June 2022 and detailed the further financing strategy. The main topic was the continuation of the discussion regarding the refinement of the corporate strategy. The future outlooks of the portfolio companies SCHÄFER, SELZER, and S.M.A. were discussed in great detail. With regard to S.M.A., the Board of Management explained the current situation and the plan of action in terms of the time limits put on the further financing of the portfolio company to the Supervisory Board. Following a discussion, the Supervisory Board reached a decision on the matter.

On the recommendation of the Nomination Committee, the Supervisory Board also adopted the qualifications matrix for members of the Supervisory Board, which was then published on the INDUS website. The Supervisory Board also looked at the future composition of the body and profiles for two new members, based on an analysis of the skills represented on the Supervisory Board. The Supervisory Board Chairman also presented the findings of the Supervisory Board's self-assessment.



The main topics at the **seventh ordinary meeting on October 25, 2022**, were the Board of Management's in-depth report on developments at S.M.A. and the consequences for INDUS, in addition to the company's performance as of September 2022. Another important issue at the meeting was the continuation of the strategy dialogue with the Board of Management and the adoption of the refined PARKOUR strategy program **PARKOUR perform**. The refined strategy program aims to focus the portfolio on future fields in the industrial technology core skills. The INDUS Group will reposition itself with the segments Engineering,

Infrastructure and Materials. Portfolio companies with positive outlooks will remain part of the new core segments. The loss-making companies SELZER and SCHÄFER from the former Automotive Technology segment will be sold. The newly created segment management will drive the focus on future fields at the portfolio companies and push yield- and value-focused management in the segments.

The Supervisory Board held an **eighth ordinary meeting on December 8, 2022**. At the meeting, the Board of Management reported on the current financial performance as of October 31, 2022, and the outlook for the remainder of the 2022 financial year. The Board of Management also reported on the current operating developments at SELZER and the ongoing sale process with the probable impacts on the valuation and financial statement accounting of the company at year-end 2022. The Supervisory Board acknowledged the Board of Management's report but has not yet made a final decision regarding the sale. The Board of Management then covered the corporate planning process for the 2023 financial year. In the discussion that followed, the Supervisory Board and the Board of Management considered the details and results of the planning process. The Supervisory Board adopted the annual planning without changes. In addition, the Board of Management explained the planned acquisition of QUICK Bauprodukte GmbH by BETOMAX systems GmbH & Co. KG, which the Supervisory Board approved following a debate.

The targets proposed by the Personnel Committee for the short-term variable compensation of the Board of Management for financial year 2023 were also discussed and adopted. The Supervisory Board also turned its attention to the long-term succession planning for the Board of Management. As part of the implementation of the refined **PARKOUR perform** strategy and the associated adjustment of the distribution of responsibility in the Board of Management, the Supervisory Board followed the recommendation of the Personnel Committee and resolved to expand the Board of Management by a further member. The new member sought for the Board of Management will be responsible for the Materials segment.

Work of the Committees

The main task of the Supervisory Board committees is to prepare decisions and topics for the complete Board's sessions. Decision-making powers may be transferred to the committees for this purpose insofar as the law permits. The chairs of the committees reported to the Supervisory Board regularly and in detail on their committees' work. Both the Personnel Committee, the Audit Committee, and the Nomination Committee met several times in the past year. In accordance with Section 27 (3) of the Codetermination Act, there was no need for the Mediation Committee to convene. The composition of the committees is presented in the Annual Report under the heading "Management Bodies" and on the INDUS website.   See p. 9 and www.indus.de/en/about-indus/supervisory-board

In the 2022 financial year, the **Personnel Committee** prepared the Supervisory Board's personnel decisions in **two meetings on March 17 and December 8, 2022**. Where necessary, decisions were made or resolutions to be taken were recommended to the Supervisory Board. One focal point of the work was the compensation paid to the Board of Management. In addition to making recommendations to the Supervisory Board regarding necessary decisions on the achievement of targets set in 2020 for 2021 for short-term variable compensation, the Personnel Committee also proposed new targets for 2023 for Supervisory Board approval. The Personnel Committee also recommended the Supervisory Board approve the 2021 compensation report. Details regarding compensation for the Supervisory Board members can be found in the compensation report. The Personnel Committee also turned its attention to the long-term succession planning for the Board of Management. As part of the implementation of the refined **PARKOUR perform** strategy and the associated adjustment of the distribution of responsibility in the Board of Management, the Personnel Committee also recommended the Supervisory Board expand the Board of Management by a further member. The new member sought for the Board of Management will be responsible for the Materials segment. The Personnel Committee began the search in January 2023.

The **Audit Committee** met **three times** in the 2022 financial year: **on March 17, November 7, and December 8, 2022**. Representatives of the auditors for the 2021 financial year, Ebner Stolz & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft Stuttgart, Cologne branch, attended the meeting on March 17, 2022. Representatives of the new external auditor for the 2022 financial year PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, Osnabrück branch, took part in the Audit Committee's meetings on November 7 and December 8, 2022. The Audit Committee verified the qualification and independence of the external auditor and the quality of the audit, and set the external auditor's catalog

of approvable non-audit services. The Committee commissioned the external auditor selected at the 2022 Annual Shareholders' Meeting with the audit, completed the fee agreement, and determined the focus of the audit. The focal points of the discussion were the 2021 annual and consolidated financial statements along with the corresponding resolution recommendations to the Supervisory Board, the preliminary audit of the 2022 annual and consolidated financial statements and interim reporting. Other topics included the review of the 2021 risk management and compliance report and the further development of these areas, particularly in terms of new legal framework conditions such as the Act on Due Diligence in Supply Chains. The implementation of the EU Taxonomy Regulation in terms of sustainability reporting was also discussed.

The **Nomination Committee** held **seven meetings** in the 2022 financial year on **April 28, May 30, September 22, October 25, November 7 and 23, and December 1, 2022**. The main issue discussed was the preparations for the Supervisory Board election during the 2023 Annual Shareholders' Meeting. In light of this fact, the Nomination Committee revised the targets for the composition and skill profiles of the Supervisory Board and the diversity concept for the Supervisory Board, and proposed them for the Supervisory Board's resolution. The main targets of the Supervisory Board composition were also added to the updated version of the rules of procedure, adopted March 16, 2023, for the Supervisory Board. A qualification matrix was also created for the Supervisory Board and then adopted by the Supervisory Board. Based on an analysis of the current and future skills present on the Supervisory Board, the Nomination Committee proposed the Supervisory Board search for two new members with a predefined search profile. In light of Ms. Pfaller's resignation from the Supervisory Board, the Nomination Committee recommended the shareholder representatives on the Supervisory Board elect Ms. Schick to the Supervisory Board. The shareholder representatives agreed. Ms. Schick was accordingly recommended for election to the Supervisory Board at the 2022 Annual Shareholders' Meeting.

Approval of the Annual Financial Statements and the Consolidated Financial Statements as of December 31, 2022

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, appointed auditor of the separate and consolidated financial statements by resolution at the Annual Shareholders' Meeting of May 31, 2022, audited the annual financial statements, the consolidated financial statements, the combined management report and the compensation report of the Group and of INDUS Holding AG for the 2022 financial year pursuant to the Supervisory Board's instructions. The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS). The external auditors provided the annual financial statements with an unqualified audit certificate. The auditors also confirmed that the risk management system complied with the provisions of law, and that there are no identifiable risks that might jeopardize the company as a going concern. As planned, the interim financial reports were not audited.

Annual financial statements, consolidated financial statements, the combined management report, the external auditor's audit report, the non-financial Group report and the compensation report were presented to all members of the Supervisory Board in good time. These were discussed in detail at the Supervisory Board meeting held on March 16, 2023, for adoption of the financial statements. This meeting was also attended by the external auditor PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, Osnabrück branch, which reported on the main results of the audit. The external auditor was also available to answer any further questions. The Supervisory Board discussed all of the submissions and audit reports in depth with the external auditor and partially without the presence of the Board of Management.

Following the final review of the documents submitted and the recommendations of the Audit Committee, the Supervisory Board raised no objections to the annual financial statements, the consolidated financial statements, or the combined management report, and agreed with the external auditor's findings. The Supervisory Board thus approved the 2022 annual financial statements and the 2022 consolidated financial statements. The annual financial statements for 2022 have therewith been adopted in accordance with Section 172 (1) of the German Stock Corporation Act (AktG). Following its review of the proposal, the Supervisory Board concurred with the Board of Management's proposed appropriation of distributable profit. The Supervisory Board also reviewed the separate non-financial report for the INDUS Group. It referred to the audit performed by the external auditor PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, Osnabrück branch.

The Supervisory Board raised no objections to the separate non-financial report for the INDUS Group. On the basis of the formal and material review of the compensation report by the external auditors, the Supervisory Board approved the compensation report with no objections.

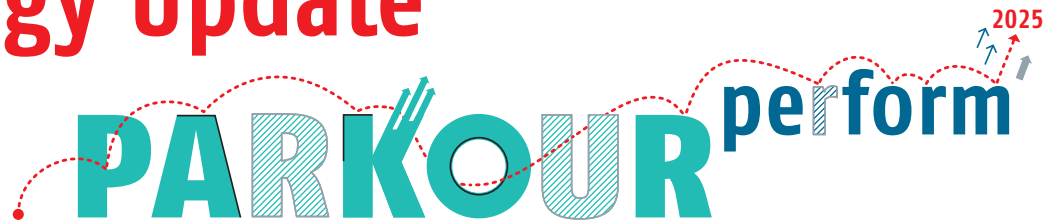
The Supervisory Board would like to thank the managing directors and all employees of the portfolio companies as well as all employees of INDUS Holding AG and the Board of Management for the extraordinary dedication they have displayed in the past financial year, which has been a volatile one, dominated by challenging conditions.

Bergisch Gladbach, March 16, 2023



For the Supervisory Board
Jürgen Abromeit
Chairman of the Board

Strategy Update



We are repositioning our strategy in 2023: We will be expanding INDUS' strengths with three future-oriented segments, new segment management, and value-oriented management. PARKOUR perform sets out the path for the successful development of our portfolio with clear technological focal points. We will be focusing on future fields in industrial technology and our 2025 targets.

Focusing on Megatrends and Future Fields

The market environment for our portfolio companies is in a state of constant change. This makes it all the more important to recognize trends early and exploit market opportunities. The megatrends of sustainability, digitalization, mobility, and urbanization as well as demographics and health are important drivers for our portfolio. The future fields derived from these trends point the way for our companies.

Three Segments, One Focus

We are concentrating on the three promising segments **Engineering, Infrastructure, and Materials**. This gives us a clear structure and allows us to expand our strength of diversification in areas where we already excel – highly specialized **industrial technology** and in attractive niches of the markets. The Board of Management is adjusting the

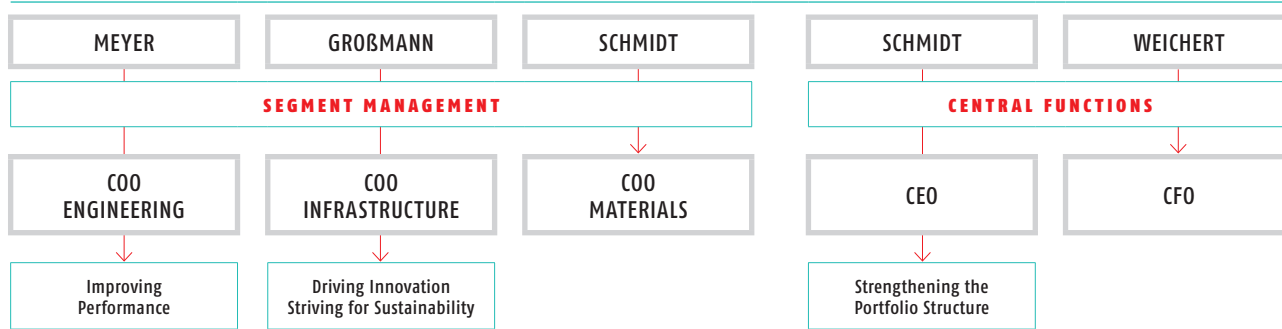
portfolio to remove automotive technology companies that have been making losses for a number of years. The portfolio companies in the former Medical Engineering/Life Science segments, with their skills in materials for medical disposables and aids, will be assigned to the Materials segment.

One Board Member, One Segment

With the new **segment management**, we will intensify support for our portfolio companies: One member of the Board of Management will manage one segment. With their industry expertise, the member of the Board of Management responsible will work even more closely with the portfolio companies, promote dialogue between the segment's companies, set the development path according to the future fields, and develop the segment through organic and inorganic growth. The main functions of Chairman of the Board and Chief Financial Officer will be separated from segment management.



NEW SEGMENT MANAGEMENT



More Transparency, More Focus on Value

Free cash flow will be introduced as an additional key figure and key control variable. This will increase transparency regarding the funds available to the Group and our scope for further acquisitions, dividend distribution, debt reduction, and interest payments. The free cash flow will also show the contribution made by a segment and boost the value-oriented management of the Group.

Buy, Hold & Develop Remains the Focus

The further development of our SME portfolio companies remains our driving force. Our four strategic initiatives, “Strengthening the Portfolio Structure,” “Driving Innovation,” “Improving Performance,” and “Striving for Sustainability” are the foundation for achieving this. Each member of the Board of Management will push forward “their” initiative as a cross-sectional topic throughout the Group.

The INDUS portfolio will grow continually with two to three acquisitions each year. The acquisition process will focus on the predefined future fields. We promise the companies that join us that we will help them grow as technology and niche specialists.

Clear Targets

We have updated our medium-term goals for 2025: **Profitable growth, boosting value**, and a **balanced portfolio structure** continue to provide the framework as the overarching targets.

To achieve these targets, we will actively support the INDUS portfolio companies to become the next generation of SMEs. Our motto: **We are shaping the future with SMEs.**

Medium-term Goals for 2025

Portfolio Strengthening:

Megatrends and innovations determine the performance of the portfolio companies

Sales Significantly Above EUR 2 Billion:

Organic & supported by regular acquisitions

EBIT Margin Above 10%:

Long-term, reliable target achievement

Value-based Management:

Free cash flow as a key performance indicator will be made transparent in the future

Regular Dividends:

Up to 50% of profits distributed

Striving for Sustainability:

All portfolio companies will pursue a measurable sustainability agenda

What Makes the INDUS Share Attractive

Our portfolio ...

- is focused on technology-oriented industrial companies in the SME sector of the German speaking countries.
- is diverse and oriented toward clearly defined future fields.
- is actively developed, growing profitably, and enables the payment of regular dividends.
- creates access to an attractive asset class that cannot be directly invested in through the capital market.
- reflects our sustainable, long-sighted corporate strategy.
- preserves and develops the life’s work of SME entrepreneurs.

You can find out more about our strategy in our magazine

[IN]spiring Progress 2023 | perform

INDUS Share

2022: A Difficult Year on the Stock Markets

Following two years where the coronavirus pandemic was the main topic on the stock exchanges, 2022 was primarily dominated by the developments and events of the Ukraine war and the resulting increase in the rate of inflation. In January 2022, the DAX 40 narrowly achieved a new record high of 16,271 points. Instead of continuing along this trajectory, the index fell into a bear market. The main cause was initially the surprisingly sharp increase in inflation, which led to a withdrawal of liquidity as central banks tightened their monetary policies. Since February 2022, geopolitical events in particular have dominated the financial markets. The Ukraine crisis, which had been smoldering for a while, erupted into war with the Russian invasion. The DAX index downward trend accelerated and fell to a low of roughly 11,900 points by the end of September. Following another climb to almost 14,500 points, the DAX closed the year at around 14,000 points.

INDUS Share: Solid Share Price Performance in a Difficult Market

The INDUS share started the year at EUR 32.90. The annual high of EUR 34.35 came on February 2, 2022, followed by a low of EUR 26.95 on March 31 – there was a sell-off on this day with a daily trading volume at around 93,000 shares. The quarterly average was 19,500 shares traded per day. The share price was not able to recover reliably between the end of March 2022 to the middle of the year. Following a short uptick, the price continued to fall, reaching a new quarterly low of EUR 21.80. The share price recovered briefly at the beginning of the third quarter, only to tumble again with the share ending the quarter with a closing price of EUR 18.26. The annual low in the fourth quarter was EUR 17.44 which was followed by a marked counter-rally which brought the prices to an interim high of EUR 23.50 – after this, the share fluctuated and ended the stock year at EUR 21.95. Over the full year, the INDUS share closed the year at -33%, thus performing slightly worse than the MDAX (-28%) and SDAX (-27%).

KEY SHARE DATA

(in EUR)

	2022	2021
Earnings per share (continuing operations)	2.68	3.68
Cash flow per share (continuing operations)	4.33	6.01
Dividend per share ¹	0.80	1.05
Dividend yield in % ¹	3.6	3.2
Distribution in EUR million ¹	21.5	28.2
Highest closing price for the year ² (2/2/2022)	34.35	37.30
Lowest closing price for the year ² (10/17/2022)	17.44	29.40
Final closing price for the year ²	21.95	32.75
Market capitalization ³ in EUR million	590.4	880.8
Average daily trading volume in number of shares	16,410	15,110

1) Subject to approval at Annual Shareholders' Meeting on May 17, 2023

2) XETRA closing price

3) As of reporting date, based on complete capital stock of 26,895,559 shares

INDUS SHARE DATA

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

Liquidity of the Share: Stable Trading Volume

The liquidity of the INDUS share was slightly higher than in the previous year. On average, according to the statistics of the German Stock Exchange, 16,410 shares were traded per day on XETRA and the German regional exchanges during the financial year: in 2021 the average trading volume was 15,110 shares a day.

XETRA and regional German stock markets accounted for 74% of trading volume, according to REFINITIV, slightly below the volume in the previous year.

Stable Shareholder Structure With Many Institutional Investors

The largest shareholder in INDUS Holding AG remains Versicherungskammer Bayern in Munich. In line with its long-term capital investment strategy, it holds 17.7% of the share capital, according to the Board of Management's knowledge. The other anchor is formed by a group of private investors who are represented jointly. The spokesman for the group of proxy shareholders is Hans Joachim Selzer of Driedorf, Germany. This group holds 5.7% of INDUS shares, according to its own statements. WIRTGEN Invest Holding, Neustadt (Wied) holds 3.7% of the shares, according to the Board of Management's knowledge. Epina GmbH & Co. KG, Gütersloh, became one of INDUS Holding AG's larger shareholders in November 2017, with 2.7% according to its own statement. The rest of the company's share capital (70.2%) is held by a broad range of investors. INDUS Holding AG currently does not hold any treasury shares.

Proposed Dividend of EUR 0.80 per Share

INDUS practices a stable dividend policy. Shareholders participate in company profits through regular dividend distributions. This is generally based on the holding company's net profit for the year. The dividend policy provides that at least 50% of profits are to be reinvested in the company and up to 50% distributed.

As of December 31, 2022, the holding company had EUR 27.2 million in balance sheet profit. The Board of Management and the Supervisory Board will propose a dividend payment of EUR 0.80 per share (previous year: EUR 1.05) to the Annual Shareholders' Meeting. This represents a distribution of EUR 21.5 million and a dividend ratio of 79.0%.

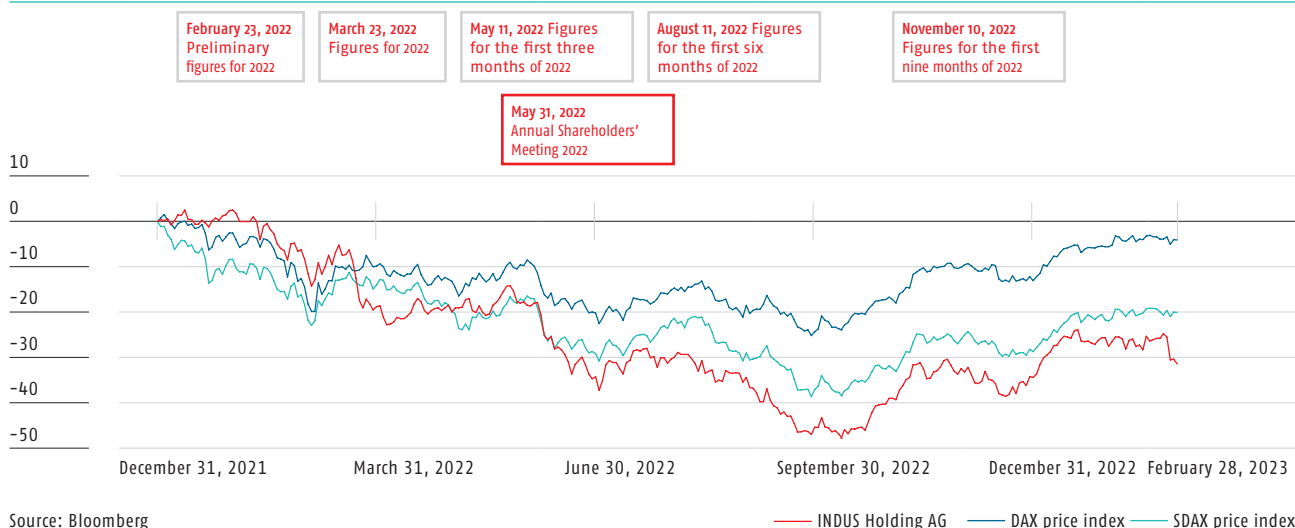
Overview of Current Research Coverage

The research coverage and published research reports are an important tool for investors to evaluate securities in terms of the expected yield of a company and the resulting price opportunities. Six banks and investment firms currently cover the INDUS share and publish regular research reports.

- FMR (EUR 30.00) – Buy
- Kepler Chevreux (EUR 24.00) – Hold
- LBBW (EUR 27.00) – Hold
- NuWays (EUR 24.00) – Hold
- M.M. Warburg (EUR 26.00) – Hold
- ODDO BHF (EUR 26.00) – Outperform

SHARE PRICE PERFORMANCE OF THE INDUS SHARE 2022 EXCL. DIVIDEND

(in %)



Investor Relations Work: New Formats Address New Groups Of Investors Third Virtual Annual Shareholders' Meeting

Following a difficult market year in 2021, due to the coronavirus restrictions, we were able to once again organize and hold in-person formats in 2022. INDUS attended nine (previous year: ten) road show and conference events in total in 2022. In addition to road shows, sales force briefings, and conferences, we also organized our first ever **site visit** to ASS Maschinenbau for investors and analysts in North Rhine-Westphalia on October 11, 2022. This site visit allowed participants to gain a better understanding of the business model and the opportunity to put questions directly to the managing director. An **Analyst Day** was held at the SIMON Group on December 15, 2022. The Board of Management primarily used this event to update analysts on the **PARKOUR perform** strategy and explained the links between the strategic pillars and SIMON's operating activities on site.

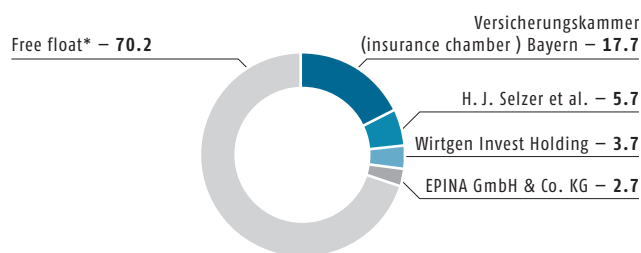
The **Annual Shareholders' Meeting (ASM)** was held at the koelnmesse on **May 31, 2022**, virtually for the third time due to coronavirus restrictions. Almost 380 participants (shareholders and guests) streamed the ASM. Around 55% of voting shares were present. INDUS will organize an in-person Annual Shareholders' Meeting at the koelnmesse in 2023.

As in the previous year, INDUS Holding AG had **greater contact with private investors** in the reporting year and continues to maintain a personal dialogue outside the Annual Shareholders' Meeting via DSW investor forums and face-to-face meetings. Interested investors can stay abreast of current events through the INDUS newsletter.

INDUS will hold a "Capital Markets Day" on March 24, 2023. It will take place in Cologne. By actively cultivating

SHAREHOLDER STRUCTURE OF INDUS HOLDING AG AS OF DECEMBER 31, 2022

(in %)



* The German Stock Exchange defines free float as all shares not held by major shareholders (share of share capital of at least 5%). According to this definition, free float amounts to 76.6%.

Source: Company information

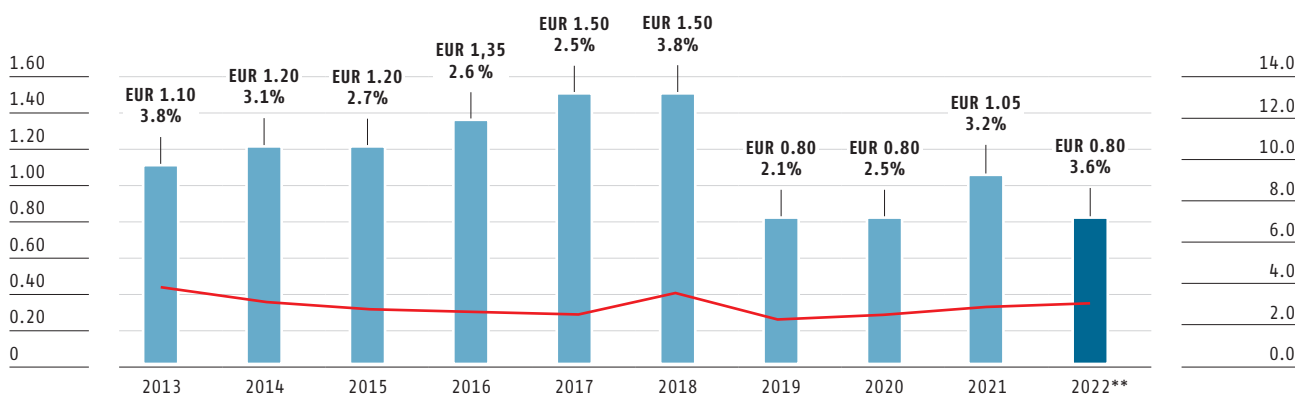
relations with the capital markets, INDUS underscores its commitment to transparent and regular communication. The financial calendar on the inside cover of the Annual Report provides an overview of the most important dates for the current financial year. It is regularly updated and is also available on the company's website. [The dates planned for 2023 and additional IR information can be found at: www.indus.de/en/investor-relations/financial-calendar](http://www.indus.de/en/investor-relations/financial-calendar)

YOUR CONTACT AT INVESTOR RELATIONS

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DIVIDEND PER SHARE* AND DIVIDEND YIELD 2013 TO 2022

(in EUR/in %)



* Dividend payment for the respective financial year

** Subject to approval at Annual Shareholders' Meeting expected on May 17, 2023

— Dividend yield