

[IN] *spiring*

PROGRESS

SPECIAL
ISSUE:
STRATEGY
UPDATE

[2023]

PARKOUR PERFORM

An Upgrade for PARKOUR

A NEW MINDSET
How Transformation Works

**BE IN THE RIGHT
PLACE, READY FOR THE
MARKETS TO EMERGE**
Everything Geared to the Future

**STRENGTHEN
THE STRENGTHS**
New Leadership

[INDUS]

[IN]spiring

Magazine 2023

PROGRESS

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Everything Geared to the Future

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New Leadership

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INDUS Remains Loyal

Dr. Johannes SchmidtChairman of the Board of
INDUS Holding AG

Dear readers,

Our PARKOUR strategy has been running for four years now. And lately I've come to think that we could not have chosen a more apt name for our program. As early as 2019, it was clear to every member of the Board of Management that we would have to overcome certain obstacles, and in order to achieve our objectives, we would have to permanently work on our fitness. But not one of us guessed that things would change so dramatically in such a short time. Any business that has not yet been challenged by the pandemic, the war in Ukraine, or supply chain issues, is surely now being pulled out of its comfort zone by the high inflation rates.

What do these circumstances, where even the seemingly reliable is subject to change, mean for our Group? First of all, we're sticking to our course – because it is still the right course. But, we are increasing momentum and sharpening our focus. We'll also be getting to grips with topics that have previously been taboo.

As soon as the upheaval on the markets kicked off, the Board of Management took a close look at its options. What do we have to change? Which activities will we have to part with? Which tasks need even more of our attention? How can we create more drive? Despite our determination to take action, it was important to us that we remain true to our promise to our stakeholders and retain the INDUS DNA. Our motto is: We are shaping the future with SMEs.

Under the name **PARKOUR perform** we refined our strategy this past December and laid out our plans for the time ahead. On the way to achieving our goals for 2025, you will see us focus on megatrends and selected future fields. What are these fields and megatrends and where do our current businesses stand on this map of the future? Read on to find out.

Johannes Schmidt

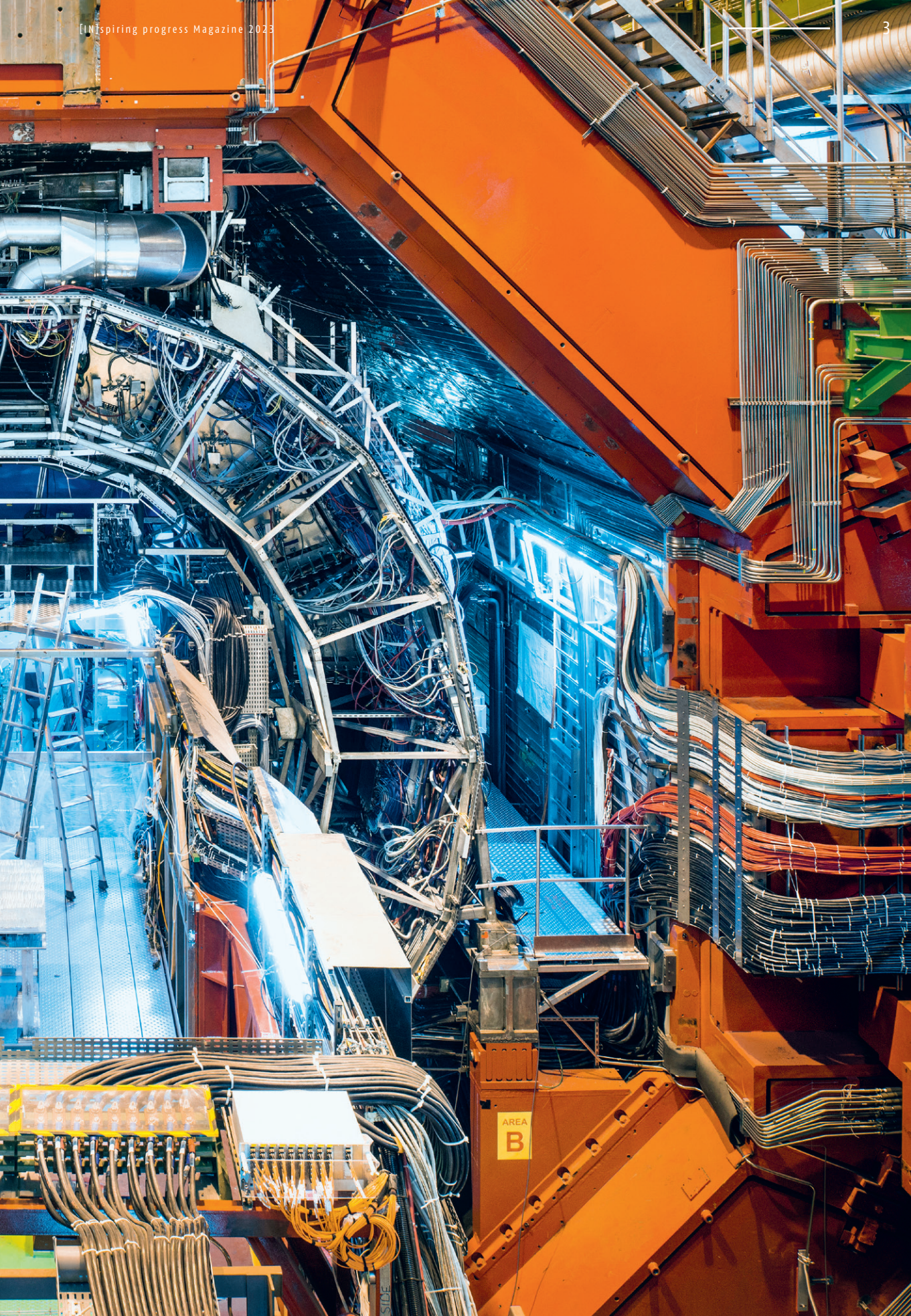
A handwritten signature in blue ink that reads "Schmidt". The signature is fluid and cursive, written in a professional style.

PERFORM

GETTING TO THE HEART OF THE MATTER

The European large-scale research facility CERN has the largest and most complex devices in the world to research the tiniest building blocks that make up our world – atoms and elementary particles. Collisions are brought about at close to light speed and with an extremely high amount of energy. Measurements allow conclusions to be made about the properties of the particles that have undergone collision and about the newly created particles. This made it possible to find the missing piece in the standard model of particle physics in 2012: the Higgs boson.

AREA
B





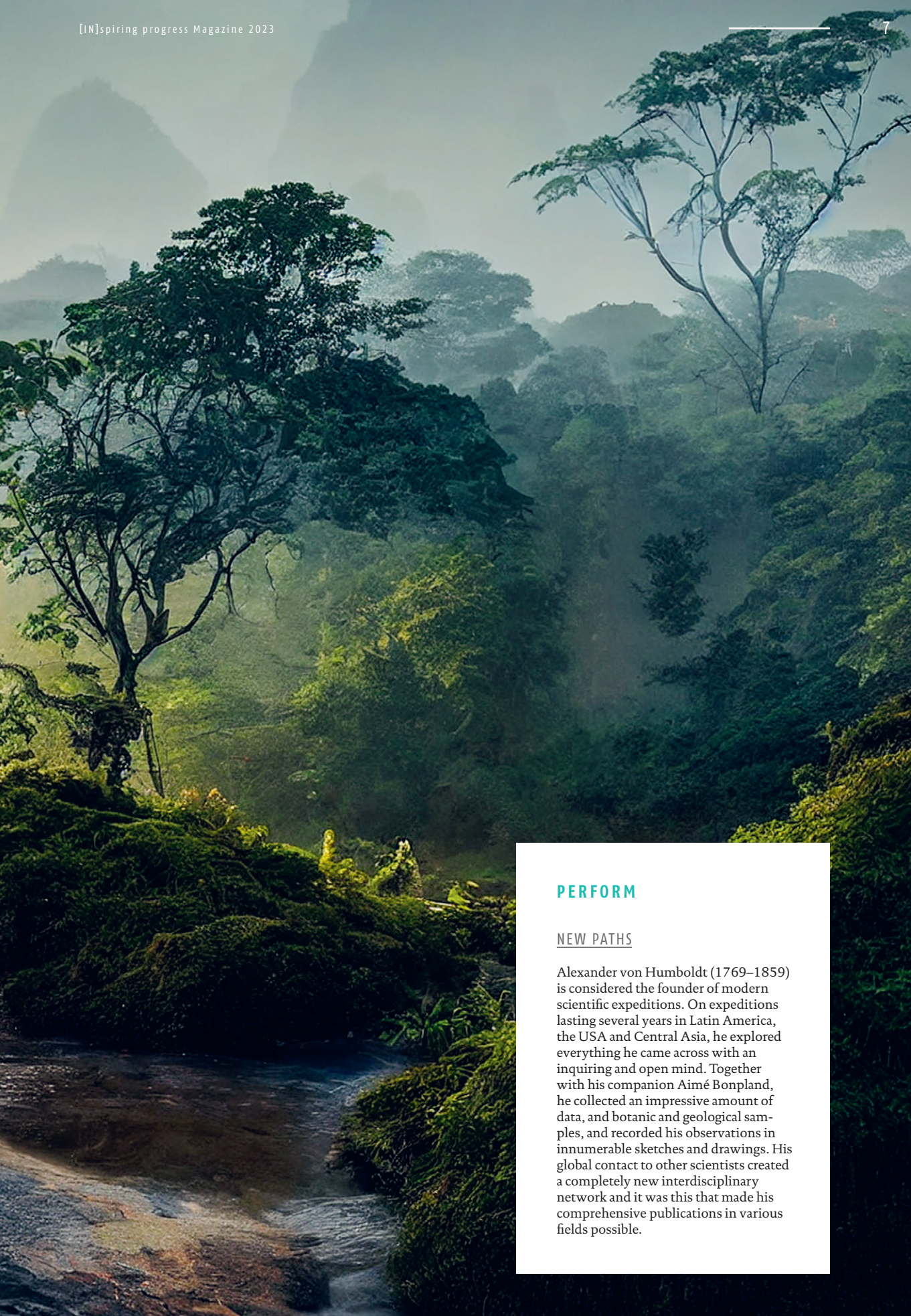
PERFORM

NOTE BY NOTE

A symphony orchestra can comprise 13 or 130 musicians – depending on the piece. It is the combination of strings, woodwinds, brass, timpani, harp and triangle that brings the composition to life. Since 1882, the Berlin Philharmonic, one of the leading symphony orchestras in the world, has been demonstrating how the top performance of individuals can be combined to make the perfect Group sound.







PERFORM

NEW PATHS

Alexander von Humboldt (1769–1859) is considered the founder of modern scientific expeditions. On expeditions lasting several years in Latin America, the USA and Central Asia, he explored everything he came across with an inquiring and open mind. Together with his companion Aimé Bonpland, he collected an impressive amount of data, and botanic and geological samples, and recorded his observations in innumerable sketches and drawings. His global contact to other scientists created a completely new interdisciplinary network and it was this that made his comprehensive publications in various fields possible.

PARKO





PARKOUR perform

AN UPGRADE FOR PARKOUR More focus on future fields, clearer contours in the portfolio, and more in-depth support – INDUS boosts intensity of portfolio development with PARKOUR perform.

THE WORLD OUT THERE IS CHANGING ...

“Zeitenwende”. This word, which refers to a turning point in history, was chosen as the word of the year in 2022 by the Society for the German Language. It signalizes that the Russian attack on Ukraine has triggered the start of a new era. Following the coronavirus pandemic, the war of aggression has forced nations around the world to reposition themselves politically and economically for the second time in a row. Both the pandemic and the war have left considerable marks on the economy. How the world will develop in the years to come is difficult to say with so much upheaval and so much left in limbo.

Despite all uncertainty regarding the future, there are clear growth drivers when it comes to the further development of the economy: sustainability, mobility, urbanization, demographics, health – these and other megatrends are being driven by structural factors, and offer new opportunities for growth. The advance of digitalization is providing additional boosts. Digital technologies have massively advanced the structural changes in the economy in recent years and are continually opening up new opportunities for businesses. Technological revolutions are often based on cross-sectional technologies that are being implemented across sectors in multiple applications, and forming the basis for further innovations and increases in productivity.

... INDUS, TOO

The challenging market developments have left their marks on INDUS, too. In addition to technological change and a pressure to transform, sales and supply chain problems resulted in a crisis for the Automotive Technology division – despite





1

Strengthening the Portfolio Structure

2

Driving Innovation

3

Improving Performance

4

Striving for Sustainability



Sustainability

Energy Efficiency, Energy Technology,
Recycling and Waste Management

Digitalization

Infrastructure, Automation,
Sensors & Measurement Technology, Logistics

rapid responses and comprehensive countermeasures. At the same time, three out of five segments were able to prove the strength of the SME industry by acting flexibly, making fast decisions and implementing new business ideas. In summary, the INDUS Group performed well overall, despite the challenging conditions.

INDUS intends to build on these strengths in the future, too, and the strategy program PARKOUR offers the perfect foundation to do so. The program's four strategic initiatives remain unchanged. However, one thing became clear in the volatile market environment: In order to reach the goals we have set ourselves with PARKOUR, we need to speed things up. And certain works in progress that the Group was still trying to free up capacity for had to be dealt with immediately.

The result is the latest strategy update **PARKOUR perform**. Three fields of action are the focus of the update:

- **More focus on future fields:** The Group will focus its activities more sharply on current megatrends and future fields. INDUS will establish the three segments Engineering, Infrastructure, and Materials. The portfolio companies will develop and grow with clear technological focal points in these three segments. Successful – and sustainable.
- **Clearer portfolio contours:** INDUS will focus on industrial technology. The Board of Management will eliminate long-time loss-making companies from the Automotive Technology segment and dissolve it as an individual segment. The companies in the Medical Engineering/Life Science segment will be assigned to the newly established segment Materials.
- **More in-depth support:** The segments and the companies in the segments will receive more in-depth support in the future. Each member of the Board of Management will be responsible for one of the segments. Value-based management will be boosted.

These measures were implemented at the beginning of 2023, and the new segment structure is now in place. The new management principles are having an impact and the sales process-

Mobility and Urbanization

Infrastructure
(Networks & Buildings)

Demographics and Health

Medical Consumables and Aids,
Agricultural Engineering



es for two companies in the former Automotive Technology segment have been initiated. To put it another way, INDUS has done some spring cleaning and created the basis to start afresh and build on the success achieved over the previous decade.

TARGETS: UPDATED

Just like the strategic initiatives, the targets basically remain the same. INDUS is aiming to generate Group sales of significantly more than EUR 2 billion by 2025 – despite withdrawing from the automotive technology industry. The ongoing acquisition of two to three companies every year is expected to contribute to achieving this target. An EBIT margin of at least 10% is to become a permanent goal.

Free cash flow will be used as a performance indicator to show developments in value. Free cash flow provides even more transparency regarding the available financing for the acquisition of further high-margin specialists. Our dividend policy remains the same, and up to 50% of the profit will go to shareholders following successful financial years. Sustainability is positioned as an overarching field of action in the Group’s canon of targets. Innovations in this field will open up opportunities for portfolio companies to position themselves successfully against the competition.

INDUS: THE HOME OF TECHNOLOGY-ORIENTED INDUSTRIAL SMES

With the **PARKOUR perform** strategy update, INDUS has refined its focus on industrial technology. This is where INDUS’ strength lies and what the Group is known for on the capital market. The spring cleaning was and is good for the Group. It has freed up space and will allow INDUS to drive value and yield growth. INDUS continues to promise companies in the Group and that join the Group to help them grow as technology and niche specialists. INDUS will expand the portfolio companies’ sphere of action and strengthen their networks. Buy, hold & develop – this basis for action and decisions remains at the heart of how INDUS creates value.



Portfolio strengthening



Sales significantly over EUR 2 billion



EBIT margin above 10%



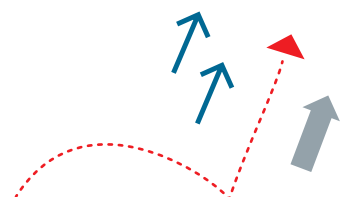
Value-based management



Regular dividends



Striving for sustainability



TRANSFORMATION



A NEW MIND- SET

HOW TRANSFORMATION WORKS

Christian Greiser, leadership, strategy and change management expert, and Chairman of the Board Dr. Johannes Schmidt discuss the new SME industry.

People associate the SME industry with a lot of strengths. How much of that still applies today?

Christian Greiser – As in the past, every second euro in Germany is earned in the SME industry. So SMEs still form the backbone of the economy. I believe four strengths are serving them well, particularly in the digital age. The first is technological expertise. Many SME companies are (global) market leaders in their sector. The second strength is that in comparison with corporations, SMEs are more flexible and agile. The owners are often also the managers. This leads to lean structures and the third advantage – a solid financial footing. SME companies are cost-conscious. They have a high equity ratio and this is one of the reasons they weathered the coronavirus crisis so well. The fourth strength: SME companies have established networks and extremely good access to end customers. These often represent close relationships based on trust. Overall, I think it's fair to say that SMEs have an entrepreneurial spirit, the ability to innovate, and are close to their customers. The perfect foundation for taking the next step forward.

“Permanent change is guaranteed – and with it crises. This will require agility, the ability to learn, and, especially, a new culture of participation.”

So SMEs can just keep doing what they're doing?

CG – Certainly not. Permanent change is guaranteed – and with it crises. This will require agility, the ability to learn, and, especially, a new culture of participation. In the future, decisions will increasingly be made based on the operational situation. This means the patriarchal management model will eventually give way to a more holistic approach. And this will lead to a new form of cooperation. The future holds more hybrid teams that make use of digital platforms, known as collaboration hubs. In my opinion, this represents a huge opportunity for INDUS, where companies are already cooperating on cross-sectional topics.

Another field of activity will be new business models and innovative IT structures. The way to new business models is also not necessarily characterized by disruptive change, but the recombination of existing approaches, such as machines as a service or pay per use. Cooperating with start-ups could be an excellent way to speed up this progress or to tap into new areas. In order to establish new business models, the IT structures will have to be harmonized.

Dr. Schmidt, what's your opinion of this assessment?

Dr. Johannes Schmidt – I agree with this assessment 100% and I also believe they are some of the most important tasks our Group faces. This is why we are addressing these topics with the managing directors and including them in our strategic initiatives. I'd also like to add the aspect of network-



CHRISTIAN GREISER

Executive coach, business consultant, and author. He advises his customers on the topics of leadership, strategy, and change management. Before striking out on his own, Christian Greiser was a senior partner in the Boston Consulting Group (BCG), and responsible for one of the largest practical groups worldwide. Prior to this, the mechanical engineer managed an operating segment at Mannesmann AG. He has studied in Brunswick, Paris, and London, and is a Fellow of the Institute of Coaching (McLean, Affiliate of Harvard Medical School).



DR. JOHANNES SCHMIDT

Dr. Johannes Schmidt has been a member of the Board of Management of the INDUS holding company since January 2006. He assumed the position of Chairman of the Board in 2018. The mathematics graduate went on to earn a doctorate in mechanics. Prior to joining INDUS he held various roles, including managing director of ebm-papst Landshut GmbH and Richard Bergner GmbH.

ing to the topic of collaboration. Functioning networks play a vital role in successful business development in my opinion – both within individual companies and the Group, as well as with customers, suppliers, universities, research institutes, and start-ups. So we are focusing especially on promoting the establishment of networks.

And, to touch on the first topic of new leadership again, I believe employees also have expectations of companies nowadays that cannot be satisfied with the patriarchal model. In the competition for the best candidates, the incentive to implement modern leadership and collaboration models is high. It allows SME companies to secure their status as an attractive employer.

Not only the model, but the entire way of leading has changed ...

CG – It used to be that leadership meant developing expertise, expanding this expertise, and then passing on that knowledge. This command-and-control approach belongs in the past. Managers in the 21st century don't have to have all the answers at their fingertips. Considering how complex the world has become, it isn't even possible. It is now much more important that they learn quickly and comprehensively, and ensure that their employees do the same – by pointing them in the right direction and helping them to fulfill their potential. Today's successful manager plays more of a coaching role. They point out possibilities and maintain an atmosphere in their team of appreciation which in turn provides space for energy, creativity, and an appreciation for learning. And it is exactly here that I see a need for action in one or two small and medium-sized enterprises.

JS – This also applies to the support we offer our portfolio companies. We have to find the right balance when it comes to what and how much the holding company does and how much the portfolio companies have to rely on their own initiative. It continues to be our aim to have our portfolio companies managed holistically by our local managing directors. We can point the way. We can provide the tools. We can establish networks. But the real work takes place in the portfolio companies themselves – where the most extensive market knowledge lies. This is the only way in which we can lead a number of different companies in a number of different markets.

Crises are the new normal. How can companies best deal with this permanent stress factor?

CG – Here, too, SMEs tend to have the advantage. Because dealing with the unforeseen is in their DNA. However, they can always improve their resilience – for example through diversity. A diverse workforce can develop a much finer attunement to the market. In the financial crisis of 2008, for instance, we were able to witness what happens when everyone is looking in the same direction. In contrast, different perspectives help companies to draw the right conclusions faster in complex situations. This contributes to the ability to forecast and react, develop new business models, and to master change management.

I think crises often serve to ruthlessly expose the failures of the past. Which external circumstances could threaten my business? Which business operations are especially vulnerable to crises? If you know the answers to these questions it is often not difficult to stabilize the business

“Today's successful manager plays more of a coaching role.”

“Changes must be visible so that they can be celebrated together. This creates new energy to help you keep going.”

with simple management tools such as Six Sigma or Business Process Reengineering, and thus be better prepared for the unforeseeable.

JS – In all of the topics that we have discussed – what is my analytical approach, how can I identify critical processes, which tools should I use – we must not forget the people involved. In times of constant crises, such as we are currently experiencing, it is a huge challenge for the management to maintain a positive mindset within the organization. But it is also exactly what is needed so that everyone is able and ready to act. People need a certain amount of security. This is the delicate balance that the management needs to strike.

How can the long-term orientation of SMEs be reconciled with the rapid changes of the market?

CG – I don’t think these things are mutually exclusive. One strength of SMEs is continuity and durability. This allows innovations to reach maturity. The challenge lies in achieving a balance between the core business and daring investments.

The managing directors play a decisive role here. They can consider themselves as catalysts and initiate change processes at an early stage, eliminate mental blocks, and actively include employees. This in turn provides their company with an advantage. If they hesitate or even block and turn their position into the bottleneck, then they are making their business vulnerable.

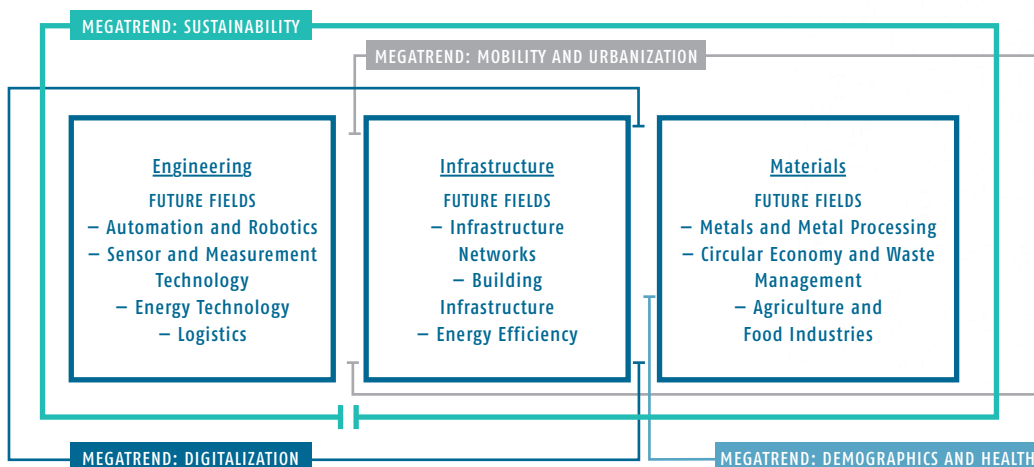
Mr. Greiser, what advice do you have for SMEs when it comes to successful transformation?

CG – Three important aspects are: A company must get all employees on board from the beginning. Change processes can only start with teams. Everyone needs to see the roadmap, know the destination, and understand what the plan is for getting there. Secondly, it is important not to take on too much. I rarely come across companies who have taken on too little. The majority throw everything at the wall at once. I prefer the magnifying glass fire method – focusing all of your energy on one topic. Thirdly, the company should be on the lookout for quick wins. It sounds trivial, but it is important, because this is how you manage energy in the change process. If you need one and a half years to achieve the first success, all the energy will have evaporated. Changes must be visible so that they can be celebrated together. This creates new energy to help you keep going.

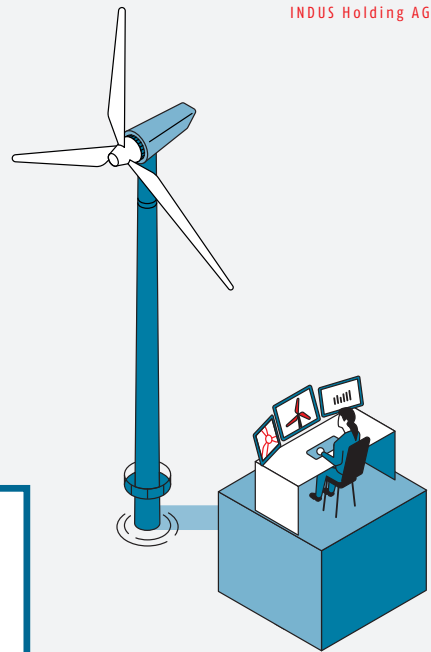
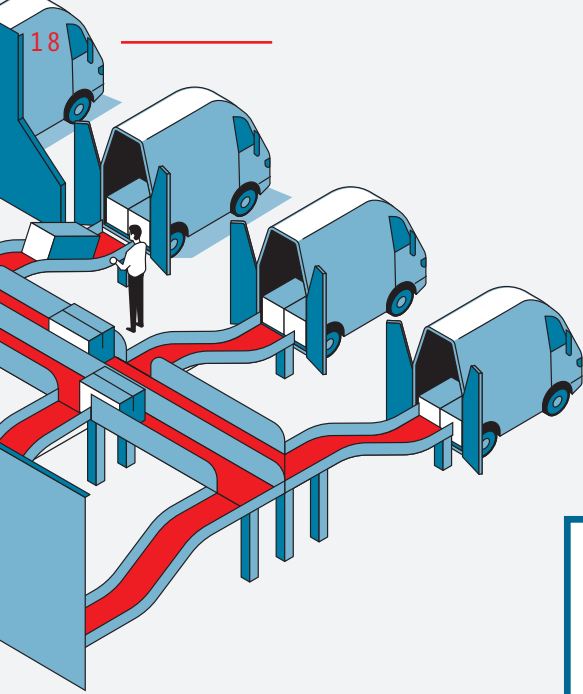
BE IN THE RIGHT PLACE, READY FOR THE MARKETS TO EMERGE

EVERYTHING GEARED TO THE FUTURE The ability to anticipate future developments is a decisive factor in succeeding in a market environment that is permanently changing. What are the future markets? And what opportunities do they offer for further growth? With its new segment structure, INDUS has clear answers for these vital questions.

Engineering, Infrastructure, and Materials – the names of the new segments show where the focus of the portfolio companies in our Group lies when it comes to their futures. And the relevant megatrends will point the way. The future fields derived from this tell us at the holding company and our portfolio companies what direction we want to take the portfolio companies in and where we want to direct our focus to grow together through acquisitions.







ENGINEERING

Engineering remains the backbone of the German economy. This is the home of the SME industry, with its numerous hidden champions. This is where we find companies who enable progress in the future with their technological expertise. When it comes to energy transition, or the optimization of work and production processes – engineering forms the foundation for successful change. Dovetailing production with the latest information and communication technology lays the foundation for new growth models. The megatrends of digitalization and sustainability are the growth drivers behind this development.

Sales*
EUR 580.9 million

Share of sales* in %
32.2%

EBIT*
before impairment
EUR 61.2 million

The INDUS Engineering segment consists of companies that already support the manufacturing industry with a broad range of products and services. These companies are well established on the market for specialized mechanical engineering and equipment manufacturing, and as niche providers for automation/robotics, sensor technology, measurement and control engineering. And they have been working on their future orientation with the constant development of new products, as these examples from the segment show.

MODERN PRODUCTION WITH A CAREFUL TOUCH

ASS Maschinenbau, based in Overath, North Rhine-Westphalia, specializes in the manufacture of customized gripping

* 2022 financial year

systems. The increasing level of automation in production plays into this company's hands – literally – because this sector requires delicate tools that can manage the detailed work on the production lines handling parts. ASS has been successful in this sector for a number of years and has a growing range of solutions for the most varied applications. In 2022 the company had more than 2,000 gripping components and more than 160 new products.

WHENEVER IT GETS COMPLICATED, PROCESS MONITORING AND MANAGEMENT ARE VITAL

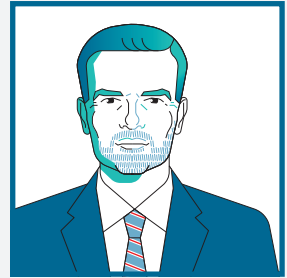
JUNGMANN Systemtechnik (JST) enables precisely this management. The company from Buxtehude in Lower Saxony offers expertise in the design, construction, and maintenance of control room installations. No matter the sector – industry, energy, health, IT, transport, or security – all industries require control room solutions with intelligent hardware and software that help to manage the rising amount of data and increasingly complex IT. Take the Leverkusen traffic control center, for example – equipped by JST, it has been monitoring traffic on the highways in North Rhine-Westphalia since 2021, including a dynamic management system for speed restrictions and lane closures.

THE WORLD IS INCREASINGLY DYNAMIC. BOTH THE PEOPLE AND THE PRODUCTS

This is HEIBER + SCHRÖDER's specialty. The mechanical engineering specialist supplies packaging manufacturers around the globe with special machines for the cardboard industry – all while focusing on the megatrend of sustainability. Customers from the food, cosmetics, household items, and toys sectors are increasingly substituting plastic packaging with more sustainable cardboard and paperboard packaging as well as biodegradable films. However, HEIBER + SCHRÖDER also considers the logistics process and enables automated shipment packaging with its machine designs.

HIGH-PERFORMANCE AND PRECISE MATERIAL PROCESSING – A JOB FOR LASER TECHNOLOGY

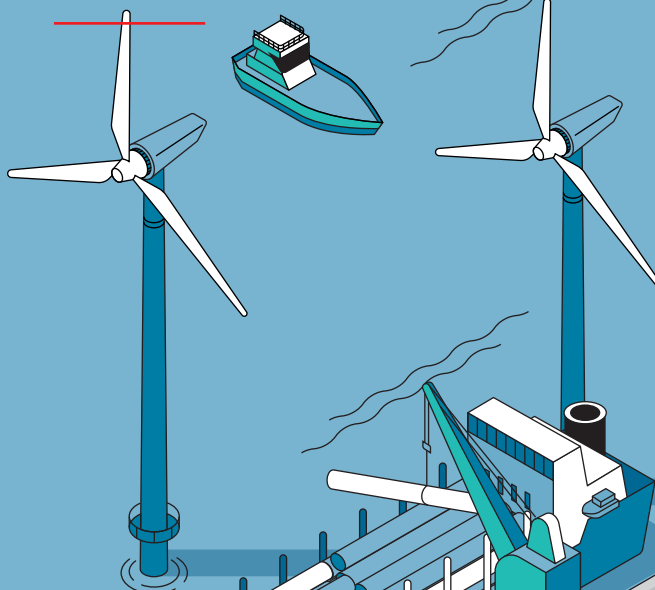
The HELD Group, in Heusenstamm, Hesse, harnesses this force for high-precision laser cutting and welding machines. With focused light, the individual machines can also process a great variety



“Mechanical engineering will remain a driving force for progress in the future, too. The development expertise in this sector is also the key to a successful energy transition.”

AXEL MEYER,
Member of the Board
responsible for the segment

of other materials, such as technical textiles (inc. woven airbag fabric) in addition to metal. The development to fully automated or AI-controlled production processes is currently driving the use of laser technology. The innovative laser welding systems for hydrogen electrodes also offer interesting growth prospects in the future field of hydrogen electrolysis.

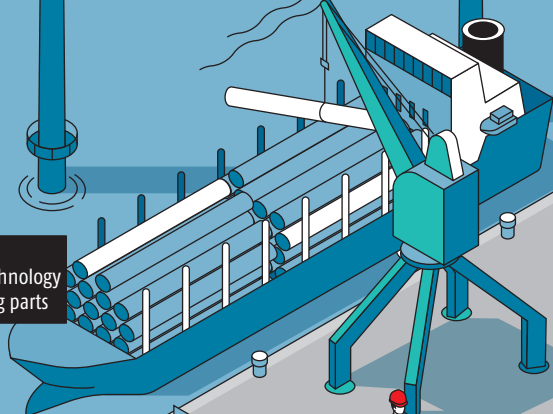


GSR Ventiltechnik:
Standard and
custom valves

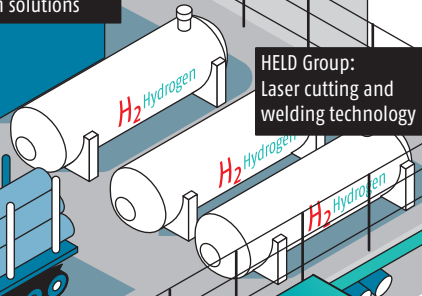


JUNGMANN Systemtechnik:
Control room solutions

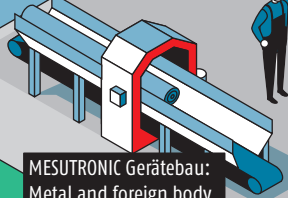
KÖSTER & Co.:
Stud welding technology
and cold working parts



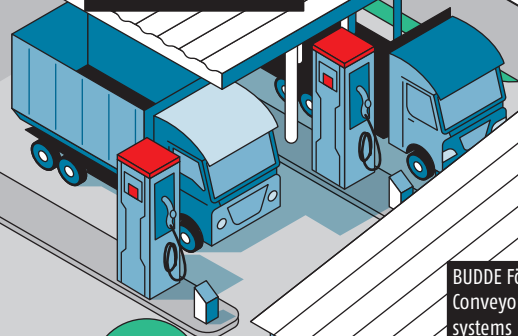
HELD Group:
Laser cutting and
welding technology



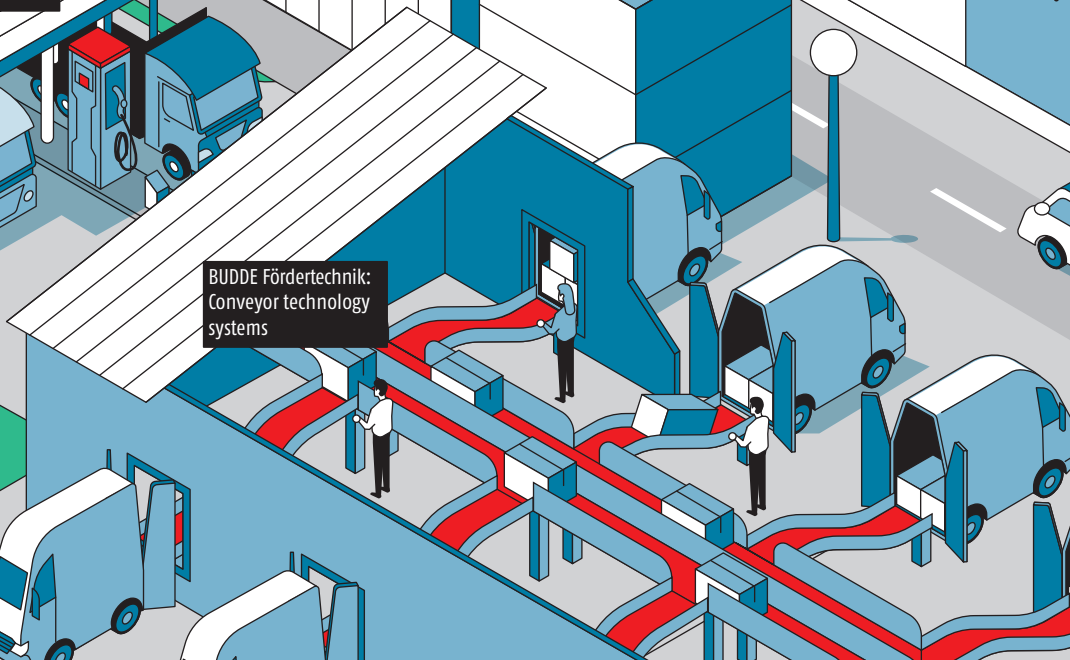
MESUTRONIC Gerätebau:
Metal and foreign body
detection



HORNGROUP:
Refueling technology and
workshop solutions



BUDE Fördertechnik:
Conveyor technology
systems



ELTHERM:
Electric heat tracing systems

ASS Maschinenbau:
Robotic hands and automation systems

PEISELER:
Indexing devices and rotary tilt tables for machine tools

M. BRAUN Inertgas-Systeme:
Inert gas glovebox systems

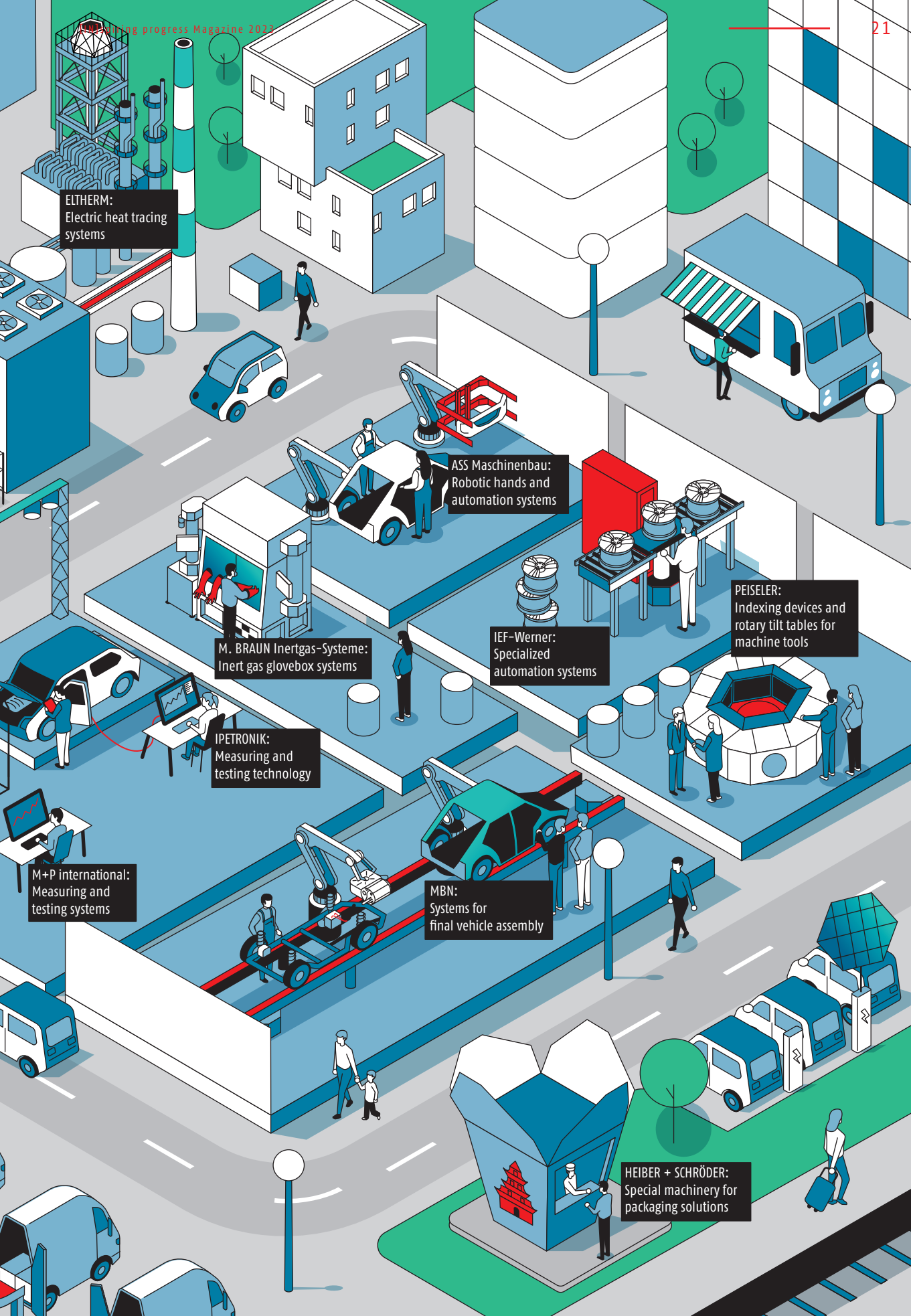
IEF-Werner:
Specialized automation systems

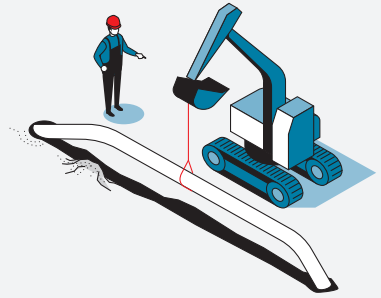
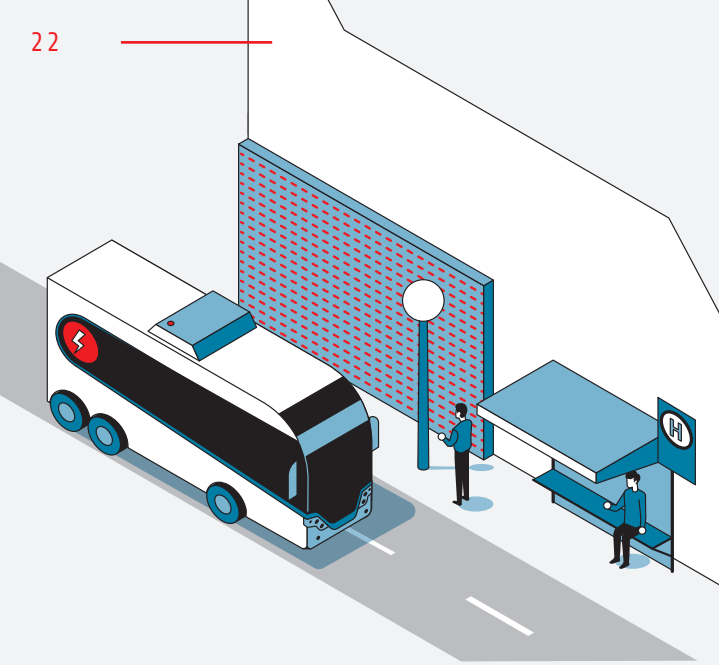
IPETRONIK:
Measuring and testing technology

MBN:
Systems for final vehicle assembly

M+P international:
Measuring and testing systems

HEIBER + SCHRÖDER:
Special machinery for packaging solutions





INFRASTRUCTURE

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

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

and cooling systems. SCHUSTER Klima Lüftung from Friedberg, Bavaria, is also committed to sustainable solutions and develops energy-efficient

EFFICIENT ENERGY USE IS GOOD FOR THE ENVIRONMENT – AND BANK BALANCES

Two arguments that hardly need pointing out in these times. Including from REMKO in Lage (North Rhine-Westphalia). The company specializes in economic air-conditioning and heating technology for buildings and was an early player in the development of heat pumps. Today it generates around a third of its sales with these heating

Sales*
EUR 586.0 million

Share of sales* in %
32.5%

EBIT*
before impairment
EUR 64.1 million

* 2022 financial year

ventilation and air-conditioning systems, including for shopping centers, schools, and industrial and administration buildings.

AURORA Konrad G. Schulz from Mudau, Baden-Württemberg, is its counterpart for mobile applications. The company's heating and air-conditioning systems are used in buses and agricultural machines, for example. Originating from an INDUS development bank project, the innovative heat pump systems are now being supplied in series for fully electric town buses.

Efficient insulation is always a topic when it comes to sustainable construction and renovation. WIRUS Fenster from Rietberg ensures that the users of buildings primarily heat the building and not the environment. The East-Westphalian company produces approximately 150,000 window units and 11,000 exterior doors annually. All window components are 100% recyclable. OBUK Haustürfüllungen also stands out for its quality. The "door panel manufacturer," with its registered office in Oelde, manufactures around 30,000 aluminum and plastic panels for exterior doors in the premium segment each year. OBUK, WIRUS, and REMKO generate sales of around EUR 141 million in total that is Taxonomy-eligible and Taxonomy-aligned according to the EU regulation with their sustainable products.

BOTH IN THE ANALOG AND DIGITAL WORLDS, SPEED AND SHORT CHANNELS ARE INCREASINGLY DOMINATING OUR EVERYDAY LIVES

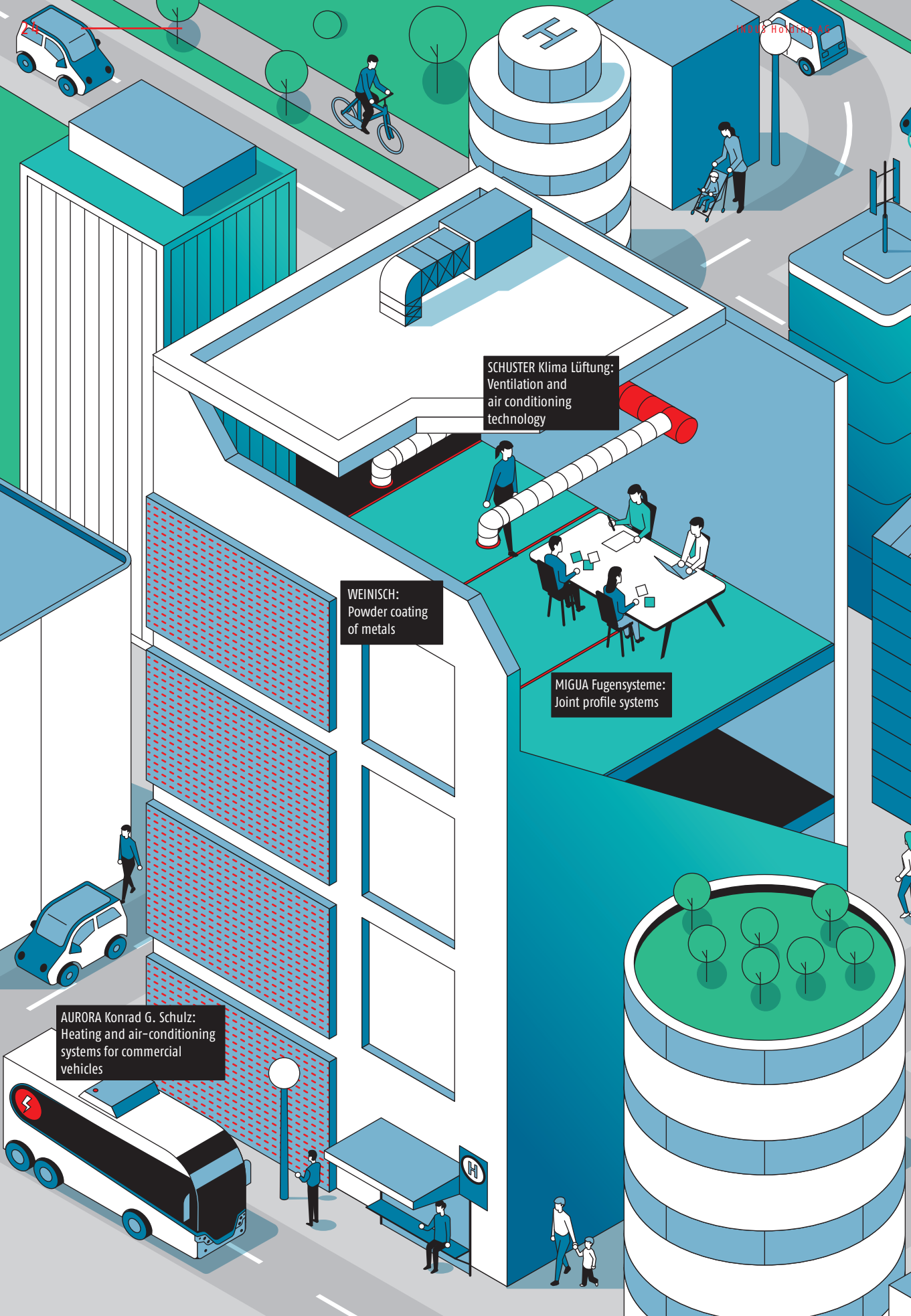
The country, states, and municipalities in Germany manage a network of around 830,000 km of roads today. The bridges on federal highways alone could connect Flensburg with Naples. BETOMAX systems from Neuss, North Rhine-Westphalia, supplies major construction companies with systems for structural concrete and civil engineering. With the latest acquisition of QUICK, BETOMAX has expanded its skills and market access to the field of bridge construction, which has positive prospects going forward. As a specialist for reinforcement and anchor technology, the Swiss ANCOTECH Group is benefiting from ongoing high demand in the construction industry.



"The path to greater sustainability primarily leads through construction. We have to build responsibly today to make sure our grandchildren aren't left paying the mortgage."

**DR. JÖRN GROBMANN,
MEMBER OF THE BOARD
RESPONSIBLE FOR THE
SEGMENT**

The INDUS portfolio companies are also involved in the establishment and expansion of infrastructure networks. WEIGAND Bau from Bad Königshofen plans and erects telecommunications networks (fiberglass networks) and pipe and cable channels for electricity, gas, water, and district heating. The Group company HAUFF-Technik from Hermaringen specializes in insulating cables and pipes with innovative systems. Its subsidiary Hauff-Technik GRIDCOM covers the "last mile" in fiberglass (fiber to the home). TSN Turmbau Steffens & Nölle GmbH is making an important contribution to the nationwide expansion of mobile communications networks. With its tower and mast structures, which can sometimes be over 300 meters high, TSN provides infrastructure for broadcasting and telecommunications.

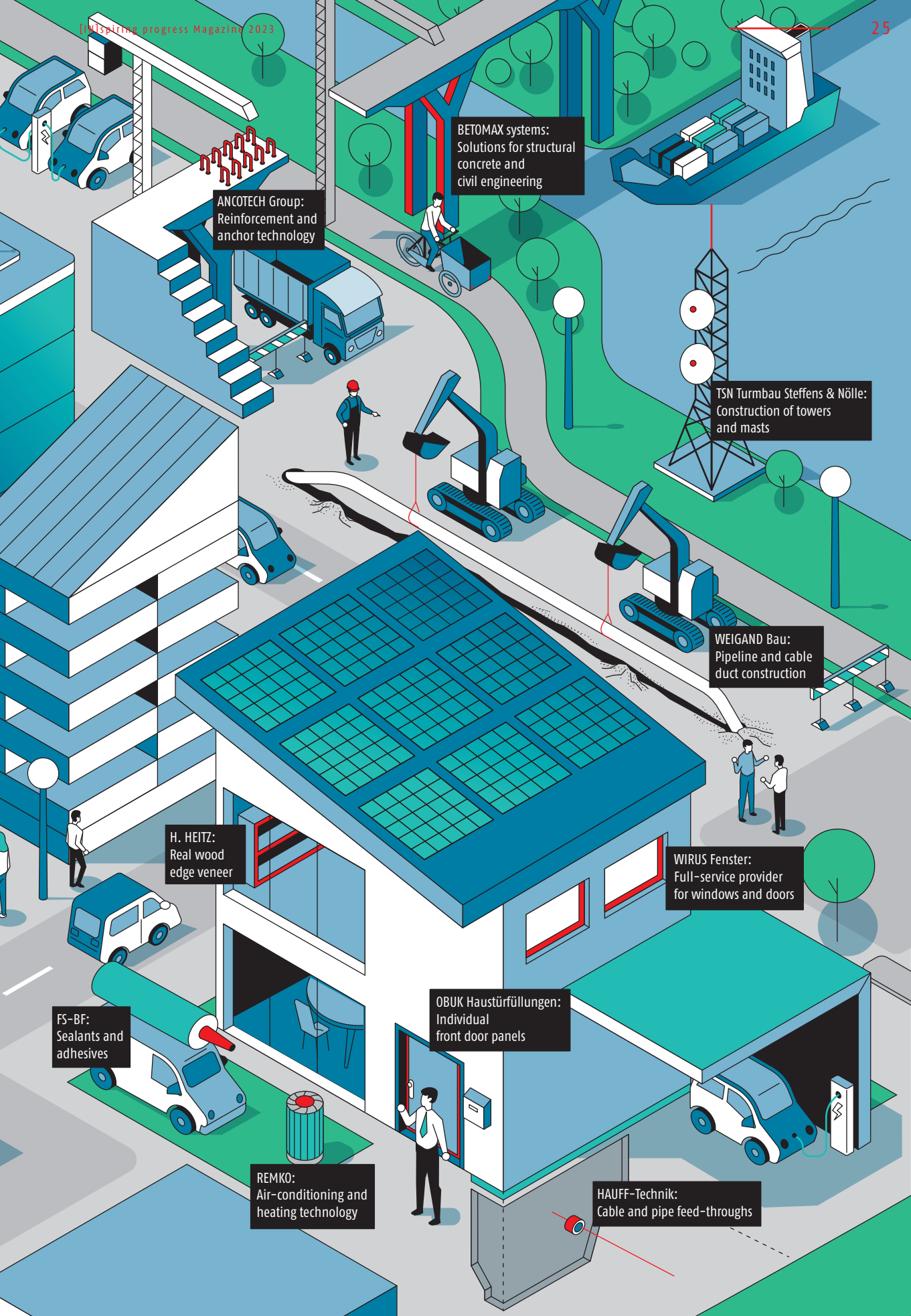


SCHUSTER Klima Lüftung:
Ventilation and
air conditioning
technology

WEINISCH:
Powder coating
of metals

MIGUA Fugensysteme:
Joint profile systems

AURORA Konrad G. Schulz:
Heating and air-conditioning
systems for commercial
vehicles



ANCOTECH Group:
Reinforcement and anchor technology

BETOMAX systems:
Solutions for structural concrete and civil engineering

TSN Turmbau Steffens & Nölle:
Construction of towers and masts

WEIGAND Bau:
Pipeline and cable duct construction

H. HEITZ:
Real wood edge veneer

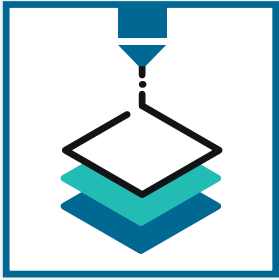
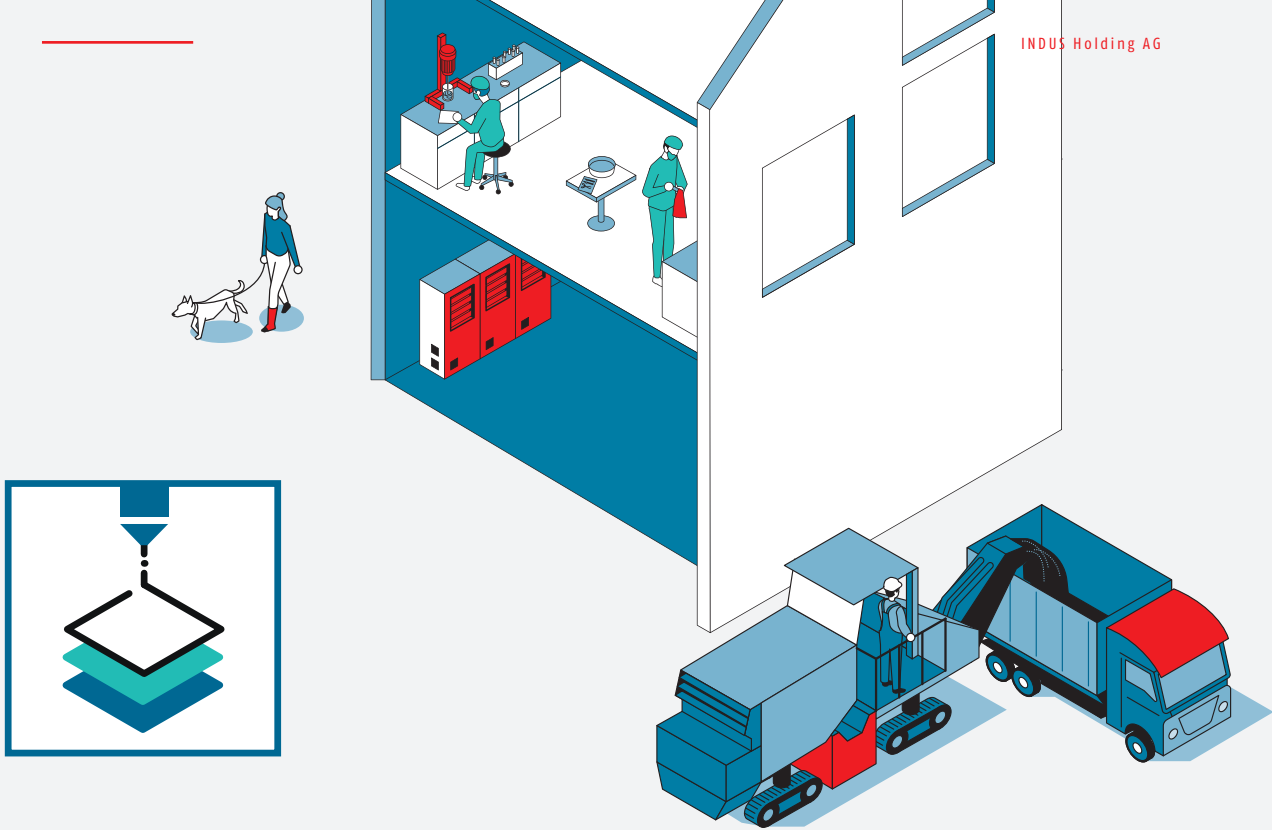
WIRUS Fenster:
Full-service provider for windows and doors

FS-BF:
Sealants and adhesives

OBUK Haustürfüllungen:
Individual front door panels

REMKO:
Air-conditioning and heating technology

HAUFF-Technik:
Cable and pipe feed-throughs



MATERIALS

In the manufacturing sector, innovative materials and new composite materials are pushing the boundaries of what is possible. Together with cutting-edge production processes, they enable solutions that lead to new dimensions of service and applications. The sustainability megatrend demands new solutions for the economical use of resources. The focus is on recycling and waste management.


The companies in the INDUS Materials segment have a high level of expertise in the field of materials. They specialize in metal forming and processing, metal production, and medical consumables and aids. They use the knowledge they have gained and constantly transfer it to new application options.

METALS SHAPE THE FUTURE. INDUS SHAPES METALS

From turned, stamped, drawn, and pressed parts to laser and welding technology – the expertise of the companies in this segment stretches across the entire metal processing and forming process chain. This includes innovative joining technology and surface refinement. The focus is on quality and specific characteristics. It is about implementing complex geometries with high pre-

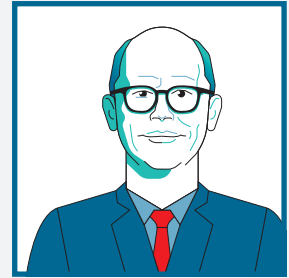
cision, installing assemblies with special characteristics – such as earthquake resistance – or long useful lives for more sustainability. INDUS also covers the field of metal production. VULKAN INOX, for instance, has specialized in the production of blasting agents for surface processing for almost 40 years. The company, based in Hattingen, North Rhine-Westphalia, produces granulated stainless steel abrasives for the treatment and refinement of a wide variety of materials – from aluminum, non-ferrous metals, and stainless steel to concrete and natural stone. The rising share of recycled steel scrap and the complete use of electrical regenerative energy in the manufacture of blasting agents reduce greenhouse gas emissions, prevent interference with nature, and protect finite resources.

SUSTAINABLE BUSINESS PRACTICES MEAN CIRCULAR ECONOMIES

This is a mammoth task, and one BETEK is facing, too. The main products of the Aichhalden-based company include carbide-tipped wear parts for road construction, civil engineering, agriculture, and other industries. The main material used is imported tungsten carbide. In order to prevent dependency on foreign suppliers, conserve resources and avoid the transport of materials over long distances, BETEK has developed a process for recycling the tungsten carbide in used tools. This innovation, supported by the INDUS development bank, has now been industrialized. In the medium-term around 300 tons each year will be covered by recycling.  see SUSTA[IN] #2, page 24. In order to achieve this target, BETEK is now developing a cleaning plant, i.e. for decoating and desoldering carbide scrap, as part of another development bank project – this is a great example of the sustainability work being done within the INDUS Group.

INNOVATIVE CONSUMABLES AND AIDS FOR BETTER HEALTH


The former Medical Engineering/Life Science segment companies are a perfect fit for the Materials segment with their materials expertise. They are active in the fields of surgical stockings and orthotic devices (OFA Bamberg) and the manufacture of rehabilitation accessories (ROLKO Kohlgrüber). They manufacture customized surgical drapes (RAGUSE) and process non-woven fabrics (IMECO). Robust and functional during use, sustainable to manufacture, efficient processing – there are a number of fields where the companies



“In addition to technologies, innovative materials in particular also often open up new opportunities for business. These companies are in the right hands with us.”

DR. JOHANNES SCHMIDT,
Chairman of the Board and
responsible for the
segment

use their specific material expertise. The focus of the applications is on specific characteristics such as low particle amounts, absorbency, resistance to tearing, and microorganism impermeability.

One company that has turned to material innovation to tap into new markets is the Swiss company MIKROP. MIKROP specializes in miniaturized high-precision optics. These are microlenses that make a big impact in operations though they are only a few millimeters wide. The focal point of the product range is lens systems made of glass for use in endoscopy. Single-use lenses made of plastic are the latest innovation.  see [IN]spiring Progress 2022 “Found”, page 28

Sales*
EUR 636.8 million
Share of sales* in %
35.3%
EBIT*
before impairment
EUR 64.7 million

* 2022 financial year

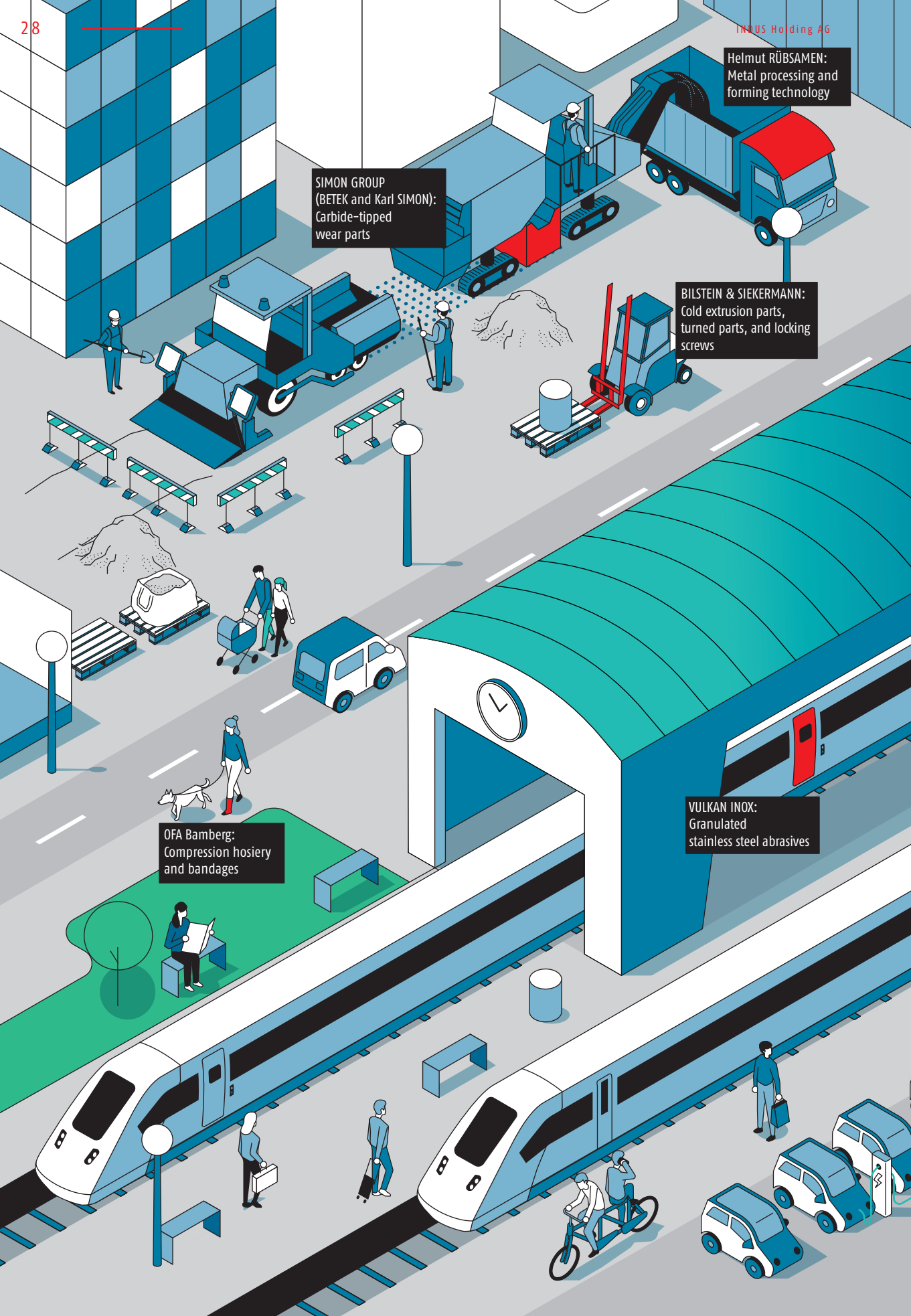
Helmut RÜBSAMEN:
Metal processing and forming technology

SIMON GROUP
(BETEK and Karl SIMON):
Carbide-tipped
wear parts

BILSTEIN & SIEKERMANN:
Cold extrusion parts,
turned parts, and locking
screws

OFA Bamberg:
Compression hosiery
and bandages

VULKAN INOX:
Granulated
stainless steel abrasives



MEWESTA:
Hydraulic control blocks
and systems

ROLKO Kohlgrüber:
Rehabilitation
equipment

HAKAMA:
High-performance
sheet metals

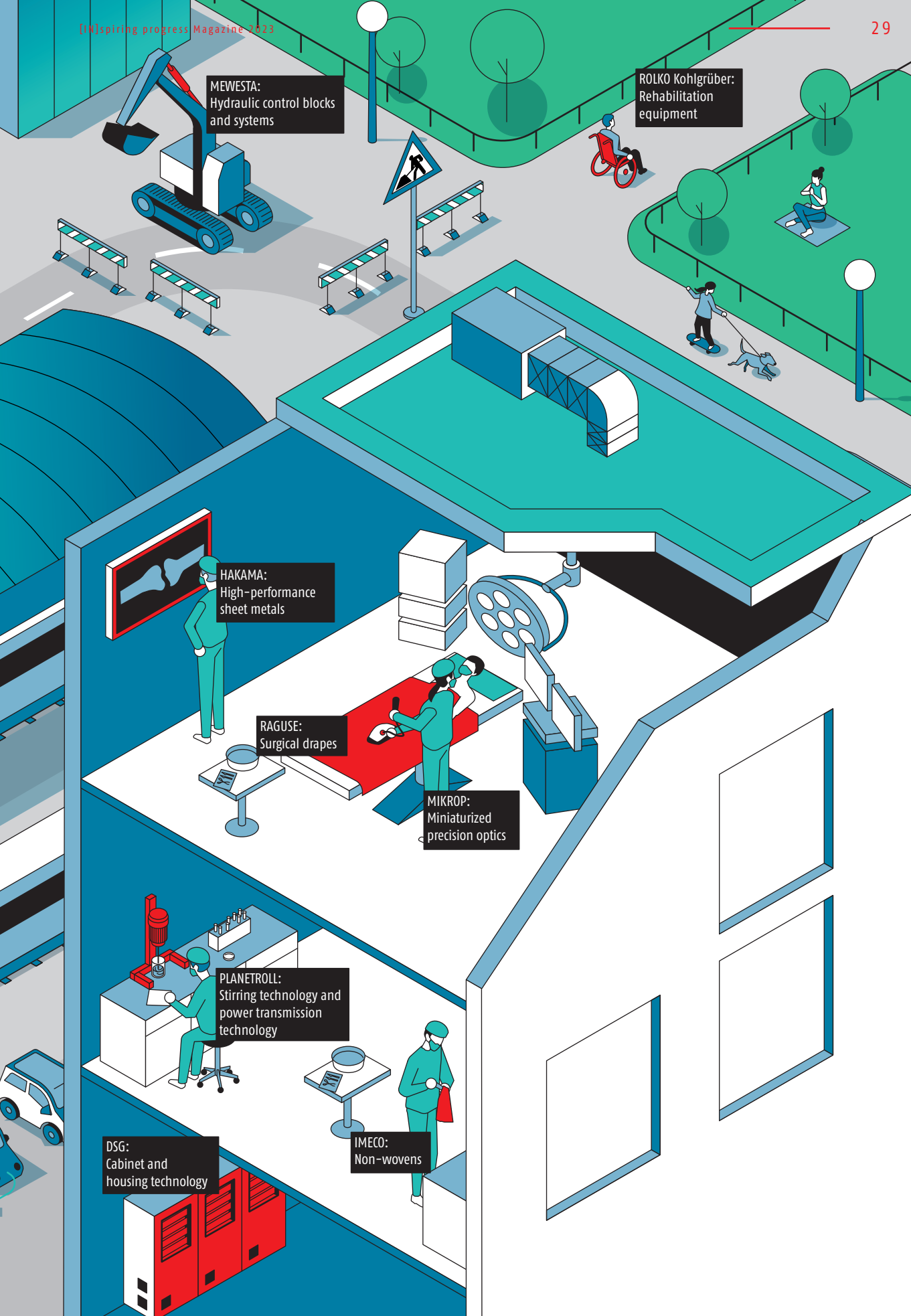
RAGUSE:
Surgical drapes

MIKROP:
Miniaturized
precision optics

PLANETROLL:
Stirring technology and
power transmission
technology

DSG:
Cabinet and
housing technology

IMECO:
Non-wovens

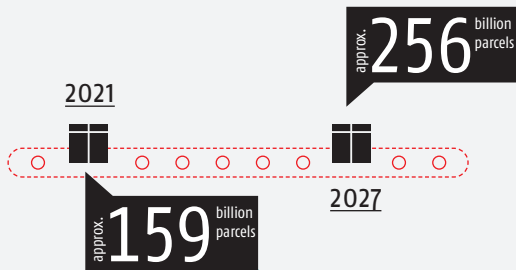


Billions of Parcels

Anytime, Anywhere

According to the Pitney Bowes Parcel Shipping Index, global parcel volumes are steadily increasing:

**Estimated increase
of approx. 60%
by 2027**



Tardigrades

Hidden Champion

They are at most 1.2 millimeters in size – but they are highly adaptable. They can live under water, in Antarctica, in tropical rainforests and even in people's front gardens. And they can withstand anything. When they dry out, tardigrades freeze. In this state – which they can maintain for more than ten years – almost nothing can harm them. They can withstand temperatures below -200°C or above 100°C , or even radioactive and cosmic radiation. And the best thing is that a mere drop of water is enough to wake up these wonders of nature.

PEAK PER- FORMANCE

Veins of Informa- tion in the Deep

98%

of data transmission extends across the sea floor. Even telecommunications depend on this, with around 500 submarine cables connecting the world's continents.

Virtuosos

Exceptional Talent

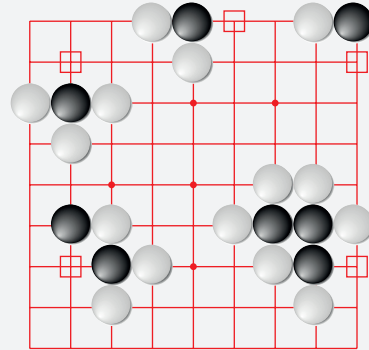
Born in a railroad car shortly before the outbreak of World War 2, Rudolf Nureyev was raised in great poverty in the provinces and did not receive professional training until late in life. And yet, with virtuoso technique and athletic precision, the ballet dancer became an icon of dance during his lifetime and is considered one of the best dancers of the 20th century.



Go

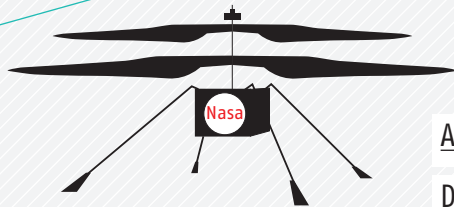
Surrounded

Go, a game where opponents attempt to surround the most territory, is considered to be one of the most complex strategy games in the world. The number of legal board positions in the 19x19 variant is about $2^{10,170}$ – a number with 171 digits. But even here, AI is keeping up. In October 2015, the AlphaGo program was able to win against multiple-time European champion Fan Hui on the 19x19 board without a handicap. Then in March 2016, the program won four out of five games against Lee Sedol, who is considered one of the world's best players.



Hard to Crack

Light as plastic, but as strong as steel – these two properties are combined in a new polymer-based material developed by researchers at MIT. Thanks to a structure resembling Lego bricks stuck together, the resulting material is extremely stable. It takes twice the force to break the fabric than it would to shatter steel.



Mars Exploration

Thin Air

400 million kilometers above the Earth, the small robotic helicopter, which landed on Mars in February 2021, keeps taking off to set new records. Despite extremely adverse conditions. In an atmosphere about 100 times less dense than that of Earth, the aircraft traveled more than 7,400 meters in the air before the end of 2022, reaching an altitude of up to 14 meters.

Aircraft: Mars Helicopter "Ingenuity"

Distance from Earth: 400 million km

Atmospheric density: <100 x that of Earth

Total flight distance: 7,407 meters

Maximum altitude: 14 meters

Total flying time: approx. 1 hour

>1.3 million km

is the estimated total length of the cabling

1850

The first submarine cable ran through the English Channel in 1850. In 1988, the first transatlantic fiber optic cable was laid. It had a transmission capacity of 280 megabits per second.

Today

... modern submarine cables allow 70 million HD videos to be streamed simultaneously.





STRENGTHEN THE STRENGTHS

NEW LEADERSHIP The winds are picking up on the markets. In order to remain successful even under these conditions, INDUS has boosted its support for the portfolio companies.

The INDUS Group currently comprises almost four dozen companies that have enjoyed success in their markets with their core skills over several years. We want this to remain the case even as they face the new challenges the future brings.

Under the guiding principle of “strengthen the strengths” INDUS will be refining the support it offers the portfolio companies – with a strict management structure in the holding company that is based on expertise and increased transparency.

NEW SEGMENT MANAGEMENT: ONE BOARD MEMBER, ONE SEGMENT

Previously all members of the Board of Management were involved with the direct support of individual portfolio companies, and the companies assigned to the members of the Board of Management may have been in different segments. With the level of momentum on the markets, however, it was important to us that the members of the Board of Management were more closely involved



with their own portfolio companies and gained a deeper understanding of their fields. This is particularly relevant in light of the growing number of portfolio companies and INDUS' ambitious growth targets. The issues have become more complex and directions have to be more precise. It is also about speed and that requires in-depth knowledge of the sector.

With the introduction of the segment management model, INDUS is adapting to these circumstances. In the future, each of the segments will be clearly assigned to one member of the Board of Management. The Board member will be supported by portfolio company controllers who will also only support portfolio companies from just one segment. That means one member of the Board of Management manages one segment. This member is the expert and maintains close contact with the companies in the segment, providing out-of-the box ideas. They will boost the companies' strengths and promote the exchange of information among the companies in the segment. The aim here is to stimulate growth in the relevant future fields and benefit from current megatrends.

The central functions of the Chair of the Board and the Chief Financial Officer will be separated from the segment management to strengthen the strategic and economic overall management of the Group. The current assignment of responsibility of the Materials segment to the Chair of the Board will be discontinued in the future. All members of the Board of Management will remain active in the overall Board of Management and decide together on topics material to the Group as a whole. This includes acquisitions and investment budgets for each of the segments. Questions about investments that the individual portfolio companies will make will be made by the member of the Board of Management responsible for the



MEYER



GROBMANN



SCHMIDT



SCHMIDT



WEICHERT

SEGMENT MANAGEMENT

COO ENGINEERING

IMPROVING PERFORMANCE

COO INFRASTRUCTURE

DRIVING INNOVATION, STRIVING FOR SUSTAINABILITY

COO MATERIALS

CENTRAL FUNCTIONS

CEO

STRENGTHENING THE PORTFOLIO STRUCTURE

CFO

segment. This Board member has close contacts with the companies and has the necessary knowledge of the market. This will in turn optimize the allocation of funds.

MANAGING DIRECTORS: MORE CLOSELY INVOLVED IN THE SEGMENTS

What will change for the managing directors in the portfolio companies? They will continue to have complete operational responsibility. In return they will have support from the member of the Board of Management that is deeply involved in their field and sector. The member of the Board of Management responsible for their segment will continue to offer field-specific and strategic support, but also with closer management of topics that will be of relevance in the future. At the same time, the managing directors will maintain close contact with the other managing directors in their segments, making it easier for them to pick up on market trends, develop these in their networks and thereby generate profitable growth.

STRATEGIC INITIATIVES REMAIN CENTRAL FIELDS OF ACTION

PARKOUR perform still includes the four strategic initiatives of “Strengthening the Portfolio Structure,” “Driving Innovation,” “Improving Performance,” and “Striving for Sustainability.” Each member of the Board of Management will be pushing their own strategic initiatives through the Group in the portfolio companies. This cross-sectional function strengthens the success of the entire Group.

OPERATING CASH FLOW



FREE CASH FLOW: BOOSTING VALUE-FOCUSED MANAGEMENT

Free cash flow will be added as an additional key figure. This increases the transparency regarding the financial flexibility the Group has – for acquiring further high-margin specialists, paying interest, and reducing debt, or for dividend payments. At the same time, it provides a good overview of the value contribution made by the segments as well as individual portfolio companies. This means it can also act as an incentive. In addition to EBIT, free cash flow will become a relevant figure for bonus payments in the remuneration of the managing directors.

MORE VISIBLE, MORE ATTRACTIVE

INDUS’ new management structure promotes the development of the segments in terms of the future fields – which in turn will lead to higher visibility on the market. Each member of the Board of Management will represent their own segment to the outside world. This will contribute to other companies in the sector recognizing INDUS even faster as an attractive partner and expert in the sector. When it comes to looking for new targets, this will no doubt prove to be another important advantage, as INDUS intends to keep growing through future-oriented acquisitions.



TRUE TO OUR VALUES

INDUS REMAINS LOYAL “In with the new” at INDUS doesn’t mean out with the old. The basic values of our Group remain the same.

THE PEOPLE AT OUR PORTFOLIO COMPANIES RELY ON US ...

Almost 11,000 people work for our Group. They contribute their efforts on a daily basis and support our success – and not just the success of the Group, but also and in particular the success of their individual companies. After all, this is where their roots are. This is where they earn their money. And this is where they are part of the social fabric – in all kinds of ways. The employees are proud of their company, which has made a name for itself in its sector. They value the stability and rely on being a part of its long-term success.

... AS DO OUR SHAREHOLDERS

For more than three decades, investors have been participating in INDUS’ business model. More than a few have been with us from the start. Our investors include institutions with a long-

term investment horizon, entrepreneurs who are well-acquainted with the responsibilities of management, and private investors who want to participate in the technology-oriented industrial SME industry in German-speaking countries. They all support our strategic approach of “buy, hold & develop.” They also appreciate the Group’s diverse portfolio, its growth orientation, and the resulting stable income that sees them earning dividends year after year.

OUR VALUES

- LONG-TERM AND SUSTAINABLE DEVELOPMENT
- ENTREPRENEURSHIP, COURAGE AND CREATIVITY
- STABILITY, DEPENDABILITY AND FAIRNESS
- SHORT CHANNELS

COMMITTED TO A HEALTHY BALANCE

Nothing will change in the future when it comes to the basic principles described above. We are a Group focused on the day-to-day business. We honor our commitments without any ifs or buts. We don't throw our decisions overboard at the first sign of difficulty.

But INDUS stands for more than just stability, dependability and fairness. Entrepreneurship, courage and creativity – or, to put it another way, the willingness to change what must be changed to guarantee the future of the Group – are just as important to us. Entrepreneurs that put their life's work into our hands know that a healthy balance is needed for long-term success. And it is the current situation that decides which set of values has to be prioritized.

OUR VALUES REMAIN THE SAME. THEIR IMPORTANCE IS SHIFTING

In line with this, we are currently making some changes when it comes to the management of our Group, without losing sight of our fundamental canon of values. Translated to our strategic everyday communications, this means, for instance, that we will sharpen our focus on sustainable development. Taking this holistic perspective is more important than ever when it comes to being successful in the future.

And when it comes to supporting the portfolio companies, we are sharpening our focus on the holding company's contribution to the development of the companies. It is particularly important for our portfolio companies now that they take into consideration the future fields that are especially relevant to their business. The right momentum must be achieved to tap into the right forward-looking topics and generate growth. The holding company will not fail to provide the support necessary for this to happen.

M&A – GROWING REMAINS PART OF OUR DNA

We will also remain loyal to our principles when it comes to the M&A philosophy. If a company joins us following an in-depth analysis, we want them to stay. What is most important to us is that the portfolio companies have good development prospects with us. In individual cases, this might involve a review of whether a portfolio company might not perform better

with another owner. Our decision to remove individual portfolio companies from the Group is an important one and serves to allow us to implement our refined, more sharply focused approach to investment. Our Group will remain diversified in the future. At the same time, however, we will also focus on being the home of technological and niche specialists in industrial engineering, focused on selected topics of relevance to the future.

These future fields will remain at the forefront of our minds as we make first and second level acquisitions in the future. We intend to keep growing with two to three acquisitions per year. Our previous investment criteria still apply, although we will additionally be looking closely at the potential of the companies in the future fields that are relevant to us.

WE ARE SHAPING THE FUTURE WITH SMES

Until recently, we summarized our performance obligation with the words "SMEs are our passion." This passion continues to be what motivates us. We aim to actively support our portfolio companies as they become the next generation of SMEs. So our motto has changed somewhat to, "We are shaping the future with SMEs." And our future fields are pointing the way. We will be getting more actively involved to make sure that we're heading down the right path. And to make sure that we can overcome all obstacles, our portfolio companies will become more agile and improve their performance. What links us and the portfolio companies on this PARKOUR route are our common goals and shared values. And this is something everyone can rely on.

INDUS TICKER 2022

Awards

- **ASS Maschinenbau** received two awards in 2022. The IHK Köln (Cologne Chamber of Commerce and Industry) recognized Tobias Sax for his above-average grades in completing his industrial clerk apprenticeship and at the same time honored ASS for their outstanding performance when it comes to vocational training.
- **MIGUA Fugensysteme** received the German Brand Award in the category "Excellent Brands – Buildings & Elements".
- **OFA Bamberg** was awarded the "Top Job" seal, marking it out as an attractive employer. This was also confirmed by the BRIGITTE 2022 employee survey, which counted the company among the best companies for women in Germany. The textile product refinement trainee Philipp Steger was also recognized by the IHK Oberfranken.
- Leon Eibes, a cutting machine operator with **PEISELER** was recognized as one of the best trainees of 2022 by the IHK Trier.
- **REMKO** trainee Domenik Achziger from Lage received more than 92 of 100 possible points in his IHK exam, making him the top trainee.
- **SCHUSTER Klima Lüftung** was again named Training Company of the Year by IHK and HWK Schwaben (Swabian Chamber of Trade).
- The **SIMON GROUP** ranked among the TOP 100 again in the 2022 competition and received the seal for its innovativeness.
- Tecalemit GmbH & Co. KG, a **HORNGROUP** brand, received an innovation award at the Parts and Service World 2022 trade fair in the "Workshop" category with its TMS smart fluid management.
- The **INDUS holding company** received the "Innovation through Research" seal from the Deutsche Wissenschaft e.V. foundation association.

Anniversaries

- Both the **BUDDE Fördertechnik** and **KÖSTER** portfolio companies celebrated their 70-year anniversaries in 2022.
- Established in 1992, **MESUTRONIC** celebrated its 30th anniversary.

Acquisitions

INDUS grew with two first-level acquisitions this year:

- With the completion of the acquisition of **HEIBER+SCHRÖDER** in April 2022, the Group gained a provider of special machinery for the cardboard industry.
- In May 2022, INDUS acquired the **HELD Group** in Heusenstamm, Offenbach. The HELD Group develops and produces machines and equipment for laser cutting and welding technology.

Annual Shareholders' Meeting

INDUS streamed its 31st Annual Shareholders' Meeting from the rooms of Koelnmesse's Congress Center Nord on May 31, 2022. Around 370 viewers joined virtually. In 2023, for the first time in three years, the INDUS ASM will be taking place in person on May 17, 2023.

Sustainability

As part of the fourth strategic initiative "Striving for Sustainability," the INDUS sustainability development bank was launched at the beginning of the year. The decision to fund a total of six projects was taken. Three of the applications are for photovoltaic systems with a total investment volume of EUR 2 million.

INDUS published its second sustainability magazine at the end of July, focusing on the topic of "Sustainable Construction" and providing direct insights into the ESG activities of the portfolio companies.



Scan the QR code or click on this text to go to our SUSTA[IN] sustainability magazine.

[IN]spiring
PROGRESS

IMPRINT

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