

# 01

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## Company and Shareholders

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# Our Broad Positioning Is Paying Off Particularly Now

2020 was, without a doubt, an exceptional year for INDUS. A year of particular challenges but also of small and large successes in our day-to-day business activities shaped by the coronavirus. The INDUS Board of Management takes stock.

## How can you sum up a year like 2020?

**DR. JOHANNES SCHMIDT** – 2020 was an exceptional year and demanded a great deal from all the INDUS Group’s employees – both in the portfolio companies and in the holding company. At the same time, our portfolio companies’ high degree of agility, which the managing directors as “local entrepreneurs” and our motivated workforces proved day after day, enabled us to adapt quickly to the ever-changing external circumstances caused by the pandemic.

**RUDOLF WEICHERT** – We were able to maintain the added value in the companies most of the time, even during the lockdowns, while also maintaining high standards for protecting the health of our employees. We therefore came through the crisis year relatively well as a group, with consolidated sales decreasing by 10.6% to EUR 1.56 billion. At EUR 174.4 million, our operating cash flow was in fact above the previous year’s level. Operating income, which was EUR 25.1 million, was particularly affected by the Automotive Technology segment’s negative performance, the goodwill impairments recognized, and the effects from implementing the INTERIM SPRINT package of measures.

## INTERIM SPRINT is a good term. What’s already happened there and what’s behind this?

**DR. JOHANNES SCHMIDT** – Implementing the INTERIM SPRINT package of measures meant we sold a portfolio company, a sub-subsidiary, and a division of a portfolio company in 2020. We also closed a division of a portfolio company, and we’ll fully complete the closure of another portfolio company in mid-2021. This means INTERIM SPRINT has significantly strengthened our portfolio structure.



## What issues are particularly occupying your portfolio companies at the moment? What areas for improvement are you working on?

**AXEL MEYER** – The coronavirus pandemic is continuing to keep our managing directors and our portfolio companies' employees in suspense. We're focusing particular attention on implementing health protection measures for our employees and at the same time meeting operating challenges, which puts considerable strain on everyone involved. Where possible, our employees are working from home. And a lot of work is now being done virtually. For example, machinery at customers' premises all over the world is being installed and put into operation with video assistance, and certification audits are being conducted online. We've also expanded our web-based training options for customers.

**JÖRN GROSSMANN** – Despite the pandemic, the portfolio companies are looking ahead. Innovation activities continue. And the portfolio companies are also intensively focusing on initiating acquisitions of complementary additions to strengthen their market position or supplement their product portfolios.

## How much has the pressure for innovation and efficiency further increased?

**AXEL MEYER** – It's noticeable that pressure for efficiency is still increasing. In addition to the many other coronavirus-related challenges, material prices are currently rising significantly. That's why our "improving performance" strategic initiative really hits the mark. Our "Operational Excellence in Production" and "Operational Excellence in Business Development/Sales" programs help our portfolio companies to improve their value-adding core processes. This

enables them to better exploit existing market opportunities or, in the spirit of lean management, "avoid waste." Especially in the area of business development and sales, there's considerable potential that can be leveraged – in some cases even faster than in production. The best example is the pricing of products and services: You have to develop a clear picture of customer benefit here and then price this consistently. A smart pricing policy creates concrete earnings potential.

**JÖRN GROSSMANN** – In the period after the coronavirus in particular, innovation pressure is also going to continue to increase. The topic of digitalization is still on everyone's lips. We're deliberately strengthening our portfolio companies' creativity and innovativeness with the "driving innovation" strategic initiative from our PARKOUR strategy program. Even in 2020, which was a difficult year, we carried on with important innovation projects and started new ones. We've invested a total of around EUR 1.5 million to support our portfolio companies' important innovation projects with our innovation development bank.

## What does the current situation mean for the intended acquisitions?

**DR. JOHANNES SCHMIDT** – We've set ourselves clear growth targets for the portfolio with the "strengthening the portfolio structure" strategic initiative. We want to grow it





sustainably with acquisitions in the sectors we've identified as growth industries. In the past year, the market for the types of acquisition targets INDUS typically chooses – the hidden champions of the SME industry – largely dried up until well into the third quarter. Since the end of the third quarter, we have, however, seen a significant revival. The “good” companies have now proved that they can even develop in a stable way in times of pandemic. That is giving the sellers – and we almost exclusively talk to owners of family-run businesses here – the courage to start sales processes again.

We're currently at an advanced stage in several processes. I'm very confident that we'll succeed in several more acquisitions in 2021, as set out in our PARKOUR strategy program – both growth acquisitions at portfolio level and complementary additions for our portfolio companies.

## What can the shareholders and partners expect for 2021 overall?

**RUDOLF WEICHERT** – 2021 will be a transition year for the INDUS Group after the adverse year of 2020. We're going to see clear improvements in the Automotive Technology segment. However, 2021 will remain difficult for the two series suppliers in restructuring, because the series ramp-ups for important new projects are only just starting. The background to this is the long lead times in the industry. We expect a recovery in the Engineering, Medical Engineering/Life Science, and Metals Technology segments. And the Construction/Infrastructure segment remains an important linchpin of the portfolio.

**DR. JOHANNES SCHMIDT** – We're going to continue to systematically implement the PARKOUR strategy program in 2021. The positive effects from the INTERIM SPRINT package of measures and the tailwind as a result of anticipated positive macro-economic development let us take a major step toward healthy profitability. We're also going to further strengthen the portfolio structure with important acquisitions.

We're going to achieve our goals – together with the creative and bold managing directors in our portfolio companies and particularly also together with our motivated and dedicated employees in our portfolio companies and the holding company. On behalf of the entire Board of Management, I'd like to thank everyone very much for this dedication. <<



# Management Bodies

## The INDUS Board of Management\*



**DR. -ING. JOHANNES SCHMIDT**  
CHAIRMAN OF THE BOARD

Dr. Johannes Schmidt (German citizen, born 1961) has been a member of the 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

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

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

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 the professional qualifications of the Board of Management members may be found on our website. For information concerning memberships on other supervisory boards, see page 195.



## 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. Detailed information concerning the professional qualifications of the Supervisory Board members may be found on our website. For information concerning memberships of Supervisory Board committees, see page 194 et seq.

### 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 (since 2018)

### DR. JÜRGEN ALLERKAMP

Member of the Supervisory  
Board (since 2007)

### HELMUTH SPÄTH

Member of the Supervisory  
Board (since 2012)

### DR. DOROTHEE BECKER

Member of the Supervisory  
Board (since 2014)

### UWE TRINOGGA\*

Member of the Supervisory  
Board (since 2018)

### DOROTHEE DIEHM\*

Member of the Supervisory  
Board (since 2018)

### CARL MARTIN WELCKER

Member of the Supervisory  
Board (since 2010)

### PIA FISCHINGER\*

Member of the Supervisory  
Board (since 2018)

### CORNELIA HOLZBERGER\*

Member of the Supervisory  
Board (since 2018)

## Supervisory Board Committees

### Nomination Committee

Jürgen Abromeit (Chairman)/Isabella Pfaller  
(Financial Expert)/Carl Martin Welcker

### Personnel Committee

Jürgen Abromeit (Chairman)/Dr. Dorothee Becker/  
Dorothee Diem/Wolfgang Lemb

### Audit Committee

Isabella Pfaller (Chairman, Financial Expert)/  
Dr. Jürgen Allerkamp/Gerold Klausmann

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

Jürgen Abromeit (Chairman)/Pia Fischinger/Wolfgang  
Lemb/Isabella Pfaller (Financial Expert)

# 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 development,

and compliance that were of material importance to the company and the INDUS Group. This included information concerning the straying of actual developments from previously reported goals and of actual business performance 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 Chairwoman of the Audit Committee and in particular the Supervisory Board Chairman also engaged in an intensive exchange of information and ideas with the Board of Management and regularly kept themselves informed of significant company developments as they happened. The Supervisory Board as the supervisory body was always included in all fundamental decisions.

## Composition of the Supervisory Board

There have been no changes to the composition of the Supervisory Board compared to the previous year. Details regarding the composition of the Supervisory Board and its committees can be found on page 9 in the section “Management Bodies” and on page 194 et seq. in the section “Further Information on the Board Members” of the Annual Report, as well as on the INDUS website.

## Meeting Frequency and Attendance

Six ordinary meetings and one extraordinary Supervisory Board meeting were held in the 2020 financial year. In view of the COVID-19 pandemic, the meetings were generally held as video conferences. Only one meeting was held as a face-to-face meeting. In addition, the resolutions of the shareholder representatives on the Supervisory Board on independence were adopted in a conference call on March 9. The Board of Management attended all Supervisory Board meetings except for the aforementioned conference call for shareholder representatives, although the Supervisory Board also regularly discussed agenda items without the Board of Management. Apart from one excused absence of a member at the Personnel Committee meeting and the Supervisory Board meeting on September 24, 2020, all members of the Supervisory Board and the committees always took part in all meetings of the Supervisory Board and its committees.

## 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.

### SUPERVISORY BOARD MEETINGS AND WORK OF THE COMMITTEES IN THE 2020 FINANCIAL YEAR

	Participation	in %
<b>Supervisory Board</b>		
Jürgen Abromeit (Chairman)	7/7	100
Wolfgang Lemb (Deputy Chairman)	7/7	100
Dr. Jürgen Allerkamp	7/7	100
Dr. Dorothee Becker	7/7	100
Dorothee Diehm	7/7	100
Pia Fischinger	7/7	100
Cornelia Holzberger	7/7	100
Gerold Klausmann	7/7	100
Isabella Pfaller	7/7	100
Helmut Späth	7/7	100
Uwe Trinogga	7/7	100
Carl Martin Welcker	7/7	100
<b>Personnel Committee</b>		
Jürgen Abromeit (Chairman)	5/5	100
Dr. Dorothee Becker	4/5	80
Dorothee Diehm	5/5	100
Wolfgang Lemb	5/5	100
<b>Audit Committee</b>		
Isabella Pfaller (Chairwoman)	4/4	100
Dr. Jürgen Allerkamp	4/4	100
Gerold Klausmann	4/4	100

## Corporate Governance

On the basis of detailed, legally verified questionnaires, a self-evaluation of the work of the Supervisory Board and of the Personnel Committee and Audit Committee was carried out. In addition, the Supervisory Board together with the Board of Management issued an updated Declaration of Conformity with the German Corporate Governance Code on December 9, 2020, pursuant to Section 161 of the German Stock Corporation Act (AktG) and made it available on the INDUS website.

## Main Topics of the Meetings

The **first ordinary Supervisory Board meeting on March 26, 2020**, focused on the submission and clarification of the 2019 annual financial statements of INDUS Holding AG and the Group and the resolutions on these. The Chairwoman of the Audit Committee particularly addressed significant aspects of accounting for the consolidated financial state-



ments to the Supervisory Board. At the Audit Committee's recommendation and after thorough exchanges with the external auditor, Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Cologne, the Supervisory Board approved the annual financial statements and the consolidated financial statements as well as the separate non-financial INDUS Group report for the financial year 2019. The Supervisory Board agreed with the dividend and resolutions proposed by the Board of Management for the 2020 Annual Shareholders' Meeting. On the basis of the proposal of the Audit Committee, the Supervisory Board resolved to propose to the Annual Shareholders' Meeting that Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Cologne, be appointed as the external auditor for the company and the Group for the 2020 financial year.

Following the recommendations of the Personnel Committee, the necessary resolutions regarding the variable remuneration of the members of the Board of Management were passed. Moreover, the Board of Management informed the Supervisory Board of the INDUS Group's economic position as of February 2020, including special reports on the ongoing repositioning projects. In addition, it explained the plan of action undertaken in view of the effects of the COVID-19 pandemic.

The Supervisory Board held a **second ordinary meeting** on **May 20, 2020**. The board dealt in depth with the Board of Management's report concerning business performance in the months from January to April 2020 at this meeting. Moreover, the Board of Management presented the Forecast I to the end of 2020, which was prepared based on the results for the period ended March 2020, and also dealt with the development of liquidity. With respect to the 2020 Annual Shareholders' Meeting, the Supervisory Board agreed that it should be held virtually.

In addition to the current business performance, the main topics discussed at the **third ordinary Supervisory Board meeting** on **July 7, 2020**, in particular comprised the INTERIM SPRINT package of measures to optimize the portfolio resolved and explained in detail by the Board of Management, the planning process at mid-year that was additionally triggered and also in the context of the COVID-19 pandemic, the subsequent impairment tests, and the effects of the package of measures on the half-year figures.

At the **fourth ordinary meeting** on **August 13, 2020**, the Supervisory Board discussed the Forecast II of the portfolio companies in depth, which was prepared on the basis of actual figures for the period ended June 30, 2020, and also the implementation of the INTERIM SPRINT package of measures on the basis of the Board of Management's

explanations. In particular, the development of the direct portfolio companies BACHER and KIEBACK and the subsidiary FICHTHORN were discussed.

The **fifth ordinary Supervisory Board meeting** was held on **September 24, 2020**. In addition to discussing the current plan presented by the Personnel Committee for further developing the remuneration system for the Board of Management, the Supervisory Board also discussed the results of the self-evaluation carried out. Based on the Personnel Committee's recommendations, the Supervisory Board decided to extend the appointment of Rudolf Weichert to the company's Board of Management and approve Mr. Weichert's Board of Management contract extension. The Board of Management provided information on the financial performance as of August 31, 2020, and on the further implementation of the package of measures. Following a detailed explanation by the Board of Management, the Supervisory Board approved the closure of BACHER AG.

At the **extraordinary Supervisory Board meeting** on **November 16, 2020**, the Board of Management explained the planned acquisition of JUNGSMANN Systemtechnik GmbH & Co. KG, which the Supervisory Board approved following a discussion.

The Supervisory Board held a **sixth ordinary meeting** on **December 9, 2020**. At the meeting, the Board of Management reported the current financial performance as of October 31, 2020, the current status of repositioning projects in the Automotive Technology segment, and the current outlook for the remainder of the 2020 financial year. The Board of Management then covered business planning for the 2021 financial year. In the discussion that followed, the Supervisory Board and the Board of Management considered the details of the planning process. The Supervisory Board adopted the annual planning without changes.

Another focus was on the discussions and the resolution on the new remuneration system for the Board of Management, which meets the changed requirements following the implementation of the Second Shareholder Rights Directive into German law and the revision of the German Corporate Governance Code. The new remuneration system for the Board of Management including the remuneration caps decided for the respective members of the Board of Management will be presented to the 2021 Annual Shareholders' Meeting for approval. In addition, the Supervisory Board argued in favor of retaining the rules on remuneration for the Supervisory Board laid down in the Articles of Incorporation.

## 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 chairmen of the committees reported to the Supervisory Board regularly and in detail on their committees' work. Both the Personnel Committee and the Audit 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 or the Nomination Committee to convene. The composition of the committees is presented on page 8 et seq. of the Annual Report under the heading "Management Bodies" and on the INDUS website.

In the 2020 financial year, the **Personnel Committee** prepared the Supervisory Board's personnel decisions in **five meetings on March 26, May 20, September 15 and 24, and December 9, 2020**. Where necessary, decisions were made or resolutions to be taken were recommended to the Supervisory Board. The committee discussed the topic of compensation paid to the Board of Management in detail. In addition to recommendations for the Supervisory Board regarding adopting the necessary resolutions on compensation paid to the Board of Management in the existing system, the Personnel Committee worked intensively on developing a new remuneration system for the Board of Management taking account of the change in conditions as a result of the implementation of the Second Shareholder Rights Directive into German law and the revision of the German Corporate Governance Code. The newly developed remuneration system for the Board of Management was ultimately recommended to the Supervisory Board for resolution. Details regarding compensation for the Supervisory Board members can be found in the compensation report. Another focus of committee work was contractual matters relating to members of the Board of Management. For example, the extension of Mr. Weichert's appointment and Board of Management contract was recommended to the Supervisory Board for resolution. The upcoming contract extension with Dr. Großmann in 2021 was also discussed.

The **Audit Committee** met **four times** in the 2020 financial year: on **March 23 and 26, July 7, and December 9, 2020**. Taking part in the meetings, in addition to members of the Board of Management, were representatives of Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Cologne. The Audit Committee obtained the external auditor's Statement of Independence as required, verified his qualifications, entered into the remuneration agreement, and established the focal points of the audit. The external auditor declared to the Audit Committee that there were no facts or circumstances present

that would constitute grounds for assuming a lack of impartiality on his part. The main topics of discussion were the 2019 annual financial statements, the effects of the COVID-19 pandemic and the package of measures adopted by the Board of Management to optimize the portfolio ("INTERIM SPRINT") on the 2020 half-yearly financial statements in particular, the review of the risk management and compliance report for 2019, and further development of the compliance management system.

## Approval of the Annual Financial Statements and the Consolidated Financial Statements as of December 31, 2020

Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Cologne, appointed auditor of the separate and consolidated financial statements by resolution at the Annual Shareholders' Meeting of August 13, 2020, audited the annual financial statements, the consolidated financial statements, and the combined management report of the Group and of INDUS Holding AG for the 2020 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 auditor provided the annual financial statements with an unqualified audit certificate. The auditor 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, and the non-financial INDUS Group 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 18, 2021, for adoption of the financial statements. This meeting was also attended by the external auditor Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Cologne, 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.

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 2020 annual financial statements and the 2020 consolidated financial statements. The annual financial statements for 2020 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. To form its opinion, it drew on the review performed by the external auditor, Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Cologne. The Supervisory Board raised no objections to the separate non-financial report for the INDUS Group.

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. The effects of the COVID-19 pandemic and INDUS' agility in this challenging time have once again shown us how important and valuable this successful work is.

Bergisch Gladbach, Germany, March 18, 2021



On behalf of the Supervisory Board,  
Jürgen Abromeit  
Chairman

# INDUS Share

## The 2020 Stock Market Year: Significant Influence From the Coronavirus Pandemic

The 2020 stock market year was dominated by the coronavirus and thus shaped by high volatilities. The pandemic was already affecting the **GLOBAL ECONOMY** in February. The economic downturn was twice as deep as in the financial crisis and occurred significantly more quickly. This led to unprecedented falls in prices on capital markets.



Information on the general economic conditions can be found starting on p. 66

However, the losses were almost completely wiped out again by the end of the third quarter, although the “second wave” in October then caused stock markets to correct once more. The market then continued in a negative trend until the outcome of the US election, enormous state liquidity measures and guarantees, and the news that vaccines to combat the virus would be available in the near future caused it to trend positively again.

At the end of the year, at 13,201 points (as of December 21, 2020) the DAX, which is a broad-market index, was only around 4% lower than its high of February 19, 2020, of 13,789 points. This is all the more remarkable, as it reached a low of 8,841.71 points in mid-March. In other words, investors saw a range of variation of almost 40% in the year.

## The INDUS Share: Unfavorable Share Price Performance in the Volatile Market Environment

At the start of the reporting period, the INDUS share remained stable and even occasionally traded above the EUR 40 mark up to February 21, 2020 (the annual high was EUR 40.45 on January 8, 2020). It then, similarly to the market as a whole, fell to an annual low of EUR 21.40 on March 18, 2020, due, in particular, to pandemic concerns on capital markets.

However, the subsequent recovery following the significant price losses, which also affected members of the SDAX, was less strong: By the start of June, the price had recovered to EUR 31.90, only to hit a low of EUR 24.70 on October 28, 2020. From there, the share recovered again – partly because the capital market was further informed of a recovery from the coronavirus shock in the form of positive Q3 figures on November 12, 2020 – and has leveled off at between EUR 30 and EUR 32 since mid-November 2020.

At the end of the year, it closed at EUR 32.10, which was equivalent to a drop of 19.25% since the start of the year.

## Liquidity of the Share: Increase in the Reporting Year

The liquidity of the INDUS share visibly increased in the reporting year. On average, according to the statistics of the German Stock Exchange, 28,585 shares were traded per day on XETRA and the German regional exchanges during the financial year. This amounted to an average of 21,940 shares a day in 2019. In addition, larger trades were made outside of the exchanges: Just over 76% of trading volume was on XETRA and regional German stock markets, according to Bloomberg, and was traded just above the level of the previous year.

### KEY SHARE DATA

(in EUR)

	2020	2019	2018
Earnings per share Group	-1.10	2.43	2.90
Cash flow per share Group	6.35	6.02	3.05
Dividend per share <sup>1</sup>	0.80	0.80	1.50
Dividend yield in % <sup>1</sup>	2.5	2.1	3.8
Sum disbursed in EUR million <sup>1</sup>	19.6	19.6	36.7
Year-high closing price <sup>2</sup> (Jan. 8, 2020)	40.45	47.45	66.00
Year-low closing price <sup>2</sup> (Mar. 18, 2020)	21.40	31.45	37.65
Price at year-end <sup>2</sup>	32.10	38.85	39.00
Market capitalization <sup>3</sup> in EUR million	784.86	949.90	953.57
Average daily trading volume in number of shares	28,585	21,940	24,711

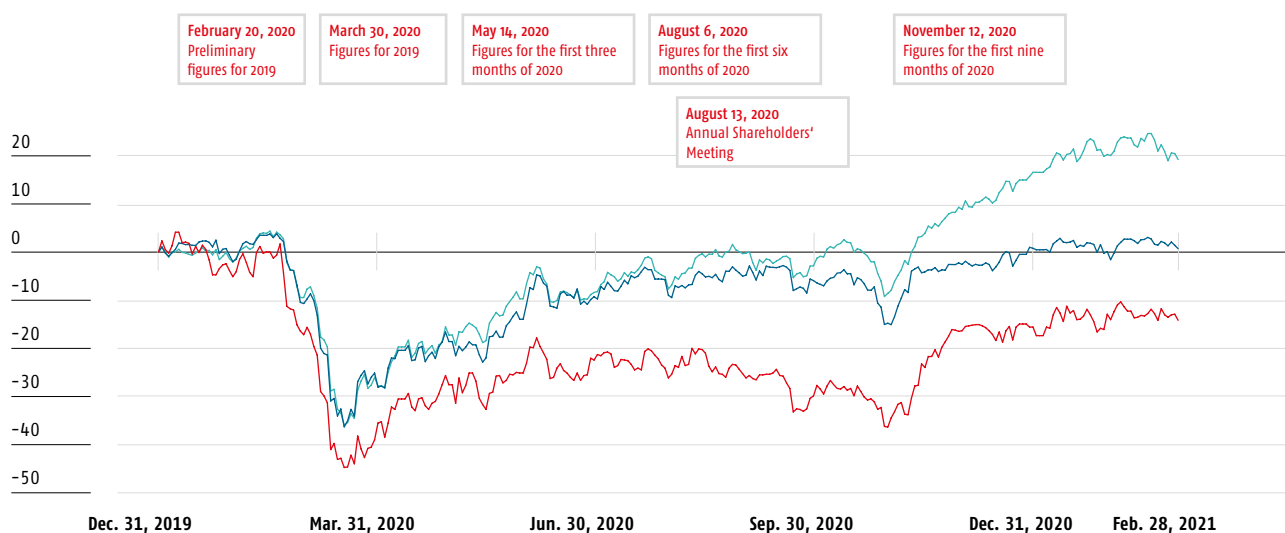
1) Subject to approval at Annual Shareholders' Meeting on May 26, 2021

2) XETRA closing price

3) As of reporting date, based on complete capital stock of 24,450,509 shares

### SHARE PRICE PERFORMANCE OF THE INDUS SHARE IN 2020 EXCL. DIVIDEND

(in %)



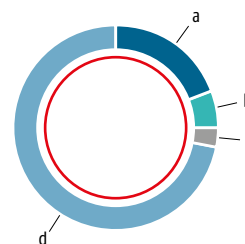
Source: Bloomberg

— INDUS Holding AG — DAX Price Index — SDAX Price Index



## 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	Commerzbank, ICF, Hauck & Aufhäuser
Subscribed capital	EUR 63,571,323.62
Authorized capital in 2019	EUR 31,785,660.51
Number of shares	24,450,509

SHAREHOLDER STRUCTURE  
OF INDUS HOLDING AG  
AS OF DEC. 31, 2020 (in %)

a  
Versicherungskammer  
Bayern – 19.4

b  
H. J. Selzer et al. – 5.8

c  
EPINA GmbH & Co. KG – 3.0

d  
Free float\* – 71.8

\* Deutsche Börse defines free float as all shares not held by major shareholders (share of share capital of at least 5%). According to this definition, free float amounts to 74.8%.

Source: company information

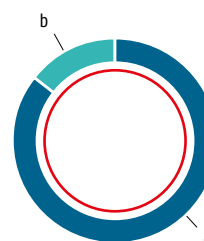
## Stable Shareholder Structure With Many Institutional Investors

INDUS Holding AG's largest shareholder remains Versicherungskammer Bayern in Munich. In line with its long-term capital investment strategy, it holds 19.4% of the capital stock (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 5.8% of INDUS shares, according to its own statements. Epina GmbH & Co. KG, Gütersloh, became one of INDUS Holding AG's larger shareholders in November 2017. The rest of the company's share capital (71.8%) is held by a broad range of investors. INDUS Holding AG currently does not hold any treasury shares.

## Distribution: Proposed Dividend of EUR 0.80 per Share

INDUS practices a stable dividend policy. Shareholders participate in company profits through regular dividend distributions. The dividend distribution generally depends on the 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, 2020, the holding company had EUR 35.8 million in balance sheet profit. The Board of Management and the Supervisory Board will therefore propose a dividend payment of EUR 0.80 per share (previous year: EUR 0.80) to the Annual Shareholders' Meeting. This brings the total sum disbursed to EUR 19.6 million with a dividend payout ratio of 54.6%.

THE INDUS SHARE HAS  
PRICE POTENTIAL

a  
Buy – 6

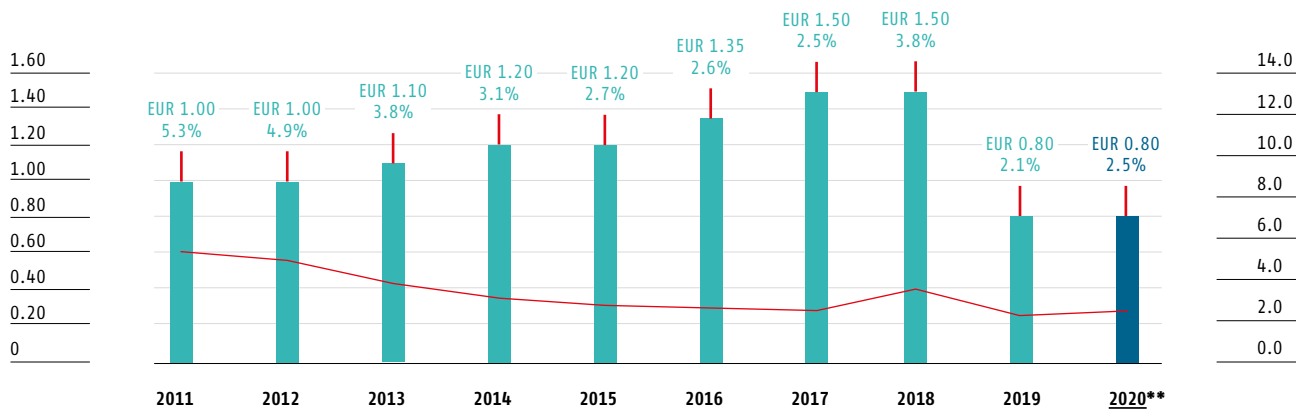
b  
Hold – 1

– Commerzbank (EUR 30.00) – hold  
– FMR (EUR 38.50) – buy  
– Hauck & Aufhäuser (EUR 41.00) – buy  
– HSBC (EUR 50.00) – buy  
– Independent Research (EUR 38.00) – buy  
– LBBW (EUR 38.00) – buy  
– M.M.Warburg (EUR 39.00) – buy

Average price target:  
EUR 39.21

## DIVIDEND PER SHARE\* WITH DIVIDEND YIELD FROM 2011 TO 2020

(in EUR/in %)



\* Dividends paid to shareholders for the financial year concerned

\*\* Subject to approval at the Annual Shareholders' Meeting on May 26, 2021

— Dividend yield

## Investor Relations Work: Strong Interest in Digital Formats During the Coronavirus Pandemic

A key topic in the dialogue with the capital market in 2020 was the information on the company's current performance. Over the reporting period, the Board of Management sought a continuous exchange of views with existing and potential investors. It used almost exclusively digital formats for this due to coronavirus constraints.

Despite the digital format, INDUS saw no drop in interest from the capital market but a pure digitalization of events. In the reporting year, twelve roadshows or conferences were held with international and national investors. At presentations by the Board of Management, interest increased considerably in some cases as a result of the digital format. In addition, greater use was made of the format of sales force briefings in order to ensure the same level of information between analysts and the sales force.

INDUS maintains dialogue with private investors through the Annual Shareholders' Meeting, participating in the DSW Investor Forum and through personal contact. Interested investors can stay abreast of current events through the INDUS newsletter.



An overview of the most important dates in the current business year can be found on the inside cover of the Annual Report on page 207. The financial calendar is also available at [www.indus.de/en/investor-relations/financial-calendar](http://www.indus.de/en/investor-relations/financial-calendar)

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

### YOUR CONTACT AT INVESTOR RELATIONS

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# PARKOUR – Status Report

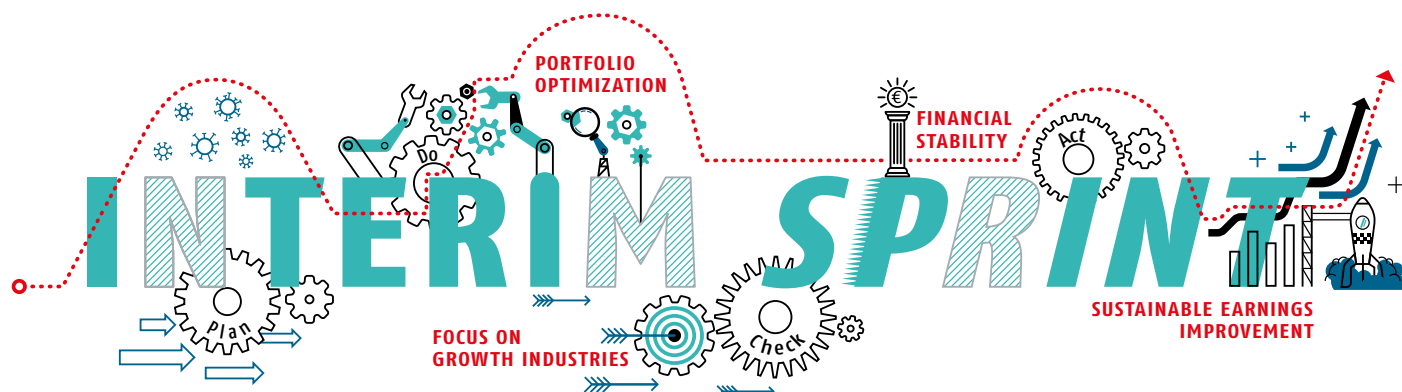
Handling the coronavirus pandemic underlined our investment portfolio's agility once more in 2020. On the one hand, COVID-19 increased the pressure on the Group to transform. On the other, the strengths of our SMEs and diversified portfolio have again been proven. The continuation of our PARKOUR strategy program further expands this resilience: We are resolutely strengthening the portfolio structure, constantly driving innovation, and systematically improving performance in the portfolio companies.

## Focus 1: Strengthening the Portfolio Structure

PARKOUR focuses on the targeted development and forward-looking orientation of our portfolio. Our **INTERIM SPRINT package of measures**, which we implemented in 2020, clearly boosted this portfolio optimization. This is because the coronavirus pandemic highlighted existing weaknesses that we have specifically addressed. For example, we sold our subsidiary KIEBACK and the sub-subsidiary FICHTHORN, both from the Automotive Technology segment. In the Metals Technology segment, we closed the plastics plating sector at SIMON Systems, which was no longer sustainable, and decided to close the portfolio company BACHER. Moreover, the systematic expansion of the port-

folio and the continuous development of our portfolio companies remain key building blocks of our INDUS DNA. We are systematically following our successful strategy of “buy, hold & develop.”

Furthermore, we are sticking to the target of acquiring two to three companies per year from our six defined growth industries. Despite the fact that COVID-19 has made conditions more difficult, we were able to sign the purchase agreement for Jungmann Systemtechnik (JST) in November 2020, and the deal closed at the start of January 2021. The SME JST with its registered office in Buxtehude offers complete solutions for setting up control centers and control stations and strengthens the INDUS portfolio in the growth industry of **measuring technology, automation and control engineering** in a targeted manner. In line with our multi-tier transaction model, we also acquired remaining shares in M+P, PEISELER, MBN and SELZER in 2020.



## Focus 2: Driving Innovation

PARKOUR aims to increase our portfolio companies' innovativeness. We systematically support our portfolio companies with the strategic orientation of their innovation activities in order to retain and increase competitiveness in the long term. To this end, we provide **methodological support** to establish appropriate processes and methods in the portfolio companies and seamlessly integrate them into the organizational structure. The aim is to identify and take advantage of market opportunities.

We support innovation projects with high strategic importance and a corresponding level of innovation through pro rata financial subsidies via the **INDUS development bank**. We also funded numerous projects via this existing instrument in 2020, despite the coronavirus pandemic. For example, M. BRAUN developed a glove box with voice control, and MBN designed an innovative screwdriver magazine.

In order to seize the opportunities from **megatrends** such as digitalization or green tech in a targeted way, we provide **working groups** within the Group. The aim of this direct communication between the portfolio companies is to jointly analyze market prospects and accumulate knowledge with added value. Experts from industry and research additionally inject ideas from outside. In 2020, for example, a working group was initiated on the topic of "opportunities in hydrogen technologies."

When further developing our portfolio companies' range of expertise, we also focus on **acquisitions of younger, innovative companies** at sub-subsidiary level. With the revival of the M&A market after the COVID-19 pandemic, the focus continues to be on complementary additions in the defined growth industries.

## Focus 3: Improving Performance

The effects of the pandemic in particular have again demonstrated the importance of operational excellence in the portfolio companies. PARKOUR deliberately focuses on the continuous improvement of business processes in the complete value chain.

One focus is on **increasing productivity in order processing**. In a status check of production processes across the Group, it was possible to work out and prioritize the action required in the portfolio companies. In 2020, we gave the

Despite the COVID-19 pandemic, we systematically advanced key building blocks of our PARKOUR strategy in 2020. We stand by our targets for 2025.

1. **55 to 60 portfolio companies** with sales significantly **over EUR 2 billion**.
2. **EBIT target** margin of **10%** again reliably achieved.
3. **Growth industries** clearly represented in the portfolio.
4. **Innovation** established as growth driver in the portfolio companies.
5. We live **digitalization** because our companies have mastered the shift to the "Tech Generation."
6. **Operational excellence** implemented in the portfolio companies' value-adding core processes.
7. **Internationalization** successfully continued by the portfolio companies.

Sustainable and responsible actions toward our stakeholders are the guiding principle for all of the economic activities in our Group.

portfolio companies more support with implementing concrete optimization projects in production and logistics. In our lean management training, employees were trained to become certified lean experts and lean trainers who can now pass on their knowledge within the Group. At the exchange of best practices, we also provide networking opportunities around order processing.

A second focus, which was established in 2019 to promote operational excellence, is on the **business development, strategic marketing, and sales** area. In 2020, we were able to carry out status checks at selected portfolio companies in order to work out the respective action required in strategy, sales, marketing, and pricing and to define fitting measures – which are being implemented independently by the portfolio companies or with the support of the holding company. Successful examples include implementation projects – for instance, at ELTHERM, IPETRONIK, HORN, GSR, and M+P INTERNATIONAL. We support methodological skills in the portfolio companies through actively sharing knowledge: For example, we are further expanding our range of seminars, which have been in greater demand due to the pandemic.