04

Consolidated Financial Statements

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Consolidated Statement of Income

in EUR '000	Notes	2020	2019
REVENUE	[7]	**1,558,554**	**1,742,799**
Other operating income	[8]	22,090	34,426
Own work capitalized	[9]	6,367	7,559
Change in inventories	[10]	-27,541	-22,883
Cost of materials	[11]	-690,106	-782,448
Personnel expenses	[12]	-501,007	-527,461
Depreciation/amortization	[13]	-132,630	-107,810
Other operating expenses	[14]	-210,647	-226,286
OPERATING INCOME (EBIT)		**25,080**	**117,896**
Interest income		270	288
Interest expense		-16,459	-15,805
NET INTEREST	[15]	**-16,189**	**-15,517**
Income from shares accounted for using the equity method		787	684
Other financial income		-44	-4,089
FINANCIAL INCOME	[15]	**-15,446**	**-18,922**
EARNINGS BEFORE TAXES		**9,634**	**98,974**
Taxes	[16]	-36,536	-38,902
EARNINGS AFTER TAXES		**-26,902**	**60,072**
of which attributable to non-controlling shareholders		85	615
of which attributable to INDUS shareholders		-26,987	59,457
Earnings per share, basic, in EUR	[17]	-1.10	2.43
Earnings per share, diluted, in EUR		-1.10	2.43

Consolidated Statement of Comprehensive Income

in EUR '000	2020	2019
EARNINGS AFTER TAXES	**-26,902**	**60,072**
Actuarial gains/losses	-897	-8,669
Deferred taxes	351	2,627
Items not to be reclassified to profit or loss	**-546**	**-6,042**
Currency conversion adjustment	-5,158	3,060
Change in the market values of hedging instruments (cash flow hedge)	1,977	-1,192
Deferred taxes	-332	184
Items to be reclassified to profit or loss	**-3,513**	**2,052**
OTHER COMPREHENSIVE INCOME	**-4,059**	**-3,990**
TOTAL COMPREHENSIVE INCOME	**-30,961**	**56,082**
of which attributable to non-controlling shareholders	85	615
of which attributable to INDUS shareholders	-31,046	55,467

Consolidated Statement of Financial Position

in EUR '000	Notes	Dec. 31, 2020	Dec. 31, 2019
ASSETS			
Goodwill	[18] [20]	380,932	415,169
Right-of-use assets from leasing/rent	[19]	85,780	75,738
Other intangible assets	[20]	93,066	101,409
Property, plant and equipment	[20]	405,470	430,679
Investment property	[20]	5,938	2,843
Financial investments	[21]	7,130	6,366
Shares accounted for using the equity method	[22]	7,527	6,951
Other non-current assets	[23]	3,915	3,309
Deferred taxes	[24]	11,992	15,720
Non-current assets		**1,001,750**	**1,058,184**
Inventories	[26]	332,463	381,364
Receivables	[23]	161,943	202,527
Other current assets	[24]	20,402	21,107
Current income taxes		17,568	9,889
Cash and cash equivalents		194,701	135,120
Current assets		**727,077**	**750,007**
TOTAL EQUITY AND LIABILITIES		**1,728,827**	**1,808,191**
EQUITY AND LIABILITIES			
Subscribed capital		63,571	63,571
Capital reserve		239,833	239,833
Other reserves		371,904	422,510
Equity held by INDUS shareholders		**675,308**	**725,914**
Non-controlling interests in the equity	[27]	1,046	1,807
Equity		**676,354**	**727,721**
Pension provisions	[29]	49,682	52,942
Other non-current provisions	[30]	1,404	1,482
Non-current financial liabilities	[31]	553,773	546,341
Other non-current liabilities	[24]	20,139	21,370
Deferred taxes		32,109	39,602
Non-current liabilities		**657,107**	**661,737**
Other current provisions	[30]	77,339	74,608
Current financial liabilities		159,841	135,045
Trade payables	[31]	48,926	55,931
Other current liabilities	[24]	94,175	140,096
Current income taxes		15,085	13,053
Current liabilities		**395,366**	**418,733**
TOTAL EQUITY AND LIABILITIES		**1,728,827**	**1,808,191**

Consolidated Statement of Changes in Equity

in EUR '000	Subscribed capital	Capital reserve	Retained earnings	Other reserves	Equity held by INDUS shareholders	Shares held by non-controlling shareholders	Group equity
AS OF JAN. 1, 2019	**63,571**	**239,833**	**424,785**	**-21,066**	**707,123**	**2,702**	**709,825**
Earnings after taxes			59,457		59,457	615	60,072
Other comprehensive income				-3,990	-3,990		-3,990
Total comprehensive income			**59,457**	**-3,990**	**55,467**	**615**	**56,082**
Dividend payment			-36,676		-36,676	-1,376	-38,052
Change in scope of consolidation						-134	-134
AS OF DEC. 31, 2019	**63,571**	**239,833**	**447,566**	**-25,056**	**725,914**	**1,807**	**727,721**
AS OF JAN. 1, 2020	**63,571**	**239,833**	**447,566**	**-25,056**	**725,914**	**1,807**	**727,721**
Earnings after taxes			-26,987		-26,987	85	-26,902
Other comprehensive income				-4,059	-4,059		-4,059
Reclassification			-2,593	2,593			
Total comprehensive income			**-29,580**	**-1,466**	**-31,046**	**85**	**-30,961**
Dividend payment			-19,560		-19,560	-1,034	-20,594
Change in scope of consolidation						188	188
AS OF DEC. 31, 2020	**63,571**	**239,833**	**398,426**	**-26,522**	**675,308**	**1,046**	**676,354**

Consolidated Statement of Cash Flows

in EUR '000	2020	2019
Earnings after taxes	-26,902	60,072
Depreciation/appreciation of non-current assets (excluding deferred taxes)	131,530	107,810
Gains (-)/losses (+) from the disposal of fixed assets	-1,307	-17,416
Taxes	36,536	38,902
Financial income	15,446	18,922
Other non-cash transactions	-94	254
Changes in provisions	5,773	-1,227
Increase (-)/decrease (+) in inventories, receivables, and other assets	88,372	39,247
Increase (+)/decrease (-) in trade payables and other equity and liabilities	-29,877	-27,442
Income taxes received/paid	-46,373	-51,633
Dividends received	1,340	244
Operating cash flow	**174,444**	**167,733**
Interest paid	-19,612	-20,930
Interest received	356	483
Cash flow from operating activities	**155,188**	**147,286**
Cash outflow from investments in		
intangible assets	-8,438	-10,953
Property, plant and equipment	-44,050	-67,297
Financial investments	-965	-779
Shares accounted for using the equity method	-1,014	0
Shares in fully consolidated companies	0	-29,188
Cash inflow from the disposal of		
shares in fully consolidated companies	-4,296	0
Other assets	6,418	32,065
Cash flow from investing activities	**-52,345**	**-76,152**
Cash inflow from minority shareholders	188	0
Dividends paid to shareholders	-19,560	-36,676
Dividends paid to minority shareholders	-1,034	-1,375
Cash outflow from the repayment of contingent purchase price commitments	-22,336	-2,431
Cash inflow from raising of loans	140,581	141,487
Cash outflow from the repayment of loans	-120,285	-125,414
Cash outflow from the repayment of lease liabilities	-19,569	-21,732
Cash flow from financing activities	**-42,015**	**-46,141**
Net changes in cash and cash equivalents	60,828	24,993
Changes in cash and cash equivalents caused by currency exchange rates	-1,247	480
Cash and cash equivalents at the beginning of the period	135,120	109,647
Cash and cash equivalents at the end of the period	**194,701**	**135,120**

Notes

Basic Principles of the Consolidated Financial Statements

[1] General Information

INDUS Holding Aktiengesellschaft with registered office in Kölner Strasse 32, 51429 Bergisch Gladbach, Germany, is listed in the Cologne Commercial Register under record no. HRB 46360. INDUS is an established long-term oriented financial investor specializing in the acquisition of SMEs in the manufacturing sector in German-speaking Europe. The operating companies are assigned to five company areas (segments): Construction/Infrastructure, Automotive Technology, Engineering, Medical Engineering/Life Science and Metals Technology.

INDUS Holding AG prepared its consolidated financial statements for the financial year from January 1, 2020 to December 31, 2020 in accordance with the International Financial Reporting Standards (IFRS) and their interpretation by the International Financial Reporting Interpretations Committee (IFRIC) as applicable in the European Union (EU).

The statement of income was prepared using the total cost method. The statement of financial position is structured according to current/non-current status of assets and liabilities.

The consolidated financial statements are prepared in euros (EUR). Unless otherwise indicated, all amounts are stated in thousands of euros (EUR '000). Each figure has been rounded according to normal commercial practice; this may lead to slight discrepancies when figures are added together.

The consolidated financial statements are prepared using historical cost accounting, with the exception of balance sheet items which must be carried at fair value. The annual financial statements of the companies included in the scope of consolidation were prepared as of the reporting date of INDUS Holding AG and are based on uniform accounting and valuation methods. Pursuant to Section 315e of the German Commercial Code (HGB), INDUS Holding AG is obligated to prepare its consolidated financial statements in compliance with the IFRS. The basis for this is Directive No. 1606/2002 of the European Parliament and Council on the application of international accounting standards in the European Union. Information that must be included in the Notes in accordance with the German Commercial Code (HGB) and goes beyond what is mandatory under IFRS is presented in the Notes as well. The financial statements were drawn up by the Board of Management on March 17, 2021. The Supervisory Board approved the consolidated financial statements at its meeting on March 18, 2021.

[2] Application and Impact of New and Revised Standards

All standards whose application was mandatory as of December 31, 2020, were observed. No use was made of the discretionary right to apply standards before they become mandatory.

MANDATORY STANDARDS AND INTERPRETATIONS TO BE APPLIED FOR THE FIRST TIME IN THE 2020 FINANCIAL YEAR

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

STANDARDS PUBLISHED BY DECEMBER 31, 2020, WHICH WERE NOT APPLIED EARLY IN THESE FINANCIAL STATEMENTS

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

[3] Accounting Principles

CONSOLIDATION PRINCIPLES

Capital consolidation is carried out in accordance with the purchase method. Assets, liabilities, and contingent liabilities are measured at their fair value as of the time of purchase for business combinations. Goodwill is determined as the difference between the acquisition costs of the business combination and the purchaser's share of the fair values of the acquired assets, liabilities, and contingent liabilities.

When acquired companies are included in the scope of consolidation for the first time, the carrying amount of the investments in the holding company's accounts is offset against assets and liabilities. In the subsequent periods, the carrying amount of the holding company's investment is offset against the carrying amount of the subsidiaries' net equity. Contingent purchase price components are measured at fair value on the acquisition date if they are likely to be realized and the amounts can be reliably estimated. Changes in their amounts are recorded through profit and loss in the subsequent periods. Incidental acquisition costs incurred in acquiring the investment are not included in the purchase price allocation. Instead, they are recognized as expenses in the period of acquisition.

If minority shareholders have a right to tender as of the time of the initial consolidation and INDUS is unable to revoke this right, the purchase price commitment for interests attributable to minority shareholders that are eligible are calculated at fair value.

Receivables and liabilities as well as expenses and income between consolidated companies are offset against each other. Interim results are eliminated from inventories and fixed assets. Deferred taxes are recognized for consolidation adjustments affecting net income.

CURRENCY CONVERSION

Foreign currency transactions in the individual financial statements are translated into the functional currency of the individual company at the exchange rates prevailing at the time of the transaction. Monetary items are measured through profit and loss as of the reporting date using the average spot exchange rate.

In accordance with the concept of functional currency, companies located outside of the euro area prepare their financial statements in the currency of the country in which they are domiciled. For assets and liabilities, these financial statements are translated into euros using the exchange rate prevailing on the reporting date. Except for items recognized directly in equity, equity is carried at historical rates. Items in the statement of income are translated at average exchange rates and any resultant currency adjustments up until disposal of the subsidiary are recognized with no effect on the statement of income. The exchange rates used are shown in the following table:

		Exchange rate as of the reporting date		Average exchange rate	
	1 EUR =	Dec. 31, 2020	Dec. 31, 2019	2020	2019
United Arab Emirates	AED	4.487	4.119	4.193	4.099
Brazil	BRL	6.374	4.516	5.890	4.413
Canada	CAD	1.563	1.460	1.529	1.486
Switzerland	CHF	1.080	1.085	1.070	1.113
China	CNY	8.023	7.821	7.871	7.734
Czech Republic	CZK	26.242	25.408	26.455	25.670
Denmark	DKK	7.441	7.472	7.454	7.466
UK	GBP	0.899	0.851	0.889	0.877
Hungary	HUF	363.890	330.530	351.204	325.229
South Korea	KRW	1,336.000	1,296.280	1,345.106	1,304.889
Morocco	MAD	10.862	10.740	10.829	10.732
Mexico	MXN	24.416	21.220	24.512	21.557
Poland	PLN	4.560	4.257	4.443	4.298
Romania	RON	4.868	4.783	4.838	4.746
Serbia	RSD	117.574	117.568	117.620	117.471
Singapore	SGD	1.622	1.511	1.574	1.527
Turkey	TRY	9.113	6.684	8.044	6.357
Taiwan	TWD	34.322	33.580	33.596	34.596
United States	USD	1.227	1.123	1.141	1.120
South Africa	ZAR	18.022	15.777	18.768	16.173

In the presentation of the development of non-current assets, provisions, and equity, the opening and closing balances are translated using the exchange rates prevailing on the reporting date, while changes during the year are translated using the average exchange rate. Any resultant exchange rate differences are reported separately with no effect on the statement of income.

FINANCIAL STATEMENT ACCOUNTING AND MEASUREMENT

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

Goodwill is tested for impairment at the level at which this is reasonable from an economic point of view, and possible. In most cases, goodwill is attributed to the portfolio companies and their subsidiaries (cash generating units). These are the operating units listed in the Notes. In the few cases in which there is a close trading relationship between these companies, they are combined to form operating units and goodwill is tested for impairment on this basis.

The goodwill recognized in the purchase price allocation is distributed across 45 (previous year: 44) cash generating units. No individual goodwill amount is significant within the meaning of IAS 36.134.

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

Leases are recognized in the statement of financial position as right-of-use assets from leases and as (financial) liabilities from leasing. The right-of-use assets are recognized at cost and subsequently amortized over the lease term using the straight-line method. On the liability side, a liability is recognized in the amount of the present value of the payment obligations. In addition to fixed payments, the liabilities also include expected residual value payments and exercise prices for purchase options if these are reasonably certain to be exercised. Lease payments are discounted at the interest rate underlying the lease or at the incremental borrowing rate. The Group applies exemptions under which IFRS 16 is applied to the contracts that were previously classified as leases under IAS 17 and IFRIC 4, and the contracts that were previously not classified as leases are not reassessed. Furthermore, the exemptions of IFRS 16 are applied to low-value lease assets and leases with a term of up to one year, i.e. instead of assets or lease liabilities being recognized, the lease installments continue to be recognized as other operating expenses.

Property, plant, and equipment are measured at cost including depreciation and, when necessary, impairment. In accordance with the actual structure of their useful lives, the straight line depreciation method is applied. Depreciation periods are based primarily on the following useful lives.

	Years
Buildings	20 to 50
Land improvements	8 to 20
Technical equipment, plant, and machinery	5 to 15
Factory and office equipment	3 to 15

Property, plant, and equipment are impaired in accordance with IAS 36 if the recoverable amount of the asset concerned has fallen below carrying amount. If the reason for an impairment recorded in previous years no longer applies, a reversal of impairment is performed, up to the maximum of the carrying amount after amortization.

Inventories are recognized at cost or lower net realizable value. Cost encompasses direct costs and proportional overheads. Overheads are generally allocated on the basis of actual capacity, if this basically corresponds to normal capacity. Raw materials and goods for resale are measured using the average cost method.

Financial instruments are contracts that are financial assets at one company and simultaneously financial liabilities or an equity instrument at another. The subsequent valuation of assets must occur in the categories "trading and derivatives," "hold," and "hold and sell" in accordance with the business model. Financial liabilities must be recognized in the category "financial liabilities, measured at fair value through profit and loss" or the category "financial liabilities measured at cost."

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

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

The fair values recognized in the statement of financial position generally correspond to the arm's-length prices of the financial assets or financial liabilities. The market values of financial liabilities are determined on the basis of market information available on the reporting date or by using accepted valuation methods, such as the discounted cash flow method, and through confirmations from the banks carrying out the transactions. The interest rates employed are adjusted to the term and risk of the underlying financial instrument.

Associated companies listed under **financial assets** on which the INDUS Group exercises significant influence (usually by holding between 20% and 50% of the voting rights) are accounted for using the equity method. When measured for the first time, they are stated at cost. In the subsequent valuation, the carrying amount is adjusted by the proportional changes in the associated company's equity.

Receivables and other assets are recognized at amortized costs; for current receivables this is generally the nominal value. Amortized costs are taken into account with appropriate valuation allowances. Gains and losses are recognized in consolidated income when loans and receivables are impaired or derecognized.

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

Impairments are recognized for anticipated credit losses on financial assets measured at amortized cost. The simplified method for calculating impairments is used to determine impairments on trade receivables. The full term of the financial instrument is used to determine the anticipated credit losses. As the historical basis is applied to defaults, it is assumed that the default risk of a financial asset has not risen significantly once it is more than 30 days overdue.

Derivative financial instruments are used by INDUS to hedge underlying transactions based on future cash flows. At the time the hedging transaction is concluded, the corresponding underlying transactions may or may not be completed.

Derivatives employed as hedging instruments are primarily interest-rate swaps or currency forward contracts. The prerequisite for hedge accounting is that the hedge between the underlying transaction and the hedging instrument is effective, documented and continuously monitored. The existence of an economic relationship between hedge and hedged item is based on reference interest rates, terms, interest adjustment and due dates, and nominal and actual amounts. In assessing effectiveness, the critical terms match method is used. The hedging relationships mostly exist in a 1:1 ratio to the hedged item and are 100% effective.

The statement of documented hedges depends on the type of relationship in question. In the case of cash flow hedges, the change in the fair value is recorded in equity with no effect on income, taking all deferred taxes into account. For the valuation of the hedging instruments described above, only market-related valuation methods were used in the last two financial years. This corresponds to the procedure for level 2 of the fair value hierarchy. The market interest rates derived from publicly available swap rates on the reporting date are used as the input for measuring interest-rate swaps.

Call/put options from the acquisition of companies as a contingent purchase price commitment are recognized at fair value.

Market-related observable input factors (level 2) and internal data (level 3) were used to measure call/put options **at fair value**. The market interest rates derived from INDUS' financing structure as of the reporting date, contractually agreed EBIT multiples, and individual plans of the acquired companies are used as the input for measuring the fair value of contingent purchase price liabilities. Generally, call/put options measurements are allocated to level 3.

Pension obligations are based on defined contribution and defined benefit plans in various forms.

The defined contribution plan costs relate to payments by INDUS to external institutions, without any additional obligations for the beneficiary being entered into.

With defined benefit obligations, pensions and other post-employment benefits are calculated using the projected unit credit method. The interest rate used for discounting future claims is the market rate for risk-adjusted long-term investments with similar maturities. For every pension plan, the projected benefit obligation is reduced by the fair value of the qualified plan assets. Differences between actuarial assumptions and actual change in the underlying parameters used to calculate projected unit credits and the fair value of plan assets give rise to actuarial gains and losses. These actuarial gains or losses are recognized directly in equity, taking into consideration any deferred taxes, through the change in consolidated equity and recorded on the statement of income and in pension provisions.

Other provisions are calculated for current legal or actual obligations toward third parties resulting from an event in the past that will likely lead to an outflow of resources and the amount of which can be reliably estimated. The settlement amount is calculated on the basis of the best possible estimation. Provisions are discounted when the outflow of resources is classified as long-term and the effect of this is significant. Provisions for product warranties are calculated for the sales that are subject to warranty and the relevant warranty period on the basis of ensured experience values. Individual provisions are formed for known damages. Provisions for pending invoices, pending losses from orders, and other obligations from the transactions are calculated on the basis of the services to be performed. Tax provisions are accrued on the basis of reasonable estimates for uncertain obligations to national tax authorities.

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

Deferred taxes are determined for all temporary differences between the amount according to the IFRS balance sheet and the corresponding fiscal value according to the balance sheet approach. Temporary differences arise when the realization of the asset or settlement of the liability leads to income or expenses that diverge from a fiscal point of view. Deferred taxes on goodwill are formed only to the extent that they are tax-deductible. This is generally the case for German limited partnerships.

Deferred taxes must be calculated even if the realization of this goodwill, e. g., via the disposal of the respective limited partnership, is not planned. This leads to a permanent accrual of deferred tax liabilities at INDUS.

Deferred tax assets are recognized as soon as it is probable that sufficient taxable income against which the deductible temporary difference can be offset will be available. With tax loss carryforwards, this is the case either when it is probable that sufficient taxable income will be available or when nettable deferred tax liabilities of a corresponding amount can be offset against sufficient taxable income in future.

Deferred taxes are measured using the tax rate valid for the periods in which the differences are expected to be reversed. Regardless of maturities, deferred taxes are not to be discounted. Deferred taxes are recognized on the basis of the tax rates prevailing or approved in the various countries in accordance with the current legal position. In Germany, a corporate income tax rate of 15% applies. Taking into consideration the average trade tax assessment multiplier of 395% and a solidarity surcharge of 5.5%, the income tax rate for domestic companies comes to 29.6% (previous year: 29.6%). Foreign tax rates range between 16% and 34% (previous year: between 16% and 35%).

As regards **income realization** from customer contracts, revenue is recognized in accordance with the 5-step model described in IFRS 15 either over a period of time or at a certain point in time. The INDUS product portfolio is highly diversified. Revenue is generated from the sale of goods, order production, and, to a lesser extent, from services provided. Revenue is allocable to the following areas: reinforcement of reinforced concrete, construction materials, network and cable laying, air-conditioning and heating technology, accessories for private housing construction (Construction segment), model or prototype construction for the automotive industry, pre-series and small series production, series production of components for large automotive manufacturers, testing and measurement solutions, solutions for specialized vehicles (Automotive Technology segment), complete conveyor systems, robotic gripping systems, valve technology, automation components for vehicle assembly, inert gas system equipment, metal search technology equipment and electric heat tracing systems (Engineering segment), orthotic devices, surgical stockings, optical lenses and full optical devices, surgical accessories, rehabilitation technology and hygienic products for medical applications and household use (Medical Engineering/Life Science segment), supplying rail technology, carbide tools for road construction and mining, manufacture of housings, blasting agents for the steel industry, bolt welding technology for structural connecting elements used in bridge construction (Metals Technology segment). For numerous contracts from the Construction/Infrastructure and Engineering segments, and for individual contracts in the Automotive Technology segment, income is realized over a period of time.

If the prerequisites for revenue recognition over time are met, the percentage of completion must be ascertained. Due to the reliability of the calculations, the cost to cost method is applied. Revenue is thus recognized based on the percentage of completion until the goods are transferred to the customer or until the service has been performed. Anticipated losses are recognized directly as expenses. If the prerequisites for recognition over time are not met, income realization takes place at a point in time. This is typically the point in time at which goods are transferred or the point in time when the customer accepts the contract liabilities.

The revenue recognized is the equivalent value that is expected for the transfer of goods or the performance of services. However, it must be probable that the revenue will not be subject to material correction. The general prerequisite is that the amount of revenue can be reliably determined and there is sufficient probability that INDUS will receive an economic benefit. Contracts with customers generally contain payment terms that are standard for the industry. Advance payments are in some cases agreed for contracts that lead to point-in-time sales recognition. Material financing components are not agreed in customer contracts. Warranty agreements that are standard for the industry were recognized as provisions for product warranties in the amount of EUR 12,910 thousand (previous year: EUR 11,980 thousand).

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

Stock appreciation rights granted as part of the long-term incentive program are classified as “share-based payment with cash settlement.” Provisions are formed for these and measured at the fair value of the commitments.

In compliance with the provisions of IAS 7, the **statement of cash flows** is divided into cash flow from operating activities, investment activities and financing activities. Interest and dividends received are assigned to cash flows from operating activities. The figure for funds corresponds to the balance sheet item cash and cash equivalents and includes bank balances and cash on hand. Cash flow from operating activities is determined using the indirect method. Operating expenses and income with no effect on net cash are eliminated from cash flows from operating activities.

The preparation of the consolidated financial statements is influenced by **assumptions and estimates** that have an impact on the recognized value of assets, liabilities and contingent liabilities, and on income and expenses. When estimates are made regarding the future, actual values may differ from the estimates. If the original basis for the estimates changes, the statement of the items in question is adjusted through profit and loss.

The 2020 financial year was negatively affected by significant economic **effects of the coronavirus pandemic**. It was possible to reduce these effects through provisions undertaken by the portfolio companies and INDUS Holding AG as well as government support in the form of short-term allowances. The negative effects were particularly registered in new orders, revenue, and operating income (EBIT). Depending on the company, business model, region, and clients, the economic disruptions caused by COVID-19 and their expected duration vary widely. Essentially, short-cycle businesses were affected by the coronavirus pandemic. The measurement of certain balance sheet items dated December 31, 2020 are therefore subject to increased uncertainty. In particular, goodwill, inventories, trade receivables, contract assets, deferred taxes on tax loss carryforwards, and provisions were affected.

In the corporate planning process and the attendant assumption-based and estimate-related parameters, INDUS does not assume a long duration for the coronavirus pandemic. The affected estimate-related forward-looking parameters are interest rates, foreign currency rates, market risk premiums, payment defaults, good credit standing, revenue, new orders, and payment receipts. These planning assumptions are burdened with heightened uncertainty.

Items on the statement of financial position are influenced by uncontrollable future events. This can result in bad debt losses, affect the useful lives of intangible assets or property, plant, and equipment, or similar; these are all risks inherent in commercial activity. The financial statement accounting of such items in the accounts is based on many years' experience and the assessment of current conditions.

Systemic uncertainties result from balance sheet items where expected future payments are discounted. These payments are dependent on future events about which assumptions must be made. Future interest rate levels can also affect the calculation of cash flow considerably. This is particularly the case in testing assets and cash generating units for impairment, and calculating pension provisions using the projected unit credit method. Future tax-effective income is also applied to determine at what amount to value deferred tax assets.

Relevant uncertainties result from items that must be measured on the basis of a range of possible future circumstances. This applies in particular to other provisions and comparable obligations. Extensive accounting experience is very important in this regard, but it still regularly occurs that provision amounts in the financial statements have to be adjusted upward or downward.

In many cases there are no active markets with observable pricing to use in determining fair value. For financial statement accounting of business combinations, the fair value of balance sheet items acquired must be determined using standard valuation models which require assumptions regarding directly observable as well as potentially non-observable valuation mechanisms.

These financial statements are based on estimates and assumptions which reflect the latest information available to management. The necessity of having to make substantial valuation adjustments in future cannot be ruled out, as many relevant valuation parameters are beyond management's control.

For the 2021 financial year, INDUS does not on the whole anticipate events requiring material adjustment to balance sheet items in these financial statements. The assumptions made regarding conditions in the general economy and relevant markets in particular have been discussed in detail in the forecast report in the combined management report.

[4] Scope of Consolidation

In the consolidated financial statements, all subsidiary companies are fully consolidated if INDUS Holding AG has the direct or indirect possibility of controlling the companies' financial and business policy for the benefit of the INDUS Group. Control is in evidence if a company can exercise power of disposition on its subsidiaries and is subject to variable return flows and has the possibility of using its power of disposition to influence the amount of return flows. Associated companies whose financial and business policies can be significantly influenced are consolidated using the equity method. Companies purchased during the course of the financial year are consolidated as of the date on which control over their financial and business policy is transferred. Companies which are sold are no longer included in the scope of consolidation as of the date on which the business is transferred.

FULLY CONSOLIDATED SUBSIDIARIES

	Germany	Abroad	Total	of which attributable to investments of less than 100%
Dec. 31, 2020				
Construction/ Infrastructure	26	9	35	2
Automotive Technology	29	22	51	3
Engineering	29	26	55	19
Medical Engineering/ Life Science	7	9	16	5
Metals Technology	21	9	30	1
Other	8	0	8	0
Total	**120**	**75**	**195**	**30**
Dec. 31, 2019				
Construction/ Infrastructure	26	9	35	2
Automotive Technology	33	23	56	9
Engineering	29	26	55	25
Medical Engineering/ Life Science	7	9	16	4
Metals Technology	21	9	30	1
Other	8	0	8	0
Total	**124**	**76**	**200**	**41**

The complete listing of investments of the INDUS Holding AG in accordance with Section 313 HGB [Handelsgesetzbuch: German Commercial Code], which forms part of the Notes, is published with the consolidated financial statements in the German Federal Gazette.

The carrying amount of interests attributable to non-controlling shareholders is EUR 1,046 thousand (previous year: EUR 1,807 thousand). None of the non-controlling interests are significant individually.

Insofar as minority shareholders have a right to tender at the time of the initial consolidation that INDUS cannot withdraw from, and combination with a call/put option exists for INDUS, economic or anticipated ownership resides with INDUS and the affected shares are fully consolidated and recognized at fair value as a contingent purchase price commitment. As of the reporting date, purchase price commitments from minority interests with a right to tender of EUR 18,990 thousand (previous year: EUR 40,266 thousand) were recognized. Purchase price models exist for all material cases that allow an objective measurement of the shares taking into consideration the company-specific risk structure, which guarantees an exchange of non-controlling interests at fair value. INDUS may generally exercise its rights at contractually agreed exercising periods.

As of December 31, 2020, the scope of consolidation includes 35 limited liability companies (GmbH) as general partners that form a single company with the corresponding LLCs (December 31, 2019: 37 limited liability companies (GmbH) as general partners).

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

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

[5] Business Combinations

DISCLOSURES ON INITIAL CONSOLIDATION FOR THE CURRENT FINANCIAL YEAR

JST

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

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

Goodwill of EUR 12,878 thousand, determined in the course of the purchase price allocation, is in part not tax-deductible. Goodwill is the residual amount of the total consideration less the value of the re-assessed acquired assets and assumed liabilities and does not represent the accountable potential earnings of the acquired company for the future or the expertise of the personnel.

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

NEW ACQUISITION: JST (in EUR '000)

	Carrying amounts at the time of acquisition	Assets added due to initial consolidation	Addition to consolidated statement of financial position
Goodwill	0	12,878	12,878
Other intangible assets	0	20,241	20,241
Property, plant and equipment	137	0	137
Inventories	564	1,649	2,213
Receivables	865	0	865
Other assets*	660	0	660
Cash and cash equivalents	827	0	827
Total assets	**3,053**	**34,768**	**37,821**
Other provisions	865	0	865
Financial liabilities	0	0	0
Trade payables	279	0	279
Other equity and liabilities**	1,884	6,611	8,495
Total liabilities	**3,028**	**6,611**	**9,639**

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

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

The initial consolidation of JST took place in January 2021. The acquisition has no effect on the 2020 consolidated financial statements.

[6] Company Disposals

DISCLOSURES ON DECONSOLIDATION FOR THE CURRENT FINANCIAL YEAR

SALE OF KIEBACK AND FICHTHORN

On July 24, 2020, INDUS signed an agreement on the sale of the Osnabrück-based subsidiary KIEBACK GmbH & Co. KG from the Automotive Technology segment to the managing director. KIEBACK had been part of INDUS since 1998 and specializes in prototype parts and small series for the automotive industry. KIEBACK was deconsolidated effective July 31, 2020.

On October 16, 2020, SELZER Holding GmbH sold FICHTHORN GmbH & Co. KG from the Automotive Technology segment to a strategic investor. It was thereby possible to prevent the originally planned shutdown of FICHTHORN. The buyer plans to maintain the site and keep a significant share of the existing jobs. The deconsolidation was completed effective October 16, 2020.

The following assets and liabilities were deducted based on sales:

DIVESTMENT: KIEBACK AND FICHTHORN

	Disposal consolidated statement of financial position
Other intangible assets	0
Property, plant and equipment	0
Financial investments	0
Inventories	2,398
Receivables	2,311
Other assets*	372
Cash and cash equivalents	4,296
Total assets	**9,377**
Other provisions	2,494
Financial liabilities	1,557
Trade payables	496
Other equity and liabilities**	275
Total liabilities	**4,822**

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

From the deconsolidation of KIEBACK and FICHTHORN, expenses in the amount of EUR 4,300 thousand were recorded.

Notes to the Statement of Income

[7] Revenue

Revenues include EUR 193,033 thousand in revenues using measurement over time (previous year: EUR 251,014 thousand). Also included is EUR 13,859 thousand in revenue from services (previous year: EUR 16,739 thousand). A breakdown of revenue by reportable segments can be found under segment reporting [34].

[8] Other Operating Income

in EUR '000	2020	2019
Income from the reversal of provisions	5,322	4,316
Income from asset disposals	2,166	18,187
Release of valuation allowances	2,163	2,653
Transfer to earnings/release of deferrals carried as liabilities	1,123	1,074
Insurance compensation	1,423	776
Appreciation/reversal of impairment on property, plant, and equipment	1,120	0
Income from rental and lease agreements	364	335
Income from currency conversion	312	1,883
Gains from tax audits	754	0
Other operating income	7,343	5,202
Total	**22,090**	**34,426**

Income from currency conversion of EUR 312 thousand (previous year: EUR 1,883 thousand) is offset by expenses of EUR -5,768 thousand (previous year: EUR -1,147 thousand). The figure from exchange rate differences recognized in income therefore amounts to EUR -5,456 thousand (previous year: EUR 736 thousand).

Income from asset disposals in the previous year includes income of EUR 16,779 thousand from the sale of the minority interest in TKI Automotive GmbH to the majority shareholder.

[9] Own Work Capitalized

in EUR '000	2020	2019
Other own work capitalized	1,950	5,097
Own work capitalized in accordance with IAS 38	4,417	2,462
Total	**6,367**	**7,559**

Expenses for research and non-activable development in the amount of EUR 18,925 thousand (previous year: EUR 20,272 thousand) were recognized for the period.

[10] Change in Inventories

in EUR '000	2020	2019
Work in process	4,598	9,516
Finished goods	-32,139	-32,399
Total	**-27,541**	**-22,883**

[11] Cost of Materials

in EUR '000	2020	2019
Raw materials, consumables and supplies, and purchased merchandise	-586,227	-658,981
Purchased services	-103,879	-123,467
Total	**-690,106**	**-782,448**

[12] Personnel Expenses

in EUR '000	2020	2019
Wages and salaries	-423,721	-442,231
Social security	-76,196	-80,075
Pensions	-1,090	-5,155
Total	**-501,007**	**-527,461**

Personnel expenses do not include the interest component from the transfer to pension provisions. This is recognized in net interest at EUR 496 thousand (previous year: EUR 1,120 thousand).

During the financial year, subsidies for social insurance contributions based on governmental COVID-19 support in the amount of EUR 2,604 thousand (previous year: EUR 0 thousand) were recognized as personnel expenses with an affect on net income.

[13] Depreciation/Amortization

in EUR '000	2020	2019
Depreciation/amortization	-92,078	-90,546
Impairment	-40,552	-17,264
Total	**-132,630**	**-107,810**

This item includes both depreciation/amortization and impairments. The impairment losses are the result of the planned annual impairment testing on September 30, 2020 and the contingent impairment testing during the year on June 30, 2020. The impairment losses relate to goodwill in the amount of EUR 33,916 thousand (Automotive Technology segment: EUR 29,223 thousand, Engineering segment: EUR 2,300 thousand, Metals Technology segment: EUR 2,393 thousand), property, plant and equipment in the amount of EUR 5,168 thousand (Automotive Technology: EUR 3,078 thousand, Metals Technology: EUR 2,090 thousand) and intangible assets in the amount of EUR 1,468 thousand (Automotive Technology: EUR 1,468 thousand).

[14] Other Operating Expenses

in EUR '000	2020	2019
Selling expenses	-79,225	-93,537
Operating expenses	-63,210	-70,266
Administrative expenses	-51,128	-54,829
Other expenses	-17,084	-7,654
Total	**-210,647**	**-226,286**

SELLING EXPENSES

in EUR '000	2020	2019
Shipping, packaging and provisions	-45,425	-47,449
Vehicle, travel and entertainment expenses	-14,244	-21,207
Marketing and trade fairs	-7,709	-14,018
Receivables and guarantees	-9,219	-8,646
Other selling expenses	-2,628	-2,217
Total	**-79,225**	**-93,537**

OPERATING EXPENSES

in EUR '000	2020	2019
Machinery and plant: rent and maintenance	-23,016	-25,408
Land and buildings: leases and occupancy costs	-14,552	-14,832
Energy, supplies, tools	-15,407	-16,154
Other operating expenses	-10,235	-13,872
Total	**-63,210**	**-70,266**

ADMINISTRATIVE EXPENSES

in EUR '000	2020	2019
EDP, office, and communication services	-15,943	-16,849
Consulting and fees	-19,845	-19,290
Insurance	-4,729	-4,916
Human resources administration and continuing education	-5,238	-7,706
Other administrative costs	-5,373	-6,068
Total	**-51,128**	**-54,829**

OTHER EXPENSES

in EUR '000	2020	2019
Cost of currency conversion	-5,768	-1,147
Losses due to deconsolidation of companies	-4,300	0
Disposal of fixed assets	-858	-772
Other	-6,158	-5,735
Total	**-17,084**	**-7,654**

Expenses for short-term leases of EUR 193 thousand (previous year: EUR 44 thousand) and for low-value leased assets of EUR 335 thousand (previous year: EUR 244 thousand) are included in various items of other operating expenses.

[15] Financial Income

in EUR '000	2020	2019
Interest and similar income	270	288
Interest and similar expenses	-16,459	-15,805
Net interest	**-16,189**	**-15,517**
Income from shares accounted for using the equity method	**787**	**684**
Market value of interest rate swaps	0	2
Minority interests	-539	-4,140
Expense from/amortization of financial assets	-103	-417
Income from financial investments	598	466
Other financial income	**-44**	**-4,089**
Total	**-15,446**	**-18,922**

Interest expenses include interest expenses for lease liabilities pursuant to IFRS 16 of EUR 1,795 thousand (previous year: EUR 2,088 thousand). The "minority interests" item includes an effect on income from the subsequent valuation of the contingent purchase price liabilities (call/put options) of EUR 2,380 thousand (previous year: EUR -1,947 thousand) and earnings after taxes that external entities are entitled to from shares in limited partnerships and stock corporations with call/put options.

[16] Taxes

in EUR '000	2020	2019
Non-recurring taxes	444	-523
Current taxes	-41,171	-48,494
Deferred taxes	4,191	10,115
Total	**-36,536**	**-38,902**

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

SPECIAL TAX ASPECTS

INDUS Holding AG's business model is based on the idea of building up a portfolio of small and medium-sized niche enterprises, which hold leading positions on their respective markets. Synergies play a subordinate role when INDUS Holding AG acquires subsidiaries. Each company is responsible for its own results, supported if necessary by the holding company's resources.

In the past, INDUS focused its acquisitions above all on German limited partnerships. The acquisition of a limited partnership has tax consequences as follows:

The value added from the purchase price allocation for tax purposes is deductible as depreciation/amortization from supplementary tax statements, distributed over the respective useful life. This means that the tax assessment base is reduced by the depreciation/amortization. Even for companies with buoyant earnings, this can result in a tax loss with corresponding tax savings, in trade tax at limited partnerships and in corporate income tax at INDUS Holding AG.

Deferred taxes on tax loss carryforwards are only capitalized by the Group if sufficient taxable income can be assumed.

Trade tax is due at the level of the limited partnerships. Offsetting tax gains and losses between limited partnerships is not permitted for trade tax. The taxable income of partnerships is ascribed to INDUS Holding AG and then subjected to corporate income tax. No tax group contracts have been concluded with limited liability companies. Various companies (foreign and domestic stock corporations as well as limited partnerships with respect to their income taxes) did not generate sufficient taxable income to utilize tax losses. This situation is reflected in the item "No offsetting of income for autonomous subsidiaries".

RECONCILIATION FROM EXPECTED TO ACTUAL TAX EXPENSES

(in EUR '000)

	2020	2019
Earnings before income taxes	9,634	98,974
Expected tax expenses 29.6% (previous year: 29.6%)	2,852	29,296
Reconciliation		
Non-recurring taxes	-444	523
Measurement of associated companies according to the equity method	-233	-202
Amortization of goodwill corporations	5,891	1,412
Structural effects of		
divergent local tax rates	532	611
divergent national tax rates	-643	-711
Corporate acquisition transaction costs	65	201
Tax-exempt disposal gains	0	-5,230
Capitalization or valuation allowance of deferred tax loss carryforwards	2,917	1,143
Use of actual tax loss carryforward	-176	-1,221
No offsetting of income for autonomous subsidiaries	19,977	8,673
Income attributable to other shareholders	159	1,226
Effects of the interest barrier on INDUS Holding AG	384	377
Other non-deductible expenses and tax-free income	5,255	2,804
Actual tax expenses	**36,536**	**38,902**
as a percentage of income	379.2	39.3

At a corporate income tax rate of 15% (previous year: 15%), and after taking into consideration the average trade tax assessment multiplier of 395% (previous year: 395%) and an unchanged solidarity surcharge of 5.5%, the income tax rate for domestic companies comes to 29.6% (previous year: 29.6%).

[17] Earnings per Share

Earnings came to EUR -1.10 per share (previous year: EUR 2.43 per share). The weighted average number of shares in circulation remained unchanged in the current year at 24,450,509. See item [27] for further details.

in EUR '000	2020	2019
Income attributable to INDUS shareholders	**-26,987**	**59,457**
Weighted average shares outstanding (in thousands)	24,451	24,451
Earnings per share (in EUR)	-1.10	2.43

Notes to the Consolidated Statement of Financial Position

[18] Goodwill

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

FIXED ASSET SCHEDULE – GOODWILL (in EUR '000)

	Carrying amount as of Jan. 1, 2020	Changes in scope of consolidation	Addition	Disposal	Impairment	Currency difference	Carrying amount as of Dec. 31, 2020
Construction/Infrastructure	115,722	0	0	0	0	37	115,759
Automotive Technology	51,259	0	0	0	-29,223	-123	21,913
Engineering	153,232	0	0	0	-2,300	-351	150,581
Medical Engineering/Life Science	69,639	0	0	0	0	0	69,639
Metals Technology	25,317	0	0	0	-2,393	116	23,040
Total goodwill	**415,169**	**0**	**0**	**0**	**-33,916**	**-321**	**380,932**
	Carrying amount as of Jan. 1, 2019	Changes in scope of consolidation	Addition	Disposal	Impairment	Currency difference	Carrying amount as of Dec. 31, 2019
Construction/Infrastructure	115,438	0	0	0	0	284	115,722
Automotive Technology	66,405	0	0	0	-14,472	-674	51,259
Engineering	142,481	10,447	0	0	0	304	153,232
Medical Engineering/Life Science	69,639	0	0	0	0	0	69,639
Metals Technology	24,627	6	0	0	0	684	25,317
Total goodwill	**418,590**	**10,453**	**0**	**0**	**-14,472**	**598**	**415,169**

GOODWILL IMPAIRMENT

IMPAIRMENT TEST AS OF JUNE 30, 2020 DUE TO TRIGGERING EVENTS

The large-scale spread of the coronavirus has resulted in significant economic disruption to some of the INDUS Group's portfolio companies. The Board of Management of INDUS Holding AG has been continually reviewing the implications of the coronavirus crisis on the individual portfolio companies. It took the economic effects as an opportunity to perform an impairment test at an earlier date than at the end of the year pursuant to IAS 36 for those portfolio companies that have been hit hardest in economic terms.

A total of eleven portfolio companies were identified for impairment testing due to triggering events. The tests were each based on a new planning calculation to reflect the prevailing circumstances.

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

Value in use is calculated applying the latest estimates prepared by management. The planning premises take into account both current knowledge and historical developments. In accordance with the detailed planning periods of usually three years, future cash flows are extrapolated with a global growth rate of 1.0%. The payments determined in this manner are discounted using capital cost rates. These are based on risk-free interest rates of 0.00%, a market risk premium of 8.00%, segment-specific beta coefficients derived by a peer group and borrowing rates. The following pre-tax cost of capital rates were applied: Construction/Infrastructure 8.5%; Automotive Technology 10.3%; Engineering 9.3%; Medical Engineering/Life Science 7.0% and Metals Technology 8.9%.

The test performed due to triggering events resulted in impairment losses on goodwill of EUR 31,616 thousand. The impairment losses concern two cash generating units (CGUs) from the Automotive Technology segment in the amount of EUR 18,083 thousand or EUR 11,140 thousand for a total of EUR 29,223 thousand, whose carrying amounts before impairment losses amounted to EUR 29,223 thousand, and one cash generating unit in Metals Technology in the amount of EUR 2,393 thousand (carrying amount before impairment losses: EUR 2,393 thousand). The depreciation requirement is derived from the deteriorated future prospects – partly caused by the coronavirus – within the affected cash-generating units.

ANNUAL IMPAIRMENT TEST AS OF SEPTEMBER 30, 2020

The scheduled annual impairment test for all goodwill was performed as of September 30, 2020. The latest projections were available from all portfolio companies for the purposes of this test. The planning premises take into account both current knowledge and historical developments.

In accordance with the detailed planning periods of usually three years, future cash flows are extrapolated with a global growth rate of 1.0% (previous year: 1.0%). The payments determined in this manner are discounted using capital cost rates. These are based on risk-free interest rates of 0.00% (previous year: 0.10%), a market risk premium of 8.00% (previous year: 7.00%) and segment-specific beta coefficients derived by a peer group and borrowing rates. The following pre-tax cost of capital rates were applied: Construction/Infrastructure 8.5% (previous year: 6.3%); Automotive Technology 9.5% (previous year: 8.5%); Engineering 9.3% (previous year: 7.9%); Medical Engineering/Life Science 6.7% (previous year: 6.1%); and Metals Technology 8.6% (previous year: 7.7%).

The annual impairment test resulted in impairment losses on goodwill of EUR 2,300 thousand. The impairment tests concern a cash generating unit (CGU) from the Engineering segment. The impairment tests can be ascribed to deteriorated future prospects in this cash generating unit (CGU). The carrying amount of goodwill before impairment losses amounted to EUR 11,526 thousand.

In the same period of the previous year, goodwill impairments were recognized in the amount of EUR 14,472 thousand and related to the Automotive Technology segment.

An increase in the cost of capital before tax by 0.5 percentage points would lead to additional goodwill impairments in the amount of EUR 5,051 thousand (previous year: EUR 9,405 thousand). An reduction in the growth rate by 1.0 percentage points would lead to additional goodwill impairments in the amount of EUR 6,868 thousand.

[19] Right-of-use Assets From Leasing/Rent

The carrying amounts of the right-of-use assets from leasing/rent have changed as follows:

FIXED ASSET SCHEDULE – RIGHT-OF-USE ASSETS FROM LEASING/RENT (in EUR '000)

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

	Carrying amount as of Jan. 1, 2019	Addition	Disposal	Addition depreciation	Disposal depreciation	Transfers/ Exchange rate differences	Carrying amount as of Dec. 31, 2019
Right-of-use assets – land and buildings	0	70,617	-973	9,962	-973	-16	60,639
Right-of-use assets – technical equipment and machinery	0	8,342	-198	2,911	-198	1,999	7,430
Right-of-use assets – vehicles	0	9,915	-617	3,496	-617	-3	6,416
Right-of-use assets – other leasing/rent	0	2,030	-53	777	-53	0	1,253
Total right-of-use assets from leasing/rent	**0**	**90,904**	**-1,841**	**17,146**	**-1,841**	**1,980**	**75,738**

The INDUS Group primarily recognizes right-of-use assets for land and buildings. These relate both to administration buildings and to production facilities and warehouses. The leased technical equipment generally concerns machinery necessary for production processes. The leases are agreed individually. The right-of-use assets from these have estimated total economic lives of up to 50 years. The corresponding financial liabilities are explained in more detail under [30].

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

PURCHASE/MANUFACTURING COSTS IN 2020 (in EUR '000)

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

DEPRECIATION/AMORTIZATION IN 2020 (in EUR '000)

	Opening balance Jan. 1, 2020	Changes in scope of consolidation	Addition	Appreciation	Disposal	Transfers	Currency difference	Closing balance Dec. 31, 2019
Goodwill	**68,841**	**-4,798**	**33,916**	**0**	**0**	**0**	**-43**	**97,916**
Capitalized development costs	17,557	0	3,081	0	0	0	7	20,645
Property rights, concessions and other intangible assets	140,269	-883	13,816	0	-2,023	201	-229	151,151
Total other intangible assets	**157,826**	**-883**	**16,897**	**0**	**-2,023**	**201**	**-222**	**171,796**
Land and buildings	114,034	-1,246	10,256	-1,078	-652	-5,331	-456	115,527
Technical equipment and machinery	358,557	-18,016	30,083	-21	-7,140	171	-1,914	361,720
Other equipment, factory and office equipment	138,092	-2,764	19,415	0	-8,455	-4	-466	145,818
Advance payments and facilities under construction	0	0	0	0	0	0	0	0
Total property, plant, and equipment	**610,683**	**-22,026**	**59,754**	**-1,099**	**-16,247**	**-5,164**	**-2,836**	**623,065**
Investment property	**830**	**0**	**133**	**0**	**0**	**5,331**	**0**	**6,294**

PURCHASE/MANUFACTURING COSTS IN 2019

(in EUR '000)

	Opening balance Jan. 1, 2019	Changes in scope of consolidation	Addition	Disposal	Transfers	Currency difference	Closing balance Dec. 31, 2019
Goodwill	**472,950**	**10,453**	**0**	**0**	**0**	**607**	**484,010**
Capitalized development costs	39,547	0	4,275	-11,610	0	86	32,298
Property rights, concessions and other intangible assets	205,255	15,503	6,679	-978	187	291	226,937
Total other intangible assets	**244,802**	**15,503**	**10,954**	**-12,588**	**187**	**377**	**259,235**
Land and buildings	312,411	5,118	7,060	-219	10,243	1,880	336,493
Technical equipment and machinery	448,894	2,258	26,519	-8,450	5,383	1,873	476,477
Other equipment, factory and office equipment	190,680	1,146	16,571	-6,014	5,118	569	208,070
Advance payments and facilities under construction	31,273	0	16,104	-1,216	-25,868	29	20,322
Total property, plant, and equipment	**983,258**	**8,522**	**66,254**	**-15,899**	**-5,124**	**4,351**	**1,041,362**
Investment property	**3,673**	**0**	**0**	**0**	**0**	**0**	**3,673**

DEPRECIATION/AMORTIZATION IN 2019

(in EUR '000)

	Opening balance Jan. 1, 2019	Changes in scope of consolidation	Addition	Appreciation	Disposal	Transfers	Currency difference	Closing balance Dec. 31, 2019
Goodwill	**54,360**	**0**	**14,472**	**0**	**0**	**0**	**9**	**68,841**
Capitalized development costs	25,599	0	3,503	0	-11,610	0	65	17,557
Property rights, concessions and other intangible assets	128,373	0	12,628	0	-912	0	180	140,269
Total other intangible assets	**153,972**	**0**	**16,131**	**0**	**-12,522**	**0**	**245**	**157,826**
Land and buildings	102,783	0	10,862	0	-165	0	554	114,034
Technical equipment and machinery	337,149	0	30,715	0	-7,963	-2,734	1,390	358,557
Other equipment, factory and office equipment	125,092	0	18,375	0	-5,532	-225	382	138,092
Advance payments and facilities under construction	7	0	0	0	-7	0	0	0
Total property, plant, and equipment	**565,031**	**0**	**59,952**	**0**	**-13,667**	**-2,959**	**2,326**	**610,683**
Investment property	**720**	**0**	**110**	**0**	**0**	**0**	**0**	**830**

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

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

	Dec. 31, 2020	Dec. 31, 2019
Goodwill	380,932	415,169
Capitalized development costs	16,081	14,741
Property rights, concessions and other intangible assets	76,985	86,668
Total other intangible assets	**93,066**	**101,409**
Land and buildings	211,303	222,459
Technical equipment and machinery	103,006	117,920
Other equipment, factory and office equipment	64,476	69,978
Advance payments and facilities under construction	26,685	20,322
Property, plant and equipment	**405,470**	**430,679**
Investment property	**5,938**	**2,843**

[21] Financial Investments

in EUR '000	Dec. 31, 2020	Dec. 31, 2019
Other investments	2,509	2,482
Other loans	4,621	3,884
Total	**7,130**	**6,366**

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

[22] Shares Accounted for Using the Equity Method

As of December 31, 2020, the carrying amounts of shares accounted for using the equity method totaled EUR 7,527 thousand (previous year: EUR 6,951 thousand).

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

in EUR '000	2020	2019
Purchase price of associated companies	6,583	5,569
Appropriated income in the period	787	684
Key figures of the associated companies:		
Assets	15,822	13,621
Liabilities	5,199	4,148
Capital	10,624	9,473
Revenue	20,454	16,811
Earnings	1,576	1,348

[23] Other Assets

in EUR '000	Dec. 31, 2020	Dec. 31, 2019
Accrual of payments not relating to the reporting period	6,633	7,339
Other tax refund claims	3,846	3,841
Long-term receivables	750	188
Reinsurance premiums	702	707
Loans and other receivables	858	780
Positive swap market value	145	34
Contract initiation costs	2,435	1,898
Other assets	8,948	9,629
Total	**24,317**	**24,416**
of which current	20,402	21,107
of which non-current	3,915	3,309

In the other assets, contract initiation costs in the amount of EUR 2,435 thousand (previous year: EUR 1,898 thousand), which are recognized at the nominal value of the payments made, were activated. The contract initiation costs are realized over the term of the contracts depending on the supplied amounts of the total volume. No deliveries were made during the past financial year.

[24] Deferred Taxes and Current Income Taxes

The origin of the deferred tax assets and liabilities is broken down by statement of financial position item as follows:

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

2019 (in EUR '000)	Assets	Liabilities	Balance
Goodwill of limited partnerships	4,126	-22,315	-18,189
Intangible assets	5	-44,998	-44,993
Property, plant and equipment	2,197	-5,378	-3,181
Receivables and inventories	1,519	-4,370	-2,851
Other current assets	0	-10	-10
Long-term provisions	12,529	0	12,529
Current liabilities	23,488	-670	22,818
Capitalization of loss carryforwards	9,995	0	9,995
Netting of accounts	-38,139	38,139	0
Deferred taxes	**15,720**	**-39,602**	**-23,882**

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

Deferred tax liabilities result mainly from the calculation of deferred taxes on the tax-deductible goodwill of limited partnerships. For tax purposes, rules governing the purchase price allocation are similar to those under IFRS for limited partnerships, and the resulting assets – and goodwill of a fiscal nature – are tax-deductible. As goodwill is no longer amortized in accordance with IFRS, deferred taxes will henceforth be accrued in line with the amortization of fiscal goodwill as per the conditions set forth in IAS 12.21B. Deferred taxes must be recognized until the company is sold.

The change in the balance of deferred taxes is explained in the following tables:

DEVELOPMENT OF DEFERRED TAXES

(in EUR '000)

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

	Jan. 1, 2019	Statement of Income	Other	Dec. 31, 2019
Trade tax	3,511	910	0	4,421
Corporate income tax	726	1,388	0	2,114
Foreign tax	1,030	2,430	0	3,460
Capitalization of loss carryforwards	**5,267**	**4,728**	**0**	**9,995**
Other deferred taxes	-36,312	5,387	-2,952	-33,877
Deferred taxes	**-31,045**	**10,115**	**-2,952**	**-23,882**

The other changes in deferred taxes are composed as follows:

in EUR '000	2020	2019
Provisions for mark-to-market evaluation of cash flow hedges	-332	184
Currency conversion reserve	244	-399
Pension provisions (actuarial gains/losses)	351	2,627
Reclassification of retained earnings	-689	0
Change in scope of consolidation	0	-5,364
Total	**-426**	**-2,952**

Recognized deferred taxes are based on tax loss carryforwards of EUR 41,406 thousand (previous year: EUR 60,671 thousand).

Other tax loss carryforwards amounting to a total of EUR 310,533 thousand (previous year: EUR 239,241 thousand), where the probability of realization in the next years is unlikely, were not capitalized. These are largely trade tax loss carryforwards, resulting from the special tax aspects of the INDUS Group, as described under [16]. Future potential realization possibilities are therefore determined by the trade tax rate that is applicable at the time. The largest individual item is the holding company's trade tax loss carryforward. Utilization of the tax loss carryforwards is not subject to any time restrictions.

Due to the low probability of realization, deferred tax assets of EUR 0 thousand were not recognized (previous year: EUR 380 thousand). Deferred tax assets of EUR 4,133 thousand (previous year: EUR 6,327 thousand) were offset against the corresponding deferred tax liabilities at companies with current tax losses.

For temporary differences associated with shares in subsidiaries, no deferred tax liabilities have been recognized because INDUS Holding AG is able to control the timing of the reversal of the temporary differences and no liquidation of the differences (through disposal or distribution) is planned. The total of the unrecognized temporary differences associated with investments in subsidiaries is EUR 55,284 thousand (previous year: EUR 20,339 thousand).

[25] Inventories

in EUR '000	Dec. 31, 2020	Dec. 31, 2019
Raw materials, consumables, and supplies	120,836	132,655
Unfinished goods	80,319	96,908
Finished goods and goods for resale	111,011	124,951
Advance payments	20,297	26,850
Total	**332,463**	**381,364**

The carrying amounts for inventories include depreciation of EUR 24,039 thousand (previous year: EUR 18,656 thousand).

[26] Receivables

in EUR '000	Dec. 31, 2020	Dec. 31, 2019
Receivables from customers	149,081	180,579
Contract receivables	10,699	19,470
Receivables from associated companies	2,163	2,478
Total	**161,943**	**202,527**

In the current reporting year, EUR 750 thousand of receivables from customers with a payment term of over one year have been recognized (previous year: EUR 188 thousand).

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

in EUR '000	2020	2019
Costs incurred including prorated income	88,610	121,819
Advance payments received	103,226	133,195
Contract receivables	10,699	19,470
Contract liabilities	25,315	30,846

Contract liabilities relate to contracts with revenue recognition over time exhibiting an offset surplus of received prepayments. These are shown under other liabilities in the statement of financial position. Of the contract liabilities recognized in the amount of EUR 30,846 thousand in the previous year, EUR 20,736 thousand were recognized as revenue in the reporting year. As of December 31, 2020, there are contract liabilities with allocated transaction prices of EUR 156,009 thousand (previous year: EUR 143,427 thousand). These are scheduled to be realized as revenue within the next 1 to 30 months.

The receivables include valuation allowances of EUR 5,946 thousand (previous year: EUR 7,883 thousand). The development is depicted below:

in EUR '000	2020	2019
Valuation allowances as of January 1	**7,883**	**6,483**
Exchange rate difference	-44	24
Change in scope of consolidation	-15	86
Additions	2,226	4,061
Utilization	-2,253	-104
Reversals	-1,851	-2,667
Valuation allowances as of December 31	**5,946**	**7,883**

Receivables in the amount of EUR 921 thousand (previous year: EUR 521 thousand) were derecognized through profit and loss in the financial year.

[27] Equity

SUBSCRIBED CAPITAL

The capital stock came to EUR 63,571,323.62 on the reporting date. Capital stock consists of 24,450,509 no-par-value shares. The shares are bearer shares, each conferring one vote at the Annual Shareholders' Meeting. The shares are admitted to the Regulated Market of the Düsseldorf and Frankfurt Stock Exchanges, and for over-the-counter trading in Berlin, Hamburg, and Stuttgart.

AUTHORIZED CAPITAL

In accordance with Section 6(1) of the Articles of Incorporation, the Board of Management is authorized, with the Supervisory Board's approval, to increase the company's capital stock in the period up until May 28, 2024, once or in several installments, by a total of up to EUR 31,785,660.51 in return for cash and/or non-cash contributions (including mixed non-cash contributions) by issuing up to 12,225,254 new registered no-par-value shares (Authorized Capital 2019). Shareholders will generally be given subscription rights. The new shares may be assumed also by one or more financial institutions chosen by the Board of Management with the obligation to offer them to the shareholders (indirect subscription rights). However, the Board of Management is authorized, with the Supervisory Board's approval, to exclude shareholders' statutory subscription rights in the following cases:

- to avoid fractional amounts;
- in the event of a capital increase through cash contributions,
- if the issue price of the new shares issued under exclusion of subscription rights pursuant to Section 186 (3) sentence 4 of the German Stock Corporation Act (AktG) is not significantly below the stock market price and the aggregate number of the new shares issued under exclusion of subscription rights pursuant to Section 186 (3) sentence 4 AktG does not exceed 10% of the capital stock, either at the time at which this authorization takes effect or at the time at which this authorization is exercised. Shares that were sold or issued, or are to be issued, on the basis of other authorizations during the term of this authorization, in direct application or in application mutatis mutandis of Section 186 (3) sentence 4 AktG excluding subscription rights, shall count towards this limit;
- in cases involving a capital increase through non-cash contributions, in particular for the purposes of acquiring a company, company divisions, investing in a company, or other material operating resources; and
- to grant the holders of conversion or option rights relating to shares in the company/corresponding conversion or option obligations a subscription right, to offset dilutions, to the extent that would be available to them as shareholders following their exercise of these rights/fulfillment of these obligations.

The total number of shares issued or to be issued with exclusion of subscription rights owing to one of these authorizations may not exceed 10% of the capital stock at the time at which the authorization is exercised; this includes shares sold or issued or to be issued with exclusion of subscription rights owing to a different authorization during the term of this authorization.

CONTINGENT CAPITAL

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

The implementation of the contingent capital increase is conditional upon:

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

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

RESERVES AND CONSOLIDATED NET INCOME AVAILABLE FOR DISTRIBUTION

The development of reserves is presented in the statement of changes in equity and includes INDUS Holding AG's capital reserves. As of the reporting date, the equity ratio was 39.1% (previous year: 40.2%).

INTERESTS ATTRIBUTABLE TO NON-CONTROLLING SHAREHOLDERS

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

APPROPRIATION OF DISTRIBUTABLE PROFIT

The Board of Management will propose to the Annual Shareholders' Meeting that the following dividend payments be made from INDUS Holding AG's balance sheet profit:

Payment of a dividend of EUR 0.80 per no-par-value share (previous year: EUR 0.80 per no-par-value share). At

24,450,509 shares (previous year: 24,450,509 shares), this equates to a payment of EUR 19,560,407.20 (previous year: EUR: 19,560,407.20). The full text of the proposed appropriation of distributable profit is published separately. The proposed dividend was not recognized in the balance sheets and there are no tax consequences.

DEVELOPMENT OF OTHER RESERVES (in EUR '000)

	Jan. 1, 2019	Other income 2019	Dec. 31, 2019	Other income 2020	Reclassification into retained earnings	Dec. 31, 2020
Currency conversion reserve	1,268	3,060	4,328	-5,158	0	-830
Pension provisions (actuarial gains/losses)	-24,271	-8,669	-32,940	-897	3,282	-30,555
Deferred taxes for pensions	6,173	2,627	8,800	351	-689	8,462
Provisions for cash flow hedges	-5,056	-1,192	-6,248	1,977	0	-4,271
Deferred taxes for cash flow hedges	820	184	1,004	-332	0	672
Total other reserves	**-21,066**	**-3,990**	**-25,056**	**-4,059**	**2,593**	**-26,522**

Reserves for currency conversion and for cash flow hedges include unrealized gains and losses. The change in reserves for cash flow hedges instruments is based exclusively on ongoing changes in mark-to-market valuation. There were no effects resulting from reclassification.

CAPITAL MANAGEMENT

INDUS Holding AG manages capital so as to increase return on equity and ensure the INDUS Group has adequate liquidity and good credit standing. The ratio of equity to interest-bearing total capital, consisting of interest-bearing debt capital and equity, is constantly optimized to the same end. Interest-bearing debt capital comprises pension provisions and financial liabilities, less cash and cash equivalents, and amounts to EUR 568,595 thousand (previous year: EUR 599,208 thousand). Taking equity in the statement of financial position into account, total capital comes to EUR 1,244,949 thousand (previous year: EUR 1,326,929 thousand). Relative to total interest-bearing capital employed, the equity ratio is 54.3% (previous year: 54.8%).

The EUR 81,890 thousand reduction in total capital (previous year: EUR 90,643 thousand) was due to a EUR 51,367 thousand decrease in equity (previous year: increase of EUR 17,896 thousand) and a EUR 30,613 thousand decline in interest-bearing debt capital (previous year: increase of EUR 72,747 thousand).

INDUS Holding AG is not subject to any other legally mandatory capital requirements, with the exception of the minimum capital rules stipulated in stock corporation law. Furthermore, INDUS Holding AG has entered into obligations to maintain a minimum equity ratio at the stock corporation in connection with loan agreements. This enables it to keep receiving funds on reasonable terms. INDUS Holding AG's required minimum equity ratio was exceeded in the past financial year. The lenders have extraordinary termination rights in case of a change of control. Certain key figures have been defined for promissory note loans.

[28] Pensions

The defined benefit plans exist in portfolio companies in Germany and Switzerland. The German pension plans are based on lifetime pension payments for the beneficiaries and their surviving dependents and are subject to the regulations for pension provisions, pension funds, life insurance, and relief funds, which are mainly regulated through the company pension. The pension plans are only financed via guarantee fund assets in individual cases. Pension obligations in Switzerland are subject to the legal regulations for company pensions and are financed in accordance with these regulations so that they are funded via pension funds. The average weighted term of the obligations for German plans amounts to 15.2 years (previous year: 15.4 years) and for Swiss plans 19.0 years (previous year: 19.0 years).

STATEMENT OF INCOME

(in EUR '000)

	2020	2019	Change
Current service cost	3,218	2,569	649
Interest cost	496	1,120	-624
Income from plan assets	-128	-404	276
Past service costs	-122	-16	-106
Administrative expenses – foundation	152	147	5
Settlement of a Swiss pension plan	-4,542	0	-4,542
Cost of defined benefit obligation	**-926**	**3,416**	**-4,342**
+ Defined contribution plan cost	3,770	3,713	57
= Cost of pension commitments for the period	**2,844**	**7,129**	**-4,285**

BALANCE SHEET VALUE

(in EUR '000)

	2020	2019	Change
Present value of benefit obligations financed by provisions	49,682	52,942	-3,260
Present value of funded benefit obligations	34,411	43,526	-9,115
Defined benefit obligation: accumulated benefit obligations	**84,093**	**96,468**	**-12,375**
Market value of plan assets	-34,411	-43,526	9,115
Net obligation = provisions	**49,682**	**52,942**	**-3,260**
Actuarial gains/losses	-30,555	-32,940	2,385
Opening balance: amount carried on the statement of financial position as of January 1	**52,942**	**43,702**	**9,240**
Pension obligation expenses	-926	3,417	-4,343
Pension payments	-2,935	-2,878	-57
Actuarial gains/losses realized in equity	897	8,669	-7,772
Exchange rate change	-296	32	-328
Closing balance: amount carried on the statement of financial position as of December 31	**49,682**	**52,942**	**-3,260**
Underlying assumptions in %:			
Discount factor			
Germany	0.75	0.90	
Switzerland	0.15	0.25	
Salary trend			
Germany	2.50	2.50	
Switzerland	0.90	0.90	
Pension trend			
Germany	1.75	1.75	
Switzerland	0.00	0.00	
Expected income from plan assets			
Germany	0.75	0.90	
Switzerland	0.00	0.00	

In the current financial year, benefit obligations in Switzerland were settled with a defined benefit obligation in the amount of EUR 14,600 thousand (previous year: EUR 0 thousand) due to the shutdown of BACHER AG.

Interest expense is included in the net interest item. The expected income from plan assets largely corresponds to the actual income.

The defined benefit plans are impacted by actuarial risks, such as longevity risk and interest rate risk. An increase or decrease in the discount factor of 0.5 percentage points would reduce net obligation by EUR 5,815 thousand (previous year: EUR 5,632 thousand) or increase net obligation by EUR 7,628 thousand (previous year: EUR 7,134 thousand).

In connection with retirement benefits, payments amounting to EUR 3,278 thousand are expected in 2021 (in 2019 for 2020: EUR 3,502 thousand).

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

in EUR '000	2020	2019
Assets as of January 1	**43,526**	**41,185**
Expected return on plan assets	128	404
Ongoing contributions by the companies	3,283	3,209
Pensions paid	-2,989	-3,169
Netting/other	237	420
Settlement of a Swiss pension plan	-10,058	0
Exchange rate change	284	1,477
Assets as of December 31	**34,411**	**43,526**

The statement of financial position also contains reimbursement claims of EUR 640 thousand (previous year: EUR 707 thousand).

[29] Other Provisions

Other provisions include interest in the amount of EUR 28 thousand (previous year: EUR 37 thousand).

PROVISIONS IN 2020 (in EUR '000)

	Opening balance as of Jan. 1, 2020	Change in scope of consolidation	Utilization	Reversal	Additions/ newly created	Currency difference	Closing balance as of Dec. 31, 2020
Sales and purchasing obligations	34,462	-134	24,869	3,515	30,040	-68	35,916
Personnel expenses	25,986	-527	22,173	765	21,624	-124	24,021
Other provisions	15,642	-1,833	9,237	941	15,358	-183	18,806
Total	**76,090**	**-2,494**	**56,279**	**5,221**	**67,022**	**-375**	**78,743**

Liabilities from sales activities include provisions for warranties based on legal or de facto obligations, liabilities for customer bonuses and rebates as well as estimated values for anticipated invoices. Provisions for personnel expenses are formed for personnel credit hours, service anniversaries, partial retirement, severance commitments, and similar obligations. Other provisions relate to a range of possible individual risks, which are measured in terms of their probability of occurrence. There were no significant expected reimbursements in relation to obligations recognized as per IAS 37.

[30] Financial Liabilities

FINANCIAL LIABILITIES/DEVELOPMENT

(in EUR '000)

	Jan. 1, 2020 carrying amount	Cash-effective	Non-cash			Dec. 31, 2020 carrying amount
			Initial financial statement accounting	Change in scope of consolidation	Exchange rate adjustment	
Liabilities to banks	361,694	-21,282	0	0	-7	340,405
Liabilities from leasing	74,520	-19,569	33,177	-1,557	-451	86,120
Promissory note loans	245,172	41,917	0	0	0	287,089
Total financial liabilities	**681,386**	**1,066**	**33,177**	**-1,557**	**-458**	**713,614**

	Jan. 1, 2019 carrying amount	Cash-effective	Non-cash			Dec. 31, 2019 carrying amount
			Initial financial statement accounting	Change in scope of consolidation	Exchange rate adjustment	
Liabilities to banks	358,829	-634	0	3,444	55	361,694
Liabilities from leasing	5,323	-21,732	90,904	0	25	74,520
Promissory note loans	228,254	16,918	0	0	0	245,172
Total financial liabilities	**592,406**	**-5,448**	**90,904**	**3,444**	**80**	**681,386**

FINANCIAL LIABILITIES/DERIVATIVES

(in EUR '000)

	Dec. 31, 2020 carrying amount	Repayment obligation		
		Up to 1 year	1 to 5 years	More than 5 years
Liabilities to banks				
in the Group's currency EUR	338,883	98,772	219,460	20,651
in South African rands	1,522	1,522	0	0
Liabilities from leasing	86,120	16,465	53,430	16,225
Promissory note loans	287,089	43,082	158,007	86,000
Total financial liabilities	**713,614**	**159,841**	**430,897**	**122,876**
Derivative nominal values	209,083	53,823	137,961	17,299

	Dec. 31, 2019 carrying amount	Repayment obligation		
		Up to 1 year	1 to 5 years	More than 5 years
Liabilities to banks				
in the Group's currency EUR	360,088	99,765	232,549	27,774
in Swiss francs	269	269	0	0
in other currencies	1,337	958	379	0
Liabilities from leasing	74,520	15,971	38,193	20,356
Promissory note loans	245,172	18,082	162,947	64,143
Total financial liabilities	**681,386**	**135,045**	**434,068**	**112,273**
Derivative nominal values	238,587	44,401	154,803	39,383

[31] Other Liabilities

in EUR '000	Dec. 31, 2020	Current	Non-current	Dec. 31, 2019	Current	Non-current
Liabilities to outside shareholders	30,683	13,167	17,516	58,948	40,662	18,286
Accounts payable for personnel	19,344	19,344	0	19,760	19,760	0
Derivative financial instruments	4,279	4,279	0	6,255	6,255	0
Advance payments received	9,709	9,491	218	18,858	18,388	470
Contract liabilities	25,315	25,315	0	30,846	30,846	0
Accrual of non-recurrent payments	9,572	9,572	0	11,866	11,866	0
Accrual of payments not relating to the reporting period	3,042	2,784	258	2,198	1,837	361
Investment subsidies	1,604	0	1,604	1,752	0	1,752
Customer credit notes	5,992	5,992	0	8,784	8,784	0
Sundry other liabilities	4,774	4,231	543	2,199	1,698	501
Total	**114,314**	**94,175**	**20,139**	**161,466**	**140,096**	**21,370**

Liabilities to outside shareholders include, at EUR 18,990 thousand (previous year: EUR 40,266 thousand), contingent purchase price commitments carried at fair value insofar as minority shareholders are able to tender their shares to INDUS by terminating the Articles of Incorporation or on the basis of option agreements. During the financial year, there were no new purchase price commitments, EUR 2,380 thousand was recognized in expenses, and EUR 22,336 thousand was deducted mainly due to payouts to outside shareholders. Purchase price commitments fluctuated in line with the percentage change in the operating income (EBIT), partially kept in check by upper and lower limits.

Other Disclosures

[32] Information on the Statement of Cash Flows

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

in EUR '000	2020	2019
Cash-effective attributable to the acquisition of portfolio companies:	0	-34,947
subject to assumed financial liabilities	0	5,759
Net purchase price	**0**	**-29,188**

Cash and cash equivalents include limited-authorization accounts amounting to EUR 400 thousand (previous year: EUR 0 thousand). Investing and financing transactions of EUR 494 thousand (previous year: EUR 777 thousand) that did not lead to changes in cash and cash equivalents are not included in the statement of cash flows.

EUR 21,364 thousand (previous year: EUR 23,820 thousand) was paid for leases (interest and principal repayment) in the financial year.

[33] Change in the "Assets Held for Sale" Classification

On June 30, 2020, and September 30, 2020, a subsidiary in the Automotive Technology segment was recognized as a disposal group. The corresponding assets and liabilities of the disposal group were reclassified into the separate balance sheet items "Assets held for sale" and "Liabilities in connection with the assets held for sale."

Based on the changed market situation, the sale of the company within the next twelve months can no longer be regarded as highly likely, and so the disposal group is no longer classified as "held for sale." The corresponding non-current assets were measured on December 31, 2020, with the continued carrying amounts. The reclassification has no effect on the statement of income or other comprehensive income. Likewise, the disclosure during the year was also executed without effect on the income.

[34] Segment Reporting

SEGMENT INFORMATION BY DIVISION

SEGMENT REPORT IN ACCORDANCE WITH IFRS 8 (in EUR '000)

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

SEGMENT REPORT IN ACCORDANCE WITH IFRS 8

(in EUR '000)

	Construction/ Infrastructure	Automotive Technology	Engineering	Medical Engineering/ Life Science	Metals Technology	Total Segments	Reconciliation	Consolidated Financial Statements
2019								
Revenue with external third parties								
From contracts with customers	332,410	326,400	253,391	154,164	408,589	1,474,954	92	1,475,046
In accordance with the over time method	56,402	14,456	180,156	0	0	251,014	0	251,014
From service contracts	59	9,437	1,073	5,552	618	16,739	0	16,739
Revenue with external third parties	**388,871**	**350,293**	**434,620**	**159,716**	**409,207**	**1,742,707**	**92**	**1,742,799**
Revenue with Group companies	35,329	81,282	77,053	19,004	62,486	275,154	-275,154	0
Revenue	**424,200**	**431,575**	**511,673**	**178,720**	**471,693**	**2,017,861**	**-275,062**	**1,742,799**
Segment earnings (EBIT)	**63,013**	**-35,799**	**54,585**	**18,616**	**25,771**	**126,186**	**-8,290**	**117,896**
Depreciation/amortization	**-13,960**	**-44,842**	**-18,436**	**-9,324**	**-20,301**	**-106,863**	**-947**	**-107,810**
of which amortization	-13,960	-27,578	-18,436	-9,324	-20,301	-89,599	-947	-90,546
of which impairment	0	-17,264	0	0	0	-17,264	0	-17,264
Segment EBITDA	**76,973**	**9,043**	**73,021**	**27,940**	**46,072**	**233,049**	**-7,343**	**225,706**
Income from measurement according to the equity method	**152**	**14**	**518**	**0**	**0**	**684**	**0**	**684**
Investments	**18,755**	**22,752**	**30,914**	**4,943**	**25,064**	**102,428**	**5,010**	**107,438**
of which company acquisitions	0	0	22,287	0	6,901	29,188	0	29,188
of which acc. to the equity method	0	0	0	0	0	0	0	0
Dec. 31, 2019								
Shares accounted for using the equity method	4,159	0	2,792	0	0	6,951	0	6,951
Goodwill	115,722	51,259	153,232	69,639	25,317	415,169	0	415,169

RECONCILIATION

(in EUR '000)

	2020	2019
Segment earnings (EBIT)	**32,625**	**126,186**
Areas not allocated including holding company	-7,554	-8,485
Consolidations	9	195
Financial income	-15,446	-18,922
Earnings before taxes	**9,634**	**98,974**

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

The key control variable for the segments is operating income (EBIT) as defined in the consolidated financial statements. The information pertaining to the segments has been ascertained in compliance with the reporting and valuation methods that were applied in the preparation of the consolidated financial statements. The transfer prices between the segments are based on arm's-length prices.

SEGMENT INFORMATION BY REGION

The breakdown of sales by region relates to our selling markets. Owing to the diversity of our foreign activities, a further breakdown by country would not be meaningful since no country other than Germany accounts for 10% of Group sales.

Non-current assets, less deferred taxes and financial instruments, are based on the registered offices of the companies concerned. Further differentiation would not be useful since the majority of companies have their registered office in Germany.

Owing to the diversification policy at INDUS, there were no individual product or service groups and no individual customers that accounted for more than 10% of sales.

in EUR '000	Group	Germany	EU	Third countries
2020				
Revenue with external third parties	1,558,554	801,805	346,678	410,071
Dec. 31, 2020				
Non-current assets, less deferred taxes and financial instruments	978,713	830,743	57,378	90,592
2019				
Revenue with external third parties	1,742,799	890,190	374,341	478,268
Dec. 31, 2019				
Non-current assets, less deferred taxes and financial instruments	1,032,789	873,328	56,787	102,674

[35] Information on the Significance of Financial Instruments

FINANCIAL INSTRUMENTS (in EUR '000)

	Balance sheet value	Not within the scope of IFRS 9	Financial instruments IFRS 9	Of which measured at fair value	Of which measured at amortized cost
DEC. 31, 2020					
Financial investments	7,130	0	7,130	2,509	4,621
Cash and cash equivalents	194,701	0	194,701	0	194,701
Receivables	161,943	10,699	151,244	0	151,244
Other assets	24,317	12,914	11,403	145	11,258
Financial instruments: Assets	**388,091**	**23,613**	**364,478**	**2,654**	**361,824**
Financial liabilities	713,614	0	713,614	0	713,614
Trade payables	48,926	0	48,926	0	48,926
Other liabilities	114,314	52,090	62,224	23,269	38,955
Financial instruments: equity and liabilities	**876,854**	**52,090**	**824,764**	**23,269**	**801,495**

	Balance sheet value	Not within the scope of IFRS 9	Financial instruments IFRS 9	Of which measured at fair value	Of which measured at amortized cost
DEC. 31, 2019					
Financial investments	6,366	0	6,366	2,482	3,884
Cash and cash equivalents	135,120	0	135,120	0	135,120
Receivables	202,527	19,470	183,057	0	183,057
Other assets	24,416	13,078	11,338	34	11,304
Financial instruments: Assets	**368,429**	**32,548**	**335,881**	**2,516**	**333,365**
Financial liabilities	681,386	0	681,386	0	681,386
Trade payables	55,931	0	55,931	0	55,931
Other liabilities	161,466	68,717	92,749	46,521	46,228
Financial instruments: equity and liabilities	**898,783**	**68,717**	**830,066**	**46,521**	**783,545**

The fair value of financial liabilities that are measured at amortized costs is EUR 732,962,000 (previous year: EUR 692,259,000). The fair value of all other financial instruments measured at amortized costs corresponds to the amortized cost, or deviates immaterially.

FINANCIAL INSTRUMENTS BY BUSINESS MODEL IN ACC. WITH IFRS 9

(in EUR '000)

	Carrying amounts		Net gains/losses	
	Dec. 31, 2020	Dec. 31, 2019	2020	2019
Financial assets measured at fair value through profit and loss	145	34	111	-370
Financial assets measured at cost	361,824	333,365	-5,296	-1,489
Financial assets recognized at fair value directly in equity – of which attributable to equity instruments	2,509	2,482	0	0
Financial instruments: Assets	**364,478**	**335,881**	**-5,185**	**-1,859**
Financial liabilities measured at fair value through profit and loss	18,990	40,273	0	0
Financial liabilities measured at cost	801,495	783,545	-1,329	172
Derivatives with hedging relationship, hedge accounting	4,279	6,248	0	0
Financial instruments: equity and liabilities	**824,764**	**830,066**	**-1,329**	**172**

The gains and losses from changes to the fair value of forward exchange contracts are included in the category "Financial assets measured at fair value through profit and loss." The net result of "Financial assets measured at cost" results largely from valuation allowances on receivables and exchange rate gains and losses from the translation of foreign currency transactions. The gains and losses in the "Financial assets recognized at fair value directly in equity" category include income/expenses from equity instruments that are recognized in this valuation category.

Losses from forward exchange contracts and any losses due to the ineffectiveness of derivatives are recognized in the "Financial liabilities measured at fair value through profit and loss" category. The expenses in the "Financial liabilities measured at cost" category include exchange rate gains and losses from the translation of liabilities in foreign currency.

Total interest income for financial instruments not measured at fair value through profit and loss amounts to EUR 234,000 (previous year: EUR 270,000). The corresponding total interest expenses are EUR 16,030,000 (previous year: EUR 15,141,000).

TYPE AND SCOPE OF RISKS RESULTING FROM FINANCIAL INSTRUMENTS

PRINCIPLES OF FINANCIAL RISK MANAGEMENT

In keeping with the philosophy of INDUS Holding AG, the assessment and management of operating risks is the responsibility of the portfolio companies and their managing director. The holding company calculates and monitors the overall financing need on the basis of the local risk assessment and the investment and financing plans of the respective portfolio companies. In principle, those risks which have an impact on the Group's cash flow are hedged. Such risks are hedged using non-derivative and derivative financial instruments, with the latter being transacted solely for hedging purposes.

RISK MANAGEMENT AND FINANCIAL DERIVATIVES

The INDUS Group operates an effective risk management system to detect business risks at an early stage, focusing on the key types of problems facing a diversified portfolio of investments. This system integrates the specific aspects of financial risk management in accordance with the definition in IFRS 7. The basic principles of the financial policies are established each year by the Board of Management and monitored by the Supervisory Board. For further details, see the discussion provided in the management report.

LIQUIDITY RISK

Liquidity risk is the risk that future payment obligations cannot be met due to lack of cash. The INDUS Group's liquidity is monitored by INDUS Holding AG's Treasury department using liquidity reports.

Basically, the individual portfolio companies finance themselves from their operating results. Transfers are made between INDUS Holding AG and the portfolio companies depending on the liquidity situation. The INDUS Group holds sufficient cash and cash equivalents to enable the firm to take action at any time (2020: EUR 194,701,000, previous year: EUR 135,120,000). It also has unused credit lines totaling EUR 83,620,000 (previous year: EUR 79,408,000).

Loans are widely diversified, thereby preventing the company from becoming dependent on individual lenders. The level of available liquidity and firm financing commitments enable the company to take advantage of acquisition opportunities at any time. Long-term financing is structured in tranches with revolving new lines of financing, limiting financing risk. In the 2020 financial year, a promissory note loan with a sustainability component (ESG-linked) in the amount of EUR 60,000,000 was taken out (previous year: EUR 0). The interest on the promissory note loan is linked to the sustainability rating.

The following cash outflows, which are incorporated into the INDUS Group's long-term financial planning, were determined in consideration of the conditions for financial instruments determined as of the reporting date:

CASH OUTFLOW (in EUR '000)

	Dec. 31, 2020			Dec. 31, 2019		
	Up to 1 year	1 to 5 years	More than 5 years	Up to 1 year	1 to 5 years	More than 5 years
Interest rate derivatives	1,804	3,385	170	1,879	4,816	521
Total derivative financial instruments	**1,804**	**3,385**	**170**	**1,879**	**4,816**	**521**
Financial liabilities	171,350	455,247	135,212	147,109	459,992	125,435
of which liabilities from leasing	18,974	58,439	16,908	17,679	41,340	21,644
Trade payables	48,926	0	0	55,931	0	0
Other liabilities	89,896	18,536	1,604	133,842	19,617	1,752
Total financial instruments	**310,172**	**473,783**	**136,816**	**336,882**	**479,609**	**127,187**

Cash flows consist of principal payments and their respective interest. The accumulated payment flows from financial liabilities and interest rate derivatives result in the payment flow from corresponding fixed-term loans.

DEFAULT RISK

Default risk means the risk of financial losses due to non-settlement or partial settlement of existing receivables.

In the financing area of INDUS, contracts are concluded only with counterparties of first-class credit standing. In the operational area, the portfolio companies are responsible for ongoing decentralized risk monitoring. Default risks are taken into account by means of adequate valuation allowances. The maximum default risk corresponds to the balance sheet value of loans and receivables originated by the company, while for derivatives it is equal to the sum total of their positive market values.

Corporate risk is widely diversified, as INDUS Group companies are autonomous and they all develop and offer a variety of products on different markets.

A concentration of default risks arising from business relationships exists in the Automotive Technology segment and results from the segment's oligopolistic customer structure. Based on the total stock of trade receivables, there are seven customers (previous year: eight) with a share of more than 1% each. This equates to a share of about 16% of open items as recognized in the consolidated financial statements (previous year: 21%). The ten largest customers accounted for approximately 20% of Group sales (previous year: approximately 23%).

Furthermore, there are receivables from customers and associated companies which are overdue but have had no valuation allowances carried out for them. There are generally no major payment defaults with due dates of up to three months, since overdue payments largely result from timing differences in their booking. Since trade receivables were not subjected to valuation allowances and were not overdue, there were no indications as of the reporting date that the debtors may not be able to meet their payment obligations. Trade receivables are regarded as in default if it is very unlikely that the debtor will meet its payment obligation. This is particularly the case in insolvency proceedings or in legal disputes with no prospect of success. The expected defaults are calculated using past experience, taking account of the expectations for future financial performance. For all other financial assets, the default risk is seen as very low.

RECEIVABLES FROM CUSTOMERS AND ASSOCIATED COMPANIES AND CONTRACT ASSETS (in EUR '000)

	2020	2019
Carrying amount in the statement of financial position	161,943	202,527
impairment contained therein	5,946	7,882
gross value of receivables before impairment	167,889	210,409
of which as per reporting date		
neither impaired nor overdue	134,556	157,038
not impaired and overdue by the following periods		
less than 3 months	21,432	37,660
3 to 6 months	3,596	3,866
6 to 9 months	1,086	960
9 to 12 months	564	773
over 12 months	1,460	1,933

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

DEFAULT RISK ON RECEIVABLES

	Loss rate (weighted average)	Gross carrying amount	Expected loss	Impaired credit rating
Not overdue and between 1 and <3 months overdue	0.94%	155,988	1,459	No
Between 3 and <6 months overdue	8.18%	3,596	294	No
Between 6 and <9 months overdue	7.55%	1,086	82	No
Between 9 and <12 months overdue	6.21%	564	35	No
>12 months overdue	5.41%	1,460	79	Yes

The anticipated default risk is determined on the basis of historical data, particularly historical default rates. If an increase or reduction in bad debt losses can be expected in the future, this is taken into account accordingly when measuring anticipated defaults.

The business models, customers and the economic, political and geographical environment are considered in the detection of default risk. The individual Group companies therefore apply specific default rates.

INTEREST RATE RISK

INDUS Holding AG ensures and coordinates the financing and liquidity of the Group. The main focus is on financing the long-term development of its investment portfolio. This means employing fixed-rate and variable-rate financing instruments, which are converted to fixed rate instruments by way of interest-rate swaps.

Changes in interest rates might affect the market value of financial instruments and their cash flows. These effects are calculated by performing a sensitivity analysis, which involves shifting each of the relevant interest-rate structure curves by 100 basis points in parallel. The effects are calculated for the fixed conditions of the financial instruments in the portfolio as of the reporting date.

Changes in market value can impact the depiction of the financial position and financial performance, depending on the valuation category of the underlying financial instruments. The following table shows interest rate sensitivity with a parallel shift in the yield curve of 100 base points (BP):

MARKET PRICE RISK SENSITIVITY ANALYSIS (in EUR '000)

	Dec. 31, 2020		Dec. 31, 2019	
	+100 BP	-100 BP	+100 BP	-100 BP
Market value of derivatives	4,598	-4,834	3,684	-3,877
of which equity/hedges	4,598	-4,834	3,684	-3,877
of which interest expense per statement of income	0	0	0	0
Market value of loans	11,571	-12,199	17,015	-18,326
Total market value	**16,169**	**-17,033**	**20,699**	**-22,203**

Since interest rate risks are virtually completely hedged against, economically speaking, changes in interest rates would be offset in variable interest-bearing debt and derivative financial instruments. There would therefore be no material impact on future cash flows.

CURRENCY RISK

Currency risks basically result from the operating activities of the Group companies and financing transactions between the foreign portfolio companies and the respective holding company. Risk analyses are carried out on a net basis, while hedges are concluded by the portfolio companies on a case-by-case basis in accordance with the philosophy of commercial autonomy. The instruments employed are forward exchange transactions and suitable options.

Currency risks have an effect on the presentation of the financial position and financial performance when financial instruments are denominated in currencies other than the functional currency of the Group company in question. Risks arising from the currency translation of financial statements to the Group's currency are not taken into consideration. Since currency hedges are not formally accounted for as hedges, this does not have an impact on provisions for the mark-to-market valuation of financial instruments.

Assuming that the exchange rates of all foreign currencies were to rise by 10% against the euro as of the reporting date, net income from currency conversion would change by EUR -4,631,000 (previous year: EUR -4,182,000). As in the previous year, net receivables in US dollars and Swiss francs are the main influence.

FINANCIAL STATEMENT ACCOUNTING

HEDGING INSTRUMENTS

As at the reporting date, currency hedges with a nominal volume of EUR 10,113,000 (previous year: EUR 2,338,000) were in place. The currency hedges relate to transactions in US dollars and British pounds (previous year: US dollars, Chinese renminbi and British pounds). Hedging contracts have a market value of EUR 40,000 (previous year: EUR -104,000).

Interest rate hedging accounts for a nominal volume of EUR 198,828,000 (previous year: EUR 236,353,000). The market values amounted to EUR -4,279,000 (previous year: EUR -6,111,000). The interest rate hedges relate in full (previous year: EUR 161,353,000) to loan transactions that have already been recognized in the balance sheet, and thus there are no remaining unrecognized (previous year: EUR 75,000,000) future highly probable loan transactions with interest rate risk. Further details on terms and maturities are included in the report on financial liabilities.

FINANCIAL STATEMENT ACCOUNTING OF HEDGING TRANSACTIONS AS HEDGE ACCOUNTING

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

HEDGE ACCOUNTING PURSUANT TO IFRS 9 (in EUR '000)

	Nominal amounts	Carrying amount of hedging instruments	Balance sheet item	Changes in hedging instrument values recognized in other income
Dec. 31, 2020				
Cash flow hedges				
Interest rate hedges	198,828	-4,279	other current liabilities	1,840
Exchange rate hedges	0	0	other current liabilities	137
Total		**-4,279**		**1,977**
Dec. 31, 2019				
Cash flow hedges				
Interest rate hedges	236,353	-6,111	other current liabilities	-1,216
Exchange rate hedges	1,198	-137	other current liabilities	24
Total		-6,248		-1,192

The average interest rate for interest rate hedges is 0.94% (previous year: 0.9%). There were no currency hedges as at the reporting date. The currency hedges in the previous year were exclusively in USD. The average exchange rate of the currency hedges was EUR 1 = USD 1.2523.

RECONCILIATION OF RESERVES FOR CASH FLOW HEDGES (in EUR '000)

	Reserve for cash flow hedges	Deferred taxes for cash flow hedges
As of January 1, 2019	-5,056	820
Change in fair value		
Interest rate hedges	-1,216	191
Exchange rate hedges	24	-7
As of December 31, 2019	**-6,248**	**1,004**
As of January 1, 2020	-6,248	1,004
Change in fair value		
Interest rate hedges	1,840	-291
Exchange rate hedges	137	-41
As of December 31, 2020	**-4,271**	**672**

[36] Collateral Furnished

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

PLEDGED ASSETS (in EUR '000)

	2020	2019
Land charges	18,146	20,828
Securities collateral	150	1,371
Other collateral	752	929
Total collateral	**19,048**	**23,128**

[37] Contingent Liabilities

Liabilities from guarantees exist in the amount of EUR 7,218,000 (previous year: EUR 7,785,000). These include external obligations which INDUS Holding AG assumed in connection with the business activities of the portfolio companies. Currently, it is extremely unlikely that the beneficiaries would utilize the guarantees.

[38] Other Financial Obligations

Obligations from purchase commitments for fixed assets came to EUR 18,056,000 (previous year: EUR 14,094,000), of which EUR 18,032,000 (previous year: EUR 13,983,000) was for property, plant, and equipment, and EUR 24,000 (previous year: EUR 111,000) was for intangible assets. In addition, there is a payment obligation from a multi-year customer contract in the amount of EUR 1,500,000 (previous year: EUR 0).

[39] Related Party Transactions

MEMBERS OF MANAGEMENT IN KEY POSITIONS AND AFFILIATED PERSONS

In line with the structure of the INDUS Group, key management personnel include 12 members of the Supervisory Board (previous year: 12 members), 4 people on the Board of Management of INDUS Holding AG (2019: 4 people), and the managing directors of the operating units (2020: 113 people, previous year: 116 people).

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

COMPENSATION OVERVIEW (in EUR '000)

	Aufwand der Periode	davon Gehälter	davon SAR*	davon Abfindung	davon Pensionen
2020					
INDUS Holding AG					
Supervisory Board	751	751	0	0	0
Board of Management**	2,810	2,460	350	0	0
Subsidiaries					
Managing directors	20,220	19,514	0	0	706
Family members	196	196	0	0	0
Total	**23,977**	**22,921**	**350**	**0**	**706**
2019					
INDUS Holding AG					
Supervisory Board	668	668	0	0	0
Board of Management**	2,795	2,445	350	0	0
Subsidiaries					
Managing directors	21,598	20,441	0	280	877
Family members	143	143	0	0	0
Total	**25,204**	**23,697**	**350**	**280**	**877**

* SAR = stock appreciation rights.
** The granted benefits are listed for the Board of Management.

The employee representatives on the Supervisory Board also have employment contracts with the respective INDUS portfolio companies.

SUPERVISORY BOARD COMPENSATION

The Supervisory Board's compensation was determined by the extraordinary Annual Shareholders' Meeting of INDUS Holding AG in November 2018. This is stipulated in Section 16 (1) and (2) of the Articles of Incorporation. In addition to reimbursement of out-of-pocket expenses incurred in performing their duties in the financial year ended, all Supervisory Board members receive fixed compensation of EUR 30,000 along with an attendance fee of EUR 3,000 thousand per meeting. The Chairman receives double the two aforementioned sums, and his deputy receives one-and-a-half times these amounts. Each member of a Supervisory Board committee receives compensation in the amount of EUR 5,000 in addition to reimbursement of out-of-pocket expenses for his/her activities in the past financial year. The chairman of the committee receives twice the amount mentioned above. There are no stock option plans or similar securities-based incentive systems in place for Supervisory Board members. The Supervisory Board met seven times in 2020 (previous year: six times).

BOARD OF MANAGEMENT COMPENSATION

The long-term incentive consists of "virtual" stock options (SARs, stock appreciation rights). An SAR comprises a commitment to pay an amount determined by the difference between the exercise price of the SAR and the current market price of company shares on exercise of the SAR. The SAR exercise price corresponds to the average closing price of shares in the company in XETRA trading over the last 20 trading days prior to option issuance. The Board of Management is granted a tranche of SARs each year. The option price of the SAR is calculated when it is granted. The contractually agreed target determines the number of SARs allocated to the tranche. The SARs are non-forfeitable from the date they are granted. There is a vesting period for the exercise of options for each tranche granted (four years). The exercise period immediately following the statutory waiting period amounts to two years. A tranche can only be paid out if the share price is higher than the exercise price of the tranche's SAR on exercise and a defined success hurdle is cleared (minimum price increase of 12% during the vesting period). There is an upper limit (cap) on payment of 200% of the contractually agreed target.

The number of SARs granted to Board of Management members in annual tranches is determined based on the option price at the grant date and the contractually specified target price. In financial year 2020, 55,031 SARs were granted (previous year: 69,060). On the date on which they were granted, the total fair value of the SARs was EUR 350,000 (previous year: EUR 350,000). The total number of SARs granted up to December 31, 2020, was 268,505 (previous year: 216,756). The fair value of previously granted, not yet exercised SARs totaled EUR 976,000 as of the reporting date (previous year: EUR 636,000). A provision in this amount was formed in the annual financial statements. The addition is included in personnel expenses at EUR 386,000 (previous year: EUR 676,000). A liquidation of EUR 46,000 is included in other operating income (previous year: EUR 17,000). Payments on stock options amounting to EUR 0 were made during the financial year (previous year: EUR 494,000).

Fair value calculation is based on an option-price model of Black/Scholes and reasonable volatility on the part of INDUS, along with a risk-free interest rate that takes the cap on payment claims into account.

In the event of a material change in the composition of the Supervisory Board (change of control), the members of the INDUS Holding AG Board of Management have a special right to terminate their employment contracts within one year. In the event of a dismissal for cause, or dismissal of the Board of Management within one year after a change of control without good cause within the meaning of Section 626 BGB, the company will pay out severance to the members of the Board of Management. This will be based on the member's full compensation, including all fixed and variable components of the compensation and non-cash benefits. Severance payments will be paid for a maximum of the period through the end of their employment contracts, or a total term of two financial years if the regular end of the contract differs from this period.

For the 2020 and the 2019 financial year, the compensation paid to the members of the Board of Management of INDUS Holding AG comprised basic salary (including taxable benefits in kind), performance-based variable compensation (short-term incentive program), and a share-based component of the compensation (long-term incentive program).

Board of Management members received a total of EUR 2,794,000 (previous year: EUR 2,908,000). A total of EUR 2,810,000 is attributable to the financial year (previous year: EUR 2,795,000), of which EUR 1,720,000 is attributable to fixed compensation (previous year: EUR 1,705,000), EUR 740,000 to short-term variable compensation (previous year: EUR 740,000) and EUR 350,000 to SARs (previous year: EUR 350,000). The previous year variable compensation amounts to EUR -16,000 (previous year: EUR 113,000) See the compensation section of the management report for individual Board of Management compensation.

OTHER RELATIONS

INDUS Group transactions with persons or companies which control or are controlled by the INDUS Group must be disclosed insofar as they have not already been included in the consolidated financial statements as a consolidated company. Affiliated companies are the companies in the consolidated financial statements accounted for using the equity method. The other categories relate to key management personnel, their family members and their attributable companies.

RELATED PARTY TRANSACTIONS

(in EUR '000)

	Sales and other operating income	Goods purchases	Other purchases	Open items	Loans granted
2020					
Related associated companies	3,775	82	61	1,595	839
Family members of BoM members and shareholders	0	87	63	0	0
Non-controlling shareholders	12,923	0	873	0	0
Managing directors of portfolio companies	0	0	172	0	0
Total related party transactions	**16,698**	**169**	**1,169**	**1,595**	**839**
2019					
Related associated companies	2,248	5	166	1,361	675
Family members of BoM members and shareholders	0	157	58	1	0
Non-controlling shareholders	5,347	0	1,553	0	0
Managing directors of portfolio companies	2	0	527	46	0
Total related party transactions	**7,597**	**162**	**2,304**	**1,408**	**675**

In the 2020 financial year, revenue of EUR 12,923,000 (previous year: EUR 5,347,000) was realized from a business relationship with a related party of a non-controlling shareholder.

[40] Employees

AVERAGE NUMBER OF EMPLOYEES IN THE FINANCIAL YEAR

	2020	2019
Employees per region		
Germany	7,588	7,885
Europe (EU & Switzerland)	1,531	1,516
Rest of world	1,525	1,455
Total	**10,644**	**10,856**
Employees per segment		
Construction/Infrastructure	1,898	1,874
Automotive Technology	3,202	3,360
Engineering	2,243	2,180
Medical Engineering/Life Science	1,646	1,718
Metals Technology	1,616	1,687
Other	39	37
Total	**10,644**	**10,856**

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

External auditor Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft's fee for auditing the consolidated financial statements amounted to EUR 458,000 (previous year: EUR 407,000), of which EUR 3,000 (previous year: EUR 13,000) was for previous years, EUR 55,000 (previous year: EUR 33,000) for other confirmation and valuation services, of which EUR 3,000 for previous years (previous year: EUR 3,000), EUR 0 (previous year: EUR 0) for accountancy services and EUR 3,000 (previous year: EUR 0) for other services. "Confirmation services" refer to auditing services for the non-financial statement of INDUS Group and a governance confirmation.

[42] German Corporate Governance Code

Pursuant to Section 161 of the German Stock Corporation Act (AktG), the Board of Management and the Supervisory Board submitted a German Corporate Governance Code declaration in December 2020 and made it available to shareholders on the INDUS Holding Aktiengesellschaft website (www.indus.de).

[43] Use of Facilitation in Accordance With Section 264 (3) and Section 264b German Commercial Code (HGB)

In the complete list of shareholdings recorded in the electronic commercial register in accordance with Section 313 of the German Commercial Code (HGB), which constitutes part of the Notes, the subsidiaries are listed to which exemption from disclosure duties has been applied in accordance with Section 264 (3) and Section 264b of the German Commercial Code (HGB) as of December 31, 2020.

[44] Events After the Reporting Date

With effect as of January 4, 2021, INDUS Holding AG acquired all the shares in JST Jungmann Systemtechnik GmbH & Co. KG, Buxtehude.

There are no other events after the reporting date that have particular significance for the INDUS Group.

Bergisch Gladbach, Germany, March 17, 2021

INDUS Holding AG

The Board of Management

Dr. Johannes Schmidt
Dr. Jörn Großmann

Axel Meyer
Rudolf Weichert