

# 01

**COMPANY AND  
SHAREHOLDERS**

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# Letter to the Shareholders

01|

**Dear shareholders, dear readers,**

**We did not believe that another war in the center of Europe was a possibility. We are all deeply concerned. We thought that things were getting back to normal in terms of the coronavirus pandemic, but for now we have to accept that there will be no return to normality for the foreseeable future.**

At times like these, it is hard to get on with day-to-day business. But that is what has to be done so our portfolio companies can continue to respond flexibly and reliably to the everyday challenges. And our day-to-day business includes this report on last year.

We said that 2021 was a year of transition, and we made great progress getting back to where we were before the crisis. Sales and EBIT are back to 2019 levels. However, the macroeconomic consequences of the Russia-Ukraine war, including its potential effects on our portfolio, are currently unknowable.

The INDUS portfolio displayed its strengths last year in a difficult environment, boosting sales by some 12% to EUR 1.74 billion and increasing EBIT more than fourfold to EUR 115 million. That is a strong performance. And we still see plenty of potential, both in our long-standing portfolio companies and in our new acquisitions.

In a spirit of self-criticism, we should say that we had to adjust our forecast for the year 2021 several times. It has become fundamentally difficult to make accurate forecasts over longer periods, partly due to the coronavirus pandemic and the restrictions on our companies and their customers, but also because of materials shortages and supply bottlenecks. So after experiencing an economic upswing in the first half of 2021, we experienced a downturn in the third quarter. Companies in the Automotive Technology segment in particular suffered from a fall in call-offs due to the lack of computer chips. The second half of the fourth quarter then finished on an unexpectedly strong note, despite a decline in indicators of business confidence. We closed the year with a remarkable surge.

The Construction/Infrastructure, Engineering and Metals Technology segments all put in a highly dynamic performance. The portfolio companies in these three segments significantly increased their sales and operating income (EBIT), despite the considerable difficulties caused by supply shortages and steep increases in materials prices. Particularly gratifying was the speed at which the Engineering segment returned to an EBIT margin of 13%. Sales and operating income (EBIT) in the Medical Engineering/Life Science segment went up moderately.

The automotive industry is going through a root-and-branch transformation. The portfolio companies in this segment are rising to the challenge, but they need time to get there. One of the Board of Management's core tasks is to reduce the weight of the Automotive Technology segment in the INDUS portfolio. We took the next step in this direction with the sale of the WIESAUPLAST Group at year-end 2021.

We intend to grow further by acquiring hidden champions. In 2022 we successfully completed the acquisition of JST and WIRUS at the portfolio level and of FLACO as a complementary addition. Along with the purchases of additional shares in smaller portfolio companies, this required a total investment of some EUR 67 million. In December, contracts were also signed for the acquisition of HEIBER + SCHRÖDER with the closing expected in the second quarter of 2022. All the new acquisitions are in the growth industries we have defined, and our portfolio benefits from their dynamism and profitability. The funds from



From the left: Dr. Jörn Großmann (Board Member), Rudolf Weichert (Board Member), Dr.-Ing. Johannes Schmidt (Chairman of the Board), Axel Meyer (Board Member)

March 2021 of some EUR 85 million raised by the capital increase enabled us to make these acquisitions.

We also significantly increased our capital expenditure on our existing portfolio again after a year of the coronavirus, investing around EUR 76 million to strengthen organic growth. An increase in the volume of business, combined with massive rises in material prices over the course of the year, resulted in higher working capital. Cash flow from operating activities of around EUR 136 million was therefore lower than the previous year's high figure. We reduced our net debt despite high capital expenditure of EUR 143 million in total. The equity ratio came to 42.4% at year-end and the repayment term was reduced to 2.3 years.

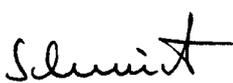
In line with our long-term dividend policy, our intention is that you, our shareholders, should again participate in our success in the last financial year. We and the Supervisory Board will therefore be proposing to pay a dividend of EUR 1.05 per share at the Annual Shareholders' Meeting. This represents a dividend yield of 3.2% on the basis of the closing price of our share at year-end.

Our portfolio companies made a good start to the year 2022. Even though the war in Ukraine is causing increasing uncertainty on the markets and further shortages and price rises are expected for energy and raw materials, the pace of economic growth is currently still intact and the majority of portfolio companies can point to a good volume of back orders. The development of sales in the Automotive Technology segment remains unclear due to the ongoing shortage of computer chips and the Russia-Ukraine war. For the managers and employees of our portfolio companies, it is still an operational challenge to satisfy the high demand in the face of staff absences due to the pandemic and numerous supply shortages. Agility and decisive action are called for. And this is precisely the strength of our business model, of course, which stays true to the best traditions of SMEs and lets the entrepreneurs "on the ground" make the operational decisions. We greatly appreciate the dedication of everyone involved and send them our heartfelt thanks.

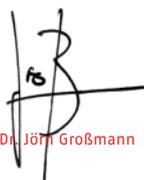
In 2022, the focus of our work will again be on supporting the further development of our portfolio companies. Our businesses are involved in the big topics of the future, whether that is sustainable construction, e-mobility or intelligent logistics systems. This is how they generate significant organic growth. Our focus for acquisitions will be on growth industries such as construction technology, automation components, medical devices and healthcare. They form the basis of our strategy going forward. We are pleased that our Supervisory Board supports this strategy and are grateful for the good working relationship in the past year.

We hope that you will continue to accompany us on this exciting journey as our shareholders. Thank you for your confidence.

Yours sincerely,



Dr. Johannes Schmidt



Dr. Jörn Großmann



Axel Meyer



Rudolf Weichert

Bergisch Gladbach, March 2022

# Management Bodies

## The INDUS Board of Management



**DR.-ING. JOHANNES SCHMIDT**

**CHAIRMAN OF THE BOARD**

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



**DR. JÖRN GROSSMANN**

**BOARD MEMBER**

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



**AXEL MEYER**

**BOARD MEMBER**

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



**RUDOLF WEICHERT**

**BOARD MEMBER**

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

 Detailed information concerning memberships of the Board members on other Supervisory Boards can be found on p. 153 and online at [www.indus.de/en/about-indus/board-of-management](http://www.indus.de/en/about-indus/board-of-management)

## The INDUS Supervisory Board

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

### JÜRGEN ABROMEIT

Supervisory Board Chairman  
(since 2018)

### GEROLD KLAUSMANN\*

Member of the Supervisory  
Board (since 2018)

### WOLFGANG LEMB\*

Deputy Supervisory Board  
Chairman (since 2018)

### ISABELLA PFALLER

Member of the Supervisory  
Board (since 2018)

### DR. JÜRGEN ALLERKAMP

Member of the Supervisory  
Board (since 2007)

### HELMUTH SPÄTH

Member of the Supervisory  
Board (since 2012)

### DR. DOROTHEE BECKER

Member of the Supervisory  
Board (since 2014)

### UWE TRINOGGA\*

Member of the Supervisory  
Board (since 2018)

### DOROTHEE DIEHM\*

Member of the Supervisory  
Board (since 2018)

### CARL MARTIN WELCKER

Member of the Supervisory  
Board (since 2010)

### PIA FISCHINGER\*

Member of the Supervisory  
Board (since 2018)

### CORNELIA HOLZBERGER\*

Member of the Supervisory  
Board (since 2018)

## Supervisory Board Committees

### Nomination Committee

Jürgen Abromeit (Chairman of the Board)/Isabella Pfaller/  
Carl Martin Welcker

### Personnel Committee

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

### Audit Committee

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

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

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

  Detailed information concerning memberships on other  
Supervisory Boards can be found on p. 152 and online at  
[www.indus.de/en/about-indus/supervisory-board](http://www.indus.de/en/about-indus/supervisory-board)

\* Employee representative

# Report of the Supervisory Board



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

## Cooperation Between the Board of Management and the Supervisory Board

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

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

## Composition of the Supervisory Board

There have been no changes in the composition of the Supervisory Board compared with the previous year. Details of the composition of the Supervisory Board and its committees can be found in the Annual Report in the “Management Bodies” section and on the INDUS website.   See p. 7 and p. 152 as well as [www.indus.de/en/about-indus/supervisory-board](http://www.indus.de/en/about-indus/supervisory-board)

## Meeting Frequency and Attendance

The Supervisory Board held six ordinary meetings and one extraordinary meeting in 2021. One resolution was also taken by circulation of documents. In view of the COVID-19 pandemic, the first three ordinary meetings of the year were held as video conferences. The fourth, fifth and sixth ordinary Supervisory Board meetings were held as physical meetings, with the option for individual members of attending by video link. Because the matter was urgent, the Supervisory Board passed a resolution on using Authorized Capital 2019 in an extraordinary meeting held by conference call. An ad hoc committee was formed to take the other resolutions required for the capital increase. In addition, the resolutions of the shareholder representatives on the Supervisory Board on independence were adopted in a video conference on February 10. The Board of Management attended all Supervisory Board meetings except for the aforementioned video conference for shareholder representatives, although the Supervisory Board also regularly discussed agenda items without the Board of Management. Apart from the excused absence of one member at the Supervisory Board meeting on May 25, 2021 and of one member at the Personnel Committee meeting and the Supervisory Board meeting on October 19, 2021, all members of the Supervisory Board and the committees always took part in all meetings of the Supervisory Board and its committees. All the shareholder representatives apart from one took part in the meeting of the shareholder representatives on the Supervisory Board.

## Conflicts of Interest

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

### SUPERVISORY BOARD MEETINGS IN FINANCIAL YEAR 2021

	Attendance at ordinary meetings	in %	Attendance at extraordinary meetings	in %
<b>Supervisory Board</b>				
Jürgen Abromeit (Chairman of the Board)	6/6	100	1/1	100
Wolfgang Lemb (Deputy Chairman of the Board)	5/6	83	1/1	100
Dr. Jürgen Allerkamp	6/6	100	1/1	100
Dr. Dorothee Becker	5/6	83	1/1	100
Dorothee Diehm	6/6	100	1/1	100
Pia Fischinger	6/6	100	1/1	100
Cornelia Holzberger	6/6	100	1/1	100
Gerold Klausmann	6/6	100	1/1	100
Isabella Pfaller	6/6	100	1/1	100
Helmut Späth	6/6	100	1/1	100
Uwe Trinogga	6/6	100	1/1	100
Carl Martin Welcker	6/6	100	1/1	100

### COMMITTEE MEETINGS IN FINANCIAL YEAR 2021

	Attendance	in %
<b>Personnel Committee</b>		
Jürgen Abromeit (Chair of the Committee)	5/5	100
Dr. Dorothee Becker	5/5	100
Dorothee Diehm	5/5	100
Wolfgang Lemb	4/5	80
<b>Audit Committee</b>		
Isabella Pfaller (Chair of the Committee)	5/5	100
Dr. Jürgen Allerkamp	5/5	100
Gerold Klausmann	5/5	100
<b>Ad hoc committee</b>		
Jürgen Abromeit (Chair of the Committee)	1/1	100
Dr. Jürgen Allerkamp	1/1	100
Gerold Klausmann	1/1	100

## Corporate Governance

The Supervisory Board and the Board of Management issued an updated Declaration of Conformity with the German Corporate Governance Code on March 18, 2021, and December 9, 2021, pursuant to Section 161 of the German Stock Corporation Act (AktG) and made them available on the INDUS website. Revised rules of procedure for the Supervisory Board and for the Board of Management were adopted at the meeting on March 18, 2021. The revised rules of procedure for the Supervisory Board can be downloaded from the INDUS Website. Both are in accordance with the revised Articles of Incorporation that were adopted on the same day. The revised Articles of Incorporation were amended to reflect the use of Authorized Capital 2019 on March 25, 2021. The revised Articles of Incorporation were approved as proposed at the Annual Shareholders' Meeting on May 26, 2021.

## Main Topics of the Meetings

At the **first ordinary Supervisory Board meeting on February 10, 2021** the Supervisory Board primarily dealt with the Board of Management's strategy report on the Automotive Technology segment. Intense discussions were held on the progress and plans for the future repositioning of SELZER and S.M.A. In addition, the Board of Management explained the planned acquisition of WIRUS Fenster GmbH & Co. KG and its affiliates, which the Supervisory Board approved following a debate. Other topics included the implementation of the new remuneration system for the Board of Management, which was approved at the Supervisory Board meeting on December 9, 2020. It meets the requirements of the Shareholder Rights Directive as transposed into German law and of the revised German Corporate Governance Code. Updated financing scenarios for the current financial year were also discussed.

The **second ordinary Supervisory Board meeting on March 18, 2021**, focused on the presentation and discussion of the 2020 separate and consolidated financial statements of INDUS Holding AG and the Group and the resolutions on these. The Chair of the Audit Committee particularly explained significant aspects of accounting for the consolidated financial statements to the Supervisory Board. At the Audit Committee's recommendation and after in-depth discussion with the external auditor, Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Stuttgart, Cologne branch, the Supervisory Board approved the annual financial statements and the consolidated financial statements as well as the separate non-financial Group report for the financial year 2020. After a thorough review the Supervisory Board had no objections to make to the joint management report and explanatory

report by the Board of Management. The compensation report included in the management report was approved at the recommendation of the Personnel Committee. The Supervisory Board agreed with the dividend and resolutions proposed by the Board of Management for the 2021 Annual Shareholders' Meeting. On the basis of the proposal of the Audit Committee, the Supervisory Board resolved to propose to the Annual Shareholders' Meeting that Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Stuttgart, Cologne branch, be appointed as the external auditor for the company and the Group for the 2021 financial year.

Following the recommendations of the Personnel Committee, the necessary resolutions regarding the variable remuneration of the members of the Board of Management for financial year 2020 were passed. In the spirit of good corporate governance and in order to implement the new remuneration system for the Board of Management promptly, all the members of the Board of Management resigned and were reappointed as of April 1, 2021. Their new Board contracts include the rules for the new remuneration system. The members of the Board of Management were appointed for different periods of between three-and-a-half and five years.

Discussions also focused on the revised corporate governance documents and the rules of procedure for the Supervisory Board and the Board of Management, which were adopted. A resolution was also taken to propose revised Articles of Incorporation to the Annual Shareholders' Meeting and to issue an updated declaration of conformity. The Board of Management also informed the Supervisory Board about current financing scenarios.

In an **extraordinary meeting on March 25, 2021** the Supervisory Board approved a Board of Management resolution of the same date on increasing the capital stock using Authorized Capital 2019. The other resolutions required for the capital increase were taken on the same day by an ad hoc Supervisory Board committee formed for this purpose.

Resolutions were passed by circulation of documents on **April 7, 2021** approving the changes and additions to the invitation to the Annual Shareholders' Meeting 2021 resulting in particular from the capital increase.

The Supervisory Board held a **third ordinary meeting on May 25, 2021**. The board dealt in depth with the Board of Management's report concerning business performance in the months from January to April 2021 at this meeting. The Board of Management also presented its Forecast I for year-end 2021 on the basis of the results in March 2021.

The main topics of the **fourth ordinary Supervisory Board meeting on September 23, 2021** were the company's current performance and the discussion and resolution on the sale of the WIESAUPLAST Group to the SCHERDEL Group. This continued the process of consistent portfolio enhancement and further reduced the percentage of series suppliers of Automotive Technology in the total portfolio. The Board of Management also presented the acquisition of FLACO GmbH by HORNGROUP Holding GmbH & Co. KG.

At the **fifth ordinary meeting on October 19, 2021** the Supervisory Board discussed the financial performance as of September 30, 2021. In its presentation the Board of Management dealt particularly with macroeconomic developments, focusing on supply chains, energy and raw materials prices. The discussion of strategic issues that began in the Supervisory Board meeting on September 23, 2021 was also continued.

The Supervisory Board held a **sixth ordinary meeting on December 9, 2021**. At the meeting, the Board of Management reported on the current financial performance as of October 31, 2021 and the outlook for the remainder of the 2021 financial year. The Board of Management then covered business planning for the 2022 financial year. In the discussion that followed, the Supervisory Board and the Board of Management considered the details and results of the planning process. The Supervisory Board adopted the annual planning without changes. In addition, the Board of Management explained the planned acquisition of Heiber + Schröder Maschinenbau GmbH and its affiliates, which the Supervisory Board approved following a debate.

The targets proposed by the Personnel Committee for the short-term variable compensation of the Board of Management for financial year 2022 were also discussed and adopted.

The Supervisory Board also dealt with the proposal to the Annual Shareholders' Meeting to elect new auditors for the separate and consolidated financial statements for financial year 2022. The Chair of the Audit Committee described the selection procedure. After a discussion, the Supervisory Board followed the Audit Committee's recommendation to propose PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft at the Annual Shareholders' Meeting as the first choice for auditor of the separate and consolidated financial statements.

## Work of the Committees

The main task of the Supervisory Board committees is to prepare decisions and topics for the complete Board's sessions. Decision-making powers may be transferred to the committees for this purpose insofar as the law permits. The chairs of the committees reported to the Supervisory Board regularly and in detail on their committees' work. Both the Personnel Committee and the Audit Committee met several times in the past year. An ad hoc committee was formed to take the resolutions required for the capital increase. There was no need for the Mediation Committee, in accordance with Section 27 (3) of the Codetermination Act, or the Nomination Committee to convene. The composition of the committees is presented in the Annual Report under the heading "Management Bodies" and on the INDUS website.   See p. 7 as well as [www.indus.de/en/about-indus/supervisory-board](http://www.indus.de/en/about-indus/supervisory-board)

Since a number of resolutions were urgently required for the capital increase, the Supervisory Board formed an **ad hoc committee on March 25, 2021**. It was made up of the Supervisory Board Chair Mr Jürgen Abromeit (committee chair), Dr. Jürgen Allerkamp as shareholder representative and Mr Gerold Klausmann as employee representative. Following Supervisory Board's approval of the Board of Management's resolution on the capital increase using Authorized Capital 2019, the ad hoc committee discussed and voted on the Board of Management's resolutions on setting an issue price for the new shares and the final volume of the capital increase. The ad hoc committee also voted to amend the Articles of Incorporation to reflect the capital increase.

In the 2021 financial year, the **Personnel Committee** prepared the Supervisory Board's personnel decisions in five meetings on **February 10, March 3 and 18, October 19, and December 9, 2021**. Where necessary, decisions were made or resolutions to be taken were recommended to the Supervisory Board. One focus of its work was the implementation of the new system of remuneration for the Board of Management adopted on December 9, 2020. A recommendation was made to the Supervisory Board to reappoint the members of the Board of Management and to sign new Board contracts with them incorporating the new remuneration system. The members of the Board of Management were reappointed for different periods of between three-and-a-half and five years. The Personnel Committee also dealt with compensation paid to the Board of Management. Recommendations were made to the Supervisory Board for the resolutions needed for the compensation paid to the Board of Management in the previous system, as well as for the resolutions on the targets for short-term variable compensation in the new system. Details regarding compensation for the Board of Management members can be found in the compensation report. The Personnel Committee also discussed the effects on long-term succession planning of

the second Act on Management Functions that took effect on August 12, 2021.

The **Audit Committee** met five times in the 2021 financial year: **on March 18, May 25, November 18, and December 8 and 9, 2021**. Representatives of the auditors Ebner Stolz & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft Stuttgart, Cologne branch, attended the meetings on March 18 and December 9, 2021. Members of the Board of Management were required to attend all the committee meetings. The Audit Committee obtained the external auditors' Statement of Independence as required, verified their qualifications, signed the remuneration agreement, and established the focal points of the audit. The external auditors declared to the Audit Committee that there were no facts or circumstances that would constitute grounds for assuming a lack of impartiality on their part. Discussions focused on the separate and consolidated financial statements for 2020 and the selection procedure for the audit of the separate and consolidated financial statements for 2022. The selection procedure began in accordance with the European regulation once the audit quality indicators had been defined. The selection procedure was published in the German Federal Gazette on June 30, 2021. On the basis of its own selection criteria the Audit Committee gave a recommendation to the Supervisory Board that the first choice for the election proposal to the Annual Shareholders' Meeting was PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft. Other topics included the review of the risk management system and the compliance report 2020, changes to the review of the risk early warning system to comply with IDW PS 340 as amended and the implementation of the EU Taxonomy in relation to sustainability reporting.

## Approval of the Annual Financial Statements and the Consolidated Financial Statements as of December 31, 2021

Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Stuttgart, Cologne branch, appointed auditor of the separate and consolidated financial statements by resolution at the Annual Shareholders' Meeting of May 26, 2021, audited the annual financial statements, the consolidated financial statements, the combined management report and the compensation report of the Group and of INDUS Holding AG for the 2021 financial year pursuant to the Supervisory Board's instructions. The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS). The external auditors provided the annual financial statements with an unqualified audit opinion. The auditors also confirmed that the risk management system complied with the provisions of law, and that there are no identifiable risks that might jeopardize the company as a going concern. As planned, the interim financial reports were not audited.

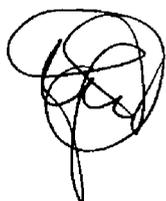
Annual financial statements, consolidated financial statements, the combined management report, the external auditor's audit report, the non-financial Group report and the compensation report were presented to all members of the Supervisory Board in good time. These were discussed in detail at the Supervisory Board meeting held on March 17, 2022, for adoption of the financial statements. This meeting was also attended by the external auditor Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Stuttgart, Cologne branch, which reported on the main results of the audit. The external auditor was also available to answer any further questions. The Supervisory Board discussed all of the submissions and audit reports in depth.

Following the final review of the documents submitted and the recommendations of the Audit Committee, the Supervisory Board raised no objections to the annual financial statements, the consolidated financial statements, or the combined management report, and agreed with the external auditor's findings. The Supervisory Board thus approved the 2021 annual financial statements and the 2021 consolidated financial statements. The annual financial statements for 2021 have therewith been adopted in accordance with Section 172 (1) of the German Stock Corporation Act (AktG). Following its review of the proposal, the Supervisory Board concurred with the Board of Management's proposed appropriation of distributable profit. The Supervisory Board also reviewed the separate non-financial report for the INDUS Group. To form its opinion, it drew on the review performed by the external auditor, Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Stuttgart, Cologne branch. The Supervisory

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

The Supervisory Board would like to thank the managing directors and all employees of the portfolio companies as well as all employees of INDUS Holding AG and the Board of Management for the extraordinary dedication they have displayed in the past financial year. The effects of the COVID-19 pandemic and INDUS' agility in this challenging time have once again shown us how important and valuable this successful work is.

Bergisch Gladbach, March 17, 2022



For the Supervisory Board  
Jürgen Abromeit  
Chairman of the Board

# INDUS Share

## The 2021 Stock Market Year: Benign, Despite the Ongoing Pandemic, Supply Bottlenecks and Inflation Worries

Capital markets were dominated again by the coronavirus pandemic in 2021. A sudden rise in inflation rates and supply shortages around the world also caused the global economic recovery to lose momentum. New mutations in the coronavirus had an additional adverse impact on the economic situation.

Despite the now familiar supply shortages, the DAX reached several highs between January and April. The DAX was expanded from 30 to 40 companies in the reporting year and reached a new high of 16,290 points in mid-November. In the recovery that began in December investors focused on cyclical shares in the automotive and aviation sectors, as well as on the index heavyweights. DAX closed the year at 15,884.86 and so only slightly below the 16,000 mark, which represents an increase of 16% over the year.

The euro fell against the US dollar over the course of the year due to the different monetary policies pursued by the respective central banks. Whereas the Federal Reserve is reducing its bond purchases and signaling interest rate increases, the ECB is standing by its loose monetary policy. The Fed's less generous monetary policy boosted the US dollar accordingly, putting pressure on the euro.

## The INDUS share: Capital Increase in March 2021

The INDUS share traded at around EUR 33.50 from the start of the year until early March. It reached a high of EUR 37.30 on March 18, 2021, followed by an unusually high daily trading volume of 67,529 shares on March 19, 2021.

INDUS completed a capital increase without subscription rights on March 26, 2021. A total of 2,445,050 new shares were issued at a price of EUR 34.90 as part of an accelerated book building and sold to long-term institutional investors, including family offices in Germany. Following the capital increase there are now 26,895,559 shares, compared with 24,450,509 on the previous year's reporting date.

From late March 2021 until the middle of the year the INDUS share settled down at around EUR 35 and moved sideways thereafter. A tentative new high was reached at EUR 37.20 on August 11, 2021, but it did not make it as the

KEY SHARE DATA	(in EUR)		
	2021	2020	2019
Earnings per share Group	1.78	-1.10	2.43
Cash flow per share Group	4.43	6.35	6.02
Dividend per share <sup>1</sup>	1.05	0.80	0.80
Dividend yield in % <sup>1</sup>	3.2	2.5	2.1
Distribution in EUR million <sup>1</sup>	28.2	19.6	19.6
Highest closing price for the year <sup>2</sup> (3/18/2021)	37.30	40.45	47.45
Lowest closing price for the year <sup>2</sup> (11/29/2021)	29.40	21.40	31.45
Final closing price for the year <sup>2</sup>	32.75	32.10	38.85
Market capitalization <sup>3</sup> in EUR million	880.81	784.85	949.90
Average daily trading volume in number of shares	15,110	28,585	21,940

1) Subject to approval at Annual Shareholders' Meeting expected on May 31, 2022

2) XETRA closing price

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

## INDUS SHARE DATA

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

closing price for the day. Trading volumes were also not so significant as at the end of the first the first quarter

In the final quarter the share price fell from EUR 35.85 on November 8, 2021, to a low for the year of EUR 29.40 on November 29, 2021, before recovering to EUR 32.75 at year-end in moderate trading. In particular the press release on the acquisition of Heiber + Schröder Maschinenbau GmbH announced on December 17, 2021, prompted the share price to recover amid the highest daily trading volume of the year at 76,687 shares.

Over the full year the INDUS share therefore closed at the same level as the previous year or up +2%, whereas the SDAX index rose by 11% over the year. The MDAX was up by as much as +14% year-over-year.

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

The liquidity of the INDUS share fell sharply in the reporting year. On average, according to the statistics of the German Stock Exchange, 21,244 shares were traded per day on XETRA and the German regional exchanges during the financial year. In 2020 the average trading volume was 28,585 shares a day. XETRA and regional German stock markets accounted for a good 74% of trading volume, according to Bloomberg, which was a similar percentage to prior years.

## Stable Shareholder Structure with Many Institutional Investors

After the capital increase the largest shareholder in INDUS Holding AG remains Versicherungskammer Bayern in Munich. In line with its long-term capital investment strategy, it holds 17.7% of the capital stock (according to the Board of Management's knowledge). The other anchor is formed by a group of private investors who are represented jointly. The spokesman for the group of proxy shareholders is Hans Joachim Selzer of Driedorf, Germany. This group holds 5.7% of INDUS shares, according to its own statements. The capital increase on March 26, 2021, revealed a 3.7% stake held by WIRTGEN Invest Holding, Neustadt (Wied). Epina GmbH & Co. KG, Gütersloh, became one of INDUS Holding AG's larger shareholders in November 2017. The rest of the company's share capital (70.2%) is held by a broad range of investors. INDUS Holding AG currently does not hold any treasury shares.

## Proposed Dividend of EUR 1.05 per Share

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

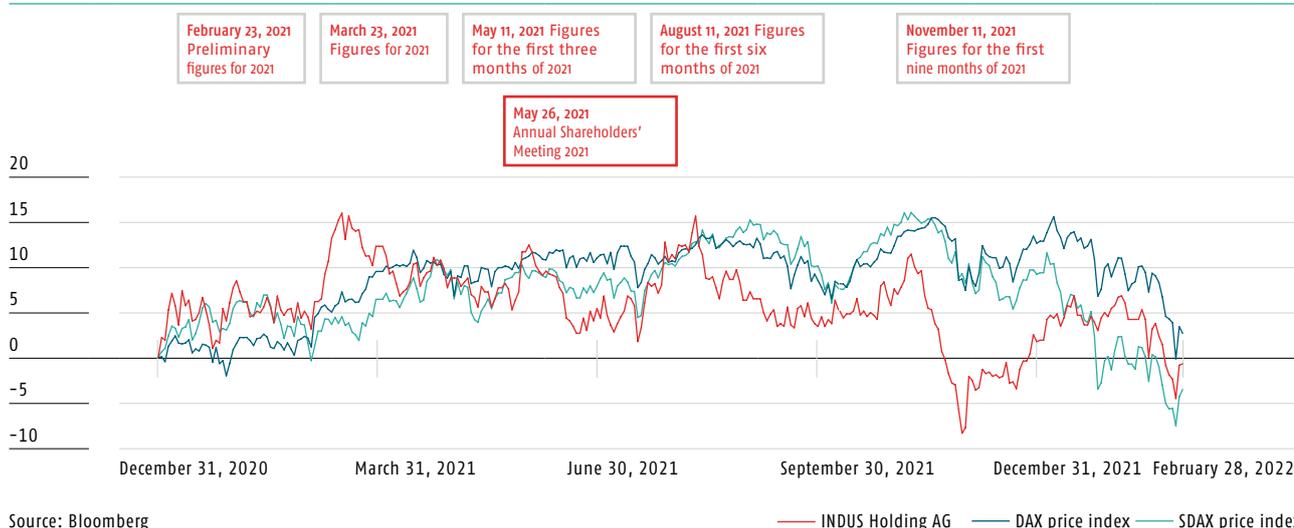
As of December 31, 2021, the holding company had EUR 54.5 million in balance sheet profit. The Board of Management and the Supervisory Board will therefore propose a dividend payment of EUR 1.05 per share (previous year: EUR 0.80) to the Annual Shareholders' Meeting. This represents a distribution of EUR 28.2 million and a dividend ratio of 51.9%.

## INDUS share has potential

- FMR (EUR 42.50) – Hold
- GSC Research (EUR 43.00) – Buy
- Hauck Aufhäuser Lampe (EUR 56.00) – Buy
- HSBC (EUR 46.00) – Buy
- LBBW (EUR 45.00) – Buy
- M.M.Warburg (EUR 40.00) – Buy

### SHARE PRICE PERFORMANCE OF THE INDUS SHARE 2021 EXCL. DIVIDEND

(in %)



Source: Bloomberg

— INDUS Holding AG — DAX price index — SDAX price index

## Investor Relations Work: New Formats Address New Investor Groups; Second Annual Shareholders' Meeting to be Held Virtually

Marketing activities for the INDUS share were still affected by the coronavirus restrictions in 2021, with face-to-face events such as road shows, sales force briefings, conferences and site visits all severely limited. At the same time it was more difficult to market the INDUS share and take part in road shows and conferences. INDUS attended ten (previous year: 11) road show and conference events in 2021. INDUS also took part in a sustainability road show for the first time.

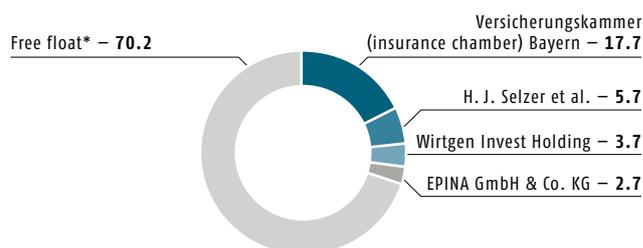
INDUS plans to expand its marketing activities in future, with an analyst day at a portfolio company, for example, and a capital markets day in 2022 to explain how the PARKOUR strategy is evolving.

In view of the existing pandemic restrictions INDUS held the Annual Shareholders' Meeting on May 26, 2021, as a virtual event in the Cologne Exhibition Center for the second time. A total of 57% of voting shares were present and some 300 participants (shareholders and guests) followed the AGM online.

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

### SHAREHOLDER STRUCTURE OF INDUS HOLDING AG AS OF 12/31/2021

in %



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

Following entry of the capital increase in the commercial register on March 26, 2021, the total number of voting rights now amounts to 26,895,559 shares.

Source: Company information

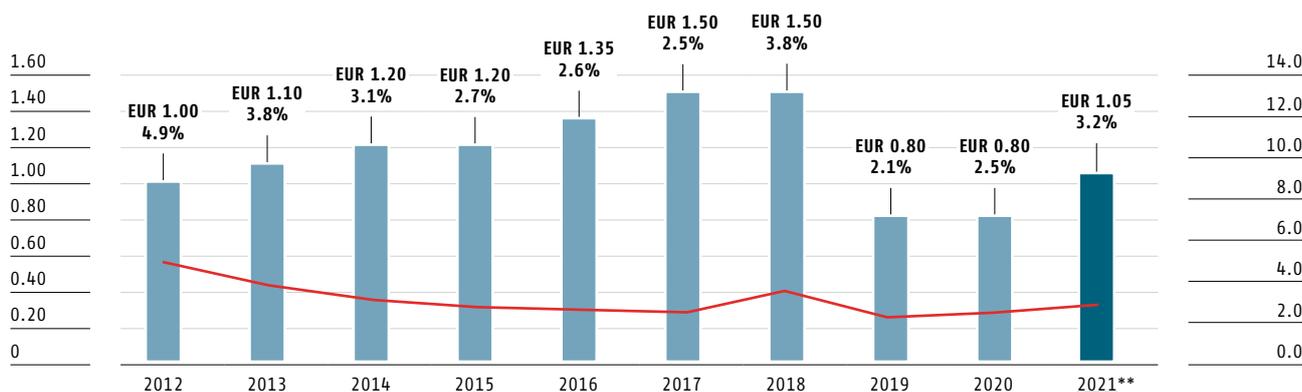
By actively cultivating relations with the capital markets, INDUS underscores its commitment to transparent and regular communication. The financial calendar on the inside cover of the Annual Report provides an overview of the most important dates for the current financial year. It is regularly updated and is also available on the company's website. [The dates planned for 2022 and additional IR information can be found at www.indus.de/en/investor-relations/financial-calendar](http://www.indus.de/en/investor-relations/financial-calendar)

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### DIVIDEND PER SHARE\* AND DIVIDEND YIELD 2012 TO 2021

(in EUR/%)



\* Dividend payment for the respective financial year

\*\* Subject to approval at Annual Shareholders' Meeting expected on May 31, 2022

— Dividend yield

# PARKOUR – Status Report

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Although the market was volatile, we continued to work successfully on executing our PARKOUR strategy program in the transitional year 2021. We are focusing sharply on our medium-term goals for 2025 and making the INDUS portfolio even fitter for the future, more innovative and more sustainable. Via our strategic initiatives, we are addressing inorganic growth with acquisitions and organic growth in the portfolio, and driving our ongoing development.

## Strategic initiative 1: Strengthening the Portfolio Structure

**Inorganic growth through acquisitions** remains a key component of our strategy, and in the years ahead we intend to add two to three companies to our portfolio every year – especially in growth industries such as automation, construction, medical devices and environmental technology.

Our group achieved further growth through acquisitions in growth industries in 2021. The closing for the control room specialist JST in January was followed by the closing for window maker WIRUS in May. In July 2021 our portfolio company HORNGROUP expanded its product portfolio and innovativeness with the acquisition of FLACO, a specialist for fluid management. [More at www.reporting.indus.de/en/magazine/expanding-with-solid-support](https://www.reporting.indus.de/en/magazine/expanding-with-solid-support) In December we signed the contract for the purchase of packaging machine HEIBER + SCHRÖDER, further strengthening our fast-growing Engineering segment. In line with our tiered transaction model, our portfolio companies M.BRAUN and HORNGROUP also acquired additional stock in their subsidiaries CREAPHYS and the US-based TECALEMIT Inc. in 2021.

Our principle of “buy, hold & develop” also sometimes includes selling portfolio companies if the company and its employees have better development opportunities under a new owner. We started to take precise steps in this

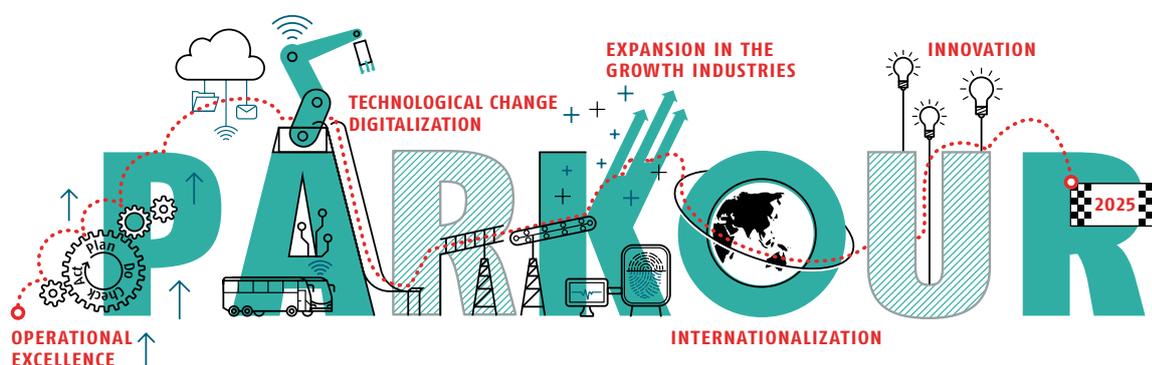
direction in 2020 with the INTERIM SPRINT package of measures. The discontinuation of BACHER in Switzerland has now brought the program to a successful conclusion. Positive effects on income can already be seen. Now as of December 30, 2021 we sold the WIESAUPLAST Group. This took us a key step closer to our target of reducing the proportion of series suppliers in the INDUS portfolio.

## Strategic initiative 2: Driving Innovation

Just like the strategic initiative “Improving Performance,” the strategic initiative “Driving Innovation” is aimed at **the organic growth of our portfolio companies**.

The core of our innovation management is to boost the Group's innovativeness. It aims to embed innovation activities in the individual strategies of our portfolio companies, identify market opportunities at an early stage and reduce reaction times on the basis of structured decision-making processes.

As the direct impact of the coronavirus pandemic receded, the portfolio companies were increasingly able to focus on their innovation activities in the second half of 2021. In 2021, our **innovation development bank** gave valuable support to projects focused on the growth industries defined in PARKOUR. Examples include projects in the context of battery production, recycling, machine learning,



cloud solutions, and medical devices. [More at \[www.reporting.indus.de/en/magazine/inside-introducing-indus-projects\]\(https://www.reporting.indus.de/en/magazine/inside-introducing-indus-projects\)](https://www.reporting.indus.de/en/magazine/inside-introducing-indus-projects)

In the field of **knowledge and network** we established working groups as an additional instrument to accompany the general seminars on knowledge transfer. Selected portfolio companies meet up with external experts for a structured exchange of views on current cutting-edge topics such as hydrogen and sustainable construction to develop business models and/or product ideas within the network. We continued our partnership with the European Business School (EBS) in 2021 with a study of the M&A market. As part of this partnership, the students at EBS regularly carry out market and field studies or design-thinking projects for our portfolio companies.

By acting as sparring partners in **strategic projects** we focus on supporting the innovation strategies of our portfolio companies. The first step is to take a snapshot by means of a comprehensive questionnaire tailored to the Group. This is used to identify specific requirements in the individual innovation and technology strategy and translate them into an overhaul of the innovation strategy.

## Strategic initiative 3: Improving Performance

### Focus on Market Excellence

The core objective of our focus on Market Excellence is to expand and optimize the market positioning and market coverage of our portfolio companies. Activities begin with an established management tool, the **status check**, which highlights individual potential and areas that require action in the focus areas Strategy, Product, Pricing, Sales Organization, Market Access and Sales Management, and draws up concrete recommendations for action. On the basis of the status check, we again advised on concrete development and **implementation projects** in the portfolio companies in 2021, including at IPETRONIK, ELTHERM, MIGUA and HORN. [More at \[www.reporting.indus.de/en/magazine/inside-introducing-indus-projects\]\(https://www.reporting.indus.de/en/magazine/inside-introducing-indus-projects\)](https://www.reporting.indus.de/en/magazine/inside-introducing-indus-projects) In addition, we continued general **knowledge transfer** via a seminar program for the portfolio companies and strengthened the **network** to external partners and service providers.

### Focus on Operational Excellence

The focus on Operational Excellence aims to optimize business processes, particularly in the supply chain, production and logistics. The **production status check** was updated for many portfolio companies in 2021 and documented the positive developments in the production function at the respective companies. **Implementation support** ranges from conceptual workshops – on optimizing production

strategy, lean management and factory layouts, for example – through advice on concrete improvement projects in the portfolio companies, including last year at KÖSTER and BILSTEIN & SIEKERMANN, IMECO and BETOMAX. [More at \[www.reporting.indus.de/en/magazine/inside-introducing-indus-projects\]\(https://www.reporting.indus.de/en/magazine/inside-introducing-indus-projects\)](https://www.reporting.indus.de/en/magazine/inside-introducing-indus-projects) The program of seminars and training courses on **knowledge transfer** related to lean management started in 2018. In 2021, we successfully repeated it and added lean working groups to the mix. A broad internal and external **network** backs up all the activities to promote Operational Excellence. In the coming months, we will continue working hard on the next steps of the implementation of our PARKOUR strategy.

## Strategic initiative 4: Striving for Sustainability



Sustainable business practices generate competitive advantage, increase corporate value and strengthen the corporate culture. We therefore actively support further improvements to the sustainability performance of our portfolio companies. In 2022, we will be establishing our sustainability strategy as the **fourth new strategic initiative** in our corporate strategy. [Introduction to the Group on p. 45 et seq.](#)

We have clear principles to guide us: In our business we are social, fair, and act in accordance with our mid-market values. We secure our long-term entrepreneurial success by acting in a way that is economically sustainable and ecological. The principles of the United Nations Global Compact (UNGC) form the basis for our strategic direction. [Non-financial explanation on p. 20 et seqq.](#)

Our first **sustainability magazine**, Susta[IN], was published in summer of 2021. [www.indus.de/en/sustainability](https://www.indus.de/en/sustainability) With our newly founded **sustainability development bank** we will be providing financial support to the portfolio companies from 2022 onwards for projects that aim to conserve resources and reduce emissions. The innovation development bank will also provide funding for sustainable product innovation in the future field of greentech.

[You can also find more information about our strategy at \[www.indus.de/en/philosophy/strategy\]\(https://www.indus.de/en/philosophy/strategy\)](https://www.indus.de/en/philosophy/strategy)