

Half-Year Financial Report

H1 2022

H1 2022 in figures

Unadjusted metrics

Revenue

€73.2 million

H1 2021 | €22.5 million **+226%**

EBITDA

€24.7 million **33.7% margin**

H1 2021 | €1.8 million **+1,263%**

EBIT

€15.0 million **20.5% margin**

H1 2021 | €-2.6 million **n/a**

Earnings per share

€-0.06

H1 2021 | €-0.54 **n/a**

Cash flow from operating activities

€12.6 million

H1 2021 | €0.9 million **+1,359%**

Adjusted metrics

Revenue

€75.1 million

H1 2021 | €22.5 million **+234%**

EBITDA

€26.9 million **35.9% margin**

H1 2021 | €2.6 million **+954%**

EBIT

€25.1 million **33.4% margin**

H1 2021 | €1.6 million **+1,467%**

Earnings per share

€0.42

H1 2021 | €-0.06 **n/a**

Free cash flow before taxes

€16.0 million

H1 2021 | €1.7 million **+847%**

Information on our alternative performance measures can be found on page [16](#).

Brockhaus Technologies at a glance

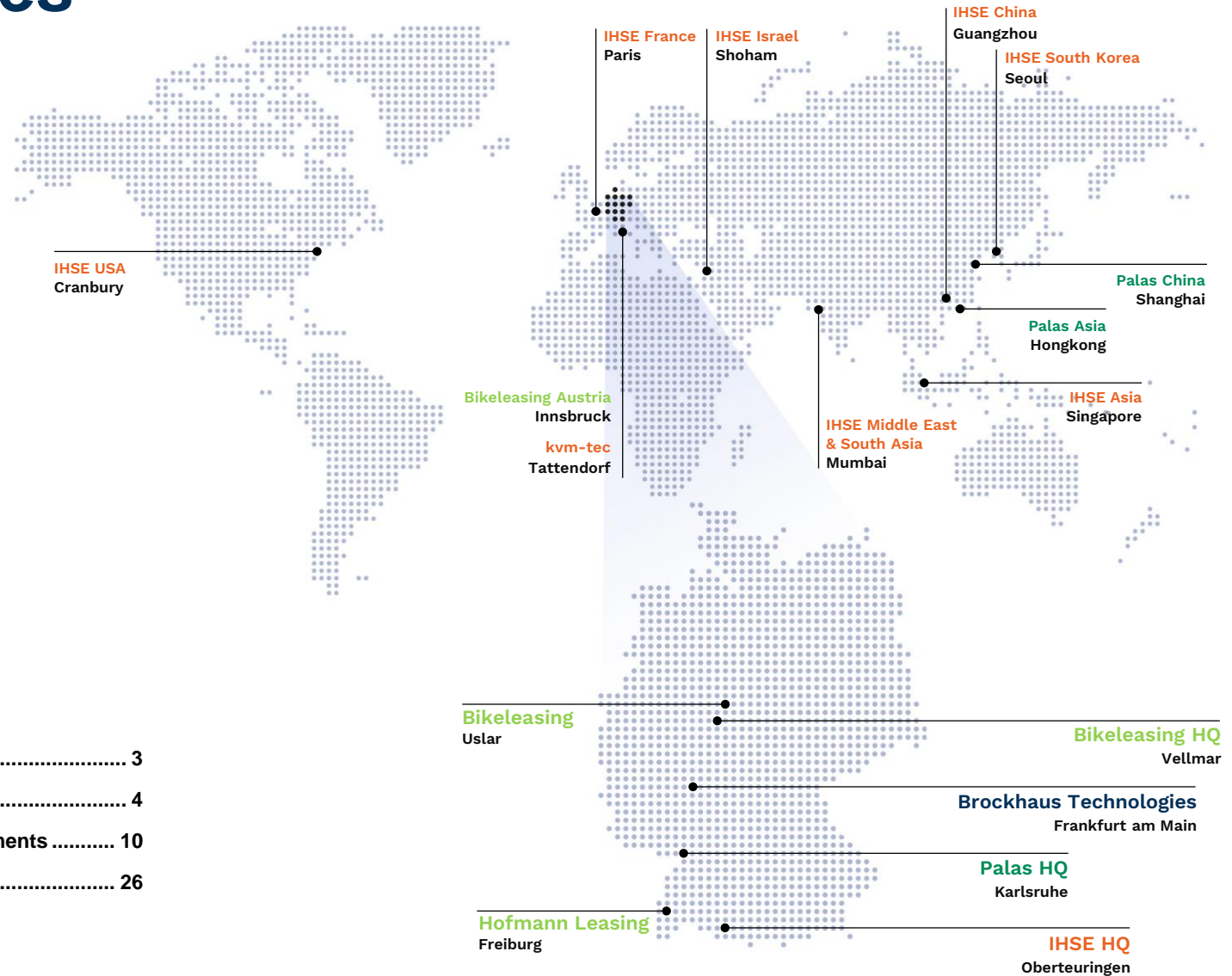


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Interim Group Management Report

Group results of operations

In H1 2022, the Group's revenue increased by 225.6% to €73,173 thousand. In particular due to group consolidation of Bikeleasing (Financial Technologies segment), total output rose by 213.3% to €74,890 thousand, cost of materials by 243.6% to €25,662 thousand, personnel expenses by 63.1% to €15,856 thousand, other operating expenses by 84.6% to €9,791 thousand and other depreciation of property, plant and equipment and amortization of intangible assets by 96.7% to €1,883 thousand. As a result of the initial consolidation of Bikeleasing at the end of November 2021, amortization of intangible assets identified in initial consolidation increased by 126.8% to €7,746 thousand. Other finance costs rose by 413.3% to €5,908 thousand, with the increase largely being driven by the acquisition financing of Bikeleasing. After income taxes, the net profit was €4,781 thousand (previous year: loss of €5,591 thousand).

Segment results of operation

In H1 2022, the Group's revenue **before PPA** increased by 234.0% compared with the prior-year period to €75.067 thousand. This was primarily due to the consolidation of the Financial Technologies segment, which is Bikeleasing and was not yet a part of the Group in the prior-year period. Based on the operating segments that already existed in the prior-year period – Security Technologies and Environmental Technologies – revenue growth before PPA amounted to 2.1% in total, albeit accompanied by a record high order backlog, which grew in the aggregate by 46% year-on-year and should be realized predominantly as revenue during the year. There are continued supply bottlenecks which are affecting some of the business activities of the Group. Nevertheless, the operational development clearly shows a high resilience of our business model to the generally challenging market environment.

Both the Group's adjusted EBITDA margin and the adjusted EBIT margin were well above the previous year's level. The adjusted EBITDA margin increased significantly to 35.9% in the first half of the year. In H1 2021, it was still 11.4%. The adjusted EBIT margin was 33.4%, whereas, in H1 2021, the Group recorded a margin of 7.1%.

Operating segments

€ thousand	Reportable segments									
	Financial Technologies		Security Technologies		Environmental Technologies		Central Functions and consolidation		Group	
	H1 2022	H1 2021	H1 2022	H1 2021	H1 2022	H1 2021	H1 2022	H1 2021	H1 2022	H1 2021
Revenue before PPA	52,109	-	14,884	12,718	8,072	9,757	1	-	75,067	22,476
Revenue growth	N/A		17.0%		-17.3%				234.0%	
Gross profit before PPA	33,542	-	11,109	8,687	6,379	7,745	91	1	51,122	16,433
Gross profit margin before PPA	64.4%		74.6%	68.3%	79.0%	79.4%			68.1%	73.1%
Adjusted EBITDA	24,634	-	2,992	2,138	1,840	3,069	(2,530)	(2,650)	26,937	2,556
Adjusted EBITDA margin	47.3%		20.1%	16.8%	22.8%	31.4%			35.9%	11.4%
Adjusted EBIT	23,940	-	2,435	1,756	1,272	2,543	(2,594)	(2,700)	25,054	1,599
Adjusted EBIT margin	45.9%		16.4%	13.8%	15.8%	26.1%			33.4%	7.1%

Financial performance was positively influenced by a strong second quarter, with the Financial Technologies segment in particular being dominated by seasonal effects and generally recording its highest volume of business in Q2 and Q3. By contrast, due to the muted demand for bicycles and e-bikes in the cold months of the year, volumes in Q1 and Q4 are significantly lower.

Financial Technologies | Revenue before PPA in the Financial Technologies segment (Bikeleasing) amounted to €52,109 thousand in H1 2022. Comparative disclosures for H1 2021 in accordance with IFRS are not possible, since Bikeleasing only generated financial information according to German GAAP until Brockhaus Technologies obtained control over the business in the acquisition at the end of November 2021. Nevertheless, the clear growth trend can be illustrated by operating KPIs. In H1 2022, Bikeleasing increased the number of corporate customers connected to its platform by 6.5 thousand to a total of 38.4 thousand. These companies have a total of approximately 2.1 million employees. The number of new company bikes brokered was 61 thousand, which reflects an increase of approximately 40% compared to H1 2021.

The gross profit margin before PPA was 64.4%, the adjusted EBITDA margin was 47.3% and the adjusted EBIT margin was 45.9%. Both revenue and profitability developed dualistic in H1 2022. In addition to the seasonally lower volume of new business, the first quarter was affected by a very low forfeiting ratio. The major portion of newly generated leases in Q1 2022 was securitized as "Green Bond" and refinanced through a big German insurance company. This structure allows Bikeleasing to refinance much cheaper, quicker and more flexible and therefore promotes a strong growth. However, with unchanged cash inflows at point of selling the securitized leasing receivables, this source of financing does not meet the requirements for derecognition of the securitized lease receivables, which therefore remain on the Group's balance sheet. The reason for this is that based on the contractual terms, not essentially all risks and rewards related to the leasing receivables are transferred. Income from the leases is therefore recognized over their term, generally 36 months, employing the effective interest method. Even though this process is identical from a liquidity point of view, in the accounting perspective, this is in contrast to a forfeiting transaction

with derecognition of the lease receivable, which involves the realization of nearly all income from the corresponding lease at the time of the respective forfeiting. Therefore, lower income was reported in Q1 2022 to the benefit of higher income in the future. By contrast, the majority of the newly generated leases were conventionally forfeited in Q2 2022. This does not result in the recognition of financial liabilities in the statement of financial position, and income is generally recognized immediately. As result, compared to the March 31, 2022 financial liabilities from lease refinancing decreased from €154,901 thousand to €149,335 thousand. With the goal of achieving an efficient capital structure, in line with its transaction-based business model, Bikeleasing intends to focus in the future on financing options like this wherever possible.

Due to the high level of free cash flow, Bikeleasing made a voluntary early repayment of €5,660 thousand in June 2022 on one of the acquisition loans from the acquisition of the company.

Security Technologies | After the revocation of many COVID-19 related travel restrictions and social distancing – especially in western industrialized countries – resulting in an increase of customer demand, the Security Technologies segment (IHSE) generated growth of revenue before PPA of 17.0% to €14,884 thousand. The primary reason for this was the positive sales market development in Americas, which generated revenue growth of 60.6% versus the prior-year period to €3,925 thousand in H1 2022. The same applies to the business in APAC, where revenue of €2,753 thousand was generated in H1 2022, representing year-on-year growth of 24.1%. EMEA recorded revenue growth of 1.9%, from €8,054 thousand to €8,206 thousand in H1 2022. The revenue performance in EMEA resulted in part from growth in Germany, at 62.9%, which was offset by declines in the Netherlands (33.6%) and France (63.0%). This was caused by natural fluctuations during the period that can arise in particular because of individual larger deliveries in the course of a fiscal year. Revenue of kvm-tec, which was acquired in 2021, was €1,865 thousand in H1 2022.

At 74.6%, the gross profit margin before PPA was significantly higher than in the prior-year period (68.3%). In the H1 2021, there were adverse shifts in the product and customer mix in addition to foreign currency-related effects, which impacted the gross profit margin accordingly. High fluctuations in the gross profit margin during the year can be observed for IHSE regularly. This is explained by both different gross profit margins for large deliveries (customer and product mix) as well as significant reporting date-related fluctuations in the area of changes in inventory.

At 20.1%, the adjusted EBITDA margin was also up on the level of the prior-year period (16.8%). This was primarily attributable to the increase in gross profit margin as well as the higher revenue level, which had a correspondingly positive effect on the adjusted EBIT margin. Compared with H1 2021, this rose from 13.8% to 16.4%. Offsetting factors were higher personnel expenses because of the consolidation of the still relatively small kvm-tec, the ramp-up of business activities in China as well as higher other operating expenses because of the resumed increase in trade fair and direct sales and marketing activities after the COVID-19 pandemic. Despite the visible rebound in the margin, IHSE is still well below the long-term target of a 35% EBITDA margin due to the difficult economic environment, both for supplies and sales.

Nevertheless, driven by a strong order intake of €19.1 million in H1 2022, the order backlog increased to a record €12.1 million in July. This order backlog should be realized predominantly as revenue in the second half of the year.

Environmental Technologies | At €8,072 thousand, revenue before PPA was 17.3% below the level of the prior-year period in the Environmental Technologies segment (Palas). This was due to the extraordinarily high volume of business with test rigs for testing the effectiveness of respiratory masks in H1 2021, which already decreased significantly in the second half of 2021. However, there is continuous growth in demand for conventional products of Palas for the certified measurement of fine dust in ambient air. A large number of projects had been delayed in this area due to lockdown measures and social distancing restrictions. However, for the conventional products in Palas' core business, H1 2022 revenue was up 11% year-on-year. In addition, due to lockdowns in China orders were delayed and revenue could not be realized. The backlog of outstanding deliveries to China was approximately €1.9 million.

At 79.0%, the gross profit margin before PPA was almost at the prior-year value of 79.4% in H1 2021.

At 22.8%, the adjusted EBITDA margin was below the level of the prior-year period (31.4%). The same applies to the adjusted EBIT margin, which fell from 26.1% to 15.8%. This was the result of the lower revenue volume in combination with cost components of the company, which can be regulated only with a delay. During the year the costs were already reduced and should also increase the margin to a lasting level of over 30%, when revenue increases again.

Based on an order intake of €8.8 million, the order backlog at Palas reached a high level as of June 30, at €5.7 million.

Central Functions | In the Central Functions, a decrease in costs was recorded. This was a result primarily of lower due diligence activities compared with the H1 2021 prior-year period.

Performance metrics by quarter

€ thousand	2021				2022	
	Q1	Q2	Q3	Q4	Q1	Q2
Financial Technologies						
Revenue before PPA	-	-	-	16,332	17,457	34,652
Gross profit before PPA	-	-	-	15,607	9,165	24,377
Gross profit margin before PPA				95.6%*	52.5%	70.3%
Adjusted EBITDA	-	-	-	13,702	5,871	18,763
Adjusted EBITDA margin				83.9%*	33.6%	54.1%
Adjusted EBIT	-	-	-	13,593	5,525	18,415
Adjusted EBIT margin				83.2%*	31.6%	53.1%
Security Technologies						
Revenue before PPA	6,053	6,665	7,445	8,761	7,245	7,639
Gross profit before PPA	3,917	4,770	5,601	6,328	5,707	5,402
Gross profit margin before PPA	64.7%	71.6%	75.2%	72.2%	78.8%	70.7%
Adjusted EBITDA	696	1,442	2,845	3,054	2,081	912
Adjusted EBITDA margin	11.5%	21.6%	38.2%	34.9%	28.7%	11.9%
Adjusted EBIT	506	1,251	2,650	2,832	1,811	624
Adjusted EBIT margin	8.4%	18.8%	35.6%	32.3%	25.0%	8.2%
Environmental Technologies						
Revenue before PPA	4,778	4,979	4,234	7,288	4,082	3,990
Gross profit before PPA	3,897	3,848	3,400	5,950	3,186	3,193
Gross profit margin before PPA	81.6%	77.3%	80.3%	81.6%	78.1%	80.0%
Adjusted EBITDA	1,599	1,470	1,039	3,221	939	901
Adjusted EBITDA margin	33.5%	29.5%	24.5%	44.2%	23.0%	22.6%
Adjusted EBIT	1,328	1,215	782	2,925	660	612
Adjusted EBIT margin	27.8%	24.4%	18.5%	40.1%	16.2%	15.3%
Group						
Revenue before PPA	10,831	11,645	11,678	32,383	28,785	46,282
Gross profit before PPA	7,814	8,619	9,000	28,051	18,104	33,018
Gross profit margin before PPA	72.1%	74.0%	77.1%	86.6%	62.9%	71.3%
Adjusted EBITDA	803	1,753	2,540	16,744	7,582	19,354
Adjusted EBITDA margin	7.4%	15.1%	21.7%	51.7%	26.3%	41.8%
Adjusted EBIT	315	1,282	2,064	16,084	6,658	18,396
Adjusted EBIT margin	2.9%	11.0%	17.7%	49.7%	23.1%	39.7%

* The high margin of the Financial Technologies segment in Q4 2021 essentially results from the cash-neutral derecognition of lease receivables due to a contract amendment for the forfeiting of those lease receivables.

Net assets

With total assets of €648,955 thousand, the Group's assets are split between 82.9% non-current assets and 17.1% current assets as of the reporting date. The largest items quantitatively are intangible assets, including goodwill (€392,904 thousand), lease receivables (€143,996 thousand), trade receivables (€30,707 thousand), cash and cash equivalents (€32,163 thousand) and property, plant and equipment (€15,367 thousand). Intangible assets relate primarily to the customer base, basic technologies and trademarks identified in the course of purchase price allocation for the subsidiaries (PPA assets) as well as goodwill. Property, plant and equipment consist largely of land and buildings at IHSE's headquarters in Oberteuringen at Lake Constance.

With an increase of total assets by 5.6% to €648,955 thousand, the change in assets since the beginning of the fiscal year was attributable in particular to the increase in lease receivables due to the growing business volume in the Financial Technologies segment. For further information on this, please refer to the segment-specific disclosures under "Financial Technologies".

With the aim of an efficient capital structure in line with its transaction-based business model, Bikeleasing intends to focus on financing options in the future that allow receivables to be derecognized from the balance sheet. In addition, we continuously work on faster processes and more efficient solutions to refinance the business in order to ensure scalability for further growth of the platform.

After the past 24 months were characterized by increasing inventories as a reaction to supply bottlenecks, Brockhaus Technologies aims for tighter working capital management again, in order to reduce capital intensity.

Financial position

The Group's cash and cash equivalents at the reporting date amounted to €32,163 thousand. With senior loans of €72,486 thousand, subordinated loans of €52,507 thousand and real estate loans of €5,742 thousand, the net debt from loans amounted to €98,572 thousand (December 31, 2021: €105,290 thousand). Including other financial liabilities (€6,989 thousand) and financial liabilities from lease refinancing (€149,335 thousand) deducted by lease receivables (€143,996 thousand), net debt amounted to €110,900 thousand (December 31, 2021: €119,027 thousand). The decline is driven by the high cash flow from operating activities.

The deferred tax liabilities of €50,549 thousand relate mainly to the customer bases, basic technologies and trademarks identified in the course of purchase price allocation for the acquisitions of the subsidiaries (PPA assets) and will be reversed through profit or loss (but with no effect on cash flow) in the future as these PPA assets are amortized. There will be no cash outflows resulting from this.

Group equity at the reporting date was €261,857 thousand, equal to 40.4% of total assets. This is a slight decline compared to the value reported as of December 31, 2021, when the equity of €254,920 thousand accounted for 41.5% of total assets. This is reasoned by the balance sheet extension through the increase of leasing receivables and liabilities for lease refinancing.

Cash flow from operating activities amounted to €12,638 thousand (H1 2021: €866 thousand) or €16,726 thousand before income taxes paid (H1 2021: €2,622 thousand) and was mainly driven by the operating payment surplus of the subsidiaries, in particular Bikeleasing. The other non-cash income of €5,473 thousand (H1 2021: €15 thousand) essentially results from the derecognition of leasing receivables which were forfeited cash-effective before the reporting period but qualified for derecognition only during the reporting period.

Cash flow from investing activities was €-777 thousand (H1 2021: €-938 thousand) and included positive inflow of €400 thousand from the sale of a 0.32% co-investment stake in BCM Erste Beteiligungs GmbH (the levered holding company of Bikeleasing Group) to a commercial and technical due diligence advisor which advised Brockhaus Technologies in market and technology topics in course of the Bikeleasing acquisition.

Cash flow from financing activities was €-9,715 thousand (H1 2021: €-3,838 thousand) and was composed essentially by regular payments of principal and interest on senior loans and real estate loans as well as the voluntary early repayment of part of its acquisition financing by Bikeleasing amounting to €5,660 thousand. The last item is the main reason for the increase of cash outflow.

At €15,950 thousand, free cash flow before tax was up significantly on the prior-period figure of €1,684 thousand.

Risks and opportunities

Changes in risks

The macroeconomic situation at both the domestic and the international level is currently characterized by distortions in the global economic cycle and general uncertainty about future developments. This situation is mainly the result of the ongoing COVID-19 pandemic, Russia's war of aggression against Ukraine, supply bottlenecks in a wide variety of sectors, an emerging energy crisis and high inflation, which in turn is leading to a significant increase in interest rates in various economic regions.

Some or all of these factors have an impact on the Group's risk situation and impact both its domestic and its export business. For example, supply bottlenecks are leading to delays in revenue recognition. Disrupted supply chains or workflows make it difficult to service existing order backlogs and order intakes on time, which leads to the deferral of earnings recognition and hence directly impacts the Group's period-specific results of operations. In addition, rising interest rates may lead to higher charges for the Group in the future and make financing opportunities increasingly challenging. It may not be possible to pass on rapidly rising production costs to customers at all, in full, or only with a time lag.

The most significant to be reported is the increased risk of a rise in interest rates. Compared with December 31, 2021, the Group assesses the risk of an increase in interest rates as being significantly higher. Whereas this risk was still classified as a high risk at the end of the previous year, it is classified as a very high risk at the mid-year point of 2022.

In the operating business, an increase in the level of interest rates would lead to increased refinancing costs for the future leasing business and have an adverse effect on Bikeleasing's margin. An increase in the leasing factor in respect of its customers would offset increased financing interest rates. The leasing factor describes the monthly leasing rate in relation to the acquisition costs of the leasing object. This has already happened for customers who are currently being acquired. Likewise, there could be adjustments to the leasing factor in the case of customers who have already been on the platform for 24 months or longer. As a rule, only existing customers who were added in the past 24 months to the Bikeleasing platform have a contractually fixed leasing factor for newly leased bikes.

Changes in opportunities

There has essentially been no change in the opportunity situation compared with the disclosures in our 2021 Combined Management Report.

With respect to the second half of the year, there is a chance that the effects of the COVID-19 pandemic, supply chain bottlenecks and the Russian war of aggression on Ukraine will have less of an impact than expected on the business activities of Brockhaus Technologies. These factors were factored in with a certain negative impact when preparing the forecast for the current 2022 fiscal year. If this negative impact is less than assumed, this would have a positive effect on the Group's results of operations, net assets and financial position

Significant further opportunities could emerge for the Financial Technologies segment. Such opportunities are based on the attractive market environment of Bikeleasing, its efficient and scalable platform as well as the high potential for further market penetration in Germany and for internationalization.

The Environmental Technologies segment can benefit from a general increase in public awareness of the issue of air quality and aerosols. In addition, the ending of lockdowns in China should allow to realize the high local order backlog, which had accumulated beyond June 30, 2022.

Customer demand in the Security Technologies segment is driven by a high level of requirements for secure, fast data transmission. Continuously increasing data volumes and the need to visualize them, as well as the requirement to protect this data from unintended access, can offer substantial business opportunities in the future.

Forecast

Brockhaus Technologies confirms the Forecast for fiscal year 2022, which was disclosed in the Annual Report 2021 at the beginning of May. This means that Brockhaus Technologies continues to

- > expect revenue before PPA between €140 million and €150 million in the 2022 fiscal year, which would represent growth between 11% and 19% compared to the pro forma revenue in 2021 and
- > plan for an adjusted EBITDA margin of 35%, compared to the adjusted pro forma EBITDA margin of 38.1% in the year before.

Because of the strong seasonality resulting from increasing interest in bicycles in the warm months, the Financial Technologies segment is expected to have a strong third quarter. For the fourth quarter, we are expecting – merely seasonality-driven – significantly lower volumes at Bikeleasing than in Q2 and Q3, since in autumn and winter less bikes are sold compared to the summer period. In the Security Technologies and Environmental Technologies segments, as in prior years, the second half of the year is expected to be stronger than the first, especially backed by the high order backlog of IHSE and Palas.

Disclaimer

This Half-Year Financial Report contains forward-looking statements that are based on management's current estimation of the future performance of the Group. This estimation was made on the basis of all information available as of the preparation date of this Half-Year Financial Report. Forward-looking statements are subject to uncertainties – as described in the risks and opportunities section of our 2021 Combined Management Report and this H1 2022 Interim Group Management Report – that are beyond the Group's control. This relates in particular to the current coronavirus crisis, the war in Ukraine and the current energy crisis. If the assumptions on which these expected developments are based are not accurate, or if the risks or opportunities described were to materialize, actual results may differ significantly from the statements made in the report on the forecast. If the underlying information changes in such a way that a deviation from the forecast is more likely than not, Brockhaus Technologies will notify this in accordance with the statutory disclosure requirements.

Related party transactions

For information on related party transactions, please refer to Note 11 in the selected notes to the Interim Consolidated Financial Statements.

Events after June 30, 2022

There were no significant events between June 30, 2022, and the date this half-year financial report was published.

Interim Consolidated Financial Statements

Consolidated statement of comprehensive income

€ thousand	H1 2022	H1 2021
Revenue	73,173	22,476
Increase/ (decrease) in finished goods and work in progress	988	847
Other own work capitalized	729	579
Total output	74,890	23,902
Cost of materials	(25,662)	(7,469)
Gross profit	49,228	16,433
Personnel expenses excluding share-based payments	(15,463)	(9,600)
Personnel expenses from share-based payments	(393)	(121)
Other operating expenses	(9,791)	(5,304)
Impairment loss on trade receivables	(134)	-
Other operating income	1,203	400
Amortization of intangible assets identified in initial consolidation	(7,746)	(3,416)
Other depreciation of property, plant and equipment and amortization of intangible assets	(1,883)	(957)
Finance costs from NCI put	(71)	(1,784)
Other finance costs	(5,908)	(1,151)
Finance income	18	1
Financial result	(5,962)	(2,934)
Earnings before tax	9,059	(5,500)
Income tax expense	(4,278)	(91)
Profit or loss	4,781	(5,591)
of which attributable to BKHT shareholders	(700)	(5,588)
of which attributable to non-controlling interests	5,481	(3)
Foreign currency translation adjustments*	1,451	485
Total comprehensive income	6,232	(5,106)
of which attributable to BKHT shareholders	751	(5,102)
of which attributable to non-controlling interests	5,481	(3)
Weighted average number of shares outstanding	10,946,393	10,385,853
Earnings per share** (€)	(0.06)	(0.54)

* Other comprehensive income that may be reclassified to profit or loss in subsequent periods

** Basic earnings per share is equal to diluted earnings per share.

Information on our alternative performance measures can be found on page [16](#).

Consolidated statement of financial position

€ thousand	June 30, 2022	Dec. 31, 2021
Assets		
Property, plant and equipment	15,367	16,156
Intangible assets and goodwill	392,904	398,872
Non-current leasing receivables	129,263	82,142
Prepayments	8	9
Deferred tax assets	576	544
Non-current assets	538,117	497,723
Inventories	15,700	12,568
Trade receivables	30,707	20,022
Contract assets	255	155
Current leasing receivables	14,734	37,617
Other assets	16,371	15,280
Prepayments	908	811
Cash and cash equivalents	32,163	30,327
Current assets	110,838	116,778
Total assets	648,955	614,501

€ thousand	June 30, 2022	Dec. 31, 2021
Equity and liabilities		
Subscribed capital	10,948	10,387
Capital increase not yet implemented	-	13,003
Capital reserves	240,130	227,688
Other reserves	804	452
Currency translation differences	1,033	(418)
Net accumulated losses	(29,770)	(29,069)
Equity attributable to BKHT shareholders	223,145	222,043
Non-controlling interests	38,712	32,878
Equity	261,857	254,920
Non-current financial liabilities excluding leasing	130,583	123,945
Non-current financial liabilities from lease refinancing	142,980	115,654
Other provisions	4,805	4,765
Other liabilities	4,760	4,570
Contract liabilities	39	36
Deferred tax liabilities	50,549	52,189
Non-current liabilities	333,717	301,159
Current tax liabilities	8,414	5,556
Current financial liabilities excluding leasing	7,141	16,987
Current financial liabilities from lease refinancing	6,355	12,525
Trade payables	16,623	11,305
Other liabilities	13,221	10,531
Contract liabilities	1,502	1,394
Other provisions	126	123
Current liabilities	53,380	58,422
Liabilities	387,097	359,581
Total equity and liabilities	648,955	614,501

Consolidated statement of changes in equity

€ thousand	Subscribed capital	Capital increase not yet implemented	Capital reserves	Other reserves	Currency translation differences	Net accumulated losses	Equity attributable to BKHT shareholders	Non-controlling interests	Equity
January 1, 2022	10,387	13,003	227,688	452	(418)	(29,069)	222,043	32,878	254,920
Transactions with shareholders									
Capital increases	-	-	-	-	-	-	-	-	-
Cost of capital increases	-	-	-	-	-	-	-	-	-
Entry of the capital increase	561	(13,003)	12,442	-	-	-	-	-	-
Profit or loss for the period	-	-	-	-	-	(700)	(700)	5,481	4,781
Other comprehensive income	-	-	-	-	1,451	-	1,451	-	1,451
Equity-settled share-based payment transactions	-	-	-	352	-	-	352	-	352
Transactions with non-controlling interests	-	-	-	-	-	-	-	353	353
June 30, 2022	10,948	-	240,130	804	1,033	(29,770)	223,145	38,712	261,857
January 1, 2021	10,387	-	227,688	256	(1,705)	(13,188)	223,438	(1)	223,437
Transactions with shareholders									
Capital increases	-	-	-	-	-	-	-	-	-
Cost of capital increases	-	-	-	-	-	-	-	-	-
Profit or loss for the period	-	-	-	-	-	(5,588)	(5,588)	(3)	(5,591)
Other comprehensive income	-	-	-	-	485	-	485	-	485
Equity-settled share-based payment transactions	-	-	-	79	-	-	79	-	79
June 30, 2021	10,387	-	227,688	336	(1,220)	(18,776)	218,415	(4)	218,411

Consolidated statement of cash flows

€ thousand	H1 2022	H1 2021
Profit or loss for the period	4,781	(5,591)
(Income taxes paid)/ income tax refunds	(4,088)	(1,756)
Income tax expense/ (income tax income)	4,278	91
Expenses for equity-settled share-based payment transactions	352	79
Amortization, depreciation and impairment losses	9,763	4,373
Financial result excluding lease refinancing	5,107	2,934
(Gain)/ loss on sale of property, plant and equipment	-	-
Other non-cash expenses/ (income)	(5,473)	(15)
Additions of lease receivables	(138,911)	-
Payments from lessees	23,655	-
Disposals/ reclassifications of lease receivables at residual value	93,992	-
Interest and similar (income)/ expenses from leasing	(3,983)	-
(Increase)/ decrease in lease receivables	(25,247)	-
Addition of liabilities from lease refinancing	50,868	-
Payment of annuities from lease refinancing	(23,902)	-
Disposal of liabilities from lease refinancing	(504)	-
Interest expense for liabilities from lease refinancing	855	-
Increase/ (decrease) in liabilities from lease refinancing	27,316	-
(Increase)/ decrease in leased assets under operating leases	1,769	-
(Increase)/ decrease in inventories, trade receivables and other assets not attributable to investing or financing activities	(14,248)	228
Increase/ (decrease) in trade payables and other liabilities not attributable to investing or financing activities	8,326	481
Increase/ (decrease) in other provisions	2	40
Cash flow from operating activities	12,638	866

Consolidated statement of cash flows (continued)

€ thousand	H1 2022	H1 2021
Payments to acquire property, plant and equipment	(510)	(689)
Proceeds from sale of property, plant and equipment	128	-
Payments to acquire intangible assets	(120)	(30)
Capitalized development costs	(675)	(220)
Acquisition of subsidiaries, net of cash acquired	-	-
Proceeds from the sale of shares in subsidiaries	400	-
Interest received	-	1
Cash flow from investing activities	(777)	(938)
Proceeds from loans raised	10,350	-
Repayment of loans and other financial liabilities	(18,402)	(2,484)
Repayment of lease liabilities	(581)	(317)
Interest paid	(1,082)	(1,037)
Proceeds from issuance of shares	-	-
Cost of capital increases	-	-
Cash flow from financing activities	(9,715)	(3,838)
Change in cash and cash equivalents	2,147	(3,910)
Effect of exchange rate changes on cash and cash equivalents	324	125
Funds of financial resources at the beginning of the period	29,331	123,544
Funds of financial resources at the end of the period	31,802	119,758
Funds of financial resources		
Cash and cash equivalents	32,163	119,758
Overdraft facilities used for cash management	(361)	-
Total	31,802	119,758

Selected notes

1. Company and general information

The registered office of Brockhaus Technologies AG (**BKHT** or the **Company** or the **Parent Company**, together with its subsidiaries **Brockhaus Technologies** or the **Group**) is Nextower, Thurn-und-Taxis-Platz 6, 60313 Frankfurt am Main, Germany, and the Company is registered in the commercial register at the Local Court in Frankfurt am Main under commercial register number HRB 109637.

The accompanying condensed Interim Consolidated Financial Statements relate to the period from January 1, 2022, to June 30, 2022 (**reporting period** or **H1 2022**) and include comparative disclosures for the period from January 1, 2021, to June 30, 2021 (**prior-year period** or **H1 2021**).

The consolidated financial statements are presented in euros, which is the Company's functional currency. The amounts disclosed are therefore rounded to the nearest euro (€), thousands of euros (**€ thousand**) or millions of euros (**€ million**) in line with standard commercial practice. Due to this rounding method, the individual amounts reported do not always add up precisely to the totals presented. Negative amounts are presented in parentheses and zero amounts are denoted as dashes (-).

2. Accounting policies

The 2021 Consolidated Financial Statements were prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU. IFRS comprise the effective International Accounting Standards (IAS), International Financial Reporting Standards (IFRS) and the Interpretations issued by the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC). The accompanying condensed Interim Consolidated Financial Statements were prepared in accordance with IAS 34.

The same accounting policies and methods of computation are followed in these interim consolidated financial statements as compared with the most recent Consolidated Financial Statements. Please refer to Note 5 to the 2021 Consolidated Financial Statements for information on the accounting policies applied by the Group.

3. Alternative performance measures

For definitions and detailed explanations of the alternative performance measures, please refer to Note 7 to our 2021 Consolidated Financial Statements.

Calculation of revenue before PPA

€ thousand	H1 2022	H1 2021
Revenue	73,173	22,476
Decreased earnings due to value step-up	1,894	-
Revenue before PPA	75,067	22,476

Calculation of gross profit before PPA

€ thousand	H1 2022	H1 2021
Gross profit	49,228	16,433
Decreased earnings due to value step-up	1,894	-
Gross profit before PPA	51,122	16,433
<i>Gross profit margin before PPA</i>	68.1%	73.1%

Calculation of adjusted EBITDA

€ thousand	H1 2022	H1 2021
Earnings before tax	9,059	(5,500)
Financial result	5,962	2,934
Amortization, depreciation and impairment losses	9,629	4,373
EBITDA	24,650	1,808
Decreased earnings due to value step-up	1,894	-
Share-based payments	393	121
Cost of acquisition of subsidiaries	-	627
Cost of equity transactions	-	-
Adjusted EBITDA	26,937	2,556
<i>Adjusted EBITDA margin</i>	35.9%	11.4%

Calculation of adjusted EBIT

€ thousand	H1 2022	H1 2021
Earnings before tax	9,059	(5,500)
Financial result	5,962	2,934
EBIT	15,020	(2,565)
Decreased earnings due to value step-up	1,894	-
PPA amortization	7,746	3,416
Share-based payments	393	121
Cost of acquisition of subsidiaries	-	627
Cost of equity transactions	-	-
Adjusted EBIT	25,054	1,599
<i>Adjusted EBIT margin</i>	33.4%	7.1%

Calculation of adjusted earnings and adjusted earnings per share

€ thousand	H1 2022	H1 2021
Profit or loss for the period	4,781	(5,591)
Decreased earnings due to value step-up	1,894	-
Share-based payments	393	121
Financial result from NCI put	71	1,784
Cost of acquisition of subsidiaries	-	627
Cost of equity transactions	-	-
PPA amortization	7,746	3,416
Deferred taxes attributable to decreased earnings due to value step-up and PPA amortization	(2,789)	(938)
Adjusted earnings	12,096	(581)
of which attributable to BKHT shareholders	4,631	(578)
of which non-controlling interests	7,466	(3)
Number of shares outstanding	10,946,393	10,385,853
Adjusted earnings per share (€)	0.42	(0.06)

Calculation of cash flow from operating activities before tax and free cash flow before tax

€ thousand	H1 2022	H1 2021
Cash flow from operating activities	12,638	866
Income taxes paid/ (income tax refunds)	4,088	1,756
Cash flow from operating activities before tax	16,726	2,622
Cash flow from investing activities	(777)	(938)
Free cash flow before tax	15,950	1,684

4. Operating segments

€ thousand	Reportable segments													
	Financial Technologies		Security Technologies		Environmental Technologies		Total		Central Functions		Consolidation		Group	
	H1 2022	H1 2021*	H1 2022	H1 2021	H1 2022	H1 2021	H1 2022	H1 2021	H1 2022	H1 2021	H1 2022	H1 2021	H1 2022	H1 2021
Revenue before PPA	52,109	-	14,884	12,718	8,072	9,757	75,066	22,475	291	135	(290)	(135)	75,067	22,476
Gross profit before PPA	33,542	-	11,109	8,687	6,379	7,745	51,031	16,432	291	-	(200)	1	51,122	16,433
Adjusted EBITDA	24,634	-	2,992	2,138	1,840	3,069	29,467	5,206	(2,561)	(2,650)	30	-	26,937	2,556
Trade working capital**	12,430	-	11,583	9,185	7,023	5,642	31,036	14,827	(1,252)	(280)	-	-	29,784	14,547
Cash and cash equivalents	20,864	-	5,295	11,210	1,518	4,698	27,676	15,908	4,487	103,850	-	-	32,163	119,758
Financial liabilities excluding leases	72,203	-	41,400	38,854	13,069	16,004	126,672	54,858	17,404	275	(6,353)	(3,276)	137,724	51,857
Financial liabilities from lease refinancing	149,335	-	-	-	-	-	149,335	-	-	-	-	-	149,335	-
Revenue by region														
EMEA	50,215	-	8,206	8,054	4,834	7,249	63,255	15,303	291	135	(290)	(135)	63,257	15,304
Germany	50,010	-	2,278	1,398	1,513	3,589	54,006	4,987	291	135	(290)	(135)	54,007	4,987
Netherlands	-	-	1,984	2,987	2	3	1,986	2,991	-	-	-	-	1,986	2,991
United Kingdom	-	-	212	151	581	623	793	775	-	-	-	-	793	775
France	-	-	404	1,093	916	705	1,320	1,798	-	-	-	-	1,320	1,798
Italy	-	-	417	428	428	732	844	1,160	-	-	-	-	844	1,160
Other	205	-	2,912	1,996	1,395	1,597	4,307	3,593	-	-	-	-	4,307	3,593
Americas	-	-	3,925	2,444	1,099	925	5,024	3,369	-	-	-	-	5,024	3,369
U.S.A.	-	-	3,883	2,434	952	688	4,835	3,122	-	-	-	-	4,835	3,122
Other	-	-	42	11	147	236	189	247	-	-	-	-	189	247
APAC	-	-	2,753	2,219	2,139	1,584	4,892	3,803	-	-	-	-	4,892	3,803
China	-	-	1,193	584	718	820	1,911	1,404	-	-	-	-	1,911	1,404
Other	-	-	1,560	1,635	1,421	764	2,981	2,399	-	-	-	-	2,981	2,399
Total***	50,215	-	14,884	12,718	8,072	9,757	73,171	22,475	291	135	(290)	(135)	73,173	22,476

* The Group's Financial Technologies segment did not yet exist in the prior-year period.

** Trade working capital comprises inventories and trade receivables, less trade payables.

*** The revenue by region is unadjusted based on IFRS.

5. Revenue

The Group generates revenue from contracts with customers according to IFRS 15 primarily from the following products and services.

- > **Financial Technologies:** Brokering insurance policies and selling services as well as bicycles and e-bikes at the end of the lease term
- > **Security Technologies:** Sale of KVM devices and KVM systems
- > **Environmental Technologies:** Sale of measuring equipment and test rigs

Revenue is also generated from leases in accordance with IFRS 16:

- > **Financial Technologies:** Interest income from finance leases, payments collected from operating leases and income from the disposal of lease receivables
- > **Environmental Technologies:** Income from short-term leases of devices

Disaggregation of revenue with external customers

€ thousand	Financial Technologies		Security Technologies		Environmental Technologies		Group	
	H1 2022	H1 2021	H1 2022	H1 2021	H1 2022	H1 2021	H1 2022	H1 2021
Products sold	12,486	-	17,146	15,190	8,921	11,191	38,553	26,381
Services rendered	409	-	255	134	1,053	538	1,718	672
Customer/ claims service	144	-	-	-	-	-	144	-
Service packages	289	-	-	-	-	-	289	-
Commissions	18,693	-	-	-	-	-	18,693	-
External gross revenue	32,020	-	17,401	15,324	9,974	11,729	59,396	27,054
Sales allowances	-	-	(2,517)	(2,606)	(1,912)	(1,993)	(4,429)	(4,599)
Revenue from contracts with customers	32,020	-	14,884	12,718	8,062	9,736	54,968	22,455
Rental income	66	-	-	-	10	21	76	21
Interest income from finance leases	5,208	-	-	-	-	-	5,208	-
Payments from operating leases	158	-	-	-	-	-	158	-
Servicing of forfeited receivables	795	-	-	-	-	-	795	-
Income from the disposal of lease receivables	11,967	-	-	-	-	-	11,967	-
Revenue from leases	18,195	-	-	-	10	21	18,205	21
Revenue	50,215	-	14,884	12,718	8,072	9,757	73,173	22,476
Timing of revenue recognition								
Point in time	31,876	-	14,629	12,584	7,009	9,198	53,515	21,782
Over time	144	-	255	134	1,053	538	1,453	672
Revenue from contracts with customers	32,020	-	14,884	12,718	8,062	9,736	54,968	22,455
Other revenue	18,195	-	-	-	10	21	18,205	21
Revenue	50,215	-	14,884	12,718	8,072	9,757	73,173	22,476

6. Finance costs

Finance costs are composed of the following items.

€ thousand	H1 2022	H1 2021
Interest on financial liabilities at amortized cost	5,842	869
Negative interest on bank balances	14	263
Interest on lease liabilities	52	19
Unwinding of discount on NCI put liability	71	65
Remeasurement of NCI put provision	-	1,719
Finance costs	5,979	2,935

7. Earnings per share

The following table presents the calculation of earnings per share, based on the profit or loss attributable to the shareholders of BKHT.

	H1 2022	H1 2021
Profit or loss for the period in € thousand	(700)	(5,588)
Weighted average number of shares outstanding	10,946,393	10,385,853
Earnings per share (€)	(0.06)	(0.54)

Adjusted earnings per share are shown in the following table. Please refer to Note 3 for further information.

Adjusted	H1 2022	H1 2021
Profit or loss for the period in € thousand	4,631	(578)
Weighted average number of shares outstanding	10,946,393	10,385,853
Earnings per share (€)	0.42	(0.06)

8. Entry of the capital increase in kind

As of December 31, 2021, a capital increase of 560,829 new shares at a value of €13,003 thousand had not yet been entered in the commercial register and was thus reported under the item "Capital increase not yet implemented." The capital increase was entered in the commercial register on February 10, 2022. As a result, the amount of €560,829 was reclassified to the subscribed capital and the remaining amount of €12,442 thousand to the capital reserve. This increased the Company's subscribed capital by €560,829 from €10,386,808 to €10,947,637.

9. Financial liabilities

Financial liabilities are composed of the following items:

€ thousand	Non-current		Current		Total	
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
Senior loans	66,798	64,335	5,688	15,644	72,486	79,979
Senior acquisition loans	56,798	64,335	5,659	5,644	62,457	69,979
Registered bond	10,000	-	29	10,000	10,029	10,000
Subordinated loans	52,507	49,696	-	-	52,507	49,696
Subordinated acquisition loans	36,691	34,571	-	-	36,691	34,571
Vendor loans	15,816	15,125	-	-	15,816	15,125
Real estate loans	5,343	5,540	399	402	5,742	5,942
Other financial liabilities	5,935	4,375	1,054	941	6,989	5,316
Lease liabilities	2,541	1,409	1,054	941	3,595	2,350
NCI put liability	2,001	1,581	-	-	2,001	1,581
Success fee liability Bikeleasing	1,393	1,385	-	-	1,393	1,385
Financial liabilities excluding leases	130,583	123,946	7,141	16,987	137,724	140,933
Lease refinancing	142,980	115,654	6,355	12,525	149,335	128,179
Securitized liabilities	84,282	65,000	149	110	84,431	65,110
Loans for lease financing	35,428	31,924	361	995	35,789	32,919
Financial liabilities from forfeiting	1,679	398	74	5,874	1,753	6,272
Buyback and servicing of third-party leases	21,591	18,332	5,771	5,546	27,362	23,878
Total financial liabilities	273,563	239,600	13,496	29,512	287,059	269,112

Calculation of net financial debt

€ thousand	June 30, 2022	December 31, 2021
Senior loans	72,486	79,979
Subordinated loans	52,507	49,696
Real estate loans	5,742	5,942
Cash and cash equivalents*	(32,163)	(30,327)
Net debt from loans	98,572	105,290
Other financial liabilities	6,989	5,316
Lease refinancing	149,335	128,179
Lease receivables	(143,996)	(119,759)
Net debt from leasing	5,339	8,420
Net debt	110,900	119,027

* Cash and cash equivalents are deducted from the loan in this presentation for purposes of analysis. There is no corresponding ring fencing in place.

10. Carrying amounts and fair values

The Group has financial instruments that are not measured at fair value in the statement of financial position. In the case of these instruments, the fair values do not differ significantly from the carrying amounts, as the interest receivables and interest payables either approximate current market rates or the instruments are short term.

The adjacent table shows the carrying amounts and fair values of financial assets and financial liabilities, including their level in the fair value hierarchy. It does not contain information on the fair value of financial assets and financial liabilities that are not measured at fair value if the carrying amount represents an appropriate approximation of the fair value.

Financial liabilities are measured using discounted cash flows. The valuation model takes account of the present value of the expected payments using the effective interest rate.

Carrying amounts and fair values as of June 30, 2022

€ thousand	Carrying amount			Fair value			
	Financial assets at amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
June 30, 2022							
Trade receivables	30,707		30,707				
Other receivables	16,371		16,371				
Lease receivables (valued under IFRS 16)	143,997		143,997	-	143,997	-	143,997
Cash and cash equivalents	32,163		32,163				
Assets not measured at fair value	223,238		223,238				
Loans		130,735	130,735	-	130,735	-	130,735
NCI put liability		2,001	2,001	-	-	2,001	2,001
Trade payables		16,623	16,623				
Lease refinancing		149,335	149,335	-	149,335	-	149,335
Success fee liability Bikeleasing		1,393	1,393	-	-	1,393	1,393
Other liabilities		13,335	13,335				
Financial liabilities not measured at fair value		313,422	313,422				
Contingent consideration		4,646	4,646	-	-	4,646	4,646
Financial liabilities measured at fair value		4,646	4,646				

Carrying amounts and fair values as of December 31, 2021

€ thousand	Carrying amount			Fair value			
	Financial assets at amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
December 31, 2021							
Trade receivables	20,022		20,022				
Other receivables	15,280		15,280				
Lease receivables (valued under IFRS 16)	119,759		119,759	-	119,759	-	119,759
Cash and cash equivalents	30,327		30,327				
Assets not measured at fair value	185,388		185,388				
Loans		135,617	135,617	-	135,617	-	135,617
NCI put liability		1,581	1,581	-	-	1,581	1,581
Trade payables		11,305	11,305				
Lease refinancing		128,179	128,179	-	128,179	-	128,179
Success fee liability Bikeleasing		1,385	1,385	-	-	1,385	1,385
Other liabilities		10,648	10,648				
Financial liabilities not measured at fair value		288,715	288,715				
Contingent consideration		4,452	4,452	-	-	4,452	4,452
Financial liabilities measured at fair value		4,452	4,452				

11. Related party transactions

Key management personnel

In respect of the Group, key management personnel include the members of the Executive Board and Supervisory Board of BKHT and the managing directors of the subgroup parent companies (Palas Holding GmbH, IHSE AcquiCo GmbH and BLS Beteiligungs GmbH).

In fiscal year 2021, the Group acquired all of the shares of kvm-tec. The Group has sold shares of kvm-tec to executives in the Security Technologies segment in the course of a management co-investment program in H1 2022.

Other related parties

Executive Board members hold positions in other entities in which they are able to control or significantly influence the financial and business policies of those entities. Some of those entities conducted transactions with Brockhaus Technologies in the reporting period.

Brockhaus Private Equity GmbH (registered office in Frankfurt) is controlled by Executive Board members of BKHT. There was a service relationship with Brockhaus Private Equity GmbH in the reporting period resulting from a sublease agreement.

€ thousand	Value of transactions		Outstanding balances	
	H1 2022	H1 2021	June 30, 2022	June 30, 2021
<u>Key management personnel</u>				
Co-invest kvm-tec	58	-	-	-
Due diligence costs	-	13	-	-
<u>Other related parties</u>				
Sublease	94	53	-	-

12. Contingent liabilities

Current and non-current assets have been assigned as security and land charges are in place as collateral for bank loans.

13. Events after the reporting date

There were no significant events after the reporting date.

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for half-year financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Frankfurt am Main, August 15, 2022

Brockhaus Technologies AG
The Executive Board

Marco Brockhaus

Dr Marcel Wilhelm

Supplementary information

Financial calendar

Nov 14, 2022	Quarterly Statement 9M 2022
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Basis of reporting

This Half-Year Financial Report should be read in conjunction with the 2021 Consolidated Financial Statements and the 2021 Combined Management Report and the information contained therein. Those documents form part of the 2021 Annual Report which is available in the **Investors** section on our website www.brockhaus-technologies.com.

The **reporting period** for this Half-Year Financial Report is the period January 1, 2022, to June 30, 2022. The **reporting date** is June 30, 2022.

The Interim Group Management Report and the Interim Consolidated Financial Statements were not reviewed by the independent auditor of the Group.

This report has been translated from German into English. In the case of any discrepancies between the two language versions, the German version takes precedence.

Rounding

The metrics appearing in this report have been rounded in line with standard commercial practice. Due to this rounding method, the individual amounts reported do not always add up precisely to the totals presented.

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