

# Quarterly Statement

OF BCM GROUP



9M 2020

# Elevating Champions

IHSE USA  
Cranbury

We know  
Germany. We know  
Mittelstand.  
We know  
Technology.  
We acquire  
Champions.

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IHSE France  
Paris

IHSE Israel  
Shoham

Palas  
Shanghai

Palas  
Hong Kong

IHSE Middle East  
& South Asia  
Mumbai

IHSE Asia  
Singapore

Brockhaus Capital Management  
Frankfurt am Main

Palas headquarters  
Karlsruhe

IHSE headquarters  
Oberteuringen

# Significant developments

## Stock market listing

BCM Group celebrated the successful stock market listing of its shares on the regulated market of Frankfurt Stock Exchange with additional post-admission obligations (Prime Standard) on 14 July 2020. The shares are now publicly traded under the ticker symbol BKHT and the German Securities Identification Number (WKN) A2GSU4.

In course of the international private placement, a total of 3,593,750 new registered shares (including the over-allotment option of 468,750 shares) were placed, each with a notional value of €1.00 per share. This corresponded to a capital increase with gross proceeds of €115 million based on the placement price of €32.00 per share.

With cash and cash equivalents of €122.3 million as of the reporting date of this Quarterly Statement, BCM Group has sound capital resources for further M&A transactions.

## COVID-19 pandemic

The German economy recovered noticeably in the third quarter, with gross domestic product (GDP) rising by 8.2% compared with Q2 2020. Nevertheless, the COVID-19 pandemic and the coronavirus crisis resulting from the measures taken to contain the pandemic continued to negatively impact the economy, with the result that GDP declined by 4.1% compared with the pre-crisis level of Q3 2019 (source: Destatis).

The business performance of the BCM Group also developed more positively again in the third quarter. With a slight growth of 1% compared to the previous quarter, revenue in the third quarter were stable – despite the crisis – while order intake increased substantially by 24% compared to Q2 2020.

The measures initiated by BCM Group at an early stage to align the Group to the pandemic conditions, protect the health of all employees, ensure delivery capabilities for customers, and safeguard its liquidity have been continued. For example, extensive healthcare, safety, and hygiene measures were implemented at all sites. Depending on the local situation, parts of the workforce, in particular administrative departments, have been working from home. Necessary adjustments or extensions to existing measures being are made in accordance with the recommendations and guidelines of the relevant governments and expert panels.

Delivery capabilities were again ensured at all sites in the third quarter, without any material disruptions, either in production or elsewhere in the supply chains.

## Segment reporting

For organizational purposes, BCM Group is divided into the following operating segments.

- > **Central Functions:** M&A activities, marketing, communication, and financial controlling
- > **Environmental Technologies:** Development, production and distribution of environmental measurement and sustainability technologies, consisting of Palas
- > **Security Technologies:** Development, production and distribution of high-performance network technology for mission critical applications, consisting of IHSE

As IHSE was only acquired in December 2019, the company was not part of BCM Group in the prior-year period. As a result, the relevant 9M 2019 figures for the Security Technologies segment in the following table would have to be reported as zero, and the totals for 9M 2019 would have to be reduced by the figures presented. To enhance the comparability and informative value of the segment reporting, this Quarterly Statement is based on a pro forma perspective. This presents the Group as if IHSE had already been included in BCM Group from 1 January 2019. Please refer to the financial information section of this Quarterly Statement for a presentation without pro forma adjustments.

BCM Group's revenue declined by 16.0% compared with the pro forma prior-year period. This decrease was driven by the COVID-19 pandemic related revenue decline in the Security Technologies segment in the second and third quarters of the current fiscal year. Although revenue in the Environmental Technologies segment increased substantially, the lower absolute size of this segment compared with the Security Technologies segment meant that the decline in the latter's business could not be fully offset.

### Operating segments

€ thousand	Reportable segments							
	Environmental Technologies		Security Technologies		Central Functions and consolidation		Total	
	9M 2020	9M 2019	9M 2020	9M 2019	9M 2020	9M 2019	9M 2020	9M 2019
Revenue	10,174	8,676	23,728	31,660	(31)	-	33,870	40,336
Revenue growth	17.3%		(25.1%)				(16.0%)	
Gross profit	7,808	7,080	17,404	23,708	-	-	25,211	30,788
Gross margin	76.7%	81.6%	73.3%	74.9%			74.4%	76.3%
Adjusted EBITDA	2,989	3,015	7,428	12,624	(3,463)	(2,194)	6,954	13,445
Adjusted EBITDA margin	29.4%	34.7%	31.3%	39.9%			20.5%	33.3%

Analyzed by region, revenue development in BCM Group was very stable in EMEA, with an increase of 6.7%, whereas revenue fell by 37.4% in the Americas, and by 41.5% in APAC. The disproportionate impact of the crisis on the export business is particularly a result of travel restrictions and local social distancing, which limited the required direct interaction with sales partners. To actively counter the pandemic's restrictive effects, the Group is intensifying the expansion of its distribution partner network, with a focus on partners who operate local facilities in the relevant target countries. Moreover, in the third quarter, Palas founded an own sales office in Shanghai and also IHSE currently evaluates the establishment of a subsidiary in China. Going forward, this approach is expected to ensure an improved presence in the customers' region and create greater independence from travel barriers, such as quarantine upon arrival in the destination country.

Despite the heavily affected global economic situation over most of the 9M 2020 reporting period, Palas deleveraged by €1,517 thousand and IHSE by €2,577 thousand since 31 December 2019. Deleverage means the reduction of net financial liabilities from operating cash flow minus investing cash flow, interest expenses and tax payments.

**Central Functions** | The market for M&A transactions recovered considerably in the third quarter following the temporary suspension of a large number of ongoing sale projects in the second quarter of 2020 as a result of the general high uncertainty caused by the outbreak and spread of the COVID-19 pandemic, accompanied by a freeze on most projects involving newly planned sale transactions by M&A consultants.

Globally, the number of M&A transactions has increased compared to the preceding quarter. Deal flow in BCM Group's acquisitions focus on strong-growth, highly profitable technology and innovation champions in the German Mittelstand also grew accordingly. In this particular focus, those companies were shortlisted that performed very well during the coronavirus crisis and, in addition to their growth prospects, have a high resilience to macroeconomic shocks. However, competition for such companies has become even more intense. This is also reflected in purchase price expectations, as companies that have been able to document their resistance to crises in recent months have even seen purchase price premiums compared to pre-crisis levels.



The ability to source proprietary transaction situations by means of active screening is proving to be challenging, in particular because of the cancellation of trade shows and events due to contact restrictions. Nevertheless, in order to still leverage this deal sourcing channel, BCM Group introduced a software solution that enables automated screening for companies. The software is able to screen public databases as well as corporate websites, news sites, and social media channels, and provide information filtered in accordance to user requirements. The software was originally designed for B2B sales. BCM Group succeeded in repurposing the application for its own requirements, which is an entirely innovative application for the developer. Using this solution additionally increases the degree of automation of BCM Group's prospecting activities.

Costs in Central Functions rose at the level of adjusted EBITDA. This was primarily the result of an increase in personnel expenses and higher due diligence activities compared with the prior-year period. Central Functions adjusted EBITDA also contains expenses related to being a public company following the initial listing in July 2020. These expenses in particular included legal and consulting costs.

Since mid-February 2020, business activities, in addition to screening for acquisition targets, were mainly driven by the preparation and implementation of the stock market listing, which was successfully completed when the Group went public on 14 July 2020. The associated expenses are not included in adjusted EBITDA because they relate to costs of equity transactions. Further relevant information can be found in the financial information section of this Quarterly Statement.

**Environmental Technologies** | Revenue grew by 17.3% in the Environmental Technologies segment in the first nine months of 2020 despite the crisis. Although the first quarter was comparably weak, in particular due to general revenue fluctuations between the quarters and the initial effects of the lockdowns, customer demand grew significantly in the second and third quarters. The COVID-19 pandemic put the spotlight of public attention on aerosols (particles in air) and Palas positioned itself as clear technology leader with its aerosol measurement technology. Especially test rigs for the measurement of the effectiveness of respiratory masks sold well. Further products in the field of aerosol measurement, e.g. for indoor applications or in exhaled air followed and will follow respectively. Order intake in the reporting period increased massively compared with the prior-year period 9M 2019.

At 76.7%, the gross margin was lower than the prior-year period (81.6%). The test rigs mentioned above had a considerably larger market success than expected and could even be sold through sales partners, in contrast to prior practice. Therefore, the volumes sold increased significantly at a somewhat reduced margin due to the required sales partner rebates.

At 29.4%, the adjusted EBITDA margin was down compared with the prior-year period (34.7%). This was primarily due to the gross profit effect described before.

On 27 August 2020, Palas filed a patent with the European Patent Office for a measurement device that immediately indicates the number and size of particles in exhaled air. The universally deployable measurement device developed by Palas can identify particles in exhaled air in real time with high-precision size resolution and thus could help to detect infectiousness in humans, for example in connection with COVID-19 or influenza. Particularly during the current COVID-19 pandemic, this could help curb the spread of the disease. The patent application has not yet been published. This is generally published 18 months after the filing date and the applicant only bears the rights from the patent filed from that date onwards.

**Security Technologies** | Due to project postponements caused by the COVID-19 pandemic, the Security Technologies segment recorded a 25.1% decrease in revenue. Whereas first-quarter revenue had been up substantially year-on-year, business performance slowed significantly in the second quarter, with the sales trend also continuing in the third quarter. Key projects were delayed because of the global lockdown measures as well as travel and social distancing restrictions. This effect was reinforced in the third quarter by the comparatively very successful Q3 2019, which had marked by far the strongest revenue of any quarter in the previous fiscal year and the entire company's history. In general, IHSE's growth potential remains intact, since the underlying trends such as digitalization, connectivity and cybersecurity further drive customer demand for technologies for the highly secure, loss-free, latency-reduced data transmission. The more important data get in various end markets, the more important their high-performance transmission becomes as well. This is also indicated by the continuously growing sales pipeline of IHSE, since advised projects do not break off but get postponed in timeline. The third quarter 2020 saw a significant increase in order intake compared to the low point in Q2 2020.

At 73.3%, the gross margin was down slightly on the 74.9% recorded in the prior-year period. The decisive factor was a negative change in finished goods and work in progress in 9M 2020, whereas positive changes in finished goods and work in progress had been recorded in 9M 2019. Based on total output for the period, gross profit was 73.4% and therefore on the prior-year period's level of 73.6%.

At 31.3%, the adjusted EBITDA margin was significantly below the prior-year period (39.9%). In addition to the negative change in inventories, this was primarily attributable to the decline in revenue. Cost-cutting measures have been initiated, but these can only have a disproportionately low effect in the short term compared to the revenue trend.

## Results of operations

The change in the Group's results of operations in 9M 2020 compared with the prior-year period (non-pro forma) was marked in particular by the inclusion of IHSE in the Group. Since IHSE was required to be included in the consolidated financial statements for the first time in December 2019 when control was obtained by BCM Group, the consolidated statement of comprehensive income for 9M 2019 merely comprised revenue generated by Palas and expenses and other income of Palas and BCM AG.

That is why the Group's revenue rose by 290.4% in 9M 2020 to €33,870 thousand. In the pro forma perspective, which presents the figures as if IHSE had already been a member of BCM Group in the prior-year period, revenue declined by 16.0%.

The increase in expenses is also largely attributable to the inclusion of IHSE into the Group. Cost of materials rose by 306.7% to €9,506 thousand, personnel expenses by 247.8% to €14,157 thousand, other operating expenses by 267.0% to €8,957 thousand, and depreciation and amortization expenses by 110.7% to €1,151 thousand. As a consequence of the IHSE acquisition, amortization of intangible assets identified in initial consolidation rose by 246.9% to €5,855 thousand. Finance costs rose by 126.3% to €1,736 thousand due to the loans taken on for the partial debt financing of the acquisition.

## Net assets

With total assets of €307,782 thousand, the Group's assets are split between 54.2% noncurrent assets and 45.8% current assets. The largest items quantitatively are intangible assets, including goodwill (€154,986 thousand), cash and cash equivalents (€122,298 thousand), property, plant and equipment (€11,280 thousand), and inventories (€11,113 thousand). Intangible assets relate primarily to the customer bases, basic technologies and brands identified in the course of purchase price allocation for the Palas and IHSE acquisitions (PPA assets) as well as goodwill. Property, plant and equipment consists largely of land and buildings at IHSE's headquarters in Oberteuringen at Lake Constance.

The change in net assets since the beginning of the fiscal year was a result in particular of the inflow of cash funds from cash capital increases when BCM Group went public in July 2020. Assets rose by €100,054 thousand, from €207,728 thousand to €307,782 thousand at the reporting date. Factors reducing total assets were mainly the costs of going public and amortization of PPA assets.

## Financial position

The Group's cash and cash equivalents at the reporting date amounted to €122,298 thousand. Senior loans amounted to €46,721 thousand, resulting in net senior cash of €75,577 thousand after deduction of cash and cash equivalents. Senior loans declined by €2,862 thousand compared to 31 December 2019.

Together with real estate loans (€6,395 thousand), lease liabilities (€888 thousand), and NCI put liabilities (€1,422 thousand), financial liabilities amounted to €55,425 thousand, corresponding to a €5,899 thousand reduction compared to 31 December 2019 (€61,324 thousand). In August 2020, a subordinated loan, which was taken on in connection with the acquisition of Palas, was paid back in full. As of 30 June 2020, this loan was still reported at €3,105 thousand in other financial liabilities. The Group had unused credit lines of €2,700 as of the reporting date.

The increase in cash and cash equivalents was due primarily to the funds raised from BCM Group's initial listing in July 2020 and, to a much lesser extent, to the capital increase in February 2020.

Group equity at the reporting date was €224,778 thousand, equal to 73.0% of total assets. This represents an increase of 15.8 percentage points compared to 31 December 2019, when equity amounted to €118,917 thousand. The main drivers of the increase in equity were the cash capital increases in the course of the Group's initial listing.

Cash flow from operating activities as of 30 September 2020, was €1,068 thousand or €1,621 thousand before income taxes paid, and resulted primarily from the operating earnings contributions of Palas

and IHSE. In the prior-year period, cash flow from operating activities was negative, at €-204 thousand.

Cash flow from investing activities amounting to €-754 thousand consisted largely of amounts paid to acquire items of property, plant and equipment, and capitalized development costs. This item was lower than the prior-year period (€-1,163 thousand) because a post-closing purchase price component of €750 thousand for the acquisition of Palas had been paid in 9M 2019.

Cash flow from financing activities amounted to €104,938 thousand and was driven primarily by the capital increases when BCM Group went public in July 2020. Costs of capital increases of €6,829 thousand, loan principal repayments of €5,838 thousand and interest payments of €1,808 thousand relating mainly to senior loans from the acquisition of Palas and IHSE reduced cash flow from financing activities. The positive figure of €252 thousand in the prior-year period resulted principally from a capital increase with proceeds of €1,250 thousand for the Group.

## Forecast

In an ad-hoc announcement dated 13 November 2020, BCM Group amended its forecast for the current fiscal year 2020. The Group no longer considers it more likely than not that it will achieve the previously communicated guidance of a mid-single-digit percentage growth in relation to pro forma revenue in 2019 of €54.3 million, without the inclusion of new acquisitions. Instead, BCM Group is currently forecasting a single-digit percentage revenue decline for fiscal year 2020 compared to 2019 (on a pro forma basis).

The assumptions underlying the previous guidance of a rapid stabilization of customer enquiries in the segment Security Technologies have not yet adequately occurred. This results from the ongoing COVID-19 pandemic and the associated renewed international lockdown restrictions such as travel and contact bans. Therefore, despite a significant increase in order intake in Q3 as compared to Q2 2020, BCM Group no longer expects to be able to realize sufficient catch-up effects in the Security Technologies segment in the remaining fiscal year. Even the strong performance of the Environmental Technologies segment, which stands significantly above the prior-year period 9M 2019 with +17.3% revenue growth in combination with a massive increase in order intake, will not be sufficient to compensate for the shifts in the Security Technologies segment.

## Disclaimer

This Quarterly Statement 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 Quarterly Statement. Forward-looking statements are subject to uncertainties — as described in the risks and opportunities section of our 2020 Half-yearly Financial Report — that are beyond the Group's control. This relates in particular to the current coronavirus crisis, its future course, and its macroeconomic impact. 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 on expected developments made in this Quarterly Statement. If the underlying information changes in such a way that a deviation from the expected developments is more likely than not, BCM Group will notify this in accordance with the statutory disclosure requirements.

## Events after 30 September 2020

The Group amended its forecast for the current fiscal year and published it in an ad-hoc announcement on 13 November 2020.

There were no other significant events between 30 September 2020, and the publication date of this Quarterly Statement.

# Financial information

## Consolidated statement of comprehensive income

€ thousand	9M 2020	9M 2019
<b>Revenue</b>	<b>33,870</b>	<b>8,676</b>
Increase/(decrease) in finished goods and work in progress	350	390
Other own work capitalized	497	351
<b>Total output</b>	<b>34,718</b>	<b>9,417</b>
Cost of materials	(9,506)	(2,337)
<b>Gross profit</b>	<b>25,211</b>	<b>7,080</b>
Personnel expenses	(14,157)	(4,070)
Other operating expenses	(8,957)	(2,441)
Impairment loss on trade receivables	(6)	-
Other operating income	826	157
<b>EBITDA</b>	<b>2,918</b>	<b>727</b>
Depreciation of property, plant and equipment and amortization of intangible assets	(1,151)	(546)
<b>EBITA</b>	<b>1,766</b>	<b>180</b>
Amortization of intangible assets identified in initial consolidation	(5,855)	(1,688)
Finance costs	(1,736)	(767)
Finance income	90	1
Financial result	(1,646)	(766)
<b>Earnings before tax</b>	<b>(5,735)</b>	<b>(2,273)</b>
Income tax expense	(414)	(82)
<b>Profit or loss</b>	<b>(6,149)</b>	<b>(2,355)</b>
Thereof: attributable to BCM AG shareholders	(6,140)	(2,355)
Thereof: attributable to non-controlling interests	(9)	-
Foreign currency translation adjustments	(833)	-
<b>Total comprehensive income</b>	<b>(6,982)</b>	<b>(2,355)</b>
Thereof: attributable to BCM AG shareholders	(6,973)	(2,355)
Thereof: attributable to non-controlling interests	(9)	-
Weighted average number of shares outstanding	7,654,857	2,666,462
Earnings per share (€)	(0.80)	(0.88)



## Consolidated statement of financial position

€ thousand	30.09.2020	31.12.2019
<b>Assets</b>		
Property, plant and equipment	11,280	11,322
Intangible assets and goodwill	154,986	160,585
Deferred tax assets	665	982
<b>Non-current assets</b>	<b>166,931</b>	<b>172,888</b>
Inventories	11,113	10,676
Trade receivables	6,028	5,850
Other assets	903	655
Prepayments	508	489
Cash and cash equivalents	122,298	17,171
<b>Current assets</b>	<b>140,851</b>	<b>34,840</b>
<b>Total assets</b>	<b>307,782</b>	<b>207,728</b>

€ thousand	30.09.2020	31.12.2019
<b>Equity and liabilities</b>		
Subscribed capital	10,387	6,642
Capital reserves	227,688	118,727
Other reserves	206	97
Currency translation differences	(923)	(90)
Net accumulated losses	(12,599)	(6,459)
Equity attributable to BCM AG shareholders	224,759	118,917
Noncontrolling interests	19	-
<b>Equity</b>	<b>224,778</b>	<b>118,917</b>
Non-current financial liabilities	50,140	55,889
Other provisions	556	490
Deferred tax liabilities	16,880	18,556
<b>Non-current liabilities</b>	<b>67,576</b>	<b>74,935</b>
Current tax liabilities	1,737	736
Current financial liabilities	5,286	5,435
Trade payables	1,565	2,450
Other liabilities	5,893	4,466
Contract liabilities	819	665
Other provisions	128	125
<b>Current liabilities</b>	<b>15,428</b>	<b>13,876</b>
<b>Liabilities</b>	<b>83,004</b>	<b>88,811</b>
<b>Total equity and liabilities</b>	<b>307,782</b>	<b>207,728</b>

## Consolidated statement of changes in equity

€ thousand	Subscribed capital	Capital increase not yet registered	Capital reserves	Other reserves	Currency translation differences	Net accumulated losses	Non-controlling interests	Equity
<b>01.01.2020</b>	<b>6,642</b>	-	<b>118,727</b>	<b>97</b>	<b>(90)</b>	<b>(6,459)</b>	-	<b>118,917</b>
Transactions with shareholders								
Capital increase	3,745	-	116,077	-	-	-	-	119,822
Cost of capital increases	-	-	(7,116)	-	-	-	-	(7,116)
Profit or loss	-	-	-	-	-	(6,140)	(9)	(6,149)
Other comprehensive income	-	-	-	-	(833)	-	-	(833)
Equity-settled share-based payment transactions	-	-	-	109	-	-	-	109
Formation of subsidiaries with non-controlling interests	-	-	-	-	-	-	28	28
<b>30.09.2020</b>	<b>10,387</b>	-	<b>227,688</b>	<b>206</b>	<b>(923)</b>	<b>(12,599)</b>	<b>19</b>	<b>224,778</b>

€ thousand	Subscribed capital	Capital increase not yet registered	Capital reserves	Other reserves	Currency translation differences	Net accumulated losses	Non-controlling interests	Equity
<b>01.01.2019</b>	<b>4,152</b>	<b>3,000</b>	<b>42,078</b>	-	-	<b>(2,636)</b>	-	<b>46,594</b>
Transactions with shareholders								
Capital increase	42	-	1,208	-	-	-	-	1,250
Entry of capital increase in commercial register	100	(3,000)	2,900	-	-	-	-	-
Profit or loss	-	-	-	-	-	(2,355)	-	(2,355)
Equity-settled share-based payment transactions	-	-	-	32	-	-	-	32
<b>30.09.2019</b>	<b>4,294</b>	-	<b>46,186</b>	<b>32</b>	-	<b>(4,991)</b>	-	<b>45,521</b>

## Consolidated statement of cash flows

€ thousand	9M 2020	9M 2019
Profit or loss	(6,149)	(2,355)
(Income taxes paid)/ income tax refunds	(553)	(571)
Income tax expense/ (income tax income)	414	82
Expenses for equity-settled share-based payment transactions	109	32
Depreciation and amortization	7,006	2,234
Financial result	1,646	766
Other non-cash expenses/ (income)	(178)	-
(Increase)/ decrease in inventories, trade receivables and other assets not attributable to investing or financing activities	(1,730)	(728)
Increase/ (decrease) in trade payables and other liabilities not attributable to investing or financing activities	432	63
Increase/ (decrease) in other provisions	70	273
<b>Cash flow from operating activities</b>	<b>1,068</b>	<b>(204)</b>
Payments to acquire property, plant and equipment	(410)	(234)
Payments to acquire intangible assets	(56)	(7)
Capitalized development costs	(292)	(172)
Payments to acquire subsidiaries, net of cash acquired (deferred purchase price component for Palas)	-	(750)
Interest received	4	1
<b>Cash flow from investing activities</b>	<b>(754)</b>	<b>(1,163)</b>
Repayment of lease liabilities	(408)	(244)
Interest paid	(1,808)	(213)
Repayment of loans and other financial liabilities	(5,838)	(542)
Proceeds from issuance of shares	119,822	1,250
Cost of capital increases	(6,829)	-
<b>Cash flow from financing activities</b>	<b>104,938</b>	<b>252</b>
Change in cash and cash equivalents	105,252	(1,115)
Cash and cash equivalents* at beginning of period	17,171	31,578
Effect of exchange rate changes on cash and cash equivalents	(125)	-
Cash and cash equivalents* at end of period	122,298	30,463

\* Liquid funds correspond to cash and cash equivalents reported in the statement of financial position.

## Disclosures on financial information

### 1. Alternative performance measures

In addition to the information disclosed in the consolidated statement of comprehensive income, management uses additional performance measures to manage the Group. These comprise the **pro forma consolidated statement of comprehensive income** and **adjusted alternative performance measures**.

#### Pro forma consolidated statement of comprehensive income

In the prior-year period, IHSE's income and expenses were not included in the consolidated statement of comprehensive income because control was only obtained in December 2019. As the informative value of the consolidated statement of comprehensive income is limited, particularly its suitability for deriving projections, the Executive Board analyses earnings figures on a pro forma basis. This presents the Group's statement of comprehensive income as if IHSE had already been acquired as of 1 January 2019.

To calculate the prior-year period pro forma income and expenses, management assumed that the preliminary fair value adjustments made as of the date of acquisition of IHSE would also have applied if the acquisition had taken place on 1 January 2019, that the post-acquisition financing structure had already existed at the beginning of the year, and that acquisition costs would not have been incurred in the reporting period. However, it is also the case that no acquisition costs were incurred in the period from 1 January 2019 to 30 June 2019.

#### Pro forma consolidated statement of comprehensive income

€ thousand	9M 2020	9M 2019
<b>Revenue</b>	<b>33,870</b>	<b>40,336</b>
Increase/ (decrease) in finished goods and work in progress	350	929
Other own work capitalized	497	351
<b>Total output</b>	<b>34,718</b>	<b>41,617</b>
Cost of materials	(9,506)	(10,829)
<b>Gross profit</b>	<b>25,211</b>	<b>30,788</b>
Personnel expenses	(14,157)	(11,677)
Other operating expenses	(8,957)	(6,090)
Impairment loss on trade receivables	(6)	-
Other operating income	826	330
<b>EBITDA</b>	<b>2,918</b>	<b>13,351</b>
<b>Adjusted EBITDA</b>	<b>6,954</b>	<b>13,445</b>
Adjusted EBITDA margin	20,5%	33,3%
Depreciation of property, plant and equipment and amortization of intangible assets	(1,151)	(1,066)
<b>EBITA</b>	<b>1,766</b>	<b>12,285</b>
Amortization of intangible assets identified in initial consolidation	(5,855)	(6,530)
Finance costs	(1,736)	(1,850)
Finance income	90	6
Financial result	(1,646)	(1,844)
<b>Earnings before tax</b>	<b>(5,735)</b>	<b>(3,911)</b>
Income tax expense	(414)	(1,345)
<b>Profit or loss</b>	<b>(6,149)</b>	<b>(2,565)</b>
Thereof: attributable to BCM AG shareholders	(6,140)	(2,565)
Thereof: attributable to non-controlling interests	(9)	-

Adjusted alternative performance measures

For definitions and detailed explanations of adjusted alternative performance measures, please refer to note 4 in the selected notes to our H1 2020 interim consolidated financial statements.

A cash capital increase and a contribution in kind capital increase were implemented in December 2019 to finance the acquisition of IHSE. Own shares from the share loan were retransferred as a result of the issuance of BCM AG shares. The effects of these transactions on the number of shares outstanding are reflected in the pro forma perspective.

Calculation of adjusted EBITDA

€ thousand	From date when control obtained		Pro forma
	9M 2020	9M 2019	9M 2019
<b>Earnings before tax</b>	<b>(5,735)</b>	<b>(2,273)</b>	<b>3,911</b>
Financial result	1,646	766	1,844
Depreciation and amortization	7,006	2,234	7,596
<b>EBITDA</b>	<b>2,917</b>	<b>727</b>	<b>13,351</b>
Share-based payment	171	94	94
Cost of acquisition of subsidiaries	-	-	-
Cost of equity transactions	3,865	-	-
<b>Adjusted EBITDA</b>	<b>6,954</b>	<b>820</b>	<b>13,445</b>
<i>Adjusted EBITDA margin</i>	<i>20.5%</i>	<i>9.5%</i>	<i>33.3%</i>

Calculation of adjusted EBIT

€ thousand	From date when control obtained		Pro forma
	9M 2020	9M 2019	9M 2019
<b>Earnings before tax</b>	<b>(5,735)</b>	<b>(2,273)</b>	<b>3,911</b>
Financial result	1,646	766	1,844
<b>EBIT</b>	<b>(4,089)</b>	<b>(1,508)</b>	<b>5,755</b>
PPA amortization	5,855	1,688	6,530
Share-based payment	171	94	94
Cost of acquisition of subsidiaries	-	-	-
Cost of equity transactions	3,865	-	-
<b>Adjusted EBIT</b>	<b>5,802</b>	<b>274</b>	<b>12,379</b>
<i>Adjusted EBIT margin</i>	<i>17.1%</i>	<i>3.2%</i>	<i>30.7%</i>

Calculation of adjusted earnings and adjusted earnings per share

€ thousand	From date when control obtained		Pro forma
	9M 2020	9M 2019	9M 2019
<b>Profit or loss</b>	<b>(6,149)</b>	<b>(2,355)</b>	<b>2,565</b>
Share-based payment	171	94	94
Financial result from NCI put	89	82	82
Cost of acquisition of subsidiaries	-	-	-
Cost of equity transactions	3,865	-	-
PPA amortization	5,855	1,688	6,530
Deferred taxes attributable thereto	(1,579)	(521)	(1,798)
<b>Adjusted earnings</b>	<b>2,252</b>	<b>(1,013)</b>	<b>7,473</b>
Thereof: BCM AG shareholders	2,261	(1,013)	7,473
Thereof: non-controlling interests	(9)	-	-
Number of shares outstanding	7,654,857	2,666,462	6,189,520
<b>Adjusted earnings per share (€)</b>	<b>0.30</b>	<b>(0.38)</b>	<b>1.21</b>



## 2. Operating segments

€ thousand	Reportable segments											
	Environmental Technologies		Security Technologies		Total		Central Functions		Consolidation		Total	
	9M 2020	9M 2019	9M 2020	9M 2019	9M 2020	9M 2019	9M 2020	9M 2019	9M 2020	9M 2019	9M 2020	9M 2019
Revenue	10,174	8,676	23,728	-	33,901	8,676	-	-	(31)	-	33,870	8,676
Gross profit	7,808	7,080	17,404	-	25,211	7,080	-	-	-	-	25,211	7,080
<b>Adjusted EBITDA</b>	<b>2,989</b>	<b>3,015</b>	<b>7,428</b>	-	<b>10,417</b>	<b>3,015</b>	<b>(3,463)</b>	<b>(2,194)</b>	-	-	<b>6,954</b>	<b>820</b>
Share-based payment											(171)	(94)
Cost of acquisition of subsidiaries											-	-
Cost of equity transactions											(3,865)	-
EBITDA											2,918	727
Trade working capital*	4,652	5,294	11,478	-	16,130	5,294	(554)	(152)	-	-	15,576	5,142
Cash and cash equivalents	3,567	1,676	7,729	-	11,296	1,676	111,002	28,787	-	-	122,298	30,463
Financial liabilities	16,112	17,048	42,364	-	58,475	17,048	85	168	(3,135)	-	55,425	17,217
<b>Revenue by region</b>												
<b>EMEA</b>	<b>8,105</b>	<b>6,110</b>	<b>13,614</b>	-	<b>21,719</b>	<b>6,110</b>	-	-	<b>(31)</b>	-	<b>21,688</b>	<b>6,110</b>
Germany	3,827	2,854	4,479	-	8,306	2,854	-	-	(31)	-	8,275	2,854
Netherlands	3	0	3,587	-	3,589	0	-	-	-	-	3,589	0
United Kingdom	630	902	294	-	924	902	-	-	-	-	924	902
France	986	929	728	-	1,715	929	-	-	-	-	1,715	929
Italy	340	108	449	-	789	108	-	-	-	-	789	108
Other	2,319	1,317	4,077	-	6,396	1,317	-	-	-	-	6,396	1,317
<b>Americas</b>	<b>717</b>	<b>1,491</b>	<b>6,884</b>	-	<b>7,602</b>	<b>1,491</b>	-	-	-	-	<b>7,602</b>	<b>1,491</b>
USA	707	1,461	6,861	-	7,568	1,461	-	-	-	-	7,568	1,461
Other	11	31	23	-	34	31	-	-	-	-	34	31
<b>APAC</b>	<b>1,351</b>	<b>1,074</b>	<b>3,229</b>	-	<b>4,580</b>	<b>1,074</b>	-	-	-	-	<b>4,580</b>	<b>1,074</b>
China	369	341	2,398	-	2,766	341	-	-	-	-	2,766	341
Other	982	733	832	-	1,814	733	-	-	-	-	1,814	733
<b>Total</b>	<b>10,174</b>	<b>8,676</b>	<b>23,728</b>	-	<b>33,901</b>	<b>8,676</b>	-	-	<b>(31)</b>	-	<b>33,870</b>	<b>8,676</b>

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

Pro forma operating segments

€ thousand	Reportable segments						Central Functions		Consolidation		Total	
	Environmental Technologies		Security Technologies		Total		9M 2020	9M 2019	9M 2020	9M 2019	9M 2020	9M 2019
	9M 2020	9M 2019	9M 2020	9M 2019	9M 2020	9M 2019						
Revenue	10,174	8,676	23,728	31,660	33,901	40,336	-	-	(31)	-	33,870	40,336
Gross profit	7,808	7,080	17,404	23,708	25,211	30,788	-	-	-	-	25,211	30,788
<b>Adjusted EBITDA</b>	<b>2,989</b>	<b>3,015</b>	<b>7,428</b>	<b>12,624</b>	<b>10,417</b>	<b>15,639</b>	<b>(3,463)</b>	<b>(2,194)</b>	-	-	<b>6,954</b>	<b>13,445</b>
Share-based payment											(171)	(94)
Cost of acquisition of subsidiaries											-	-
Cost of equity transactions											(3,865)	-
EBITDA											2,918	13,351
Trade working capital*	4,652	5,294	11,478	13,937	16,130	19,231	(554)	(152)	-	-	15,576	19,079
Cash and cash equivalents	3,567	1,676	7,729	N/A	11,296	N/A	111,002	28,787	-	-	122,298	N/A
Financial liabilities	16,112	17,048	42,364	N/A	58,475	N/A	85	168	(3,135)	-	55,425	N/A
<b>Revenue by region</b>												
<b>EMEA</b>	<b>8,105</b>	<b>6,110</b>	<b>13,614</b>	<b>14,241</b>	<b>21,719</b>	<b>20,351</b>	-	-	<b>(31)</b>	-	<b>21,688</b>	<b>20,351</b>
Germany	3,827	2,854	4,479	3,157	8,306	6,011	-	-	(31)	-	8,275	6,011
Netherlands	3	0	3,587	5,102	3,589	5,102	-	-	-	-	3,589	5,102
United Kingdom	630	902	294	878	924	1,780	-	-	-	-	924	1,780
France	986	929	728	945	1,715	1,874	-	-	-	-	1,715	1,874
Italy	340	108	449	364	789	472	-	-	-	-	789	472
Other	2,319	1,317	4,077	3,795	6,396	5,112	-	-	-	-	6,396	5,112
<b>Americas</b>	<b>717</b>	<b>1,491</b>	<b>6,884</b>	<b>10,661</b>	<b>7,602</b>	<b>12,152</b>	-	-	-	-	<b>7,602</b>	<b>12,152</b>
USA	707	1,461	6,861	10,646	7,568	12,107	-	-	-	-	7,568	12,107
Other	11	31	23	15	34	46	-	-	-	-	34	46
<b>APAC</b>	<b>1,351</b>	<b>1,074</b>	<b>3,229</b>	<b>6,758</b>	<b>4,580</b>	<b>7,832</b>	-	-	-	-	<b>4,580</b>	<b>7,832</b>
China	369	341	2,398	5,648	2,766	5,989	-	-	-	-	2,766	5,989
Other	982	733	832	1,110	1,814	1,843	-	-	-	-	1,814	1,843
<b>Total</b>	<b>10,174</b>	<b>8,676</b>	<b>23,728</b>	<b>31,660</b>	<b>33,901</b>	<b>40,336</b>	-	-	<b>(31)</b>	-	<b>33,870</b>	<b>40,336</b>

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

IHSE's cash and cash equivalents and financial liabilities, i.e., the Security Technologies operating segment, were substantially impacted by the acquisition of IHSE by the Group in December 2019. As a result, reporting these amounts as of 30 September 2019,

would not represent a meaningful basis for comparison. These amounts as well as totals incorporating these amounts are therefore presented as not applicable (N/A) in the table above.

### 3. Changes in the scope of consolidation

Effective 15 July 2020, Group entity Palas (Asia) Ltd. formed the new foreign subsidiary Palas Instruments (Shanghai) Co. Ltd., whose registered office is in Shanghai. It was therefore initially included in the scope of consolidation in the reporting period.

IHSE Holding GmbH was merged with IHSE AcquiCo GmbH on entry of the transaction in the commercial register on 12 August 2020. The merger was conducted in order to simplify structures evolved historically from acquisitions and with the aim to reduce costs of complexity and administration.

### 4. Costs of initial listing

The costs associated with the preparation and implementation of BCM Group's initial stock market listing are to be recognized as expenses in the amount of €3,865 thousand and reported in other operating expenses in the Consolidated Statement of Comprehensive Income.

### 5. Earnings per share

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

	9M 2020	9M 2019
Profit or loss in € thousand	(6,140)	(2,355)
Weighted average number of shares outstanding	7,654,857	2,666,462
Earnings per share	(0.80)	(0.88)

Adjusted pro forma earnings per share are shown in the following table. Please refer to Note 1 in these disclosures on financial information for further information.

Adjusted pro forma	9M 2020	9M 2019
Profit or loss in € thousand	2,261	7,473
Weighted average number of shares outstanding	7,654,857	6,189,520
Earnings per share	0.30	1.21

### 6. Changes in equity

BCM AG's shares were listed for the first time in the Prime Standard (subsegment of the regulated market with additional post-admission obligations) of Frankfurt Stock Exchange on 14 July 2020. A private placement of new shares was implemented in the run-up to going public.

BCM AG's share capital was increased by €3,125,000, from €6,793,058 to €9,918,058, on entry of the capital increase in the commercial register on 10 July 2020. The new shares were issued at a price of €32.00 per share, as a result of which new funds of €100,000 thousand (before transaction costs) accrued to BCM Group.

As the greenshoe option was exercised following the initial listing, the share capital was increased by a further €468,750 to €10,386,808 on entry of the new shares in the commercial register on 21 July 2020. The new shares were also issued at a price of €32.00 per share, and an additional €15,000 thousand (before transaction costs) accrued to BCM Group.

As a result of these capital increases, the total of 459,925 of the Company's own shares held on loan were returned in full to the founding team in the third quarter. 388,956 of the 459,925 shares related to Share Loan I, described in greater detail in note 22.1 to our 2019 consolidated financial statements, and 70,969 shares related to Share Loan II, described in greater detail in note 10 to our H1 2020 interim consolidated financial statements.

The classification of and changes in equity during the reporting period are presented in the consolidated statement of changes in equity.

### 7. Financial liabilities

Financial liabilities are composed of the following items.

€ thousand	30.09.2020	31.12.2019
Senior bank loans	46,721	49,583
Real estate loans	6,395	6,440
Lease liabilities	888	770
Liability from purchase of remaining 30% interest in Palas	1,422	1,332
Other financial liabilities	-	3,199
<b>Total financial liabilities</b>	<b>55,425</b>	<b>61,324</b>
Thereof: non-current	50,140	55,889
Thereof: current	5,286	5,435

# Further information

## Financial calendar

15.04.2021	Annual Report 2020
15.05.2021	Quarterly Statement Q1 2021
16.06.2021	Annual General Meeting

## Basis of reporting

This quarterly statement was prepared in compliance with section 53 of the Exchange Rules for the Frankfurter Wertpapierbörse. It does not constitute an interim financial report in accordance with IAS 34 or financial statements in accordance with IAS 1. This quarterly statement has not been reviewed by an auditor. It should be read in conjunction with the 2019 consolidated financial statements and the 2020 half-yearly financial report, and the information contained therein. Those documents are available in the **Investors** section on our website [www.bcm-ag.com](http://www.bcm-ag.com).

The **reporting period** for this quarterly statement is the period from 1 January 2020 to 30 September 2020. The **reporting date** is 30 September 2020.

## Rounding

The performance 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.

## Equal treatment

We consider equal treatment to be important. Solely for the purpose of better readability, gender-specific wording is avoided. All terms should be taken to apply equally to all genders.

## Contact information

Harald Henning  
Head of Finance  
Phone: +49 69 20 43 40 985  
Fax: +49 69 20 43 40 971  
Email: [henning@bcm-ag.com](mailto:henning@bcm-ag.com)

Paul Göhring  
Head of Investor Relations  
Phone: +49 69 20 43 40 978  
Fax: +49 69 20 43 40 971  
Email: [goehring@bcm-ag.com](mailto:goehring@bcm-ag.com)

## Legal notice

Brockhaus Capital Management AG  
Thurn-und-Taxis-Platz 6  
D-60313 Frankfurt am Main  
Phone: +49 69 20434090  
Fax: +49 69 204340971  
[www.bcm-ag.com](http://www.bcm-ag.com)  
[info@bcm-ag.com](mailto:info@bcm-ag.com)

Executive Board: Marco Brockhaus (Chair), Dr. Marcel Wilhelm  
Chair of the Supervisory Board: Dr. Othmar Belker

Registry court: Frankfurt am Main Local Court  
Register number: HRB 109637  
VAT ID: DE315485096