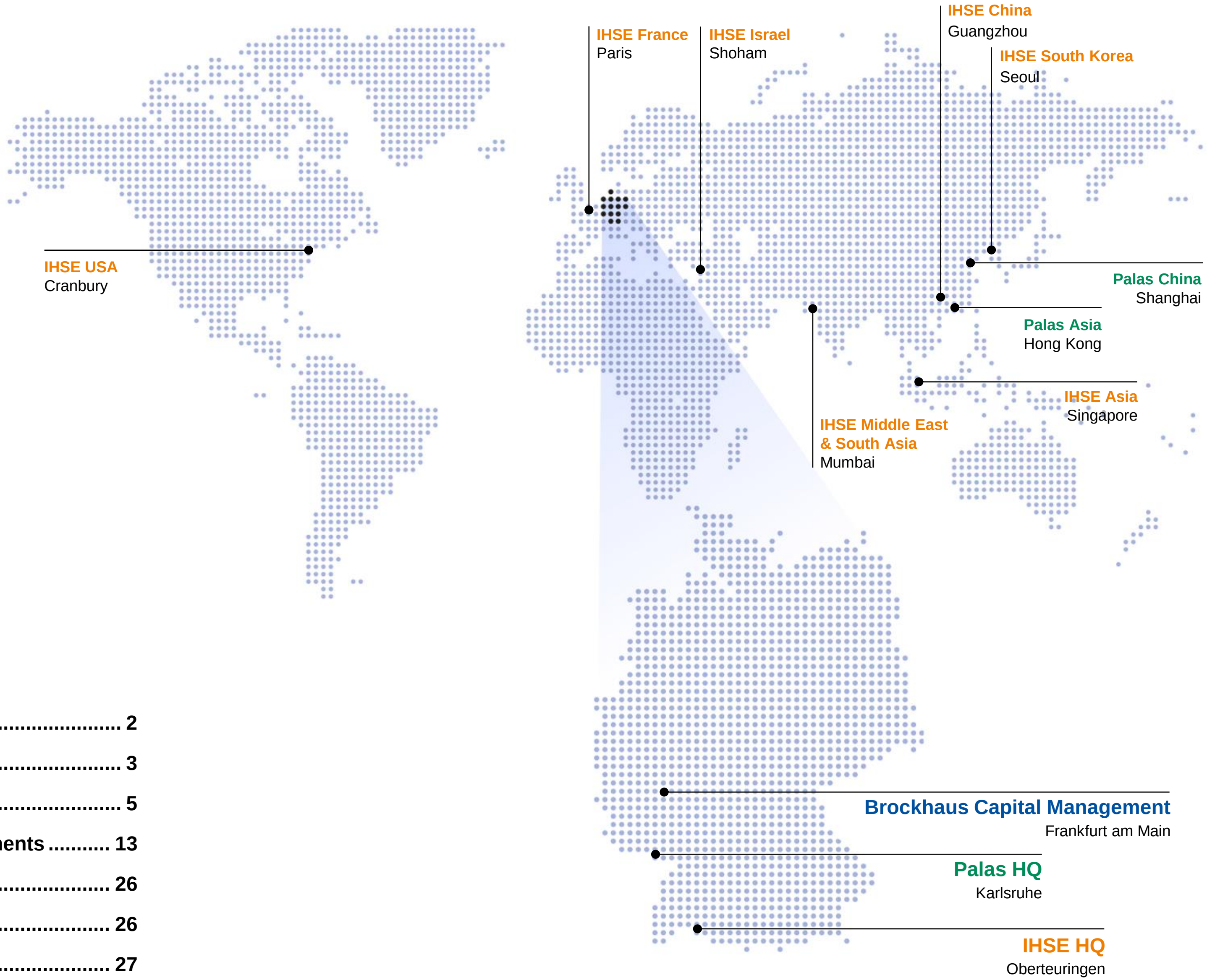
BROCKHAUS
Capital Management

# Half-Year Financial Report

BCM GROUP

H1 2021

# BCM Group at a glance




## Table of contents

# Introducing Bikeleasing

***On 16 June 2021, BCM AG signed a purchase agreement to acquire a majority interest in Bikeleasing. Closing of the transaction is subject to financing and various conditions precedent, such as the successful completion of a qualifying holding procedure by BaFin.***

BLS Bikeleasing-Service GmbH & Co. KG (together with its affiliated companies, referred to in the following as "Bikeleasing", www.bikeleasing.de) develops and operates one of the leading digital B2B platforms for brokering and managing leases for company bicycles.

The digital connection of all stakeholders involved – such as employees, employers and bicycle dealers – as well as the high degree of automation of the platform mean that the business model is highly scalable. From onboarding the employer, through ordering the bicycle by the employee from the bicycle dealer down to claims handling, the entire process is managed by their own digital platform, online or using the mobile app.

Currently, approximately 28 thousand employees are connected to the Bikeleasing platform. These include micro-enterprises with a handful of employees, middle market companies and international corporations. Bikeleasing's business customers employ a total of more than 1.3 million employees.

To date, the core business involves the brokerage and management of company bicycle leasing contracts. These enable companies to offer their employees bicycles and e-bikes via deferred compensation models. The lease payments are made in the form of a deduction from the employee's gross salary, which is thus subsidized in the amount of the income tax and social care costs due on this lease payment: The bicycle or e-bike therefore attracts a tax incentive.

Contractually, Bikeleasing partially acts as the lessor in the lease. However, so as to keep capital intensity low and capacity for growth as flexible as possible, the majority of lease receivables from bikes leased by Bikeleasing itself are sold to external financing partners. As a result, Bikeleasing mostly is not the beneficiary of lease payments, but recognizes most of the income immediately after the lease has been entered into and sold off. Effectively, the business model is therefore largely transaction-based.

Bikeleasing's market is significantly driven by political, economic, social and individual sustainability and health-related goals. The business model additionally offers clear advantages for all target groups:

> **Employees** are able to make the lease payments for a bicycle of their choice directly from their gross salary using a deferred compensation model. This can save them up to approximately 40% (depending on their personal income tax rate) compared with a cash purchase. Because of this savings effect as well as payment in monthly installments, higher-quality bicycles tend to be ordered and the average selling price is therefore far higher than the general market average. Moreover, employees benefit from comprehensive insurance for the bicycle and minimal administrative effort. After 36 months, employees have the option to buy the bicycle at attractive conditions and/ or lease a new one.

> There are no costs for **employers** who offer company bicycles to their employees through Bikeleasing. The lease payments are made from the employee's existing salary by way of deferred compensation. As no social security contributions are due on the deferred gross pay, the employer even realizes savings. Many employers pass these savings on to their employees to increase employee motivation and retention. An insurance policy covers an event where an employee leaves the company and the leased bicycle would usually remain with the employer for the remaining lease term. The employer therefore has an effective and essentially cost-neutral tool to incentivize and attract employees. It can also make a contribution to environmental protection and thus achieve a positive publicity effect in terms of sustainability because of an improvement in its carbon footprint.

> **Bicycle dealers** benefit from the implicitly higher willingness of Bikeleasing users to pay because of the tax savings. Due to the savings of up to approximately 40% for the employee, the share of high-priced bicycles, especially e-bikes, is well above that of the market as a whole. Another advantage is that, unlike many of its competitors, Bikeleasing does not require bicycle dealers to pay a commission on the purchase price of the bicycles. In addition, by joining forces with Bikeleasing, the bicycle

dealer gains a further sales channel for acquiring new customers through referrals from employees and employers.

Bikeleasing's current business is based largely on the company bicycle model. With approximately 28 thousand connected corporate customers and their more than 1.3 million employees, the established digital platform additionally offers undeveloped potential as a comprehensive "social benefits platform" by enabling the leasing of further products such as smartphones, tablets, computers, etc. Demand for this is already emerging on the customer side.

The company, whose seat is in Vellmar and main location is in Uslar, employed a total of 124 people as of 31 December 2020. Bikeleasing was formed in 2015. The company took its first step towards internationalization with the establishment of a branch in Innsbruck, Austria, in July 2020. In the current fiscal year 2021, a vertical integration took place with the acquisition of a leasing company.

Driven by the very attractive market environment and its strong unique selling proposition, Bikeleasing has substantially increased its business volume in recent years.

The adjacent financial information present in the upper table the preliminary results of operations of the Bikeleasing group. The pro forma scope of consolidation comprises all entities which are to be acquired according to the share purchase agreement. Those entities also comprise especially Hofmann Leasing GmbH. The figures, originally prepared according to German GAAP (HGB), were converted to IFRS with regards to significant items. Business transactions between the entities were eliminated.

**Bikeleasing – pro forma earnings figures (preliminary, unaudited)**

| € million | 2020 | H1 2021 | H1 2020 |
|---|---|---|---|
| Revenue | 40.9 | 33.7 | 17.3 |
| Revenue growth | | 94.8% | |
| Gross profit | 24.5 | 20.0 | 10.5 |
| Gross profit margin | 59.9% | 59.2% | 60.9% |
| Adjusted EBITDA | 17.4 | 14.9 | 7.5 |
| Adjusted EBITDA margin | 42.6% | 44.2% | 43.6% |

**BCM Group – pro forma earnings figures including Bikeleasing (preliminary, unaudited)**

| € million | 2020 | H1 2021 | H1 2020 |
|---|---|---|---|
| Revenue | 92.5 | 56.2 | 40.5 |
| Revenue growth | | 38.9% | |
| Gross profit | 63.0 | 36.4 | 27.7 |
| Gross profit margin | 68.2% | 64.7% | 68.4% |
| Adjusted EBITDA | 29.7 | 17.5 | 12.3 |
| Adjusted EBITDA margin | 32.1% | 31.1% | 30.3% |

Due to the IFRS conversion of Bikeleasing's German GAAP figures being not finalized yet, these disclosures are to be regarded as preliminary. As per the date of this report, these figures were not reviewed by an independent auditor.

In the bottom table, these earnings figures of Bikeleasing are added to the ones of BCM Group for the respective periods. For further information thereon, please refer to the Interim Group Management Report as well as to the Annual Report 2020.

As soon as reliable data on earnings figures per share including Bikeleasing are available, we intend to disclose those as well.

# Interim Group Management Report

## Significant events

### Bikeleasing purchase agreement signed

In Q2 2021, BCM Group took a significant step towards further inorganic growth. On 16 June 2021, BCM AG signed a purchase agreement for the indirect acquisition of a majority interest in Bikeleasing-Service GmbH & Co. KG (together with its affiliated companies, "Bikeleasing").

Under the agreed transaction, the managing partners will remain significantly invested in Bikeleasing via an interest held in the acquiring company. There are also plans for the founders to invest in shares of BCM AG under the terms of a capital increase in kind. Taking into account the sellers' interests in the acquiring company, BCM Group's stake in the acquiring company will be approximately 60%.

Based on a valuation of approximately €300 million for Bikeleasing, the purchase price payable in cash by BCM Group will be approximately €167 million, subject to standard price adjustment mechanisms when the deal closes. In addition to the use of existing own funds of BCM AG, other instruments to finance the purchase price might include both long-term and short-term debt as well as potentially new equity from a capital increase. BCM Group also reserves the right to reduce its interest in the acquiring company to down to 50.1% by involving co-investors. The suitable financing mix will be decided upon during the second half of 2021.

The closing of the transaction is subject to financing and various conditions precedent, and is expected to happen this year. As the leasing company Hofmann Leasing GmbH is part of Bikeleasing, the closing is also subject to the successful completion of a qualifying holding procedure by the German Federal Financial Supervisory Authority (BaFin), among other things.

Bikeleasing (www.bikeleasing.de), which was formed in 2015, operates a leading digital B2B social benefits platform. The business model is based on the highly automated management of company bicycle leases, enabling a company's employees to acquire bicycles and e-bikes through deferred compensation and thereby benefit from a tax incentive. From onboarding the B2B customer, through ordering the bicycle by the employee from the bicycle dealer down to claims handling, the entire process is managed by Bikeleasing's own digital platform and app for mobile devices. As an innovative provider in the market for company bicycles, Bikeleasing has experienced strong, highly profitable growth since its formation and steadily expanded its market share. In addition to company bicycles, today's existing digital platform and extensive customer base can also be expanded to cover other leasing assets and thus offers the potential for developing into a comprehensive "social benefits platform".

Only the purchase agreement was signed in the reporting period, and closing is still outstanding. In this respect, other than costs for due diligence and for negotiating and notarizing the purchase agreement, the transaction had no significant impact on results of operations in the reporting period or on net assets and financial position as of the reporting date.

## Resolution to rename the Company

On 16 June 2021, the Company's Annual General Meeting resolved to rename the Company **Brockhaus Technologies AG** and to amend the Articles of Association accordingly.

The aim of the name change is to sharpen communication of the Company's mission statement and to create clearer market awareness of the Group's strategy. By doing this, the Group is already clearly emphasizing its business model in its name and logo.

The name change is expected to take effect in the second half of the current fiscal year on its entry in the commercial register.

## Establishment of Supervisory Board committees

At its meeting on 16 June 2021, the Company's Supervisory Board elected from among its members the members of the Executive and Nomination Committee and of the Audit Committee.

The following members of the Supervisory Board are members of the Executive and Nomination Committee:

> Dr. Othmar Belker (Chairman)
> Michael Schuster (Deputy Chairman)
> Andreas Peiker

The members of the Audit Committee are:

> Prof. Dr. Christoph Hütten (Chairman)
> Martin Bestmann (Deputy Chairman)
> Dr. Othmar Belker

# Segment reporting

For organizational purposes, BCM Group is composed of the following operating segments.

> **Environmental Technologies:** Development, production and distribution of environmental measurement technology and sustainability technologies, consisting of Palas

> **Security Technologies:** Development, production and distribution of high-performance network technology for challenging application areas, consisting of IHSE

In H1 2021, the Group's revenue decreased by -3.0% compared with the prior-year period. The reason for this was the decline in revenue in the Security Technologies segment because of new and continued lockdowns, travel restrictions and social distancing requirements resulting from COVID-19. By contrast, revenue in the Environmental Technologies segment increased substantially by +63.8%. Because of the lower absolute size of this segment compared with Security Technologies, however, it was not possible to fully offset the decline in the latter's business.

Broken down by regions, BCM Group's revenue development in EMEA, with +7.1% growth to €15,304 thousand, was very stable. Slight growth of +3.2% to €3,803 thousand was recorded in APAC. In the Americas revenue fell by -35.1% to € 3,369 thousand. In addition to the effects of the pandemic in the reporting period, this was in particular due to large deliveries of KVM technology in course of a U.S. project in the first quarter of the prior year 2020.

The adjusted EBITDA margin increased significantly to 15.1% in the second quarter. It was still 7.4% in Q1 2021. Nevertheless, at 11.4% in H1 2021, the adjusted EBITDA margin was still significantly lower than the prior-period figure of 20.4%.

### Operating segments

| | Reportable segments | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Environmental Technologies | | Security Technologies | | Central Functions and consolidation | | Group | |
| € thousand | H1 2021 | H1 2020 | H1 2021 | H1 2020 | H1 2021 | H1 2020 | H1 2021 | H1 2020 |
| Revenue | 9,757 | 5,956 | 12,718 | 17,203 | - | - | 22,476 | 23,160 |
| Revenue growth | 63.8% | | (26.1%) | | | | (3.0%) | |
| Gross profit | 7,745 | 4,676 | 8,687 | 12,469 | - | - | 16,433 | 17,144 |
| Gross profit margin | 79.4% | 78.5% | 68.3% | 72.5% | | | 73.1% | 74.0% |
| Adjusted EBITDA | 3,069 | 1,605 | 2,138 | 5,300 | (2,650) | (2,189) | 2,556 | 4,716 |
| Adjusted EBITDA margin | 31.4% | 26.9% | 16.8% | 30.8% | | | 11.4% | 20.4% |

**Environmental Technologies |** Revenue grew by +63.8% in the Environmental Technologies segment (Palas). This was due in particular to the high volume of business with new products for testing the effectiveness of respiratory masks. To some extent, there was also a revival in demand for conventional products for the certified measurement of fine dust in ambient air. A large number of procurement measures had been delayed in this area in fiscal year 2020 due to lockdown measures and social distancing restrictions.

The gross profit margin increased from 78.5% in H1 2020 to 79.4% in the reporting period.

The adjusted EBITDA margin increased from 26.9% in the prior-year period to 31.4%. This was due primarily to the high level of revenue and the resulting economies of scale.

In its development activities, Palas worked on expanding the functionalities of the AQ Guard measurement device, which can also be used indoors, among other things. These relate to the additional measurement of NO, O3, SO2 and CO to cover the most important indicators of air quality in addition to fine dust. Additionally, a number of certification projects are in progress in a range of regional markets, such as the ASTM (American Society for Testing and Materials) and CCEP (China Certification for Environmental Products) standards. In order to optimize the algorithms for fine dust measurement to the local situation, corresponding measurement campaigns are being performed in China. Moreover, Palas strengthened its research and development department by adding software capacity, with the aim of extending Palas's offering to include digital services and products.

**Security Technologies |** Because of customers' project postponements triggered by the COVID-19 pandemic, the Security Technologies segment (IHSE) recorded a -26.1% decline in revenue. Additionally, revenue was relatively strong in the prior-year first quarter, which further reinforced the drop in revenue for the first half of the year. Due to renewed or continuing lockdowns, travel restrictions and social distancing requirements, customer orders are being delayed, and the more difficult on-site interaction with customers had a negative impact on the segment's course of business. Still, the planning of infrastructure projects is seen to progress, however with a tendency towards considerable delays in placing orders and in the subsequent realization. There are no significant cancellations of projects, nor have an increased number of projects been lost to competitors. The volume of the sales pipeline is growing continuously – most recently especially in China. Order intake picked up significantly, growing substantially year-on-year in the reporting period to reach +15.3%. In light of expected further easing measures, management is anticipating catch-up effects and stronger revenue in the second half of 2021 on this basis.

At 68.3%, the gross profit margin was below the level of the prior-year period (72.5%). Next to currency-related effects, this was attributable primarily to adverse shifts in the revenue mix and higher material costs. A smaller proportion of revenue was attributable to more profitable switches in the product mix in the reporting period. The general shortage of supplies of electronic components and semiconductors additionally had an impact, as higher material costs had to be accepted in H1 2021 than in the prior-year comparative period in order to safeguard supply availability. Furthermore, there are individually negotiated discounts on list prices with all customers, with an increase in the share of revenue from customers with above-average discount recorded in the reporting period.

At 16.8%, the adjusted EBITDA margin was down substantially on the level of the prior-year period (30.8%). In addition to the reduced gross profit margin, this was due to the interaction between the significantly lower level of revenue and the existing fixed costs.

The ongoing processes for further security certifications of IHSE products, in particular the U.S. National Information Assurance Partnership (NIAP) and the international Common Criteria for Information Technology Security Evaluation, are at an advanced stage. However, restrictions triggered by the pandemic at the testing laboratories involved are delaying the certification processes. In addition, IHSE is playing a leading role in a pilot project sponsored by the German Federal Ministry of Transport and Digital Infrastructure (BMVI) involving the development of a smart city control center for autonomous and connected driving in logistics at the Friedrichshafen test site (project ALFRIED).

IHSE opened its first sales office in China effective 20 April 2021. The subsidiary IHSE China Co., Ltd. was formed in Guangzhou, China, for this purpose.

**Central Functions |** Costs rose in the Central Functions at the level of adjusted EBITDA. This was a result primarily of higher due diligence activities compared with the H1 2020 prior-year period. Thus, the costs for the in-depth review of potential acquisition targets amounted to €694 thousand, compared with only €394 thousand in the prior-year comparative period.

After a slow start to the first quarter of 2021, activity in the M&A market increased significantly in the second quarter. Despite the persistent effects of the COVID-19 pandemic and the associated uncertainties in the market, the first half of 2021 recorded strong growth, measured by the number of transactions with German involvement, compared with the first half of 2020. It is worth noting here that the number of transactions increased not only compared with the prior-year period impacted by the coronavirus, it is also higher than the first half of 2019. At the same time, purchase prices paid have also risen. This applies in particular to companies from the healthcare, medical technology, digitalization and other technology-driven sectors.

# Results of operations

As explained in detail in the segment reporting, consolidated revenue declined by 3.0% to €22,476 thousand in H1 2021. Total output increased by 2.8% to €23,902 thousand. Cost of materials rose by 22.4% to €7,469 thousand, personnel expenses by 11.8% to €9,720 thousand and depreciation and amortization expenses by 28.7% to €957 thousand. Other operating expenses decreased by 13.9% to €5,304 thousand. In the prior-year period, this item comprised costs of the preparation of the initial listing of €1,745 thousand. Amortization of intangible assets identified in initial consolidation decreased by 12.5% to €3,416 thousand. Finance costs rose by 161.5% to €2,935 thousand and were driven primarily by expenses of €1,719 thousand from the remeasurement of the NCI put provision because of the EBITDA growth at Palas expected for the current fiscal year. If the effects of the NCI put are eliminated, finance costs amounted to €1,151 thousand, compared with €1,064 thousand in the prior-year period. Please refer to Note 38 to our 2020 Consolidated Financial Statements for further information on the NCI put. After income taxes, the net loss for the year was €5,591 thousand (previous year: €3,254 thousand).

# Net assets

With total assets of €299,832 thousand, the Group's assets are split between 54.1% non-current assets and 45.9% current assets as of the reporting date. The largest items quantitatively are intangible assets, including goodwill (€149,904 thousand), cash and cash equivalents (€119,758 thousand), property, plant and equipment (€11,791 thousand) and inventories (€11,361 thousand). Intangible assets relate primarily to the customer base, basic technologies and trademarks 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 attributable in particular to the amortization of PPA assets and the decrease in trade receivables. Trade receivables had been higher as of 31 December 2020, because of the strong revenue performance at the end of last year.

Inventories were selectively increased to offset emerging supply bottlenecks, especially in the area of electronic components. Inventories therefore came to €11,361 thousand as of the reporting date, corresponding to a 17.0% increase compared with the figure as of 31 December 2020.

# Financial position

The Group's cash and cash equivalents at the reporting date amounted to €119,758 thousand. Senior loans amounted to €43,198 thousand, resulting in net senior cash of €76,560 thousand after deduction of cash and cash equivalents. Senior loans declined by €2,178 thousand compared with 31 December 2020. Together with real estate loans (€5,988 thousand), lease liabilities (€1,155 thousand) and NCI put liabilities (€1,516 thousand), financial liabilities amounted to €51,857 thousand, corresponding to a €2,404 thousand reduction compared with 31 December 2020 (€54,261 thousand). The decline in senior and real estate loans resulted from the contractual continuing repayment of principal.

The deferred tax liabilities of €15,497 thousand relate almost entirely to the customer bases, basic technologies and trademarks identified in the course of purchase price allocation for the Palas and IHSE acquisitions (PPA assets) and will be reversed through profit or loss (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 €218,411 thousand, equal to 72.8% of total assets. This is largely the same percentage as reported as of 31 December 2020, when the equity of €223,437 thousand accounted for 72.9% of total assets. For information on treasury shares, please refer to Note 11 in the selected notes to the Interim Consolidated Financial Statements.

Cash flow from operating activities was €866 thousand, or €2,622 thousand before income taxes paid and resulted primarily from the operating earnings contributions of Palas and IHSE. In the prior-year period, it came to €2,693 thousand, or €2,966 thousand before income taxes. The reduction of cash flow from operating activities essentially resulted from aperiodic payments of income taxes.

Cash flow from investing activities amounting to €-938 thousand consisted principally of amounts paid to acquire items of property, plant and equipment and capitalized development costs. This negative item increased compared with the prior-year period (€-411 thousand), mainly as a result of higher payments to acquire property, plant and equipment.

Cash flow from financing activities amounted to €-3,838 thousand, and was driven primarily by regular payments of principal and interest on senior loans and real estate loans. The positive cash flow from financing activities of €1,090 thousand in the prior-year period was attributable to a capital increase of €4,822 thousand, which increased liquidity, in contrast to the payments of principal and interest.

# Risks and opportunities

### New requirements for risk management systems

The Group significantly expanded its risk management system in the reporting period. The background to this are the increased requirements applied to these systems by the new version of Auditing Standard 340 issued by the Institut der Wirtschaftsprüfer in Deutschland e.V. (IDW AuS 340, as amended). The new requirements must be applied for fiscal years beginning after 31 December 2020. New mandatory components include in particular the definition and quantification of risk-bearing capacity and the systematic aggregation of risks. Risk-bearing capacity is defined as the maximum risk exposure that a company can bear without jeopardizing its continued existence. Aggregation serves to provide reliable information about whether or not any identified risk poses a threat to the company as a going concern, not only by itself but also in combination with other risks.

### Risk-bearing capacity and risk aggregation

A measure of the Group's risk-bearing capacity was defined in order to meet the new requirements. A Monte Carlo simulation (stochastic method) was performed to aggregate risks. It is based on the risks identified and quantified in the course of the Group risk inventory. To ensure greater meaningfulness when simulating risks as random events, the quantification of risks was expanded in the reporting period. In the past fiscal year, this was done by estimating a probability of occurrence and an extent of any loss if the risk occurs. The assessment of the extent of loss was extended in the reporting period by an estimate of the most likely loss as well as the lowest and highest loss that can reasonably be expected. As well as a random simulation of the occurrence of a risk, this allows an equally random loss amount with the expected value of the most likely loss, but additionally with the possibility of a lower or higher loss incurred. Any identified interdependencies between individual risks were also taken into account.

The outcome of the aggregation model is a distribution of a multitude of total extents of loss that occurred, each with a different frequency in a relevant loss interval. Based on these data points, we are able to quantify interactions between the risks identified on a Group-wide basis. For example, confidence levels can be used to establish the probability that the sum of all risks occurring will not fall below a certain loss value.

### Limitations inherent to the model

The data used in the aggregation model is based predominantly on the probabilities of occurrence and extents of loss reported by the relevant Group companies. These are based in part on estimates that can only be supported to a limited extent by historical or other data. Individual judgement therefore significantly affects the overall outcome of risk aggregation.

The aggregation model reflects all quantifiable risks reported across the Group. Risks not covered by the aggregation model include in particular compliance risks, whose impact cannot be estimated reliably.

Despite the limitations described above, we consider the results of the aggregation model to be suitable overall for allowing us to make an appropriate assessment of the risks.

### Changes in risks

Changes in the risk situation are explained in the following. We refer in the following to the risk classification using the risk score in line with page 43 of our 2020 Annual Report.

**Bikeleasing acquisition |** BCM Group signed a purchase agreement for the indirect acquisition of a majority interest in Bikeleasing on 16 June 2021 and subsequently disclosed a significantly raised pro forma forecast for the current fiscal year 2021. Should the transaction not close in the second half of 2021 as planned, this would have a material adverse effect on BCM Group's results of operations, net assets and financial position. We classify this risk as a "very high risk", with a risk score of 4.

**Suppliers |** The procurement situation with regard to various goods, such as electronic components and sheet metal parts, came under significant strain in the second quarter of the current fiscal year 2021. Some delivery times have increased sharply and in some cases, purchase prices have increased as a result. In our 2020 Annual Report, we assigned the supplier risk to the "high risks" category, with a risk score of 3. Based on the increased probability of occurrence, we now classify this risk as a "very high risk", with a risk score of 4.

The Group has not identified any risks that, individually or in combination with other risks, could affect the continued existence of the Group as a going concern.

### Changes in opportunities

There has essentially been no change in the opportunity situation compared with the disclosures in our 2020 Combined Management Report. The business of the Environmental Technologies and Security Technologies segments have opportunities to perform better than planned, thanks to their technology leadership in markets with strong growth drivers. Environmental Technologies can benefit from a general increase in public awareness of the issue of air quality and aerosols. Customer demand in the Security Technologies 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.

In the case of a successful closing of the Bikeleasing acquisition, BCM Group would gain access to further substantial opportunities. Such opportunities are based on the attractive market environment of Bikeleasing, its efficient and scalable platform as well as the high potential for internationalization.

# Forecast

### Pro forma forecast

On 16 June 2021, BCM Group disclosed a pro forma forecast for current fiscal year 2021 by way of an ad hoc announcement. As a result of the signing of the purchase agreement for the acquisition of Bikeleasing, that pro forma forecast stated pro forma revenue of between €120 million and €130 million, with an adjusted pro forma EBITDA of approximately €34 million (adjusted pro forma EBITDA margin of between 26% and 28%). That pro forma forecast was subject to, amongst other reservations, especially increased uncertainties regarding Bikeleasing's IFRS conversion.

On 16 August 2021, the pro forma forecast was increased significantly and now states expected pro forma revenue of between €125 million and €135 million at expected adjusted pro forma EBITDA of between €42 million and €46 million. This corresponds to an adjusted pro forma EBITDA margin between 31% and 37%. The increase of the pro forma forecast was conducted in light of a far progressed conversion of Bikeleasing's key metrics to IFRS.

The forecast performance indicators are pro forma values under full consolidation of Bikeleasing. This means that earnings of the Group are presented as if the acquisition of Bikeleasing had already taken place on 1 January 2021. The pro forma forecast is subject to closing of the acquisition in the current fiscal year. There still are uncertainties regarding the IFRS conversion of Bikeleasing as well as conditions precedent to the transaction such as the successful completion of a qualifying holding procedure by the Bundesanstalt für Finanzdienstleistungsaufsicht („BaFin") and the transaction is subject to financing. For definitions of alternative performance measures, please refer to page 73 of the 2020 Annual Report of BCM AG, which can be found at https://ir.bcm-ag.com/websites/brockhaus/English/3000/publications.html.

The forecast using pro forma information was not part of the group auditor's review of the Interim Group Management Report.

### "As-is" forecast

With regards to the "as-is" forecast, please refer to page 47 and 48 of our Annual Report 2020. "As-is" forecast means that the earnings metrics of BCM Group are planned on the basis of the actual scope of consolidation during the forecast period. We expect the Bikeleasing acquisition to have a positive effect on forecast revenue as well as on forecast adjusted EBITDA margin. The precise effects essentially depend on if and when the acquisition can be closed, which to date is not sufficiently clear.

# 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 at 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 2020 Combined Management Report and our H1 Interim Group Management 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 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, BCM Group will notify this in accordance with the statutory disclosure requirements.

# Related party transactions

For information on related party transactions, please refer to Note 14 in the selected notes to the Interim Consolidated Financial Statements.

# Events after 30 June 2021

For information on significant events after the reporting date, please refer to Note 16 in the selected notes to the Interim Consolidated Financial Statements.

# Interim Consolidated Financial Statements

## Consolidated statement of comprehensive income

| € thousand | H1 2021 | H1 2020 |
|---|---|---|
| **Revenue** | **22,476** | **23,160** |
| Increase/ (decrease) in finished goods and work in progress | 847 | (188) |
| Other own work capitalized | 579 | 276 |
| **Total output** | **23,902** | **23,248** |
| Cost of materials | (7,469) | (6,103) |
| **Gross profit** | **16,433** | **17,144** |
| Personnel expenses excluding share-based payments | (9,600) | (8,576) |
| Personnel expenses from share-based payments | (121) | (120) |
| Other operating expenses | (5,304) | (6,163) |
| Impairment loss on trade receivables | - | (6) |
| Other operating income | 400 | 571 |
| Depreciation of property, plant and equipment and amortization of intangible assets | (957) | (744) |
| Amortization of intangible assets identified in initial consolidation | (3,416) | (3,903) |
| Finance costs | (2,935) | (1,123) |
| Finance income | 1 | 87 |
| Financial result | (2,934) | (1,036) |
| **Earnings before tax** | **(5,500)** | **(2,832)** |
| Income tax expense | (91) | (422) |
| **Profit or loss** | **(5,591)** | **(3,254)** |
| of which attributable to BCM AG shareholders | (5,588) | (3,254) |
| of which attributable to non-controlling interests | (3) | - |
| Foreign currency translation adjustments* | 485 | (24) |
| **Total comprehensive income** | **(5,106)** | **(3,278)** |
| of which attributable to BCM AG shareholders | (5,102) | (3,278) |
| of which attributable to non-controlling interests | (3) | - |
| | | |
| Weighted average number of shares outstanding | 10,385,853 | 6,299,626 |
| Earnings per share** (€) | (0.54) | (0.52) |

* 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.

# Consolidated statement of financial position

| € thousand | 30 June 2021 | 31 Dec. 2020 |
|---|---|---|
| **Assets** | | |
| Tangible fixed assets | 11,791 | 11,715 |
| Intangible assets and goodwill | 149,904 | 152,733 |
| Deferred tax assets | 613 | 563 |
| **Non-current assets** | **162,308** | **165,011** |
| Inventories | 11,361 | 9,710 |
| Trade receivables | 5,044 | 7,235 |
| Other assets | 755 | 394 |
| Prepayments | 605 | 525 |
| Cash and cash equivalents | 119,758 | 123,544 |
| **Current assets** | **137,524** | **141,408** |
| **Total assets** | **299,832** | **306,419** |

| € thousand | 30 June 2021 | 31 Dec. 2020 |
|---|---|---|
| **Equity and liabilities** | | |
| Subscribed capital | 10,387 | 10,387 |
| Capital reserves | 227,688 | 227,688 |
| Other reserves | 336 | 256 |
| Currency translation differences | (1,220) | (1,705) |
| Net accumulated losses | (18,776) | (13,188) |
| Equity attributable to BCM AG shareholders | 218,415 | 223,438 |
| Non-controlling interests | (4) | (1) |
| **Equity** | **218,411** | **223,437** |
| Non-current financial liabilities | 45,480 | 48,118 |
| Other provisions | 3,852 | 2,048 |
| Deferred tax liabilities | 15,497 | 16,296 |
| **Non-current liabilities** | **64,829** | **66,461** |
| Current tax liabilities | 2,188 | 2,831 |
| Current financial liabilities | 6,377 | 6,143 |
| Trade payables | 1,859 | 1,488 |
| Other current liabilities | 5,067 | 4,852 |
| Contract liabilities | 954 | 1,055 |
| Other provisions | 147 | 151 |
| **Current liabilities** | **16,592** | **16,521** |
| **Liabilities** | **81,421** | **82,982** |
| **Total equity and liabilities** | **299,832** | **306,419** |

# Consolidated statement of changes in equity

| € thousand | Subscribed capital | Capital reserves | Other reserves | Currency translation differences | Net accumulated losses | Equity attributable to BCM AG shareholders | Non-controlling interests | Equity |
|---|---|---|---|---|---|---|---|---|
| **1 Jan. 2021** | **10,387** | **227,688** | **256** | **(1,705)** | **(13,188)** | **223,438** | **(1)** | **223,437** |
| Profit or loss | - | - | - | - | (5,588) | (5,588) | (3) | (5,591) |
| Other comprehensive income | - | - | - | 485 | - | 485 | - | 485 |
| Equity-settled share-based payment transactions | - | - | 79 | - | - | 79 | - | 79 |
| **30 June 2021** | **10,387** | **227,688** | **336** | **(1,220)** | **(18,776)** | **218,415** | **(4)** | **218,411** |
| | | | | | | | | |
| **1 Jan. 2020** | **6,642** | **118,727** | **97** | **(90)** | **(6,459)** | **118,917** | **-** | **118,917** |
| Transactions with shareholders | | | | | | | | |
| Capital increases | 151 | 4,671 | - | - | - | 4,822 | - | 4,822 |
| Cost of capital increases | - | (945) | - | - | - | (945) | - | (945) |
| Profit or loss | - | - | - | - | (3,254) | (3,254) | - | (3,254) |
| Other comprehensive income | - | - | - | (24) | - | (24) | - | (24) |
| Equity-settled share-based payment transactions | - | - | 79 | - | - | 79 | - | 79 |
| **30 June 2020** | **6,793** | **122,453** | **176** | **(114)** | **(9,713)** | **119,595** | **-** | **119,595** |

# Consolidated statement of cash flows

| € thousand | H1 2021 | H1 2020 |
|---|---|---|
| Profit or loss | (5,591) | (3,254) |
| (Income taxes paid)/ income tax refunds | (1,756) | (273) |
| Income tax expense/ (income tax income) | 91 | 422 |
| Expenses for equity-settled share-based payment transactions | 79 | 79 |
| Amortization and impairment losses | 4,373 | 4,647 |
| Financial result | 2,934 | 1,036 |
| Other non-cash expenses/ (income) | (15) | (20) |
| (Increase)/ decrease in inventories, trade receivables and other assets not attributable to investing or financing activities | 228 | (903) |
| Increase/ (decrease) in trade payables and other liabilities not attributable to investing or financing activities | 481 | 911 |
| Increase/ (decrease) in other provisions | 40 | 48 |
| **Cash flow from operating activities** | **866** | **2,693** |
| Payments to acquire property, plant and equipment | (689) | (225) |
| Payments to acquire intangible assets | (30) | (18) |
| Capitalized development costs | (220) | (169) |
| Interest received | 1 | 1 |
| **Cash flow from investing activities** | **(938)** | **(411)** |
| Repayment of loans and other financial liabilities | (2,484) | (2,282) |
| Repayment of lease liabilities | (317) | (253) |
| Interest paid | (1,037) | (1,083) |
| Proceeds from issuance of shares | - | 4,822 |
| Cost of capital increases | - | (114) |
| **Cash flow from financing activities** | **(3,838)** | **1,090** |
| **Change in cash and cash equivalents** | **(3,910)** | **3,373** |
| Effect of exchange rate changes on cash and cash equivalents | 125 | (5) |
| Cash and cash equivalents* at beginning of period | 123,544 | 17,171 |
| Cash and cash equivalents* at end of period | 119,758 | 20,539 |

* Cash and cash equivalents correspond to the cash and cash equivalents reported in the statement of financial position.

# Selected notes

## 1. Company and general information

The registered office of Brockhaus Capital Management AG (**BCM AG**, or the **Company**, or the **parent company**, together with its subsidiaries **BCM Group** 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 1 January 2021 to 30 June 2021 (**reporting period** or **H1 2021**) and include comparative disclosures for the period from 1 January 2020 to 30 June 2020 (**prior-year period** or **H1 2020**).

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 (**-**).

Effective 20 April 2021, Group company IHSE GmbH Asia Pacific Pte Ltd established the new foreign subsidiary **IHSE China Co., Ltd.**, whose registered office is in Guangzhou, China. It was therefore initially included in the scope of consolidation in the reporting period.

On 16 June 2021, BCM AG signed a purchase agreement to acquire a majority interest in Bikeleasing. The closing of the transaction is subject to a financing contingency and various conditions precedent, such as the successful completion of a qualifying holding procedure by BaFin.

## 2. Accounting policies

The 2020 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 2020 Consolidated Financial Statements for information on the accounting policies applied by the Group.

The Interim Consolidated Financial Statements were reviewed by the auditor of the Consolidated Financial Statements.

### 3. Impact of the COVID-19 pandemic

Business performance in the reporting period was impacted significantly by the effects of the COVID-19 pandemic. BCM Group took this situation into account in the judgments and assumptions made when preparing the accompanying interim consolidated financial statements.

Revenue

In the Security Technologies segment, the COVID-19 pandemic led to the postponement of some major projects and this resulted in lower revenue. This was partly offset by continuous growth in the basic business with existing customers and smaller customers. It is not possible to quantify the amount of revenue delayed as a result of the pandemic sufficiently precisely.

Government assistance

The Group used government assistance programs granted by the countries affected by the pandemic. As in the previous year, the Group again used the Paycheck Protection Program (PPP) established under the Coronavirus Aid, Relief and Economic Security (CARES) Act to obtain a loan of USD 251 thousand (€208 thousand) in the U.S. Provided that the related conditions are satisfied, BCM Group expects the loan to be forgiven in Q4 2021. The liability would consequently be reversed in profit or loss in the future. The Group received USD 15 thousand (€12 thousand) under local support programs in Singapore.

Income tax payments

In the past fiscal year 2020, the Group partially exercised the option to defer income tax payments for 2019. The corresponding payments to the tax authorities have now been made in the reporting period. In some cases, taxes for 2020 have not yet been assessed and were subsequently not yet paid. As of the reporting date, this situation resulted in tax liabilities of €1,669 thousand. Advance tax payments in the Security Technologies segment were reduced for the current fiscal year 2021.

Goodwill

As an indefinite-lived intangible asset, goodwill is tested annually for impairment. It is also tested for impairment if there are indications that its carrying amount may be impaired (triggering events). As at 30 June 2021, the Group performed a qualitative analysis of each of its cash-generating units (**CGUs**) to determine if there were such indications. There were no such indications for the Palas CGU, in particular because Palas' revenue and adjusted EBITDA are considerably higher than the comparable H1 2020 figures. There were triggering events indicating potential impairment in the Security Technologies segment in particular because of the sharp drop in revenue in H1 2021. For this reason, the goodwill of the "IHSE" CGU was tested for impairment as of 30 June 2021. This did not result in any indications of impairment. Please refer to Note 10 under selected notes.

Credit risk

The Group did not record any significant defaults due to COVID-19, nor does it expect any significant increase in credit risk in future. The Group therefore did not make any material changes to its estimate of expected losses for trade receivables.

### 4. 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. For definitions and detailed explanations of the **adjusted alternative performance measures**, please refer to Note 7 to our 2020 Consolidated Financial Statements.

**Calculation of adjusted EBITDA**

| € thousand | H1 2021 | H1 2020 |
|---|---|---|
| **Earnings before tax** | **(5,500)** | **(2,832)** |
| Financial result | 2,934 | 1,036 |
| Amortization and impairment losses | 4,373 | 4,647 |
| **EBITDA** | **1,808** | **2,851** |
| Share-based payments | 121 | 120 |
| Cost of acquisition of subsidiaries | 627 | - |
| Cost of equity transactions | - | 1,745 |
| **Adjusted EBITDA** | **2,556** | **4,716** |
| *Adjusted EBITDA margin* | *11.4%* | *20.4%* |

**Calculation of adjusted EBIT**

| € thousand | H1 2021 | H1 2020 |
|---|---|---|
| **Earnings before tax** | **(5,500)** | **(2,832)** |
| Financial result | 2,934 | 1,036 |
| **EBIT** | **(2,565)** | **(1,796)** |
| PPA amortization | 3,416 | 3,903 |
| Share-based payments | 121 | 120 |
| Cost of acquisition of subsidiaries | 627 | - |
| Cost of equity transactions | - | 1,745 |
| **Adjusted EBIT** | **1,599** | **3,972** |
| *Adjusted EBIT margin* | *7.1%* | *17.2%* |

**Calculation of adjusted earnings and adjusted earnings per share**

| € thousand | H1 2021 | H1 2020 |
|---|---|---|
| **Profit or loss** | **(5,591)** | **(3,254)** |
| Share-based payments | 121 | 120 |
| Financial result from NCI put | 1,784 | 59 |
| Cost of acquisition of subsidiaries | 627 | - |
| Cost of equity transactions | - | 1,745 |
| PPA amortization | 3,416 | 3,903 |
| Deferred taxes attributable thereto | (938) | (1,049) |
| **Adjusted earnings** | **(581)** | **1,524** |
| of which: BCM AG shareholders | (578) | 1,524 |
| of which: non-controlling interests | (3) | - |
| Number of shares outstanding | 10,385,853 | 6,299,626 |
| **Adjusted earnings per share (€)** | **(0.06)** | **0.24** |

The cost of acquisition of subsidiaries in the reporting period includes expenses for due diligence advisors with regard to the in-depth review of Bikeleasing in the run-up to signing the share purchase agreement. In addition, legal counsel fees for negotiating and notary fees for notarizing the share purchase agreement were adjusted in this item. If the purchase agreement closes in the second half of 2021, further significant costs will be incurred, in particular for a purely success-based brokerage fee for the acquisition.

## 5. Operating segments

| | Reportable segments | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Environmental Technologies | | Security Technologies | | Total | | Central Functions | | Consolidation | | Group | |
| € thousand | H1 2021 | H1 2020 | H1 2021 | H1 2020 | H1 2021 | H1 2020 | H1 2021 | H1 2020 | H1 2021 | H1 2020 | H1 2021 | H1 2020 |
| Revenue | 9,757 | 5,956 | 12,718 | 17,203 | 22,475 | 23,160 | 135 | - | (135) | - | 22,476 | 23,160 |
| Gross profit | 7,745 | 4,676 | 8,687 | 12,469 | 16,432 | 17,144 | - | - | 1 | - | 16,433 | 17,144 |
| **Adjusted EBITDA** | **3,069** | **1,605** | **2,138** | **5,300** | **5,206** | **6,905** | **(2,650)** | **(2,189)** | **-** | **-** | **2,556** | **4,716** |
| Share-based payments | | | | | | | | | | | (121) | (120) |
| Cost of acquisition of subsidiaries | | | | | | | | | | | (627) | - |
| Cost of equity transactions | | | | | | | | | | | - | (1,745) |
| EBITDA | | | | | | | | | | | 1,808 | 2,851 |
| | | | | | | | | | | | | |
| Trade working capital* | 5,642 | 5,235 | 9,185 | 10,518 | 14,827 | 15,752 | (280) | (1,774) | - | - | 14,547 | 13,979 |
| Cash and cash equivalents | 4,698 | 2,507 | 11,210 | 8,279 | 15,908 | 10,787 | 103,850 | 9,752 | - | - | 119,758 | 20,539 |
| Financial liabilities | 16,004 | 16,476 | 38,854 | 42,368 | 54,858 | 58,845 | 275 | 106 | (3,276) | - | 51,857 | 58,951 |
| | | | | | | | | | | | | |
| **Revenue by region** | | | | | | | | | | | | |
| **EMEA** | **7,249** | **4,607** | **8,054** | **9,678** | **15,303** | **14,284** | **135** | **-** | **(135)** | **-** | **15,304** | **14,284** |
| Germany | 3,589 | 2,257 | 1,398 | 2,966 | 4,987 | 5,223 | 135 | - | (135) | - | 4,987 | 5,223 |
| Netherlands | 3 | 1 | 2,987 | 2,894 | 2,991 | 2,895 | - | - | - | - | 2,991 | 2,895 |
| United Kingdom | 623 | 337 | 151 | 211 | 775 | 548 | - | - | - | - | 775 | 548 |
| France | 705 | 479 | 1,093 | 271 | 1,798 | 749 | - | - | - | - | 1,798 | 749 |
| Italy | 732 | 260 | 428 | 372 | 1,160 | 632 | - | - | - | - | 1,160 | 632 |
| Other | 1,597 | 1,274 | 1,996 | 2,963 | 3,593 | 4,237 | - | - | - | - | 3,593 | 4,237 |
| **Americas** | **925** | **528** | **2,444** | **4,662** | **3,369** | **5,190** | **-** | **-** | **-** | **-** | **3,369** | **5,190** |
| U.S. | 688 | 520 | 2,434 | 4,662 | 3,122 | 5,182 | - | - | - | - | 3,122 | 5,182 |
| Other | 236 | 8 | 11 | - | 247 | 8 | - | - | - | - | 247 | 8 |
| **APAC** | **1,584** | **821** | **2,219** | **2,863** | **3,803** | **3,684** | **-** | **-** | **-** | **-** | **3,803** | **3,684** |
| China | 820 | 187 | 584 | 2,082 | 1,404 | 2,269 | - | - | - | - | 1,404 | 2,269 |
| Other | 764 | 634 | 1,635 | 782 | 2,399 | 1,416 | - | - | - | - | 2,399 | 1,416 |
| **Total** | **9,757** | **5,956** | **12,718** | **17,203** | **22,475** | **23,160** | **135** | **-** | **(135)** | **-** | **22,476** | **23,160** |

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

## 6. Revenue

Classification of revenue from contracts with customers

The Group generates revenue mostly from the sale of measuring devices and test rigs in the Environmental Technologies operating segment and from the sale of KVM devices and KVM systems in the Security Technologies operating segment. The following table classifies the Group's revenue from contracts with customers (IFRS 15) by the most important product and service lines and the timing of revenue recognition. Please refer to Note 5 for information on the geographical distribution of revenue.

Income from short-term leases of devices

In addition to revenue from contracts with customers under IFRS 15, the Group also reports income from short-term leases of devices under IFRS 16. Those income components are shown as separate line items in the following overview.

**Disaggregation of revenue**

| | Environmental Technologies | | Security Technologies | | Group | |
|---|---|---|---|---|---|---|
| € thousand | H1 2021 | H1 2020 | H1 2021 | H1 2020 | H1 2021 | H1 2020 |
| **External customers** | | | | | | |
| Products sold | 11,191 | 7,097 | 15,190 | 20,313 | 26,381 | 27,410 |
| Services rendered | 538 | 271 | 134 | 135 | 672 | 406 |
| **External gross revenue** | **11,729** | **7,368** | **15,324** | **20,447** | **27,054** | **27,816** |
| Sales allowances | (1,993) | (1,447) | (2,606) | (3,244) | (4,599) | (4,691) |
| **Revenue from contracts with customers** | **9,736** | **5,921** | **12,718** | **17,203** | **22,455** | **23,125** |
| Short-term leases of devices | 21 | 35 | - | - | 21 | 35 |
| **Revenue** | **9,757** | **5,956** | **12,718** | **17,203** | **22,476** | **23,160** |
| | | | | | | |
| **Timing of revenue recognition** | | | | | | |
| Point in time | 9,198 | 5,432 | 12,584 | 17,069 | 21,782 | 22,501 |
| Over time | 538 | 489 | 134 | 135 | 672 | 623 |
| **Revenue from contracts with customers** | **9,736** | **5,921** | **12,718** | **17,203** | **22,455** | **23,125** |
| Short-term leases of devices | 21 | 35 | - | - | 21 | 35 |
| **Revenue** | **9,757** | **5,956** | **12,718** | **17,203** | **22,476** | **23,160** |

## 7. Finance costs

Finance costs are composed of the following items:

| € thousand | H1 2021 | H1 2020 |
|---|---|---|
| Interest on financial liabilities at amortized cost | 869 | 1,052 |
| Negative interest on bank balances | 263 | - |
| Interest on lease liabilities | 19 | 11 |
| Unwinding of discount on NCI put liability | 65 | 59 |
| Remeasurement of NCI put provision | 1,719 | - |
| **Finance costs** | **2,935** | **1,123** |

## 8. Procedure for determining income taxes

In the reporting period, income taxes were recognized on the basis of best estimates of the weighted average annual income tax rate expected for the full year.

## 9. 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.

| | H1 2021 | H1 2020 |
|---|---|---|
| Profit or loss in € thousand | (5,588) | (3,254) |
| Weighted average number of shares outstanding | 10,385,853 | 6,299,626 |
| **Earnings per share (€)** | **(0.54)** | **(0.52)** |

Adjusted earnings per share are shown in the following table. Please refer to Note 4 for further information.

| Adjusted | H1 2021 | H1 2020 |
|---|---|---|
| Profit or loss in € thousand | (578) | 1,524 |
| Weighted average number of shares outstanding | 10,385,853 | 6,299,626 |
| **Earnings per share (€)** | **(0.06)** | **0.24** |

## 10. IHSE impairment test during the period

BCM Group generally tests goodwill for impairment once a year in accordance with IAS 36. Because of the coronavirus-related sharp decline in revenue in the Security Technologies segment in H1 2021, we identified triggering events indicating the potential impairment of goodwill. For this reason, the goodwill of the underlying “IHSE” cash-generating unit (CGU) was tested for impairment as of 30 June 2021. The test was conducted on the basis of the current financial planning and estimates. No need to recognize impairment losses as of 30 June 2021 was identified in the course of the goodwill impairment test of the “IHSE” CGU.

The assumptions used to determine the recoverability of goodwill are shown in the following table:

| | 30 June 2021 | 31 Dec. 2020 |
|---|---|---|
| Determination of recoverable amount | Value in use | Value in use |
| Discount rate | 8.43% | 8.36% |
| Pre-tax discount rate | 8.55% | 8.49% |
| Sustainable growth rate | 1.5% | 1.5% |
| Planning period | 5 years | 5 years |
| Forecast EBITDA growth rate (average for the next five years) | 15.0% | 18.1% |

## 11. Treasury shares

During the reporting period, group company Palas Holding GmbH acquired 1,244 shares in Brockhaus Capital Management AG. The background to this was the termination of the employment contract with a senior sales employee. He had acquired the shares in course of his employment at Palas. As a result of the termination of the employment contract, the leaving employee was obliged to transfer the shares to Palas Holding GmbH without compensation. Therefore, on the reporting date, Brockhaus Capital Management AG indirectly through Palas Holding GmbH held 1,244 treasury shares (previous year: -) which are to be recognized at cost as deduction from equity in the consolidated statement of financial position. On the transfer date, the market value per share was €27.20. Since the transfer was free of charge, cost of acquisition amount to €- and therefore there is no corresponding line item in the statement of financial position. The notional value of the treasury shares was € 1,244, accounting for 0.0120% of the share capital of € 10,386,808. The treasury shares held by the Group confer neither voting rights at annual general meetings nor dividend rights etc.

### 12. Financial liabilities

Financial liabilities are composed of the following items:

| | Non-current | | Current | | Total | |
|---|---|---|---|---|---|---|
| € thousand | 30 June 2021 | 31 Dec. 2020 | 30 June 2021 | 31 Dec. 2020 | 30 June 2021 | 31 Dec. 2020 |
| Senior loans | 37,816 | 40,249 | 5,382 | 5,127 | 43,198 | 45,376 |
| Real estate loans | 5,604 | 5,796 | 384 | 384 | 5,988 | 6,180 |
| Lease liabilities | 544 | 621 | 611 | 632 | 1,155 | 1,253 |
| NCI put liability | 1,516 | 1,451 | - | - | 1,516 | 1,451 |
| **Total financial liabilities** | **45,480** | **48,118** | **6,377** | **6,143** | **51,857** | **54,261** |

## 13. 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

| | Carrying amount | | | Fair value | | | |
|---|---|---|---|---|---|---|---|
| € thousand | Financial assets at amortized cost | Other financial liabilities | Total | Level 1 | Level 2 | Level 3 | Total |
| **30 June 2021** | | | | | | | |
| Trade receivables | 5,044 | - | 5,044 | | | | |
| Other receivables | 755 | - | 755 | | | | |
| Cash and cash equivalents | 119,758 | - | 119,758 | | | | |
| **Assets not measured at fair value** | **125,557** | **-** | **125,557** | | | | |
| Secured bank loans | - | 49,186 | 49,186 | - | 48,891 | - | 48,891 |
| NCI put liability | - | 1,516 | 1,516 | - | - | 1,516 | 1,516 |
| Trade payables | - | 1,859 | 1,859 | | | | |
| **Financial liabilities not measured at fair value** | **-** | **52,561** | **52,561** | | | | |
| | | | | | | | |
| **31 Dec. 2020** | | | | | | | |
| Trade receivables | 7,235 | - | 7,235 | | | | |
| Other receivables | 394 | - | 394 | | | | |
| Cash and cash equivalents | 123,544 | - | 123,544 | | | | |
| **Assets not measured at fair value** | **131,173** | **-** | **131,173** | | | | |
| Secured bank loans | - | 51,556 | 51,556 | - | 51,224 | - | 51,224 |
| NCI put liability | - | 1,451 | 1,451 | - | - | 1,451 | 1,451 |
| Trade payables | - | 1,488 | 1,488 | | | | |
| **Financial liabilities not measured at fair value** | **-** | **54,496** | **54,496** | | | | |

### 14. Related party transactions

Key management personnel

In respect of the Group, key management personnel include the members of the Management Board and Supervisory Board of BCM AG and the managing directors of the subgroup parent companies (IHSE AcquiCo GmbH and Palas Holding GmbH).

One member of the Supervisory Board advised the Group as an industry expert in the software/ IT sector in the course of due diligence examinations to evaluate potential acquisitions. In the prior-year period, members of the Executive Board subscribed for 65,234 shares of the Company at a price of €32.00 per share in the course of the capital increase in February 2020.

Other related parties

Management 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 BCM Group in the reporting period.

Brockhaus Private Equity GmbH, whose registered office is in Frankfurt, holds 2.4% of the voting rights in the Company at the reporting date and is controlled by members of the Management Board of BCM AG. There was a service relationship with Brockhaus Private Equity GmbH in the reporting period resulting from a sublease agreement.

| | Value of transactions | | Outstanding balances | |
|---|---|---|---|---|
| € thousand | H1 2021 | H1 2020 | 30 June 2021 | 30 June 2020 |
| **Key management personnel** | | | | |
| Due diligence costs | 13 | - | - | - |
| Issuance of shares | - | 2,087 | - | - |
| | | | | |
| **Other related parties** | | | | |
| Sublease | 53 | 53 | - | - |

### 15. Contingent liabilities

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

### 16. 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, 16 August 2021

Brockhaus Capital Management AG
The Executive Board

**Marco Brockhaus** **Dr Marcel Wilhelm**

# Review report

To Brockhaus Capital Management AG, Frankfurt am Main

We have reviewed the condensed interim consolidated financial statements of Brockhaus Capital Management AG – comprising consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and selected, explanatory notes – together with the interim group management report of the Brockhaus Capital Management AG, for the period from 1 January to 30 June 2021, that are part of the semi-annual financial report according to § 115 WpHG ("Wertpapierhandelsgesetz": "German Securities Trading Act"). The preparation of the condensed interim consolidated financial statements in accordance with International Accounting Standard IAS 34 "Interim Financial Reporting" as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the Company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We performed our review of the condensed interim consolidated financial statements and the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the EU, and that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor's report.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Frankfurt am Main, den 16 August 2021

KPMG AG
Wirtschaftsprüfungsgesellschaft

| | |
|---|---|
| Fox | Kast |
| Wirtschaftsprüfer | Wirtschaftsprüfer |
| (German Public Auditor) | (German Public Auditor) |

# Other information

## Financial calendar

| | |
|---|---|
| 15 November 2021 | Quarterly Statement 9M 2021 |

## Basis of reporting

This Half-Yearly Financial Report should be read in conjunction with the 2020 Consolidated Financial Statements and the 2020 Combined Management Report and the information contained therein. Those documents form part of the 2020 Annual Report and are available in the **Investors** section on our website **www.bcm-ag.com**.

The **reporting period** for this half-yearly financial report is the period 1 January 2021 to 30 June 2021. The **reporting date** is 30 June 2021.

The Interim Group Management Report and the Interim Consolidated Financial Statements were reviewed by the auditor of the consolidated financial statements.

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 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.

## Contact information

Harald Henning | Head of Finance
Phone: +49 69 20 43 40 985
Fax: +49 69 20 43 40 971
henning@bcm-ag.com

Paul Göhring | Head of Investor Relations
Phone: +49 69 20 43 40 978
Fax: +49 69 20 43 40 971
goehring@bcm-ag.com

## Legal notice

Brockhaus Capital Management AG
Thurn-und-Taxis-Platz 6
60313 Frankfurt am Main, Germany
Phone: +49 69 20 43 40 90
Fax: +49 69 20 43 40 971
info@bcm-ag.com
www.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