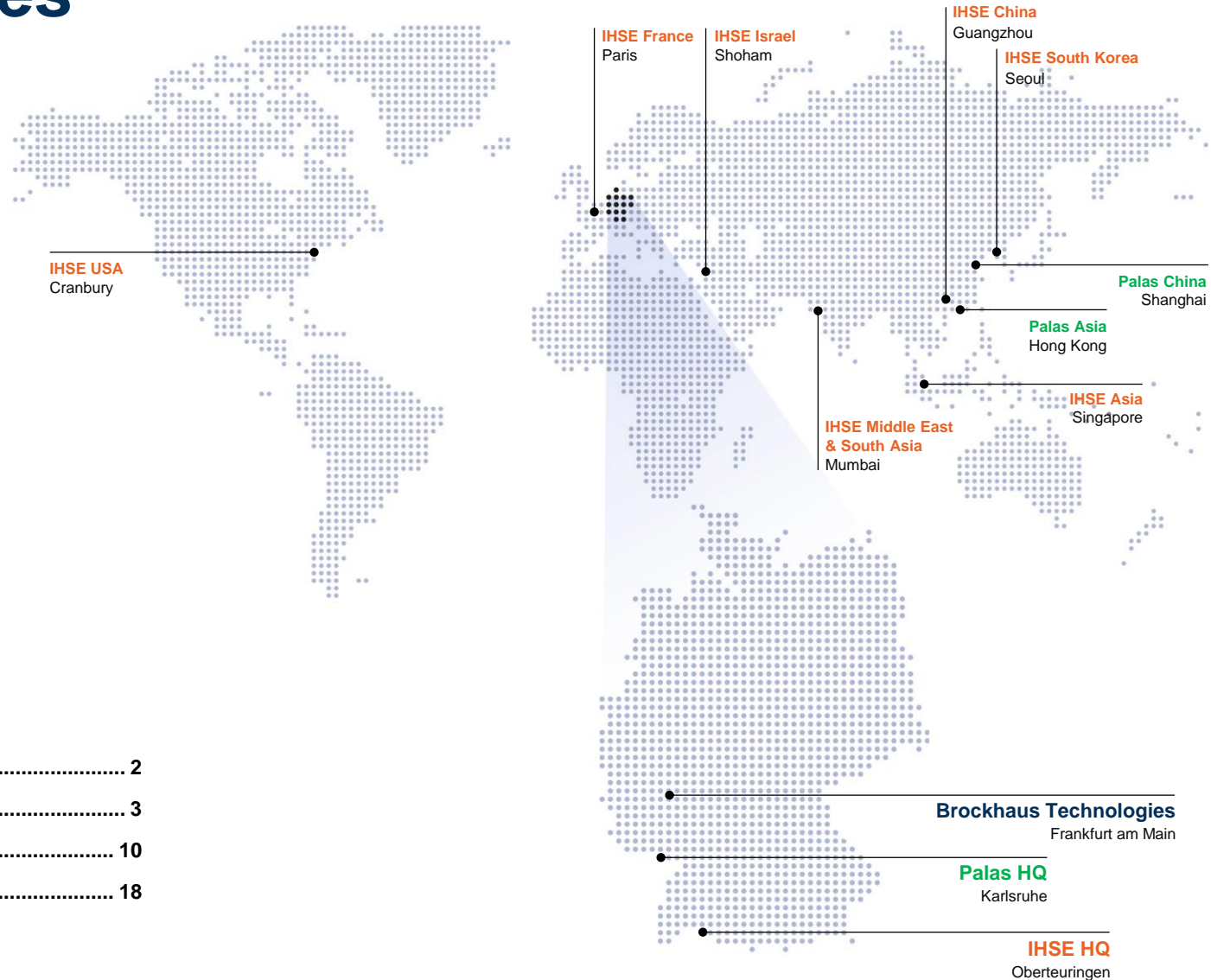


# Quarterly Statement

9M 2021



# Brockhaus Technologies at a glance



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# Significant developments

## Bikeleasing purchase agreement signed

Already in the second quarter of 2021, Brockhaus Technologies took a significant step towards further inorganic growth with the signing of a purchase agreement for the acquisition of a majority interest in Bikeleasing-Service GmbH & Co. KG (together with its affiliated companies, "Bikeleasing") on 16 June 2021. On 11 November 2021, BKHT signed, next to amended contracts with the sellers, the remaining documentation with the co-investors and debt financing providers, essentially concluding the final transaction structure. The closing of the transaction is still subject to the successful completion of a qualifying holding procedure by German Federal Financial Supervisory Authority (BaFin).

Bikeleasing develops and operates one of the leading digital B2B platforms for the facilitation and management of company bicycle leases. This enables 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.

The digital connection of all stakeholders involved – such as employees, employers and bicycle retailers – 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 at the bicycle retailer down to the purchase or return of the bike by the employee as well as insurance claims handling, the entire process is managed by their own digital platform, online or using the mobile app.

Currently, approximately 30,000 corporate customers are connected to the Bikeleasing platform. These include international conglomerates and middle market companies but also micro-enterprises with a handful of employees. Bikeleasing's corporate customers employ a total of more than 1.6 million employees.

In addition to cooperation with external leasing companies, Bikeleasing partially acts as the lessor in the lease. So as to allow for low capital intensity, 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** 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 via Bikeleasing and the average selling price is therefore far higher than the market average. Moreover, employees benefit from comprehensive insurance coverage 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 bicycle leasing to their employees. The lease payments are made from the employee's regular 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 the risk of employees leaving the company during the 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 employee health and achieve a positive publicity effect in terms of an improvement in its carbon footprint. Thereby, Bikeleasing directly supports the achievement of sustainability objectives in line with ESG criteria.

- > **Bicycle retailers** 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 retailers to pay a commission on the purchase price of the bicycles. In addition, by joining forces with Bikeleasing, the bicycle retailer gains a further sales channel for acquiring new customers through referrals from employees and employers.

Bikeleasing's current business volume is largely based on the corporate bicycle model. With approximately 30,000 connected corporate customers and their more than 1.6 million employees, the established digital platform however additionally offers undeveloped potential as a comprehensive "social benefits platform" by enabling the leasing of further products such as leasing of smartphones, tablets, computers etc. Demand for this is already emerging on the customer side.

The company, whose seat is in Vellmar with locations in Uslar as well as in Freiburg, 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.

Under the agreed transaction, the selling founders will remain significantly invested in Bikeleasing via a 40% interest held in the company. Based on a valuation of €300 million in addition to a locked-box interest on the purchase price of a high single-digit million amount, the financing will be composed of different elements on different organizational levels.

- > Brockhaus Technologies AG ("BKHT") will issue 560,829 new shares at a value of €13 million to the sellers through a contribution in kind capital increase, deploy existing cash of c. €89 million and receive a vendor loan of €15 million. At conclusion, BKHT will hold c. 95% in the intermediate holding company BCM Erste Beteiligungs GmbH ("BCM Erste"). The remaining c. 5% will be held by co-investors.
- > BCM Erste will take on a loan of €35 million from an external financing partner and at conclusion, hold c. 55% in the acquisition vehicle BCM Zweite Beteiligungs GmbH ("BCM Zweite"). 40% in BCM Zweite will be held by the founders of Bikeleasing and the remaining c. 5% by a co-investor.
- > BCM Zweite will take on a loan of €30 million from an external financing partner and at conclusion, directly and indirectly hold 100% in the companies of Bikeleasing group.

Calculated on a multiplicative basis, BKHT therefore holds c. 52% in Bikeleasing. In course of the transaction, all equity investors acquired their shares in Bikeleasing based on the same valuation. Pay-out of the loans is subject to customary conditions. The individual entities of Bikeleasing, under consideration of leasing receivables and cash and cash equivalents, hold no substantial net financial debt.

As the leasing company Hofmann Leasing GmbH is part of Bikeleasing, the closing of the transaction is still subject to the successful completion of a qualifying holding procedure by the German Federal Financial Supervisory Authority (BaFin) which is still expected during this year.

Only the purchase agreement was signed in the reporting period, and closing is still outstanding. Therefore, 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. The IFRS financials for Bikeleasing as per 30 September 2021 have not been finally compiled yet.

## Organizational buildup

In order to continually improve the future scalability of Brockhaus Technology as a technology group, the management structure of the Company was extended by an Executive Committee during the reporting period. In addition to the two members of the Executive Board, henceforth the two persons responsible for Finance and Acquisitions will hold a seat in the Executive Committee.

Also, the Executive Committee is already being supported by the Staff Positions of Human Resources & Recruiting as well as Marketing. Starting 1 December 2021, the third Staff Position of Investor Relations will be formed by a new hire.

## Renaming of the Company

On 16 June 2021, the Company's Annual General Meeting resolved to rename the Company **Brockhaus Technologies AG** (formerly: Brockhaus Capital Management 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.

The name change took effect on 30 September 2021 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, Brockhaus Technologies 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 9M 2021, the Group's revenue increased by +0.8% compared with the prior-year period. This resulted from strong growth of +37.5% in the business volume of the Environmental Technologies segment and for the first time compensated for the decline in revenue in the Security Technologies segment due to the COVID-19 pandemic. The Security Technologies segment remains impacted by new and continued lockdowns, travel restrictions and social distancing requirements. Since the third quarter, in addition there were shortfalls in the supply chains. At IHSE, this relates primarily to semiconductor products, at Palas to metal components and at Bikeleasing to bicycles.

In 9M 2021, the regional revenue development of Brockhaus Technologies shifted in favor of the APAC region, where strong growth of +35.0% to €6,185 thousand was achieved. While revenue in EMEA, was almost constant with a decline by -0.1% to €21,663 thousand, the Americas region recorded a revenue decrease by -17.0% to €6,306 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.

### Operating segments

€ thousand	Reportable segments							
	Environmental Technologies		Security Technologies		Central Functions and consolidation		Group	
	9M 2021	9M 2020	9M 2021	9M 2020	9M 2021	9M 2020	9M 2021	9M 2020
Revenue	13,991	10,174	20,163	23,728	-	(31)	34,154	33,870
Revenue growth	37.5%		(15.0%)				0.8%	
Gross profit	11,145	7,808	14,288	17,404	-	-	25,433	25,211
Gross profit margin	79.7%	76.7%	70.9%	73.3%			74.5%	74.4%
Adjusted EBITDA	4,107	2,989	4,983	7,428	(3,995)	(3,463)	5,096	6,954
Adjusted EBITDA margin	29.4%	29.4%	24.7%	31.3%			14.9%	20.5%

Despite that, adjusted EBITDA margin again increased significantly to 21.7% in the third quarter. It was still 7.4% in Q1 2021 and 15.1% in Q2. Nevertheless, at 14.9% in 9M 2021, the adjusted EBITDA margin was still lower than the prior-year period figure of 20.5%.

**Environmental Technologies |** Revenue grew by +37.5% in the Environmental Technologies segment (Palas). This was due to the high volume of business with new products for testing the effectiveness of respiratory masks. Also, there was 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 76.7% in 9M 2020 to 79.7% in the reporting period.

At 29.4%, the adjusted EBITDA margin was unchanged. The higher gross profit margin was compensated by the costs of extending the organization in response to the strong growth. This relates to the expansion of production and sales capacities.

During the reporting period, Palas worked in its development activities on broadening the functionalities of the AQ Guard measurement device, which can also be used indoors, among other things. These relate to the additional measurement of nitrogen monoxide (NO), ozone (O<sub>3</sub>), sulfur dioxide (SO<sub>2</sub>) and carbon monoxide (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' 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 -15.0% decline in revenue in 9M 2021. This is also due to the fact that revenue was relatively strong in the prior-year first quarter. However, third-quarter revenue of €7,445 thousand was a substantial +14.1% higher than in the prior-year Q3 2020. In course of the current fiscal year, Security Technologies' segment revenue increased from €6,053 thousand in the first and €6,665 thousand in the second quarter and reached in the highest amount in the third quarter. Planning of infrastructure projects is seen to progress, however still with considerable delays in placing orders and in the subsequent revenue 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. Order intake also picked up significantly, growing substantially year-on-year in the reporting period by +19.5%. At reporting date, order book was at +97.1% almost twice as large compared to 30. September 2020. On this basis, management is anticipating catch-up effects and strong revenue in the fourth quarter of 2021.

At 70.9%, the gross profit margin was below the level of the prior-year period (73.3%). 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 9M 2021 than in the prior-year 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 24.7%, the adjusted EBITDA margin was down on the level of the prior-year period (31.3%). 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 approval 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** | In the Central Functions, an increase in costs was recorded. This was a result primarily of higher due diligence activities compared with the 9M 2020 prior-year period. Thus, the costs for the in-depth review of potential acquisition targets amounted to €1,096 thousand, compared with only €527 thousand in the prior-year period.

After a slow start to the first quarter of 2021, activity in the M&A market increased significantly in the second quarter. This development also continued in the third quarter and, despite the continuing effects of the COVID-19 pandemic to some extent, activity in the M&A market was significantly higher. This is reflected in consistently high purchase price expectations and unchanged intense competition on the part of both strategic and financial investors.

## Results of operations

As explained in detail in the segment reporting, consolidated revenue increased by 0.8% to €34,154 thousand in 9M 2021. Total output grew stronger than revenue by 4.3% to €36,194 thousand. Cost of materials rose by 13.2% to €10,761 thousand and other operating expenses by 6.5% to €9,536 thousand. Essentially due to a higher stock of demo devices at Palas, depreciation and amortization expenses increased by 24.5% to €1,433 thousand. Personnel expenses remained at the prior-year level, decreasing by 0.1% to €13,975 thousand. Amortization of intangible assets identified in initial consolidation decreased by 12.4% to €5,130 thousand. Finance costs rose by 152.8% to €4,390 thousand and were driven primarily by expenses of €2,579 thousand from the remeasurement of the NCI put provision because of the EBITDA growth at Palas expected for the current fiscal year. Excluding the effects of the NCI put, finance costs amounted to €1,714 thousand, compared with €1,647 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 €8,790 thousand (previous year: loss of €6,149 thousand).

## Net assets

With total assets of €298,625 thousand, the Group's assets are split between 53.9% non-current assets and 46.1% current assets as of the reporting date. The largest items quantitatively are intangible assets, including goodwill (€148,669 thousand), cash and cash equivalents (€118,133 thousand), inventories (€12,385 thousand) and property, plant and equipment (€11,579 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 counter emerging supply bottlenecks, especially in the area of electronic components. Inventories therefore came to €12,385 thousand as of the reporting date, corresponding to a 27.6% 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 €118,133 thousand. Senior loans amounted to €42,632 thousand, resulting in net senior cash of €75,501 thousand after deduction of cash and cash equivalents. Senior loans declined by €2,744 thousand compared with 31 December 2020. Together with real estate loans (€5,892 thousand), lease liabilities (€1,014 thousand) and NCI put liabilities (€1,548 thousand), financial liabilities amounted to €51,087 thousand, corresponding to a €3,174 thousand reduction compared with 31 December 2020 (€54,261 thousand). The decline in senior and real estate loans resulted from the contractual ongoing repayment of principal.

The deferred tax liabilities of €15,152 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 €215,686 thousand, equal to 72.2% 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 6 in the financial information section.



Cash flow from operating activities was €932 thousand, or €3,270 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 €1,068 thousand, or €1,621 thousand before income taxes. Cash flow from operating activities was essentially influenced by aperiodic payments of income taxes.

Cash flow from investing activities amounting to €-1,294 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 (€-754 thousand), mainly as a result of higher investment in self-produced demo devices.

Cash flow from financing activities amounted to €-5,251 thousand and was driven primarily by regular payments of principal and interest on senior loans and real estate loans. In the prior-year period, the positive cash flow from financing activities of €104,938 thousand was driven by cash inflows from the cash capital increase in the course of the Company's initial listing.

## Forecast

For the current fiscal year 2021, the Group still forecasts revenue of €62 million at an adjusted EBITDA margin exceeding the prior-year figure of 23.8%. This forecast was made under the assumption that the Group's scope of consolidation remains unchanged. We now expect to meet the forecast under consolidation of income and expenses of Bikeleasing for the month of December 2021, as the month of first-time consolidation, into the Group. Regarding the Security Technologies segment, we do not expect it to achieve the earnings metrics originally planned, due to continued COVID disturbances and increasing supply shortages. In case of an inclusion of Bikeleasing into the scope of consolidation for the month of December 2021, those effects will essentially offset one another. This expectation is still subject to Bikeleasing's IFRS figures still being preliminary. In light of COVID-19 cases currently clearly increasing again as well as shortfalls in the supply chains concerning semiconductor products (IHSE), metal components (Palas) and bicycles (Bikeleasing), the forecast is subject to a high level of uncertainty.

## 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 at the preparation date of this 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, Brockhaus Technologies will notify this in accordance with the statutory disclosure requirements.

## Events after 30 September 2021

On 29 October 2021, group company IHSE GmbH signed a purchase agreement for a majority interest in Austria-based kvm-tec Holding GmbH. Established in 2006, kvm-tec develops and distributes flexible and highly secure keyboard video mouse over IP (KVMoIP) solutions for extending and switching computer signals. Through the acquisition of kvm-tec, IHSE is gaining access to a global KVMoIP customer base that in future will be served by the international IHSE sales network with locations in Germany, the U.S., Singapore and China. kvm-tec, headquartered in Tattendorf, Austria currently employs staff of 28 and generated revenue of €3.3 million in last fiscal year 2020. Closing is expected to take place soon.

Concerning the Bikeleasing acquisition, on 11 November 2021, BKHT signed, next to amended contracts with the sellers, the remaining documentation with the co-investors and debt financing providers, essentially concluding the final transaction structure for the acquisition. The closing of the transaction is still subject the successful completion of a qualifying holding procedure by German Federal Financial Supervisory Authority (BaFin).

Other than this, there were no significant events between 30 September 2021 and the date this quarterly statement was published.

# Financial information

## Consolidated statement of comprehensive income

€ thousand	9M 2021	9M 2020
<b>Revenue</b>	<b>34,154</b>	<b>33,870</b>
Increase/ (decrease) in finished goods and work in progress	1,184	350
Other own work capitalized	856	497
<b>Total output</b>	<b>36,194</b>	<b>34,718</b>
Cost of materials	(10,761)	(9,506)
<b>Gross profit</b>	<b>25,433</b>	<b>25,211</b>
Personnel expenses excluding share-based payments	(13,975)	(13,986)
Personnel expenses from share-based payments	(207)	(171)
Other operating expenses	(9,536)	(8,957)
Impairment loss on trade receivables	(0)	(6)
Other operating income	715	826
Amortization of intangible assets identified in initial consolidation	(5,130)	(5,855)
Other depreciation of property, plant and equipment and amortization of intangible assets	(1,433)	(1,151)
Finance costs from NCI put	(2,676)	(89)
Other finance costs	(1,714)	(1,647)
Finance income	4	90
Financial result	(4,386)	(1,646)
<b>Earnings before tax</b>	<b>(8,520)</b>	<b>(5,735)</b>
Income tax expense	(270)	(414)
<b>Profit or loss</b>	<b>(8,790)</b>	<b>(6,149)</b>
of which attributable to BKHT shareholders	(8,788)	(6,140)
of which attributable to non-controlling interests	(1)	(9)
Foreign currency translation adjustments*	892	(833)
<b>Total comprehensive income</b>	<b>(7,898)</b>	<b>(6,982)</b>
of which attributable to BKHT shareholders	(7,896)	(6,973)
of which attributable to non-controlling interests	(1)	(9)
Weighted average number of shares outstanding	10,385,755	7,654,857
Earnings per share** (€)	(0.85)	(0.80)

\* 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 Sep. 2021	31 Dec. 2020
<b>Assets</b>		
Property, plant and equipment	11,579	11,715
Intangible assets and goodwill	148,669	152,733
Deferred tax assets	605	563
<b>Non-current assets</b>	<b>160,853</b>	<b>165,011</b>
Inventories	12,385	9,710
Trade receivables	5,307	7,235
Other assets	1,085	394
Prepayments	861	525
Cash and cash equivalents	118,133	123,544
<b>Current assets</b>	<b>137,772</b>	<b>141,408</b>
<b>Total assets</b>	<b>298,625</b>	<b>306,419</b>

€ thousand	30 Sep. 2021	31 Dec. 2020
<b>Equity and liabilities</b>		
Subscribed capital	10,387	10,387
Capital reserves	227,688	227,688
Other reserves	402	256
Currency translation differences	(813)	(1,705)
Net accumulated losses	(21,976)	(13,188)
Equity attributable to BKHT shareholders	215,687	223,438
Non-controlling interests	(2)	(1)
<b>Equity</b>	<b>215,686</b>	<b>223,437</b>
Non-current financial liabilities	45,412	48,118
Other provisions	4,734	2,048
Deferred tax liabilities	15,152	16,296
<b>Non-current liabilities</b>	<b>65,298</b>	<b>66,461</b>
Current tax liabilities	2,520	2,831
Current financial liabilities	5,675	6,143
Trade payables	1,567	1,488
Other current liabilities	6,438	4,852
Contract liabilities	1,292	1,055
Other provisions	149	151
<b>Current liabilities</b>	<b>17,641</b>	<b>16,521</b>
<b>Liabilities</b>	<b>82,939</b>	<b>82,982</b>
<b>Total equity and liabilities</b>	<b>298,625</b>	<b>306,419</b>

## Consolidated statement of changes in equity

€ thousand	Subscribed capital	Capital reserves	Other reserves	Currency translation differences	Net accumulated losses	Equity attributable to BKHT shareholders	Non-controlling interests	Equity
<b>1 Jan. 2021</b>	<b>10,387</b>	<b>227,688</b>	<b>256</b>	<b>(1,705)</b>	<b>(13,188)</b>	<b>223,438</b>	<b>(1)</b>	<b>223,437</b>
Profit or loss	-	-	-	-	(8,788)	(8,788)	(1)	(8,790)
Other comprehensive income	-	-	-	892	-	892	-	892
Equity-settled share-based payment transactions	-	-	146	-	-	146	-	146
<b>30 Sep. 2021</b>	<b>10,387</b>	<b>227,688</b>	<b>402</b>	<b>(813)</b>	<b>(21,976)</b>	<b>215,687</b>	<b>(2)</b>	<b>215,686</b>
<b>1 Jan. 2020</b>	<b>6,642</b>	<b>118,727</b>	<b>97</b>	<b>(90)</b>	<b>(6,459)</b>	<b>118,917</b>	<b>-</b>	<b>118,917</b>
Transactions with shareholders								
Capital increases	3,745	116,077	-	-	-	119,822	-	119,822
Cost of capital increases	-	(7,116)	-	-	-	(7,116)	-	(7,116)
Profit or loss	-	-	-	-	(6,140)	(6,140)	(9)	(6,149)
Other comprehensive income	-	-	-	(833)	-	(833)	-	(833)
Equity-settled share-based payment transactions	-	-	109	-	-	109	-	109
Formation of subsidiaries with non-controlling interests	-	-	-	-	-	-	28	28
<b>30 Sep. 2020</b>	<b>10,387</b>	<b>227,688</b>	<b>206</b>	<b>(923)</b>	<b>(12,599)</b>	<b>224,759</b>	<b>19</b>	<b>224,778</b>

## Consolidated statement of cash flows

€ thousand	9M 2021	9M 2020
Profit or loss	(8,790)	(6,149)
(Income taxes paid)/ income tax refunds	(2,338)	(553)
Income tax expense/ (income tax income)	270	414
Expenses for equity-settled share-based payment transactions	145	109
Amortization and impairment losses	6,563	7,006
Financial result	4,386	1,646
Other non-cash expenses/ (income)	252	(178)
(Increase)/ decrease in inventories, trade receivables and other assets not attributable to investing or financing activities	(1,344)	(1,730)
Increase/ (decrease) in trade payables and other liabilities not attributable to investing or financing activities	1,742	432
Increase/ (decrease) in other provisions	45	70
<b>Cash flow from operating activities</b>	<b>932</b>	<b>1,068</b>
Payments to acquire property, plant and equipment	(878)	(410)
Payments to acquire intangible assets	(42)	(56)
Capitalized development costs	(378)	(292)
Interest received	4	4
<b>Cash flow from investing activities</b>	<b>(1,294)</b>	<b>(754)</b>
Repayment of loans and other financial liabilities	(3,122)	(5,838)
Repayment of lease liabilities	(486)	(408)
Interest paid	(1,642)	(1,808)
Proceeds from issuance of shares	-	119,822
Cost of capital increases	-	(6,829)
<b>Cash flow from financing activities</b>	<b>(5,251)</b>	<b>104,938</b>
<b>Change in cash and cash equivalents</b>	<b>(5,613)</b>	<b>105,252</b>
Effect of exchange rate changes on cash and cash equivalents	203	(125)
Cash and cash equivalents* at beginning of period	123,544	17,171
Cash and cash equivalents* at end of period	118,133	122,298

\* Cash and cash equivalents correspond to the 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. 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	9M 2021	9M 2020
<b>Earnings before tax</b>	<b>(8,520)</b>	<b>(5,735)</b>
Financial result	4,386	1,646
Amortization and impairment losses	6,563	7,006
<b>EBITDA</b>	<b>2,429</b>	<b>2,917</b>
Share-based payments	207	171
Cost of acquisition of subsidiaries	1,311	-
Cost of equity transactions	1,148	3,865
<b>Adjusted EBITDA</b>	<b>5,096</b>	<b>6,954</b>
<i>Adjusted EBITDA margin</i>	<i>14.9%</i>	<i>20.5%</i>

#### Calculation of adjusted EBIT

€ thousand	9M 2021	9M 2020
<b>Earnings before tax</b>	<b>(8,520)</b>	<b>(5,735)</b>
Financial result	4,386	1,646
<b>EBIT</b>	<b>(4,134)</b>	<b>(4,089)</b>
Share-based payments	207	171
Cost of acquisition of subsidiaries	1,311	-
Cost of equity transactions	1,148	3,865
PPA amortization	5,130	5,855
<b>Adjusted EBIT</b>	<b>3,663</b>	<b>5,802</b>
<i>Adjusted EBIT margin</i>	<i>10.7%</i>	<i>17.1%</i>

#### Calculation of adjusted earnings and adjusted earnings per share

€ thousand	9M 2021	9M 2020
<b>Profit or loss</b>	<b>(8,790)</b>	<b>(6,149)</b>
Share-based payments	207	171
Cost of acquisition of subsidiaries	1,311	-
Cost of equity transactions	1,148	3,865
PPA amortization	5,130	5,855
Deferred taxes attributable thereto	(1,409)	(1,579)
Financial result from NCI put	2,676	89
<b>Adjusted earnings</b>	<b>274</b>	<b>2,252</b>
of which: attributable to BKHT shareholders	275	2,261
of which: Non-controlling interests	(1)	(9)
Number of shares outstanding	10,385,755	7,654,857
<b>Adjusted earnings per share (€)</b>	<b>0.03</b>	<b>0.30</b>

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 fourth quarter of 2021, further significant costs will be incurred, in particular for a purely success-based brokerage fee for the acquisition.

## 2. Operating segments

€ thousand	Reportable segments											
	Environmental Technologies		Security Technologies		Total		Central Functions		Consolidation		Group	
	9M 2021	9M 2020	9M 2021	9M 2020	9M 2021	9M 2020	9M 2021	9M 2020	9M 2021	9M 2020	9M 2021	9M 2020
Revenue	13,991	10,174	20,163	23,728	34,154	33,901	225	-	(225)	(31)	34,154	33,870
Gross profit	11,145	7,808	14,288	17,404	25,433	25,211	-	-	-	-	25,433	25,211
<b>Adjusted EBITDA (segment result)</b>	<b>4,107</b>	<b>2,989</b>	<b>4,983</b>	<b>7,428</b>	<b>9,091</b>	<b>10,417</b>	<b>(3,995)</b>	<b>(3,463)</b>	-	-	<b>5,096</b>	<b>6,954</b>
Share-based payments											(207)	(171)
Cost of acquisition of subsidiaries											(1,311)	-
Cost of equity transactions											(1,148)	(3,865)
EBITDA											2,429	2,918
Trade working capital*	6,360	4,652	9,996	11,478	16,356	16,130	(232)	(554)	-	-	16,124	15,576
Cash and cash equivalents	3,512	3,567	12,365	7,729	15,877	11,296	102,256	111,002	-	-	118,133	122,298
Financial liabilities	15,394	16,112	38,760	42,364	54,154	58,475	309	85	(3,377)	(3,135)	51,087	55,425
<b>Revenue by region</b>												
<b>EMEA</b>	<b>9,752</b>	<b>8,105</b>	<b>11,911</b>	<b>13,614</b>	<b>21,663</b>	<b>21,719</b>	<b>225</b>	<b>-</b>	<b>(225)</b>	<b>(31)</b>	<b>21,663</b>	<b>21,688</b>
Germany	4,467	3,827	2,539	4,479	7,005	8,306	225	-	(225)	(31)	7,005	8,275
Netherlands	8	3	4,282	3,587	4,290	3,589	-	-	-	-	4,290	3,589
United Kingdom	991	630	225	294	1,216	924	-	-	-	-	1,216	924
France	1,286	986	1,373	728	2,660	1,715	-	-	-	-	2,660	1,715
Italy	777	340	443	449	1,220	789	-	-	-	-	1,220	789
Other	2,223	2,319	3,049	4,077	5,272	6,396	-	-	-	-	5,272	6,396
<b>Americas</b>	<b>1,781</b>	<b>717</b>	<b>4,525</b>	<b>6,884</b>	<b>6,306</b>	<b>7,602</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,306</b>	<b>7,602</b>
U.S.A.	1,349	707	4,499	6,861	5,848	7,568	-	-	-	-	5,848	7,568
Other	432	11	26	23	458	34	-	-	-	-	458	34
<b>APAC</b>	<b>2,458</b>	<b>1,351</b>	<b>3,727</b>	<b>3,229</b>	<b>6,185</b>	<b>4,580</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,185</b>	<b>4,580</b>
China	1,462	369	1,112	2,398	2,574	2,766	-	-	-	-	2,574	2,766
Other	996	982	2,615	832	3,610	1,814	-	-	-	-	3,610	1,814
<b>Total</b>	<b>13,991</b>	<b>10,174</b>	<b>20,163</b>	<b>23,728</b>	<b>34,154</b>	<b>33,901</b>	<b>225</b>	<b>-</b>	<b>(225)</b>	<b>(31)</b>	<b>34,154</b>	<b>33,870</b>

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

### 3. Finance costs

Finance costs are composed of the following items:

€ thousand	9M 2021	9M 2020
Interest on financial liabilities at amortized cost	1,285	1,632
Negative interest on bank balances	402	-
Interest on lease liabilities	27	15
Unwinding of discount on NCI put liability	97	89
Remeasurement of NCI put provision	2,579	-
<b>Finance costs</b>	<b>4,390</b>	<b>1,736</b>

### 4. Earnings per share

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

	9M 2021	9M 2020
Profit or loss in € thousand	(8,788)	(6,140)
Weighted average number of shares outstanding	10,385,755	7,654,857
<b>Earnings per share (€)</b>	<b>(0.85)</b>	<b>(0.80)</b>

Adjusted earnings per share are shown in the following table. Please refer to Note 1 for further information.

Adjusted	9M 2021	9M 2020
Profit or loss in € thousand	274	2,261
Weighted average number of shares outstanding	10,385,755	7,654,857
<b>Earnings per share (€)</b>	<b>0.03</b>	<b>0.30</b>

### 5. Event-driven impairment test of IHSE

The Group generally tests goodwill for impairment once a year in accordance with IAS 36 on 31 December. Because of the coronavirus-related decline in revenue in the Security Technologies segment in 9M 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 September 2021. The test was conducted on the basis of the current financial planning and estimates. The impairment test of the "IHSE" CGU confirmed the full recoverability of the goodwill as of 30 September 2021.

The assumptions used to determine the recoverability of goodwill are as follows:

	30 Sep. 2021	31 Dec. 2020
Determination of recoverable amount	Value in use	Value in use
Discount rate	8.70%	8.36%
Pre-tax discount rate	8.82%	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%

### 6. Treasury shares

During the reporting period, group company Palas Holding GmbH acquired 1,244 shares in Brockhaus Technologies AG ("BKHT"). 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, BKHT 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.



## 7. Financial liabilities

Financial liabilities are composed of the following items:

€ thousand	Non-current		Current		Total	
	30 Sep. 2021	31 Dec. 2020	30 Sep. 2021	31 Dec. 2020	30 Sep. 2021	31 Dec. 2020
Senior loans	37,941	40,249	4,691	5,127	42,632	45,376
Real estate loans	5,508	5,796	384	384	5,892	6,180
Lease liabilities	414	621	600	632	1,014	1,253
NCI put liability	1,548	1,451	-	-	1,548	1,451
<b>Total financial liabilities</b>	<b>45,412</b>	<b>48,118</b>	<b>5,675</b>	<b>6,143</b>	<b>51,087</b>	<b>54,261</b>

# Supplementary information

## Financial calendar

01.06.2022	Annual General Meeting 2022
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## 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 2020 Consolidated Financial Statements and the 2020 Management Report and the information contained therein. Those documents are available in the **Investors** section on our website [www.brockhaus-technologies.com](http://www.brockhaus-technologies.com).

The reporting entity is Brockhaus Technologies AG (“**BKHT**” or the “**Company**”), together with its consolidated subsidiary “**Brockhaus Technologies**” or the “**Group**”. The **reporting period** for this quarterly statement is the period 1 January 2021 to 30 September 2021. The **reporting date** is 30 September 2021.

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.

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