

# BIG ENOUGH TO COMPETE – SMALL ENOUGH TO CARE.

Report 3rd QUARTER  
2021/2022

# Report 3<sup>rd</sup> Quarter FY 2021/2022

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# Preface

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Dear Shareholders,

Despite the exceptionally challenging market conditions, we continued to grow in the first nine months of the year.

Having coped well with the shifting challenges of the COVID-19 pandemic over the past two years, the war in Ukraine has once again exacerbated the disruption to our global supply chains. In addition, new regional lockdowns have been enforced in China in the last few weeks, resulting in additional effort on behalf of our customers.

Despite taking extensive measures to protect our employees, we were increasingly affected by staff absences due to Covid-19-related illnesses at all locations in the third quarter. However, the latest case numbers for Covid-19 give us reason to be optimistic that the situation will now return to normal.

Against the backdrop of these challenging circumstances, the consolidated revenue of EUR 66.0 million (previous year: EUR 57.7 million) generated in the first nine months of 2021/2022 and the significant increase in earnings with an EBIT of EUR 6.3 million (previous year: EUR 3.6 million) is a remarkable achievement by all employees. This is a gratifying outcome that encourages us to continue on the path we have chosen.

The order book, which increased to EUR 85.3 million as of 31 March 2022 (PY: EUR 55.0 million), provides a solid foundation for the coming months, but also indicates that supply chain issues are hindering timely order fulfilment.

Despite the ongoing challenges, we are continuing to grow the Group in a sustainable and successful manner with a view to leading FORTEC into the future as an appealing, innovative and financially sound group of companies.

Thank you for your trust and support along the way.

Germering, May 2022

Sandra Maile  
CEO

# Group Management Report: 3rd Quarter FY 2021/2022

## 01.07.2021-31.03.2022

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### Profit Situation

In the first nine months of the 2021/2022 financial year, consolidated revenue increased by around 14.4% to EUR 66.0 million (PY: EUR 57.7 million).

Other operating income increased from EUR 900 thousand to EUR 1.5 million. The increase is due to the first-time consolidation of the Czech second-tier subsidiary ALLTRONIC and higher income from exchange rate differences.

The cost of materials increased from EUR 39.2 million to EUR 44.4 million in line with the higher turnover despite the stretched supply chains. The cost of sales ratio fell slightly from 67.8% to 67.3%. The gross margin, taking into account work in progress, increased in the nine-month period of the financial year 2021/2022 to 33.1%, up from 31.7% in the previous year.

Personnel costs increased by around 10.5% to EUR 10.9 million due to salary adjustments and more expensive new appointments due to the tense situation on the labour market. However, the personnel cost ratio decreased from 17.1% to 16.5% due to the increased turnover.

Depreciation and amortisation of EUR 1.2 million (previous year: EUR 1.3 million) remained almost constant compared to the previous year.

Other operating expenses increased from EUR 4.4 million in the previous year to EUR 4.7 million and amounted to 7.1% relative to turnover (previous year: 7.6%). The reason for the increase is higher advertising and travel costs as well costs for external service providers for personnel recruiting.

As a result of the factors mentioned, the operating result (EBIT) as a key financial performance indicator of EUR 6.2 million is significantly above the previous year's value of EUR 3.6 million. The EBIT margin, based on sales revenues, increased from 6.2% in the previous year to 9.6% in the reporting period.

Net income for the nine-month period of the 2021/2022 financial year was EUR 4.6 million, significantly higher than in the same period of the previous year (EUR 2.6 million). The return on sales after taxes therefore increased from 4.5% to 7.0%.

Earnings per share improved significantly in the reporting period to EUR 1.43 (previous year: EUR 0.79).

### Asset Position

On the assets side, with total assets of EUR 66.6 million (30/06/2021: EUR 64.0 million), non-current assets amounted to EUR 17.9 million (30/06/2021: EUR 18.3 million).

Of this, the goodwill of the acquired subsidiaries is the largest item at EUR 6.9 million (30/06/2021: EUR 6.7 million), followed by the rights of use recognised in accordance with IFRS 16 at EUR 5.6 million (30/06/2021: EUR 5.9 million).

Among the current assets, inventories constitute the largest single item with a value of EUR 22.9 million (30/06/2021: EUR 19.7 million), accounting for 34.4% of the balance sheet total (30/06/2021: 30.8%). The build-up of stocks serves to mitigate any further fluctuations in the supply chains. The trade receivables item increased

from EUR 8.7 million as at 30 June 2021 to EUR 9.8 million as at 31 March 2022 due to turnover. Cash and cash equivalents fell from EUR 14.7 million to EUR 13.5 million due to dividend payments and loan repayments.

## Financial and Liquidity Position

The financial situation of the company remains excellent and, with an above-average equity ratio of 72.0% (30/06/2021: 69.6%), is also impressive compared to companies with a similar business model. With equity capital of EUR 47.9 million (30/06/2021: EUR 44.5 million), the company is sufficiently equipped to make future-oriented decisions.

Non-current liabilities to banks, the second largest item under non-current liabilities, were reduced from EUR 2.4 million as at 30 June 2021 to EUR 1.7 million in accordance with the repayment plan. The largest item continued to be the long-term leasing liabilities of EUR 4.7 million (30/06/2021: EUR 5.1 million).

Under current liabilities, liabilities from deliveries and services increased from EUR 4.9 million as at 30 June 2021 to EUR 5.0 million as at 31 March 2022. Other liabilities increased from EUR 1.3 million to EUR 1.5 million.

## Forecast

Against the backdrop of the positive business performance in the nine-month period, the Management Board hereby affirms its forecast for the 2021/2022 financial year and anticipates growth of up to 15% in Group turnover and an increase of up to 20% in Group EBIT.

FORTEC's business performance will continue to be affected by the impact of the global pandemic, the critical supply situation due to strained supply chains, and the war in Ukraine. Particularly in view of the war in Ukraine and its geopolitical and economic consequences, it is extremely difficult to make reliable predictions about future developments at present. The 2021/2022 forecast is therefore subject to the proviso that the underlying circumstances do not worsen further.

## Consolidated Balance Sheet per 31.03.2022 according to IAS/IFRS

ASSETS in TEUR			EQUITY / LIABILITIES in TEUR		
	31.03.2022	30.06.2021		31.03.2022	30.06.2021
<b>A. Non-current assets</b>	<b>17,875</b>	<b>18,278</b>	<b>A. Equity capital</b>	<b>47,932</b>	<b>44,540</b>
I. Goodwill	6,905	6,715	I. Subscribed capital	3,250	3,250
II. Intangible assets	186	198	II. Capital reserve	14,481	14,481
III. Tangible fixed assets	4,719	4,909	III. Conversion differences	1,503	814
IV. Rights of use	5,571	5,916	IV. Other reserves	24,044	22,113
V. Financial assets	139	162	V. Net income for the period	4,643	3,881
VI. Deferred tax assets	356	379	VI. Non-controlling interests	10	0
<b>B. Current assets</b>	<b>48,684</b>	<b>45,735</b>	<b>B. Non-current liabilities</b>	<b>7,609</b>	<b>8,184</b>
I. Inventories	22,871	19,743	I. Non-current bank liabilities	1,694	2,361
II. Trade receivables	9,797	8,700	II. Non-current leasing liabilities	4,703	5,088
III. Tax receivables	1,927	2,238	III. Other non-current financial liabilities	0	20
IV. Other financial assets	216	131	IV. Other non-current liabilities	523	49
V. Other assets	413	227	V. Non-current reserves	305	293
VI. Cash and cash equivalents	13,461	14,696	VI. Deferred tax liabilities	384	373
			<b>C. Current liabilities</b>	<b>11,019</b>	<b>11,289</b>
			I. Liabilities to credit institutes	958	1,167
			II. Liabilities from deliveries and services	5,019	4,905
			III. Current leasing liabilities	997	934
			IV. Tax liabilities	1,035	1,392
			V. Other current financial liabilities	1,232	1,349
			VI. Other current liabilities	1,547	1,300
			VII. Reserves	230	242
<b>Total assets</b>	<b>66,560</b>	<b>64,013</b>	<b>Total liabilities</b>	<b>66,560</b>	<b>64,013</b>

# Consolidated Statement of Comprehensive Income as of 31.03.2022

unaudited, according to IAS/IFRS

In TEUR	Consolidated income statement 01.07.2021-31.03.22	Consolidated income statement 01.07.20-31.12.21
<b>Sales revenues</b>	<b>65,958</b>	<b>57,666</b>
Change in inventories of unfinished/finished products	65	-210
Other operating income	1,530	900
Cost of materials	44,405	39,225
Personnel expenses	10,890	9,858
Depreciation	1,200	1,306
Other operating costs	4,715	4,409
<b>Operating result (EBIT)</b>	<b>6,344</b>	<b>3,558</b>
Dividends	41	0
Other interest and similar income	1	57
Other interest and similar expenses	148	144
<b>Result before taxes</b>	<b>6,237</b>	<b>3,472</b>
Taxes on income	1,594	889
<b>Net income for the period</b>	<b>4,642</b>	<b>2,583</b>
Other results*	689	-172
<b>Total result</b>	<b>5,331</b>	<b>2,411</b>
Earnings per share (in Euro)	1.43	0.79
Shares in total	3,250,436	3,250,436
<b>Of the total result, the following are attributable to:</b>		
Shareholders of the parent company	5,332	2,411
Non-controlling shareholders	-1	0

\*Other comprehensive income exclusively comprises currency translation differences not recognised in profit or loss.

## Annex - Explanatory notes

### Basis of preparation of the report

The condensed Group report does not contain all information and disclosures required for consolidated financial statements and should therefore be read in conjunction with the consolidated financial statements and the group management report as at 30 June 2021.

The consolidated quarterly financial statements have been neither audited nor reviewed by an auditor.

The report has been drawn up in euros. For reasons of calculation, rounding differences may occur in the tables and in references.

### Segment reporting

The Group's reportable segments are data visualisation and power supplies. Other segments include intra-group services.

In TEUR	Data visualisation	Power supplies	Other segments	Total	Reconciliation Consolidation	Consolidated
External turnover	40,935	25,020	3	65,958	0	65,958
Internal turnover	3,101	1,412	1,591	6,103	6,103	0
Segment turnover	44,035	26,432	1,594	72,061	6,103	65,958
Gross margin (total operating revenue ./ cost of goods sold)	14,886	6,965	1,594	23,446	1,594	21,851
Gross margin in %	33.8	26.4	100.0	32.5		33.1
EBIT	5,213	1,306	-429	6,089	254	6,344
EBIT in %	11.8	4.9	-26.9	8.5		9.6

## Disclaimer of liability

This report contains certain forward-looking statements based on currently discernible and available information, assumptions and forecasts made by the Management of FORTEC Elektronik AG. They serve solely to provide information and are characterised by terms such as "believe", "expect", "predict", "intend", "forecast", "plan", "estimate" or "endeavour". These statements are therefore only valid at the time of their publication.

Various known and unknown risks, uncertainties and other factors could lead to material differences between the forecasts given here and the actual results, financial situation, development or performance of the Company.

FORTEC Elektronik AG assumes no obligation to update such forward-looking statements or to align them with future events or developments. Accordingly, no liability or guarantee for the topicality, correctness or completeness of this data and information is assumed either explicitly or implicitly.