Half-year interim report as at June 30, 2022

At a glance

GROUP KEY FIGURES

in EUR million	6M/2021	6M/2022	Change
Total Group revenues	767.4	841.4	9.6%
Sales revenues	685.5	762.1	11.2%
Order intake	884.3	985.3	11.4%
Order backlog	1,279.4	1,508.4	17.9%
EBITDA	66.4	69.0	4.0%
EBIT	15.3	12.4	-18.9%
Earnings after tax	-5.6	12.4	n/a
Total assets	1,650.5	1,783.9	8.1%
Equity	450.4	536.2	19.1%
Employees (reporting date)	11,728	11,821	0.8%

At variance with the consolidated revenues presented in the Group income statement, the total Group revenues presented here include portions of revenues from associated companies as well as revenues of non-consolidated subsidiaries and joint ventures.

OUTLOOK

in EUR million	Actual 2021	Forecast 2022
Total Group revenues	1,538	significant increase
EBIT	36	significant increase

Macroeconomic trend

The 2022 year had a positive start from an economic perspective. Overall, there was justified hope that after two years in which the COVID-19 pandemic triggered numerous economic upheavals, things would stabilize and improve. Although supply chains were still disrupted and continued to be burdened by China's ongoing zero-COVID policy, the situation normalized in almost all other countries around the world. However, with the start of Russia's war against Ukraine in February of this year, the world was confronted with a major new challenge that thwarted any rapid stabilization of the global economy. Increasing inflation, scarcity of raw materials, volatile material prices, interest rate increases, currency fluctuations, ongoing and worsening delivery bottlenecks and much more are now the consequences.

All this has led to uncertainty in the global economy to an extent not seen in many years. Initial impacts are being felt in the real estate market and stock markets in Europe. The first companies are preparing themselves for an extended slowdown period. Intensified by the war in Ukraine, there is a focus on questions concerning geopolitical and economic restructuring. As the second-largest national economy in the world, China continues to adhere to its strict zero-COVID strategy, is experiencing a dramatic decline in the real estate and construction market and is increasingly becoming a risk to global economic development. In addition, the conflicts and challenges in Syria, Yemen, Afghanistan and Africa continue to exist overall, but are largely retreating into the background. Dependencies on markets and products are being reevaluated, as are political partnerships. As a result, the economy faces major decisions concerning its future strategic orientation. There is also an enormous demand for specialists in the Western world that can already not be met. Rapid solutions for these challenges are not currently obvious.

Furthermore, topics such as climate change, ESG, EU taxonomy, reduction of CO_2 emissions as well as the expansion of renewable energies have returned to the focus, requiring companies and the global economy to make a considerable strategic reorientation or adjustment in order to achieve the climate neutrality sought for 2050. Together with the Supply Chain Act ("Lieferkettensorgfaltspflichtengesetz") and many other new and additional regulatory measures, the competitiveness of the European economy on the global market is becoming an increasingly major challenge.

Given these framework conditions, it is hardly possible to make more exact predictions about future economic developments over the coming months. It is uncertain when a long-term recovery of the global economy can be expected. There are justified concerns that both the USA and the European Union are headed for a recession. The impacts of interest rate increases, inflation, supply chain issues and the future development of the COVID-19 pandemic are almost impossible to forecast.

The construction sector will not be able to escape these developments and it can be expected, particularly in the Western regions of the world, that investments in the construction sector will be more subdued. This also applies for China, where a significant cool-down of the construction sector has already begun. It remains to be seen to what extent this development can be counteracted by government investments in infrastructure.

In the medium and long term, the continuing trend of urbanization and the necessary investments in infrastructure provide a positive outlook for the construction sector and for equipment manufacturers in this market. Construction measures for the development of renewable energies and adaptation to climate change will play a greater role. The CO_2 reduction challenges that lie before us also create good framework conditions for companies with products and services in the area of environmental technology, geothermal energy and for the efficient use of resources.

Overview of our markets

Irrespective of all current challenges that affect Europe, particularly due to Russia's war against Ukraine, the European markets were predominantly strong and stable in the first half of the year. This can particularly be seen in Germany and England, where investments in infrastructure, project developments and industrial construction contracts ensured a solid and stable construction market in the first half of the year. Hungary and Austria also performed well. In Scandinavia and the rest of Western Europe, the construction markets are also stable at a low level.

Despite high inflation and interest rate increases by the US central bank, the construction market in the USA was very stable in the first half of the year. Government contracts for infrastructure projects and industrial investments are reviving the market. Only the high demand for insufficiently available personnel is making the provision of services difficult for many construction companies. The Canadian market is similarly stable. Construction markets in Central and Latin America continue to be influenced by a weak economic development in most countries. In isolated places, there are larger infrastructure projects in the region.

The Middle East was one of the first regions in the world to recover from the consequences of the COVID-19 pandemic, and the economy had already returned to normal at a very early stage. Nevertheless, there was no real upswing for construction markets in the region, which are performing at a low but stable level. The considerably higher raw material prices for oil and gas give reason to expect that investment activities will increase again in the future. Saudi Arabia is recording an exceptional boom in the region due to targeted government investments in a wide variety of large-scale infrastructure projects.

The Asia-Pacific region is suffering the longest from the consequences of the COVID-19 pandemic and associated restrictions, which in most countries were only gradually eased in the first half of 2022. Accordingly, the region is recovering late and slowly, which also applies for the construction markets. Thailand, Singapore, Australia and the Philippines were able to recover faster and to a greater extent than other markets in the region, which has also had positive effects on the local construction demand. China continues to adhere to its zero-COVID policy, further weakening the market, in addition to the local real estate crisis. This results in a very low level of construction activity. In contrast, India left the pandemic behind relatively quickly and investments in large infrastructure projects ensure a lively demand for construction services with good prospects on the medium term as well. In principle, a return to increasing demand for construction in the markets of Asia can be expected overall.

Overview of construction markets

Market/region	Market environment	Bauer order situation
Germany	- Overall still a good market situation	- Good order backlog, but initial indications of a slowdown
Europe	- Western Europe stable, but with signs of slowdown - Slow development in Eastern Europe - Russia very weak	- Good order situation, primarily due to major projects
Middle East	- Slow recovery, in particular due to high raw material prices once again; exceptional boom in Saud Arabia	- Major project in Jordan expanded - Good opportunities in Saudi Arabia
Asia-Pacific	- Slow recovery, first positive developments in countries such as Thailand and Singapore	- Very weak order situation in Malaysia; the other markets are recovering slowly to significantly
Americas	- Major demand for infrastructure in the USA - Isolated larger projects in South America	- High order backlog with public projects in the USA - Stable order situation in South America
Africa	- Isolated projects - Still large infrastructure projects in Egypt, but potential slowdown	- Good capacity utilization in Egypt - Overall focus on individual projects

The demand for construction in Africa continues to be at a very low level. Due to the effects of the COVID-19 pandemic, Russia's war against Ukraine and the conflicts in the region itself, the situation has further worsened. For the coming years, there is also no improvement in the demand for construction on the African continent anticipated. Only Egypt remains the exception here, as considerable investments from the government still lead to a high level of construction activity.

The effects of the COVID-19 pandemic and Russia's war against Ukraine, as well as inflation, interest rate increases, supply bottlenecks, volatile material prices and logistics problems along with the general shortage of personnel are creating enormous challenges for the economy – in addition to the high volatility in the individual markets around the world, which already existed before. A forecast about the future development of individual markets has rarely been as difficult as it is now. Due to the lasting high demand for the expansion of infrastructure around the world and the increasing demand for infrastructure for the generation of renewable energies, we see construction markets growing again in the medium term and offering us good opportunities.

Significant events and transactions

GROUP

At the end of the first half of 2022, the **total Group revenues** of the BAUER Group increased by 9.6%, from EUR 767.4 million to EUR 841.4 million, compared to the same period in the previous year. This was primarily attributable to the Equipment segment. At EUR 12.4 million, **EBIT** was below the previous year's value of EUR 15.3 million.

Overall, the BAUER Group experienced a first half of 2022 with a very different course of business in the individual segments. The Equipment segment continued the positive trend with regard to revenue, earnings and order intake. Although the Construction segment was able to slightly increase the revenue as planned, the earnings performance was below expectations. The Resources segment was also below planned levels in the first half of the year.

Nevertheless, the Group's **earnings after tax** improved considerably to EUR 12.4 million (previous year: EUR -5.6 million). This was due, on the one hand, to a noticeable increase in the Equipment segment, and on the other hand to the Group's financial result increasing considerably. In this context, interest rate hedging transactions had a significantly positive influence, as these must be valued in the balance sheet according to the development of market interest rates. Since the market interest rates increased significantly compared with the end of 2021, this created a significant positive effect of EUR 15.5 million on earnings after taxes in the first half of the year (same period of the previous year: positive effect of EUR 1.6 million).

The **order backlog** in the Group increased by 17.9% compared with the same period of the previous year, from EUR 1,279.4 million to EUR 1,508.4 million, and was therefore once again above the record value of EUR 1,478.5 million reported at the end of the first quarter. Here, the order backlogs in all three segments increased considerably. The **order intake** rose by 11.4% from EUR 884.3 million to EUR 985.3 million.

CONSTRUCTION SEGMENT

in EUR thousand	6M/2021	6M/2022	Change
Total Group revenues	358,581	366,962	2.3%
Sales revenues	336,298	345,368	2.7%
Order intake	429,151	427,559	-0.4%
Order backlog	791,906	906,090	14.4%
EBIT	2,503	-4,546	n/a
Earnings after tax	-5,475	-4,144	n/a

At EUR 367.0 million, **total Group revenues** in the Construction segment were up slightly by 2.3% compared to the previous year at EUR 358.6 million. **EBIT** was in the negative range at EUR -4.5 million compared to the same period in the previous year at EUR 2.5 million. **Earnings after tax** amounted to EUR -4.1 million (previous year: EUR -5.5 million).

Overall, the Construction segment recorded a mixed first half of the year. The revenue performance was in line with the planned levels, but the earnings remained behind the expectations. Overall, the operative performance in most markets was rather subdued. In addition, particularly the subsidiaries in Canada, Qatar and Malaysia burden the earnings due to a considerable underutilization of capacities or a poor operative performance. Higher depreciation and expenses were also generated in connection with a project for the foundation of an offshore wind farm.

Due to the subdued operative performance, rigorous work is underway to optimize the international position and earnings growth. Thus some markets that can be handled as needed by existing units in the region on a single-project basis were abandoned. Examples of this include Bulgaria, Vietnam, Bangladesh, Lebanon and Georgia.

The increase in raw material prices, particularly as a result of Russia's war against Ukraine, makes renegotiation necessary for some existing contracts. Where possible, price escalation clauses are being used as a safeguard. Overall, however, we have not recorded any significant impact of the material cost increases on our business in the first half of 2022.

Order backlog in the Construction segment grew considerably by 14.4% from EUR 791.9 million in the previous year to EUR 906.1 million. The increase is mainly attributable to new projects in the USA as well as in the Middle East.
At EUR 427.6 million, **order intake** was on a par with the previous year's value of EUR 429.2 million.

EQUIPMENT SEGMENT

in EUR thousand	6M/2021	6M/2022	Change
Total Group revenues	314,438	376,736	19.8%
Sales revenues	227,344	293,900	29.3%
Order intake	363,164	422,509	16.3%
Order backlog	167,582	223,572	33.4%
EBIT	8,438	19,389	n/a
Earnings after tax	1,260	14,077	n/a

At the end of the first half of the year, **total Group revenues** in the Equipment segment increased by 19.8%, from EUR 314.4 million to EUR 376.7 million, when compared to the same period of the previous year. **EBIT** increased considerably compared to the previous year, from EUR 8.4 million to EUR 19.4 million, as did **earnings after tax**, which improved from EUR 1.3 million to EUR 14.1 million.

The Equipment segment recorded a very positive first half of 2022 and was able to continue the positive trend regarding revenue, earnings and order intake that began in the fourth quarter of 2021. No significant impact on customer ordering behavior as a result of Russia's war against Ukraine was reported so far in the first half of the year. Overall, the sales markets were very stable as a whole. One exception continues to be China. The strict zero-COVID policy makes both entry into the country and sales activities extremely difficult for all foreign companies. The sales figure are therefore at a very low level so far, and we do not expect any improvement by the end of the year.

Nevertheless, the current order backlogs will also ensure good utilization of production capacities in the coming months. Price increases for raw materials and primary products were counteracted by significant price increases for end products. In the meantime, there is a slight easing in the availability of materials and parts for production. Nevertheless, the situation continues to be tense. Overall, from today's perspective, we are assuming that we will also be able to maintain the ability to deliver in the second half of the year.

Order backlog increased significantly by 33.4%, from EUR 167.6 million in the previous year to EUR 223.6 million.
At EUR 422.5 million, the **order intake** rose by 16.3% compared to the previous year's EUR 363.2 million.

RESOURCES SEGMENT

in EUR thousand	6M/2021	6M/2022	Change
Total Group revenues	138,166	133,804	-3.2%
Sales revenues	121,171	122,183	0.8%
Order intake	135,731	171,343	26.2%
Order backlog	319,909	378,695	18.4%
EBIT	4,771	165	-96.6%
Earnings after tax	2,927	-1,432	n/a

At EUR 133.8 million, **total Group revenues** in the Resources segment were down by 3.2% after the first half of the year, compared to the previous year's EUR 138.2 million. **EBIT** decreased from EUR 4.8 million to EUR 0.2 million, and **earnings after tax** went from EUR 2.9 million to EUR -1.4 million.

The Resources segment started the current year in line with plans, but is behind expectations after the first half of the year. The earnings performance is influenced above all by the area of drilling services. In Jordan, two large-scale projects were postponed to next year due to a lack of funding. In addition, we decided to abandon the local presence in South Africa, since the market opportunities have weakened considerably. Overall, the deviation in earnings can be explained by these two effects.

In the other business areas of water well construction, environmental services, constructed wetlands, mining and rehabilitation, there has been good operative performance with very good results in some places. Material bottlenecks and price increases did not have a significant effect on business in the first half of the year.

At the end of the first half of the year, **order backlog** increased by 18.4%, from EUR 319.9 million to EUR 378.7 million, which is primarily attributable to the area of rehabilitation. The **order intake** rose by 26.2% from EUR 135.7 million to EUR 171.3 million.

Earnings, financial and net asset position

The significant key figures for the earnings position have already been described in the previous section.

At the end of the first half of 2022, the **total assets** of the Group amounted to EUR 1,783.9 million, corresponding to an increase of 8.1% compared to the previous year's value of EUR 1,650.5 million. On the asset side, a particularly positive impact was recorded by increases in contract assets (EUR +35.7 million) as well as inventories (EUR +46.9 million).

On the asset side, the item of non-current assets held for sale has reduced to zero. The major share of this item in the previous year concerned a property in the USA. Since the sale had not occurred by the end of 2021, this share was reassigned back into property, plant and equipment, which increased this item to EUR 34.8 million. The remaining value of this item concerned a small property held by PRAKLA Bohrtechnik GmbH in Germany that was sold in the second quarter of the current year.

Equity increased significantly from EUR 450.4 million to EUR 536.2 million and was even considerably higher than the 2021 year-end level of EUR 481.1 million. The primary factors with a positive impact were the changes to the provision for currency translation losses stated under equity (EUR +23.8 million) and the reserve from pension commitments (EUR +36.2 million). Thus the Group's **equity ratio** was 30.1% at the end of the first half of 2022 (previous year: 27.3%).

The **short and long-term liabilities to banks** increased by a total of EUR 17.8 million compared to the same period in the previous year, which is primarily attributable to the increase in receivables and other assets as well as in inventories on the asset side of the balance sheet.

Opportunities and risks

Significant opportunities and risks have been highlighted in the individual sections of this report.

Otherwise, no significant changes to the risks have occurred since the Annual Report as at December 31, 2021. In this regard, we refer to the combined management report for the 2021 financial year.

Full-year outlook

The outlook for the 2022 financial year has not changed since publication of the 2021 Annual Report in April. We continue to expect that the COVID-19 pandemic will remain a potential influencing factor and may also affect our business. Despite this, we do not expect that the pandemic, with its restrictions and effects on the global economy, to considerably worsen.

Russia’s war against Ukraine is a considerable factor of uncertainty for the future course of business in 2022. The effects of the war anticipated at the time of preparing the Annual Report on our direct business with and in Russia as well as Ukraine were incorporated in our forecast.

There are also ongoing bottlenecks, which would primarily affect production and sales in the Equipment segment and could potentially have a negative impact on planned growth. From today's perspective, however, we are also assuming here that we will be able to maintain our ability to deliver. Additional uncertainties in all three segments for the further course of the business year are a result of rising interest rates, a generally inhibited global economy and high inflation.

Our plans and forecasts for 2022 are based on the assumptions that are described in detail in the 2021 Annual Report. The development in the first half of the year indicates a shift from our expectations for the individual segments. The Equipment segment is performing better than forecast and our outlook for the second half of the year is somewhat more optimistic than three months ago.

Overall, however, this does not mean any change to our estimates for the Group. As outlined in the 2021 Annual Report, we therefore continue to expect a significant increase in **total Group revenues** and **EBIT**.

For the Construction segment, we still expect a significant increase in total Group revenues and in EBIT for 2022 compared to the previous year. In the Equipment segment, we still expect the total Group revenues to be significantly higher and EBIT to be slightly higher than in the previous year. In the Resources segment, we now expect total Group revenues to be approximately the same as the previous year and now expect a significant decrease in EBIT.

Interim consolidated financial statements

CONSOLIDATED INCOME STATEMENT

in EUR thousand	Q2/2021	Q2/2022	6M/2021	6M/2022
Sales revenues	382,472	397,601	685,464	762,107
Changes in inventories	7,451	3,172	35,153	36,864
Other own work capitalized	3,163	2,609	8,336	6,138
Other income	3,028	5,129	7,837	9,417
Consolidated revenues	**396,114**	**408,511**	**736,790**	**814,526**
Cost of materials	-206,196	-203,930	-371,852	-413,189
Personnel expenses	-108,355	-118,174	-213,236	-232,542
Other operating expenses	-43,592	-50,584	-90,672	-103,110
Income from shares accounted for using the equity method	2,502	766	5,359	3,345
Earnings before interest, tax, depreciation and amortization (EBITDA)	**40,473**	**36,589**	**66,389**	**69,030**
Depreciation and amortization				
a) Depreciation of fixed assets	-24,497	-26,054	-45,979	-51,931
b) Write-downs of inventories due to use	-2,449	-2,219	-5,086	-4,669
Earnings before interest and tax (EBIT)	**13,527**	**8,316**	**15,324**	**12,430**
Financial income	6,447	40,441	23,983	76,102
Financial expenses	-12,624	-27,785	-33,320	-58,632
Earnings before tax (EBT)	**7,350**	**20,972**	**5,987**	**29,900**
Income tax expense	-7,840	-10,167	-11,598	-17,532
Earnings after tax	**-490**	**10,805**	**-5,611**	**12,368**
of which attributable to shareholders of BAUER AG	-1,069	9,631	-7,101	9,944
of which attributable to non-controlling interests	579	1,174	1,490	2,424

in EUR	Q2/2021	Q2/2022	6M/2021	6M/2022
Basic earnings per share	-0.06	0.37	-0.35	0.38
Diluted earnings per share	-0.06	0.37	-0.35	0.38
Average number of shares in circulation (basic)	19,990,952	26,091,781	19,990,952	26,091,781
Average number of shares in circulation (diluted)	19,990,952	26,091,781	19,990,952	26,091,781

STATEMENT OF COMPREHENSIVE INCOME

in EUR thousand	Q2/2021	Q2/2022	6M/2021	6M/2021
Earnings after tax	**-490**	**10,805**	**-5,611**	**12,368**
Income and expenses which will not be subsequently reclassified to profit and loss				
Revaluation of obligations arising from employee benefits after termination of the employment relationship	20	27,561	12,552	43,857
Deferred taxes on that revaluation with no effect on profit and loss	-5	-7,739	-3,524	-12,315
Market valuation of other participations	0	0	0	0
Deferred taxes on other participations with no effect on profit and loss	0	0	0	0
Income and expenses which will be subsequently reclassified to profit and loss				
Market valuation of derivative financial instruments (hedging reserve)	1,384	2,062	42	1,446
Included in income and loss	-1,373	-1,938	-21	-1,446
Market valuation of derivative financial instruments (reserve for hedging costs)	-312	119	-167	103
Included in income and loss	92	-813	202	-797
Deferred taxes on financial instruments with no effect on profit and loss	59	160	-16	195
Exchange differences on translation of foreign subsidiaries	-1,253	16,343	6,643	12,114
Other earnings after tax	**-1,388**	**35,755**	**15,711**	**43,157**
Total comprehensive income	**-1,878**	**46,560**	**10,100**	**55,525**
of which attributable to shareholders of BAUER AG	-2,356	44,401	8,140	54,943
of which attributable to non-controlling interests	478	2,159	1,960	582

CONSOLIDATED BALANCE SHEET (REDUCED)

Assets

in EUR thousand	June 30, 2021	Dec. 31, 2021	June 30, 2022
Intangible assets	14,342	15,944	15,795
Property, plant and equipment	465,962	506,381	514,979
Investments accounted for using the equity method	79,162	81,881	81,637
Participations	10,761	10,803	10,803
Deferred tax assets	63,489	65,421	53,355
Trade receivables	0	8,540	7,788
Other non-current assets	7,224	9,221	8,044
Other non-current financial assets	13,129	23,920	37,683
Non-current assets	**654,069**	**722,111**	**730,084**
Inventories	477,899	457,489	522,141
Less advances received for inventories	-18,322	-10,770	-15,700
	459,577	446,719	506,441
Contract assets	117,609	119,130	153,305
Trade receivables	270,048	243,033	258,642
Receivables from enterprises in which the company has participating interests	1,638	907	1,422
Prepayments	7,314	9,267	17,139
Other current assets	45,135	37,244	55,209
Other current financial assets	14,251	14,128	16,278
Effective income tax refund claims	2,927	4,287	3,693
Cash and cash equivalents	42,246	41,297	41,732
Non-current assets held for sale	35,707	1,370	0
Current Assets	**996,452**	**917,382**	**1,053,861**
	1,650,521	**1,639,493**	**1,783,945**

Equity and Liabilities

in EUR thousand	June 30, 2021	Dec. 31, 2021	June 30, 2022
Equity of BAUER AG shareholders	**448,789**	**478,069**	**533,014**
Non-controlling interests	1,573	3,007	3,145
Equity	**450,362**	**481,076**	**536,159**
Liabilities to banks	146,290	229,005	240,221
Liabilities from subordinate loans	0	0	0
Liabilities from lease agreements	39,200	44,941	41,560
Other provisions	9,330	8,001	0
Provisions for pensions	155,254	149,054	105,917
Other non-current liabilities	6,348	7,523	8,346
Other non-current financial liabilities	28,486	25,914	13,733
Deferred tax liabilities	23,847	18,409	27,106
Non-current debt	**408,755**	**482,847**	**436,883**
Liabilities to banks	356,814	204,780	280,724
Liabilities from lease agreements	18,367	19,854	24,763
Contract liabilities	24,719	77,971	74,493
Trade payables	217,392	198,005	230,787
Liabilities to companies and participations accounted for using the equity method	20,564	26,530	28,391
Other current liabilities	101,199	78,633	90,035
Other current financial liabilities	13,323	14,046	25,981
Effective income tax obligations	13,462	22,159	15,482
Other provisions	22,364	30,275	36,930
Provisions for pensions	3,200	3,317	3,317
Current debt	**791,404**	**675,570**	**810,903**
	1,650,521	**1,639,493**	**1,783,945**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in EUR thousand			Other revenue reserves and retained earnings							
	Subscribed capital	Capital reserve	Revenue reserves	of foreign subsidiaries	Derivative financial instruments (hedging reserve)	Derivative financial instruments (reserve for hedging costs	Equity instruments	Shares held by shareholders of BAUER AG	Non-controlling interests	Total
As at January 1, 2021	**80,301**	**47,069**	**265,111**	**-27,651**	**-14**	**-3**	**-91**	**364,722**	**801**	**365,523**
Earnings after tax	0	0	-7,101	0	0	0	0	-7,101	1,490	-5,611
Exchange differences on translation of foreign subsidiaries	0	0	0	6,173	0	0	0	6,173	470	6,643
Revaluation of obligations arising from employee benefits after termination of the employment relationship	0	0	12,552	0	0	0	0	12,552	0	12,552
Market valuation of other participations	0	0	0	0	0	0	0	0	0	0
Market valuation of derivative financial instruments	0	0	0	0	21	35	0	56	0	56
Deferred taxes with no effect on profit and loss	0	0	-3,524	0	-6	-10	0	-3,540	0	-3,540
Total comprehensive income	**0**	**0**	**1,927**	**6,173**	**15**	**25**	**0**	**8,140**	**1,960**	**10,100**
Changes in basis of consolidation	0	0	240	0	0	0	0	240	0	240
Dividend payments	0	0	0	0	0	0	0	0	-1,188	-1,188
Capital increase	30,885	45,216	0	0	0	0	0	76,101	0	76,101
Costs of capital increase	0	-414	0	0	0	0	0	-414	0	-414
Other changes	0	0	0	0	0	0	0	0	0	0
As at June 30, 2021	**111,186**	**91,871**	**267,278**	**-21,478**	**1**	**22**	**-91**	**448,789**	**1,573**	**450,362**
As at January 1, 2022	**111,186**	**91,717**	**278,278**	**-11,629**	**1**	**-2**	**8,518**	**478,069**	**3,007**	**481,076**
Earnings after tax	0	0	9,944	0	0	0	0	9,944	2,424	12,368
Exchange differences on translation of foreign subsidiaries	0	0	0	13,956	0	0	0	13,956	-1,842	12,114
Revaluation of obligations arising from employee benefits after termination of the employment relationship	0	0	43,857	0	0	0	0	43,857	0	43,857
Market valuation of other participations	0	0		0	0	0	0	0	0	0
Market valuation of derivative financial instruments	0	0	0	0	0	-694	0	-694	0	-694
Deferred taxes with no effect on profit and loss	0	0	-12,315	0	0	195	0	-12,120	0	-12,120
Total comprehensive income	**0**	**0**	**41,486**	**13,956**	**0**	**-499**	**0**	**54,943**	**582**	**55,525**
Changes in basis of consolidation	0	0	0	0	0	0	0	0	0	0
Dividend payments	0	0	0	0	0	0	0	0	-444	-444
Other changes	0	3	0	0	-1	0	0	2	0	2
As at June 30, 2022	**111,186**	**91,720**	**319,764**	**2,327**	**0**	**-501**	**8,518**	**533,014**	**3,145**	**536,159**

CONSOLIDATED STATEMENT OF CASH FLOWS

in EUR thousand	6M/2021	6M/2022
Cash flows from operational activity:		
Earnings before tax (EBT)	5,987	29,900
Depreciation of property plant and equipment and intangible assets	45,979	51,931
Writedowns of inventories due to use	5,086	4,669
Financial income	-23,983	-76,102
Financial expenses	33,320	58,632
Other noncash transactions and results of deconsolidations	3,151	56,885
Dividends received	3,192	3,600
Income from the disposal of property plant and equipment and intangible assets	-680	-3,826
Income from shares accounted for using the equity method	5,359	3,345
Change in provisions	-16,293	485
Change in trade receivables	-15,468	-20,451
Change in contract assets	-28,208	-36,274
Change in other assets and in prepayments and deferred charges	-6,033	-40,766
Change in inventories	-40,969	-71,119
Change in trade payables	31,097	33,874
Change in contract liabilities	-37,073	-2,769
Change in other current and noncurrent liabilities	41	8,327
Cash and cash equivalents generated from daytoday business operations	**-35,495**	**341**
Income tax paid	-15,454	-30,466
Net cash from operating activities	**-50,949**	**-30,125**
Cash flows from investing activity:		
Purchase of property plant and equipment and intangible assets	-73,259	-56,525
Proceeds from the sale of property plant and equipment and intangible assets	23,276	21,729
Purchase of financial assets (participations)	1	-297
Change in financial resources resulting from the basis of consolidation	-325	0
Net cash used in investing activities	**-50,307**	**-35,093**
Free Cash flow (Cash flow from operating activities + Cash flow from investing activities)	**-101,256**	**-65,218**
Cash flows from financing activity:		
Raising of loans and liabilities to banks	160,202	138,312
Repayment of loans and liabilities to banks	-110,627	-52,349
Repayment of liabilities from lease agreements	-6,760	-8,006
Incoming payments from equity contributions by shareholders of the parent company	64,101	0
Payments for transaction costs related to corporate actions	-414	0
Disbursements for the purchase of additional shares in subsidiaries	0	189
Dividends paid	-1,188	-444
Interest paid	-12,013	-13,963
Interest received	3,325	4,703
Net cash used in financing activities	**96,626**	**68,442**
Changes in liquid funds affecting payments	**-4,630**	**3,224**
Influence of exchange rate movements on cash	861	-2,789
Total change in liquid funds	**-3,769**	**435**
Cash and cash equivalents at beginning of reporting period	**46,015**	**41,297**
Cash and cash equivalents at end of reporting period	**42,246**	**41,732**
Change in cash and cash equivalents	**-3,769**	**435**

GROUP SEGMENT REPORTING

in EUR thousand	Construction		Equipment		Resources	
January - June	2021	2022	2021	2022	2021	2022
Total Group revenues	**358,581**	**366,962**	**314,438**	**376,736**	**138,166**	**133,804**
Sales revenues with third parties	336,298	345,368	227,344	293,900	121,171	122,183
Sales revenues between the segments	7,099	7,383	57,795	32,840	816	1,178
Changes in inventories	0	0	34,354	35,987	799	877
Other own work capitalized	98	64	1,791	1,637	675	77
Other income	3,618	4,726	3,095	4,346	1,204	711
Consolidated revenues	**347,113**	**357,541**	**324,379**	**368,710**	**124,665**	**125,026**
Income from shares accounted for using the equity method	670	1,111	794	959	3,895	1,275
Earnings before interest, tax, depreciation and amortization (EBITDA)	**30,065**	**28,720**	**26,654**	**36,681**	**9,501**	**5,603**
Depreciation of fixed assets	-27,562	-33,266	-13,130	-12,623	-4,730	-5,438
Write-downs of inventories due to use	0	0	-5,086	-4,669	0	0
Earnings before interest and tax (EBIT)	**2,503**	**-4,546**	**8,438**	**19,389**	**4,771**	**165**
Financial income	10,165	25,881	7,991	31,490	1,781	3,923
Financial expenses	-11,924	-19,388	-11,404	-30,531	-2,860	-3,414
Income tax expense	-6,219	-6,091	-3,765	-6,271	-765	-2,106
Earnings after tax	**-5,475**	**-4,144**	**1,260**	**14,077**	**2,927**	**-1,432**
	Dec. 31, 2021	June 30, 2022	Dec. 31, 2021	June 30, 2022	Dec. 31, 2021	June 30, 2022
SEGMENT ASSETS	**644,790**	**682,522**	**793,683**	**873,686**	**228,246**	**240,084**

Corporate Services		Total of the segments		Consolidation		Group	
2021	2022	2021	2022	2021	2022	2021	2022
26,324	**27,795**	**837,509**	**905,297**	**-70,101**	**-63,912**	**767,408**	**841,385**
651	656	685,464	762,107	0	0	685,464	762,107
22,955	23,363	88,665	64,764	-88,665	-64,764	0	0
0	0	35,153	36,864	0	0	35,153	36,864
1,044	1,739	3,608	3,517	4,728	2,621	8,336	6,138
37	10	7,954	9,793	-117	-376	7,837	9,417
24,687	**25,768**	**820,844**	**877,045**	**-84,054**	**-62,519**	**736,790**	**814,526**
0	0	5,359	3,345	0	0	5,359	3,345
2,474	**-1,069**	**68,694**	**69,935**	**-2,305**	**-905**	**66,389**	**69,030**
-1,440	-1,551	-46,862	-52,878	883	947	-45,979	-51,931
0	0	-5,086	-4,669	0	0	-5,086	-4,669
1,034	**-2,620**	**16,746**	**12,388**	**-1,422**	**42**	**15,324**	**12,430**
4,455	25,462	24,392	86,756	-409	-10,654	23,983	76,102
-7,541	-15,953	-33,729	-69,286	409	10,654	-33,320	-58,632
-765	-3,062	-11,514	-17,530	-84	-2	-11,598	-17,532
-2,817	**3,827**	**-4,105**	**12,328**	**-1,506**	**40**	**-5,611**	**12,368**
Dec. 31, 2021	June 30, 2022	Dec. 31, 2021	June 30, 2022	Dec. 31, 2021	June 30, 2022	Dec. 31, 2021	June 30, 2022
388,768	**408,575**	**2,055,487**	**2,204,867**	**-415,994**	**-420,922**	**1,639,493**	**1,783,945**

Notes to the Consolidated Financial Statements

1. GENERAL INFORMATION ABOUT THE GROUP

BAUER Aktiengesellschaft, Schrobenhausen (referred to in the following as BAUER AG) is a stock corporation under German law. Its registered office is at BAUER-Strasse in Schrobenhausen and the company is entered in the Commercial Register of Ingolstadt (HRB 101375).

The BAUER Group is a provider of services, equipment and products dealing with ground and groundwater. The Group markets its products and services all over the world. The operations of the Group are divided into three segments: Construction, Equipment and Resources.

BAUER AG is listed in the Prime Standard of the German stock market.

These condensed interim consolidated financial statements were released for publication on August 9, 2022.

Auditory review

These condensed interim consolidated financial statements and the interim Group Management Report have not been audited in accordance with section 317 of the German Commercial Code (HGB), nor have they been subject to a review by an auditor.

2. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

BAUER AG prepares its condensed interim consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), the requirements of the International Accounting Standards Board (IASB), London, and the Interpretations of the International Financial Reporting Interpretations Committee (IFRIC), as applicable on the balance sheet date and recognized by the European Union. Only IASB Standards and Interpretations adopted by the Commission and duly published in the Official Journal of the EU by the balance sheet date are applied.

The Half-Year Interim Report as at August 11, 2022 was prepared in condensed form on the basis of IAS 34 “Interim Financial Reporting” and, as such, does not include all the disclosures that are mandatory for full-year consolidated financial statements.

These condensed interim consolidated financial statements are based on the Group‘s consolidated financial statements as at December 31, 2021 and, as such, should be read in conjunction with the consolidated financial statements of BAUER AG as at December 31, 2021.

3. BASIS OF CONSOLIDATION

The basis of consolidation includes BAUER AG and all major subsidiaries. Subsidiaries are all companies over which the Group has control in terms of financial and corporate policy. This is routinely accompanied by a share of voting rights of over 50%. When assessing whether control exists, the existence and effect of potential voting rights currently exercisable or convertible are considered.

In a small number of cases, companies are fully consolidated into the consolidated financial statements of BAUER AG even though that company holds less than 50% of their share of voting rights. This is the result of state restrictions which stipulate that foreign investors may not hold more than 50% of the voting rights in domestic companies. In such cases, BAUER AG makes use of so-called agency constructions, whereby more than 50% of the voting rights are commercially held in the company concerned, thus allowing for full consolidation.

Subsidiaries are included in the consolidated financial statements (fully consolidated) from the point at which control or the possibility of control is transferred to the Group. They are de-consolidated at the point when control ends. Companies in which BAUER AG is able, directly or indirectly, to exercise a significant influence over the said companies' financial and operating policy decisions (associated companies) are consolidated according to the equity method.

Changes at subsidiaries:

Construction segment:

With effect from May 18, 2022, 100% of the shares in BAUER Bulgaria EOOD were sold at a selling price of EUR 200 thousand. The company was therefore de-consolidated and has withdrawn from the basis of consolidation. The de-consolidation did not have a significant impact on the net assets, financial situation and earnings position, because the company itself and the sale of shares are of minor importance. As a result, disclosures in accordance with IFRS 10 and IAS 7 were not made.

With effect from May 25, 2022, BAUER Spezialtiefbau GmbH increased its holdings from 55.95% to 56.27% by purchasing additional shares in BAUER Egypt S.A.E. The purchase price for these shares was EUR 187 thousand. Due to its minor importance, the purchase did not have a significant impact on the net assets, financial situation and earnings position.

Resources segment:

With effect from January 27, 2022, SCHACHTBAU NORDHAUSEN GmbH was internally sold and assigned all its shares in MMG Mitteldeutsche MONTAN GmbH to WW Beteiligung GmbH, Schrobenhausen, Germany. The sale of shares did not have any impact on the net assets, financial situation and earnings position.

Otherwise, there have been no changes to the basis of consolidation since December 31, 2021.

4. DISCRETIONARY DECISIONS, CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Judgments and discretionary decisions may affect the amount of the reported assets and liabilities, the details about contingent assets and liabilities as at the reporting date and the income and expenses which are declared for the reporting period. Due to the currently unpredictable consequences of the COVID-19 pandemic as well as Russia's war against Ukraine, these judgments and discretionary decisions are subject to heightened uncertainty. In particular, the resulting rising inflation and significant price increases for raw materials and energy contribute significantly to uncertainties in estimates and discretionary decisions. The actual amounts may deviate from the judgments and discretionary decisions. Changes can have a significant impact on the interim financial statements. When updating the judgments and discretionary decisions, available information about the expected economic development and country-specific governmental measures were taken into consideration.

Due to the war initiated by Russia against Ukraine, the BAUER Group has examined the recoverability of assets, in particular intangible assets, property, plant and equipment, financial assets valued using the equity method, financial assets and other assets as at June 30, 2022.

The review showed no significant unscheduled impairments of these assets as of the reporting date.

For further information about estimates and judgments, we refer to page 78 of the 2021 Annual Report.

5. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied as of January 1, 2022 correspond to those of the consolidated financial statements as at December 31, 2021, with the exception of the valuation of the provisions for pensions and the first-time application of new and amended standards.

a) Valuation of the provisions for pensions

On June 30, 2022, the BAUER Group increased the discount rate for measuring its pension obligations in Germany to 3.30% (previous year: 1.30%).

b) New and amended standards adopted by the BAUER Group

Numerous new or amended standards entered into force in the current reporting period. No changes to the accounting principles of the BAUER Group resulted from the changes to the standards.

6. DISCLOSURES ABOUT FINANCIAL INSTRUMENTS

6.1. Financial risk factors

In its business operations and financing activities, the BAUER Group is subject to a wide range of market risks (foreign exchange rate, interest rate, raw material price and liquidity risks, risk of default).

These condensed interim consolidated financial statements do not include all disclosures and information relating to financial risk management, and, as such, they should be read in conjunction with the consolidated financial statements as at December 31, 2021.

No changes to the management of financial risks have been made since the end of the financial year.

6.2. Carrying amounts and fair values

The fair values of financial instruments are determined on the basis of one of the methods set out on the three following levels:

- Level 1: Quoted prices (adopted unchanged) on active markets for identical assets and liabilities
- Level 2: Directly or indirectly observable input data for the asset or liability other than quoted prices as per level 1
- Level 3: Applied input data which does not originate from observable market data for the measurement of the asset and liability (non-observable input data)

The financial instruments measured at fair value are assignable to the following levels:

Assets

in EUR thousand	Dec. 31, 2021		June 30, 2022		
	Book Value	Fair Value	Book Value	Fair Value	Level
Participations	10,803	10,803	10,803	10,803	3
Trade receivables	8,540	8,233	7,788	7,529	3
Other non-current financial assets	23,920	25,746	26,007	27,299	3
Forfeited trade receivables	0	0	0	0	2
Derivatives not in hedge accounting	1,166	1,166	13,199	13,199	2
Derivatives in hedge accounting	0	0	76	76	2
Total	**44,429**	**45,948**	**57,873**	**58,906**	

Passiva

in EUR thousand	Dec. 31, 2021		June 30, 2022		
	Book Value	Fair Value	Book Value	Fair Value	Level
Liabilities to banks	229,005	231,695	240,221	242,355	3
Liabilities from finance lease agreements	44,941	45,933	41,560	42,684	3
Other non-current financial liabilities	12,023	12,025	11,226	11,683	2
Derivatives not in hedge accounting	16,101	16,101	7,310	7,310	2
Derivatives in hedge accounting	81	81	2,067	2,067	2
Total	**302,151**	**305,835**	**302,384**	**306,099**	

In the first six months of the financial year, no reclassification was undertaken between the levels. Level 2 derivatives comprise foreign exchange forward contracts, foreign exchange options, interest rate swaps and interest rate caps. For derivative financial instruments without option components, including foreign exchange forward contracts and interest rate swaps, future payment flows are determined based on term curves. The fair value of these instruments corresponds to the sum of discounted payment flows. Currency pair options are valued on the basis of customary market option price models.

For cash and cash equivalents, current trade receivables, other current assets, current trade payables and other current liabilities, the carrying amount should be adopted as a realistic estimate of the fair value owing to the short remaining term.

The fair values of non-current financial assets and other non-current financial liabilities correspond to the present values of the payment flows linked to the assets, taking into account the applicable interest rate parameters, which reflect changes in the terms and expectations of the market and of the respective parties.

For participations, the fair value is determined using the discounted cash flow model. Up to the second half of the year, no significant fair value changes have resulted from the participations.

7. SEASONALITY

Our Construction segment undertakes many projects in regions where winter and other hostile weather conditions negatively affect results on the site in the first quarter and at the start of the second quarter. As a general rule, the first quarter is also weak for our Equipment segment because our customers only buy equipment when they actually need it to provide their construction services. In our Resources segment, wintry conditions at the start of the year mean that sales of well engineering materials are very weak.

Since most costs are fixed, significant losses are made in the first quarter of each year. Beginning with the second quarter, those losses are balanced out as contribution margins improve. Break-even has normally not yet been achieved by the end of the second quarter. Most profit is generated in the third and fourth quarters. The above-mentioned annually recurring business cycle allows revenue, sales and earnings in the various quarters to be compared to the corresponding reference period, ignoring special factors.

8. NOTES ON SEGMENT REPORTING

The internal organizational and management structure and the internal system of reporting to the Executive Board and Supervisory Board form the basis for the segmentation employed by the BAUER Group.

The BAUER Group comprises the Construction, Equipment, Resources and Corporate Services segments. Transactions between the segments are conducted at market prices.
SCHACHTBAU NORDHAUSEN GmbH operates in both the Equipment and Resources segments. The assets and liabilities and income statement items of SCHACHTBAU NORDHAUSEN GmbH were assigned to the relevant segments.

Construction
The **Construction segment** applies all the established methods and techniques of specialist foundation engineering all over the world. These include executing complex excavation pits and foundations for large-scale infrastructure projects and buildings, as well as cut-off walls and ground improvements. On the one hand, the construction markets are handled by local subsidiaries that support one another in networks, and on the other hand, large projects in countries without a local company are carried out by pooling capacities from all over the world. From Germany, support services are provided by means of central service functions and standards are set for the subsidiaries of each segment.

Equipment
In the **Equipment segment**, Bauer is a provider for a full range of equipment for specialist foundation engineering as well as for the exploration, mining and extraction of natural resources. In addition to its headquarters in Schrobenhausen, the Equipment segment operates a worldwide distribution network and production facilities in Germany, China, Malaysia, Russia, Italy, Turkey and the USA, among other locations.

Resources
The **Resources segment** focuses on the development, production and execution of innovative products and services, acting as a service provider with several business divisions and subsidiaries in the areas of drilling services and water wells, environmental services, constructed wetlands, mining and rehabilitation. Our areas of expertise include water extraction and drilling technologies, brownfield remediation and waste management along with water treatment and building rehabilitation.

Corporate Services
The **Corporate Services segment** encompasses services (accounting, personnel, IT, etc.) provided by BAUER AG for the Group companies. This also comprises the other units not assignable to the separately listed segments, which provide services such as in-house and external education and training as well as centralized research and development.

In the first half of 2022, EUR 0 thousand (previous year: 0) were included in this segment for distribution payments by Group subsidiaries to the parent company.

Consolidation
The intersegmental consolidation effects are grouped here under **Consolidation**. This includes offsetting of intra-group sales between the segments as well as income and expenses and interim results. The intersegmental consolidation effects are adjusted within the respective business area. The distribution payments stated in the Corporate Services segment are included in the offsetting of the interim results. The segment earnings after tax reflect the financial income and expenses as well as the income tax expense. The segment assets incorporate all the assets of the Group.

Total Group revenues, consolidated revenues and sales revenues with third parties
The consolidated revenues reflect the performance of all the companies included in the basis of consolidation. The total Group revenues represent the total revenues of all companies forming part of our Group. The difference between the

consolidated revenues and the total Group revenues is derived from the revenues of the associated companies and joint ventures, from our subcontractor shares in consortia and from the revenues of non-consolidated companies.

The sales revenues with third parties are allocated to the business segments according to the customer's location. No single customer accounts for more than 10% of total sales.

No breakdown of sales revenues by product and service, or by groups of comparable products and services, was available as per the balance sheet date.

9. MATERIAL TRANSACTIONS WITH RELATED PARTIES

The relationships between fully-consolidated Group companies and related companies and individuals relate mainly to associated companies and joint ventures. Transactions with the said companies are performed at standard market terms. In the reporting period, no material transactions were undertaken with related parties.

10. CONTINGENT LIABILITIES

Contingent liabilities arising from guarantees to third parties exist in an amount of EUR 192,263 thousand (December 31, 2021: EUR 176,253 thousand). In addition, we are subject to joint and several liability in respect of all consortia in which we participate.

11. NON-CURRENT ASSET HELD FOR SALE

A property held by PRAKLA Bohrtechnik GmbH in Germany was sold in the second quarter of the current year. The accounting profit from the sale was EUR 1,080 thousand.

ASSURANCE BY THE LEGAL REPRESENTATIVES

We hereby assure that, to the best of our knowledge, the condensed interim consolidated financial statements give a true and fair view of the net assets, financial position and earnings position of the Group in accordance with the applicable accounting principles for interim financial reporting and that the interim Group Management Report presents a true and fair description of the development of the business, including the Group's performance and position, and of the material risks and opportunities associated with the expected development of the Group over the remainder of the financial year.

Schrobenhausen, August 11, 2022

The Executive Board

Dipl.-Phys. Michael Stromberg CEO	Dipl.-Ing. (FH) Florian Bauer, MBA	Peter Hingott

FUTURE-RELATED STATEMENTS

This quarterly statement contains some future-related statements. Future-related statements are any statements which do not relate to historical facts and events, such as statements about future fi nancial earning power, about plans and expectations with regard to the development of the business of the BAUER Group and about the general economic climate or other factors to which the Group is subject. The use of words such as “believe”, “expect”, “predict”, “intend”, “forecast”, “plan”, “estimate”, “aim”, “likely”, “assume” and similar language indicates that the statements in question are future-related. Future-related statements are subject to risks and many uncertainties which may mean that actual developments, earnings or levels of income or revenue which are achieved differ widely from the developments, income or revenues explicitly or implicitly assumed in the future-related statements.

Readers are advised that, in view of the said risks and uncertainties, no inappropriately high degree of confidence should be placed in the likelihood of such statements proving to be accurate in the future. BAUER Aktiengesellschaft does not intend to, and assumes no obligation to, publish updates of such future-related statements in order to incorporate events or circumstances beyond the date of publication of this quarterly statement..

2022 FINANCIAL CALENDAR

March 7, 2022	Preliminary figures for 2021
April 7, 2022	Publication Annual Report 2021 Annual Press Conference Analysts' Conference
May 12, 2022	Quarterly Statement Q1 2022
June 23, 2022	Annual General Meeting
August 11, 2022	**Half-Year Interim Report to June 30, 2022**
November 11, 2022	**Quarterly Statement 9M/Q3, 2022**

You can find more information on the BAUER Group online at www.bauer.de.

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