

Half-Year Financial Report 2021



Safety and Availability for Rail



Safety and Availability for DC Power

Group key performance indicators (IFRS)

In € million	01.01. – 30.06.2021	01.01. – 30.06.2020	Change ¹
Order intake	279.5	270.4	3.4 %
Revenue	253.3	239.3	5.8 %
EBITDA	21.9	17.5	25.1 %
EBIT	13.6	9.6	41.8 %
EBIT margin (in %)	5.4	4.0	1.4 PP
Group net profit	13.2	4.0	225.9 %
– attributable to Schaltbau Holding AG	11.5	2.5	350.2 %
Cash flows from operating activities	5.9	3.8	53.2 %
Cash flows from investing activities ²	-8.2	-6.6	24.3 %
Free cash flow	-2.3	-2.8	15.4 %
In € million	30.06.2021	31.12.2020	Change ¹
Balance sheet total	424.1	411.8	3.0 %
Fixed assets	148.0	145.8	1.5 %
Net Working Capital	126.8	127.4	-0.5 %
Return on Capital Employed (ROCE, in %)	9.5	8.1	1.4 PP
Group equity	161.1	90.7	77.6 %
Equity ratio (in %)	38.0	22.0	16.0 PP
Net financial liabilities (including lease liabilities)	32.2	79.8	-59.7 %
Employees	2,910	2,916	-0.2 %
Share			
Xetra closing price in €	37.0	29.80	24.2 %
Market capitalisation in € million	354.8	263.8	34.5 %
Number of shares issued	9,589,341	8,852,190	8.3 %

¹ Changes expressed in percentages were calculated on the basis of more precise figures.

² From 2021, interest received will be reported in cash flow from investing activities. The comparative period has been adjusted accordingly.

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To our Shareholders

Dear Shareholders

The Schaltbau Group passed some important milestones in the first half of 2021 as it successfully continued to tread the path of profitable growth.

However, the COVID-19 pandemic continues to present us with challenges, such as postponements of major investments by customers in the Rail sector and the impact of supply bottlenecks, which affected specific materials and components. Nevertheless, despite these issues, we were able to increase revenue by 6% to EUR 253.3 million for the six-month period.

The key feature of our performance during the first half of the year was the significant improvement in profitability. We were able to raise our EBIT margin by a further 1.4 percentage points to a new level of 5.4%. In other words, the measures defined in our Strategy 2023 aimed at boosting financial performance are bearing fruit.

This fact is particularly borne out in the field of rolling stock at Bode. Through increased profitability, leaner overheads and a constantly growing service business that benefits from an installed basis of some 180,000 entry systems, we were able to increase the EBIT margin by 3.2 percentage points to 3.4%.

We are well on track towards completing the "Zwieseler Spinne", the groundbreaking pilot project for regional train lines based on digital interlocking technology. The first test system, including the necessary hardware, is already in operation. In the Rail Infrastructure line of business, revenue should receive a boost in the second half of the year, driven by the current high demand for level crossings.

We are also making great progress with expanding our business in the young, fast-growing New Energy/New Industry and e-Mobility markets. Schaltbau's order intake in the fields of New Energy/New Industry has seen an impressive 49% year-on-year increase, with revenue up by 36%. Revenue generated by SBRS has grown by as much as 77%, above all through e-mobility projects with high-performance charging stations for e-buses – and the trend is set to continue unabated.

We are particularly proud of a milestone we reached in the e-Mobility Automotive line of business. Just recently we were nominated as supplier for the new e-commercial vehicles platform of a leading manufacturer, where production is scheduled to start in 2023.

Despite COVID-19, we continue to collaborate closely with the development departments of various manufacturers and are pressing ahead with a number of projects. We fully intend to play a proactive role in this key market of the future going forward.



The construction of the NExT Factory in Velden to expand production capacities is fully on schedule. Production will start here in the fall of 2023.

An essential requirement in this endeavour is our new NExT Factory, where construction is also progressing within schedule. In spring we invested in a drainage infrastructure for the construction site, which has really paid off in view of the flood situation in Bavaria and there were no construction delays, despite the extremely heavy rainfall in the area.

We also received a positive response from you, our shareholders, at this year's Annual General Meeting, where the attendance rate was high. As a newly formed Executive Board team, we are working closely together in a spirit of mutual trust and pursuing a coherent common strategy, a fact we made abundantly clear at this year's Annual General Meeting. Cooperation with the Supervisory Board that was newly elected at the Annual General Meeting is also going very well.

Due to the expertise of my Executive Board colleague Steffen Munz, who has been CFO since 1 March 2021, our capital market orientation has gained even greater significance. This can already be seen in the successfully placed Mandatory Convertible Bond, which has secured our growth financing and significantly bolstered the structure of the Group's balance sheet. The increased level of capital market orientation is also likely to drive up the value of the Schaltbau share in the medium to long term.

All in all, the Schaltbau Group is firmly on track for profitable growth and we would be delighted to have you with us as we continue our journey.

Kind regards

A handwritten signature in black ink that reads "Brandes". The signature is written in a cursive, flowing style.

Dr. Jürgen Brandes

Chief Executive Officer

The Schaltbau Share

Why invest?



Attractive markets

Stable growth in Rail with attractive After Sales business, dynamic growth in DC future markets



Strong market position

Leading supplier of safety-critical components and systems
Strong, established brands: Pintsch, Bode, Schaltbau



Unique DC expertise

Outstanding expertise in DC technology from Rail for new DC applications in New Energy / New Industry and e-Mobility



Sustainable business model

Diversified portfolio addresses megatrends in sustainable mobility and energy supply



Capture the value creation potential

Experienced management improves business performance and expands into new dynamically growing markets

Strategic key approaches

①

Sustainable performance improvement

(Profitability, return on capital, and cash generation)

②

Grow core business on a profitable basis:

Rail infrastructure and Rolling Stock/Bus

③

Growing the After Sales business, utilizing the installed base

and growth in modernisation/refurbishment

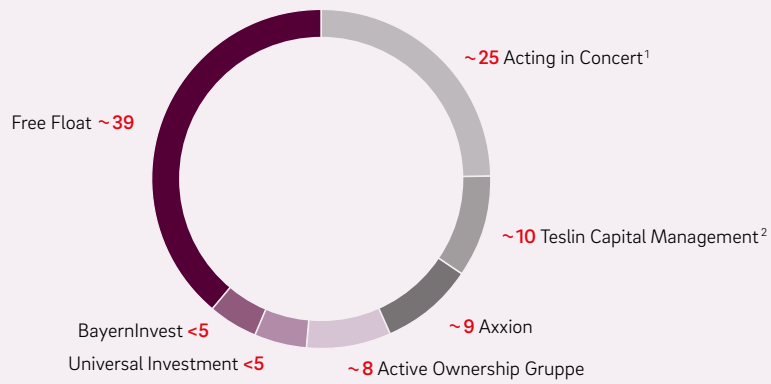
④

Development of new DC components and applications

in New Energy / New Industry and e-Mobility, entering high-growth markets

Shareholder structure

in %



Total number of shares: 9,589,341

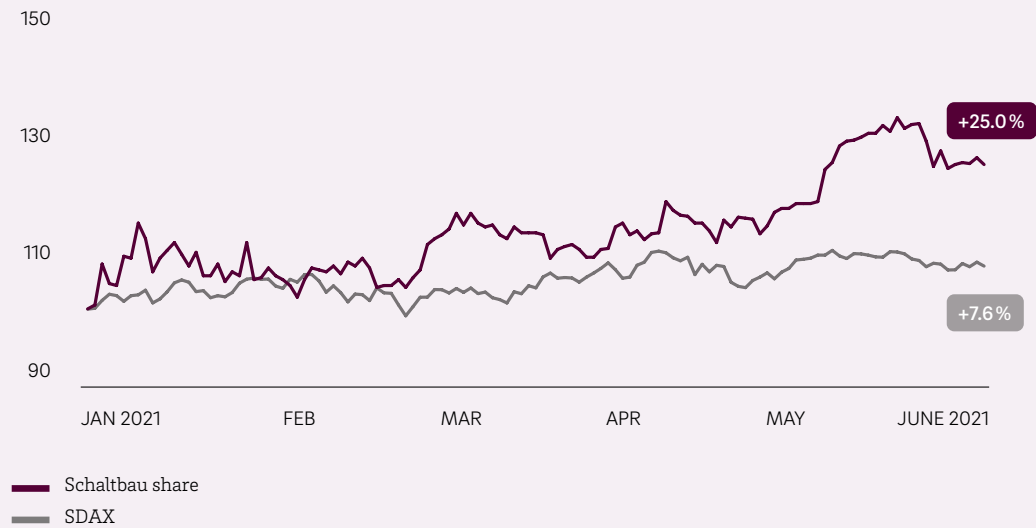
¹ Luxempart S.A., Hans-Jakob Zimmermann, Dr. Johannes Zimmermann, Elrena GmbH

² Gerlin NV and Midlin NV

As of 30.06.2021, according to voting rights notifications / share register

Relative share performance

in %



Interim Report

Management and control

The Schaltbau Group is managed by the Executive Board of Schaltbau Holding AG, which comprised three members as at 30 June 2021. The following changes were made to the Executive Board during the period under report:

On 4 March 2020, the Supervisory Board of Schaltbau Holding AG appointed Dr Jürgen Brandes as a further member of the Executive Board for a period of three years with effect from 1 April 2020. On 1 January 2021, Dr Jürgen Brandes succeeded Dr Albrecht Köhler as CEO of Schaltbau Holding AG, whose period of office ended for contractual reasons on 31 December 2020.

Pursuant to section 105 (2) sentence 1 of the German Stock Corporation Act (AktG), the Supervisory Board appointed Prof. Thorsten Grenz as interim Chief Financial Officer with effect from 1 September 2020. His Supervisory Board mandate was suspended for the duration of his appointment to the Executive Board. On 7 October 2020, pursuant to section 104 (2) sentence 2 of the German Stock Corporation Act (AktG), Dr Günter Pferdmenges was temporarily appointed member of the Supervisory Board by court order for the length of the suspension.

With effect from 1 March 2021, Prof. Thorsten Grenz handed over the position of CFO to Steffen Munz, who the Supervisory Board appointed for a three-year period of office on 6 November 2020. Prof. Grenz subsequently resumed his activities as a member of the Supervisory Board.

With the exception of the employee representatives, the term of office of the previous members of the Supervisory Board of Schaltbau Holding AG terminated at the end of the Annual General Meeting on 25 May 2021. Four members of the Supervisory Board were therefore newly elected by the Annual General Meeting. In the subsequent constituent meeting of the Supervisory Board, Stéphane Rambaud-Measson was voted Chairman and Prof. Thorsten Grenz Deputy Chairman of the Supervisory Board.

At 30 June 2021, the Supervisory Board therefore comprised the following members:

- Stéphane Rambaud-Measson (Chairman)
- Prof. Thorsten Grenz
- Sebastian Reppegather
- Florian Martin Schuhbauer
- Herbert Treuting (employee representative)
- Achim Stey (employee representative)

On 12 April 2021, the Supervisory Board adopted a new compensation system for Executive Board members that complies with the requirements of the German Stock Corporation Act and takes into account the recommendations of the German Corporate Governance Code. The Annual General Meeting approved the new compensation system on 28 May 2021.

Furthermore, the Annual General Meeting approved the compensation system for Supervisory Board members set out in article 13 of the Company's Articles of Association.

Internal management system

Schaltbau Holding AG is the parent company of the Group's four segments. The Company is listed in the Prime Standard segment of the Frankfurt Stock Exchange and admitted to the regulated market of the Munich Stock Exchange.

As parent company, Schaltbau Holding AG is responsible for managing and defining the strategy of the Schaltbau Group. It fulfils this responsibility by ensuring that the corporate strategy it has developed is efficiently implemented, which requires setting clear targets and allocating capital to each of the Group's four segments. In regular review meetings with its managing directors and other key employees, the Schaltbau Executive Board monitors the key financial and non-financial indicators to determine the progress of internal projects and assesses the opportunities and risks for both upcoming major contracts and those already completed. The Executive Board also appoints the managing directors of Group companies.

It also undertakes Group-wide duties such as providing the systems for standardised financial management throughout the organisation, Group accounting and controlling, cash management, investor relations, corporate communications and the legal department. Finally, it is also responsible for corporate governance functions, including Compliance, Auditing, Risk Management and Corporate Social Responsibility.

The Schaltbau Group is divided into four operating segments:

- Pintsch
- Bode
- Schaltbau
- SBRS

Schaltbau Holding AG has established three main parameters as key financial performance indicators:

- Order intake
- Revenue
- Earnings before interest and taxes (EBIT)

Within the Schaltbau Group, order intake, revenue and EBIT are reported on each month by segment and individual entity.

Additionally, at Group level:

- Return on Capital Employed (ROCE)
- Free cash flow (i.e. the total sum of cash flows from operating activities and cash flows from investing activities)
- Net debt ratio (current and non-current bank liabilities plus other financial and leasing liabilities less cash and cash equivalents in relation to EBITDA) are also included in the broader assessment and situation analysis.

Strategy

Basically, the Schaltbau Group operates in two different market sectors:

In the Rail sector, traditionally the core business of the enterprise, the Schaltbau Group has been market leader for safety-related components and systems for many years. This applies both to the railway-specific components manufactured by Schaltbau GmbH and to the system and service offerings provided by Bode, Pintsch and SBRS. The Group has successfully established itself on this market as an expert for rail infrastructure and electromechanics and its products and services are a guarantee of safety and availability in the world of railway transportation. The Rail market is growing moderately, but robustly.

In the DC Power sector, the Schaltbau Group leverages its high level of technological expertise and know-how to protect direct current applications in the rail sector to enter dynamically growing markets outside the rail sector in the New Energy / New Industry and e-Mobility markets with innovative applications. Moreover, with its electromechanical and power electronics components as well as smart solutions for energy management, the Schaltbau Group ensures a high level of safety and availability in these markets when using DC technology and battery systems. The DC Power sector is currently growing at a highly dynamic double-digit rate.

In the "Strategy 2023" drafted and defined by Schaltbau Holding AG in the first half of 2021, the Group is looking to strengthen its key Rail business and unlock further growth potential by expanding into new markets with the aim of increasing its corporate value on a sustainable basis. With this goal in mind, the Company has defined four key strategic approaches:

1. Sustainable improvement of financial performance

Profitability, return on capital employed (ROCE) and cash generation are decisive factors in determining corporate value. For this reason, the uppermost priority is to enhance the financial performance of the entire Group, particularly in those fields that have so far lagged behind similar enterprises in terms of performance. To this end, the Executive Board, together with the Group's lead companies, has drawn up a Full Potential Plan in which the levers for improving performance have been identified and suitable measures defined. The Group is in the process of rigorously implementing the plan.

2. Profitable growth in core business

In order to enable more profitable and faster growth in its traditional Rail core business, Schaltbau is not only planning measures to improve its cost structure, but also making targeted investments and developing product innovations.

For example, in the field of Rolling Stock (Bode), production is scheduled to be relocated abroad using a "best cost country" approach. Smaller complementary acquisitions are also conceivable, with the aim of improving the cost structure and broadening the Group's portfolio. In the field of Rail Infrastructure (Pintsch), the entire range of products is to be successively digitised in order to benefit from the "Digital Rail for Germany" investment project on the one hand and to expand more strongly internationally with this product portfolio on the other. With the "Zwieseler Spinne" pilot project, the Schaltbau Group has already managed to secure itself a groundbreaking order to build a digital interlocking system in its core market in Germany.

3. Expand service business

The service business in the Rail sector offers profitable margins and is therefore scheduled for targeted expansion. Firstly, the Schaltbau Group intends to make greater use of its considerable installed base of boarding systems, which has grown strongly in recent years. Secondly, the refurbishment business (SBRS) is to be additionally expanded. To ensure prompt, proactive service, an express workshop has already been established in Kassel, which went into operation at the end of 2020.

4. Develop new DC components and applications for the New Energy / New Industry and e-Mobility markets

The Schaltbau Group is already engaged in the New Energy / New Industry and e-Mobility sectors (Schaltbau, SBRS) with numerous products and projects and has thus already successfully transferred its wealth of DC expertise from the rail sector to these new markets.

As part of the process, Schaltbau GmbH is supplying safety-critical electromechanical hardware components for DC applications. For instance, the contactors manufactured by Schaltbau GmbH are deployed in testing facilities, electric vehicles, high-performance charging infrastructures, electrically powered ferries and energy storage equipment.

Moreover, SBRS GmbH has already implemented complete mobile and stationary charging infrastructures for electric buses in a number of towns and cities using Schaltbau components. These components are also installed in the charging systems of other manufacturers.

The New Energy / New Industry and e-Mobility markets are growing at a highly dynamic pace. The Group is looking to benefit from this strong market growth by developing innovative, specific components and solutions designed for these applications at a new, state-of-the-art, highly automated production plant, the NEX Factory in Velden, with the aim of accelerating its own expansion in these markets.

Group reporting entity

SBRS Consulting GmbH, Dinslaken, ("SBRC"), which was established at the end of the 2020 fiscal year, was consolidated for the first time with effect from 1 January 2021. There were no further changes to the Group reporting entity as at 30 June 2021 compared with 31 December 2020. The Group reporting entity as at 31 December 2020 is presented in the combined management report for the Schaltbau Group and Schaltbau Holding AG.

General economic conditions

Macroeconomic environment:

Third wave of COVID-19 slows down economic upturn in Germany

According to the latest assessment of the International Monetary Fund (IMF)¹, economic output in the leading industrialised nations slumped by 4.7% in 2020, the year of the COVID-19 pandemic. 2021, however, is proving to be the year of further economic recovery. The IMF experts forecast 5.1% growth in economic output across the leading industrialised nations, which is 0.8 percentage points up on the prediction made in January. However, the extent of recovery differs from one country to the next and is largely dependent on the progress of the vaccination campaigns and supporting measures provided by the governments of the various countries.² For Germany, the IMF expects to see economic growth of 3.6% in 2021, i.e. 0.1 percentage points higher than in its January forecast.

According to the Federal Statistical Office, however, gross domestic product (GDP) in the first quarter 2021, adjusted for price and calendar effects, fell by 3.1% compared to the same quarter of the previous year due to the far-reaching COVID-19 restrictions, thus initially slowing the economic recovery that began in the second half of 2020.³ Private consumption in particular dropped significantly. Adjusted for price, seasonal and calendar factors, consumer spending in the first quarter 2021 was 5.1% down on the fourth quarter 2020. In the manufacturing sector (excluding construction), however, the price-adjusted decline was more moderate at 1.2%.

Economic forecasts for the full year remain fraught with uncertainty. The further course of the pandemic, particularly developments with regard to the virus variants, will have a considerable impact on actual economic performance in 2021.

The Schaltbau Group was essentially only affected by the slump in economic performance in the first months of 2021 in short-cycle, production-oriented areas of business, such as due to bottlenecks in the supply of certain materials. However, the pandemic also led to some customer-related delays in project business.

¹ IMF: World Economic Outlook, April 2021, S.

² See above, page XIII

³ Federal Statistical Office: Press release no. 244 dated 25 May 2021

Based on the Company's assessment, the economy is expected to recover in the second half of 2021. The impact of the COVID-19 pandemic on economic development in 2021 is taken into account in the Company's outlook for the current fiscal year.

Rail sector environment:

Dynamic growth within Germany, slump in international orders

According to the Association of the European Rail Industry (UNIFE)⁴, the rail transportation market continues to show a stable moderate average growth rate of 2.3% globally and 2% in Western Europe in the period from 2020 to 2025 – even taking into account the COVID-19-induced severe market slump of 8% in 2020.⁵ Positive influencing factors are the growing level of urbanisation and heightened environmental awareness, which is also reflected, for example, in development programmes such as the European Green Deal. According to market experts at Roland Berger, who conducted this study on behalf of UNIFE, increasing digitisation is also likely to make the rail sector more attractive.

According to the German Railway Industry Association (VDB), total revenue generated by the industry grew by 7% to EUR 12.5 billion in 2020. However, in 2020, order intake from abroad slumped by 37.5% and by as much as 42% for rolling stock applications. The VDB therefore expects export-oriented SMEs in particular to be perceptibly threatened by the knock-on effects of the crisis in the coming years.⁶

In Germany, the rail sector is likely to benefit significantly in the medium and long term from the planned investment package put together by the Federal Government and Deutsche Bahn amounting to some EUR 86 billion to fund the modernisation of Germany's entire railway network by 2030. The "Digital Rail for Germany" project, which is scheduled to begin in 2023 after analysing the experiences of various pilot projects within the fast-track programme, makes up a significant share of the investment package. In this context, the Schaltbau subsidiary Pintsch was awarded the order to implement a digital interlocking system for the "Zwieseler Spinne" project in 2020.

While business performance in the Bode segment as a supplier to rolling stock manufacturers could be affected by the aftermath of the pandemic, the investment programme of the German government and Deutsche Bahn is expected to have a positive impact on further business developments in the Pintsch segment.

4 UNIFE / Roland Berger: World Rail Market Study, S. 99

5 UNIFE / Roland Berger: World Rail Market Study, S. 4

6 German Railway Industry Association (VDB), press release no. 3/2021 dated 28 April 2021

DC Power sector environment: Dynamic growth in energy storage and e-Mobility

DC technology is deployed in the predominantly battery-based applications in the New Energy/ New Industry and e-Mobility sectors. Here, for example, Schaltbau components ensure the safe separation of direct current in electric vehicles, electric ferries, high-performance charging infrastructures, testing facilities and energy storage solutions for renewables.

According to the US market research company ResearchAndMarkets.com, the global market for batteries is likely to grow by an average of 12.8% annually between now and 2027 and the market for lithium-ion batteries is even expected to grow by an average of 14.1% per annum during the same period.⁷ The global market for energy storage solutions for solar and wind power is even predicted to double in 2021 compared to the previous year, according to IHS Markit.⁸

Based on the E-Mobility Index 2021 published by the consulting firm Roland Berger, sales figures for electric vehicles grew significantly in 2020. The sale of electric cars more than tripled to almost 400,000 vehicles and the share of electric vehicles in Germany on the overall market rose to 12.6% (2019: 2.9%). According to the E-Mobility Index, Germany is the second largest market for electric cars worldwide after China.⁹ The market for electric buses also grew by around 22% in Western Europe in 2020, according to the trade magazine Sustainable Bus.¹⁰ Furthermore, between 2020 and 2024 Bloomberg expects the number of electrically powered commercial vehicles to double worldwide to approximately 20 million units per annum.¹¹

As a supplier of safety-related hardware components and system solutions in specific cases, the Schaltbau Group is therefore likely to benefit from strong market growth in these sectors going forward.

⁷ ResearchAndMarkets, press release dated 8 April 2021

⁸ IHS Markit, press release dated 16 February 2021

⁹ Roland Berger: E-Mobility Index 2021, March 2021, page 9

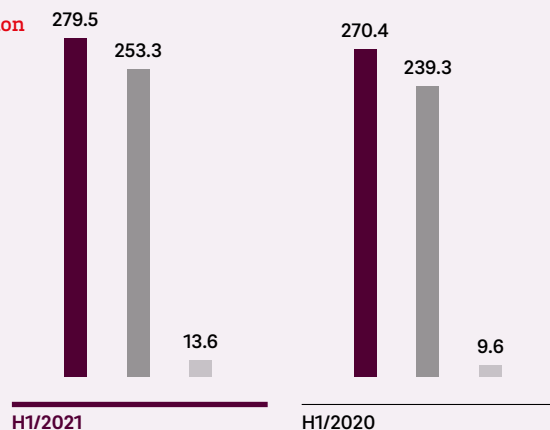
¹⁰ Sustainable Bus: The pandemic doesn't stop the European e-bus market: +22% in 2020, report dated 19 February 2021

¹¹ BloombergNEF: Electric Vehicle Outlook 2021, page 91

Business and earnings position of the Schaltbau Group

€ million

Order intake
Revenue
EBIT



Business performance

The Schaltbau Group's business performance in the first six months underpins the forecast for 2021 as a whole. Despite the continued challenging market environment caused by the COVID-19 pandemic, order intake, revenue and earnings before interest and taxes (EBIT) exceeded the previous year's figures right across the Group.

Order intake for the Schaltbau Group in the first half of 2021 increased by EUR 9.1 million year on year to EUR 279.5 million (6M 2020: EUR 270.4 million). The positive development is primarily attributable to brisk demand in the Schaltbau and Pintsch segments, particularly in the high-growth New Energy/New Industry markets supplied by Schaltbau GmbH, as well as higher order volumes for level crossing technology at Pintsch. The book-to-bill ratio (order intake in relation to revenue) stood at a very healthy 1.1 for the period under report.

In the first six months of the fiscal year 2021, the Schaltbau Group increased revenue by EUR 14.0 million, or 5.9%, to EUR 253.3 million (6M 2020: EUR 239.3 million). The Schaltbau and SBRS segments were the main drivers of this good performance. While the Schaltbau segment recorded substantially higher revenue, particularly in the growth markets of New Energy/New Industry, SBRS increased its revenue primarily in the field of e-Mobility.

€ Mio.	Pintsch		Bode		Schaltbau		SBRS		Group	
	H1/2021	H1/2020	H1/2021	H1/2020	H1/2021	H1/2020	H1/2021	H1/2020	H1/2021	H1/2020
Order intake	49.7	42.2	124.5	135.3	82.2	72.1	23.1	20.9	279.5	270.4
Revenue	34.6	34.8	121.4	124.7	76.4	68.1	20.8	11.8	253.3	239.3
EBIT	0.8	2.1	4.1	0.2	12.7	11.9	1.3	1.3	13.6	9.6
EBIT margin (in %)	2.4	6.1	3.4	0.2	16.4	17.3	6.0	10.5	5.4	4.0

Business performance in the **Pintsch segment** in the first six months of 2021 reflects the historically typical seasonal nature of rail infrastructure business. Driven primarily by demand for components for level crossing technology, order intake rose significantly by 17.8% from EUR 42.2 million to EUR 49.7 million year on year. At EUR 34.6 million, revenue was similar to the previous year (6M 2020: EUR 34.8 million). EBIT totalled EUR 0.8 million (6M 2020: EUR 2.1 million); the EBIT margin came in at 2.4% (6M 2020: 6.1%). In the same period one year earlier, revenue and EBIT were positively impacted by exceptional items following the completion of the Platform Screen Doors project in Brazil. The pilot project for the groundbreaking "Zwieseler Spinne" digital interlocking system is progressing on schedule.

Order intake for the **Bode segment** in the first six months of 2021 totalled EUR 124.5 million and was EUR 10.8 million down on the same period one year earlier (6M 2020: EUR 135.3 million). The lower figure was primarily attributable to the Bus and Rail lines of business. While the decline in the Bus line of business is mainly due to the loss of a major customer and the relocation of activities to our joint venture partner in Turkey, the drop in the Rail line of business compared to

Business and earnings position of Pintsch segment

€ million

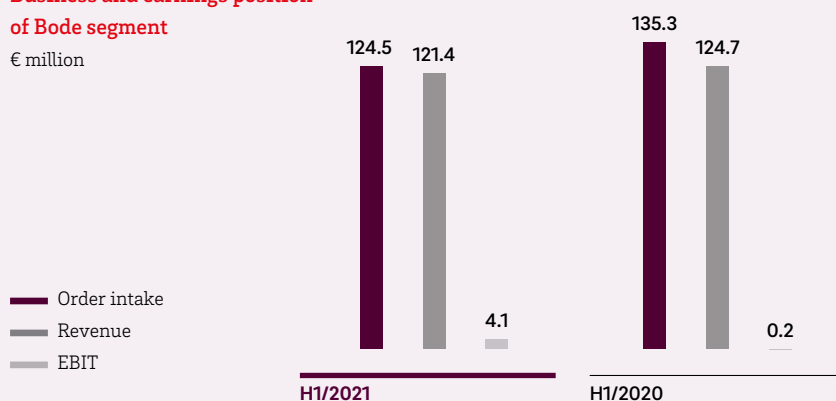


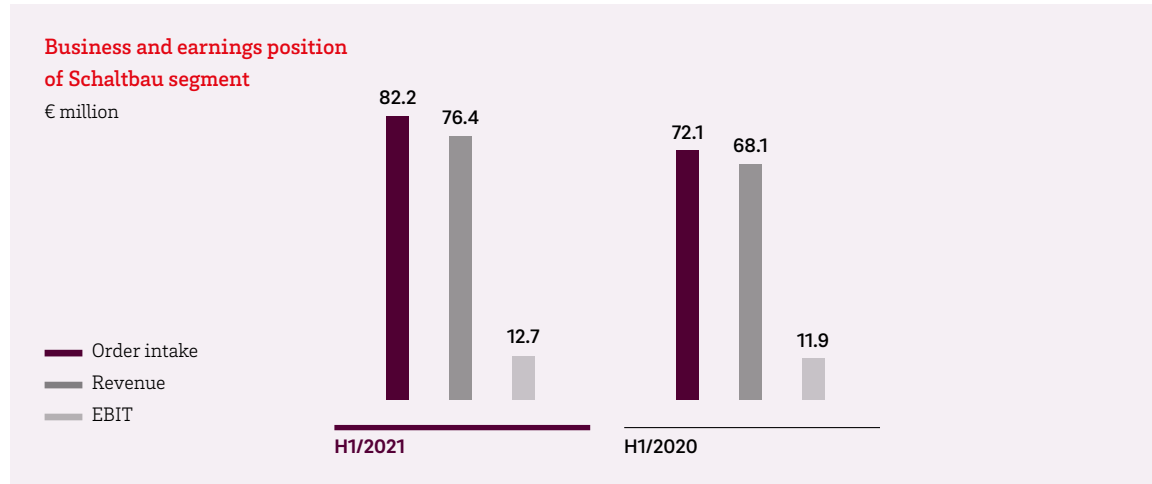
the same period of the previous year mainly reflected the typical fluctuation of new projects awarded. Order intake in the Rail line of business continues to be at a high level. Segment revenue fell by 2.6% to EUR 121.4 million (6M 2020: EUR 124.7 million). The lower year-on-year figure is mainly due to the Bus and Automotive lines of business. Segment EBIT increased to EUR 4.1 million (6M 2020: EUR 0.2 million), resulting in an EBIT margin of 3.4% (6M 2020: 0.2%). The significantly improved result was primarily achieved on the back of increased revenue generated with high-margin aftersales services and the optimisation of cost structures at the Group's Kassel plant.

Order intake in the **Schaltbau segment** rose significantly by 14.0% to EUR 82.2 million (6M 2020: EUR 72.1 million). As expected, growth was driven by the improved level of order intake in the New Energy / New Industry market sector and stable performance in the Rail line of business. Segment revenue for the period under report totalled EUR 76.4 million, 12.2% up on the previous year (6M

Business and earnings position of Bode segment

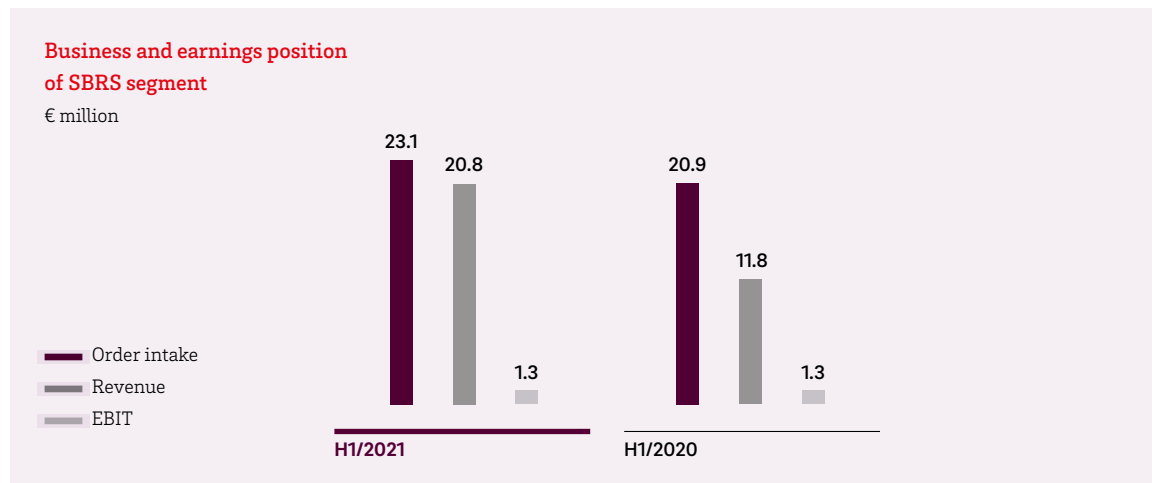
€ million





2020: EUR 68.1 million), reflecting the positive development of order intake. Segment EBIT rose accordingly by EUR 0.8 million to EUR 12.7 million (6M 2020: EUR 11.9 million), equivalent to an EBIT margin of 16.4% (6M 2020: 17.3%). The previous year's figure included positive one-off effects due to the first-time consolidation of Schaltbau India.

Order intake for the **SBRS segment** again grew at a double-digit rate year on year, rising by 10.5% to EUR 23.1 million (6M 2020: EUR 20.9 million), mainly driven by orders coming from the e-Mobility sector. Segment revenue jumped significantly by 76.3% to EUR 20.8 million (6M 2020: EUR 11.8 million), also due to increased demand in the e-Mobility line of business, particularly for the high-performance infrastructure equipment used for charging electric buses. Segment EBIT totalled EUR 1.3 million and was therefore identical to the figure recorded one year earlier (6M 2020: EUR 1.3 million), giving an EBIT margin of 6.0% (6M 2020: 10.5%).



Earnings

EBIT for the Schaltbau Group amounted to EUR 13.6 million for the six-month period under report, up by EUR 4.0 million and therefore significantly above the previous year's total of EUR 9.6 million, resulting in an EBIT margin of 5.4% (6M 2020: 4.0%). The improved result is due in particular to the implementation of performance-enhancing measures defined within the framework of Strategy 2023. The result was partially attributable to the better figure achieved in the Bode segment, but also to growing volumes in the high-margin aftersales business. Growth in the new markets of New Energy and New Industry also contributed towards the positive EBIT performance.

Reported Group revenue increased by EUR 13.9 million or 5.8% to EUR 253.3 million (6M 2020: EUR 239.3 million) during the period under report. Similarly, total output also went up to EUR 261.8 million (6M 2020: EUR 250.1 million).

With other operating income significantly lower at EUR 3.6 million (6M 2020: EUR 6.9 million) and cost of materials up by only 1.0% to EUR 133.1 million (6M 2020: EUR 131.8 million), gross profit improved by 5.6% to EUR 132.2 million (6M 2020: EUR 125.2 million). The decline in other operating income at the half-way point of the year was partially due to earnings effects from first-time consolidations and deconsolidations as well as higher income arising on the reversal of provisions. At 50.9%, the cost of materials ratio (cost of materials in relation to total output) was below the previous year's level in the first half of the year (6M 2020: 52.7%), despite moderately rising costs in bought-in materials caused by bottlenecks in the material supply chain, mainly due to a changed product and project mix.

Personnel expense for the first six months of the fiscal year rose by EUR 2.7 million from EUR 85.5 million in 2020 to EUR 88.1 million, reflecting the slightly larger workforce size as well as inflation-related salary increases.

Depreciation and amortisation increased by EUR 0.4 million from EUR 7.9 million to EUR 8.3 million during the period under report. While amortisation on intangible assets amounting to EUR 1.9 million was similar to the figure recorded one year earlier, depreciation on property, plant and equipment and right-of-use assets rose on the back of increased investment in operational and office equipment, which went up by EUR 0.3 million to EUR 6.4 million.

Other operating expenses went down slightly by EUR 0.7 million to EUR 21.1 million (6M 2020: EUR 21.9 million), despite higher business volumes.

Profit before tax (EBT) rose from EUR 7.0 million in the first half of 2020 to EUR 11.2 million for the period under report. The more pronounced improvement of EBT compared to EBIT was due in particular to the financial result, where lower interest expenses as a result of proceeds from the issue of the Mandatory Convertible Bond had a positive impact. At EUR 0.1 million, the result from investments was below the level recorded the previous year (6M 2020: EUR 0.4 million).

The Group recorded tax income of EUR 2.0 million for the six-month period (6M 2020: tax expense of EUR 3.0 million), mainly due to the recognition of deferred tax assets on tax losses and interest amounts available for carryforward in Germany.

Group net profit for the six-month period amounted to EUR 13.2 million (6M 2020: EUR 4.0 million), of which EUR 1.7 million was attributable to minority interests (6M 2020: EUR 1.5 million) and EUR 11.5 million to the shareholders of Schaltbau Holding AG (6M 2020: EUR 2.5 million). Diluted and undiluted earnings per share therefore amounted to EUR 1.19 (6M 2020: EUR 0.29).

Net assets

At 30 June 2021, total assets were EUR 12.3 million higher at EUR 424.1 million compared to the year-end (31 December 2020: EUR 411.8 million).

Compared to the end of the fiscal year 2020, **non-current assets** increased to EUR 160.4 million (31 December 2020: EUR 155.0 million). The higher figure is mainly due to payments in advance and assets under construction in connection with the construction of the new NExT factory in Velden and the expansion of the RAWAG plant, a sub-sidiary of the Bode Group in Poland, as well as the recognition of previously non-recoverable deferred tax assets on loss carryforwards in Germany. No impairment losses were recorded during the first six months of 2021.

Total non-current assets included intangible assets amounting to EUR 43.1 million (31 December 2020: EUR 43.4 million), property, plant and equipment amounting to EUR 98.9 million (31 December 2020: EUR 94.4 million), investment property amounting to EUR 3.6 million (31 December 2020: EUR 3.7 million) and deferred tax assets amounting to EUR 12.4 million (31 December 2020: EUR 9.2 million).

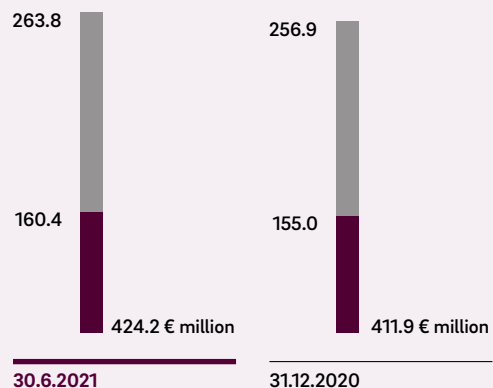
Current assets totalling EUR 263.8 million were EUR 6.9 million higher than at the end of the previous fiscal year (31 December 2020: EUR 256.9 million). While inventories increased to EUR 129.2 million (31 December 2020: EUR 118.7 million), trade accounts receivable to EUR 78.9 million (31 December 2020: EUR 72.8 million) and contract assets to EUR 11.6 million (31 December 2020: EUR 6.0 million), other receivables and assets decreased to EUR 17.6 million (31 December 2020: EUR 19.9 million) and cash and cash equivalents to EUR 26.3 million (31 December 2020: EUR 39.4 million).

Inventories went up due to a combination of longer lead times caused by bottlenecks in the supply of materials designated for projected revenue in the second half of 2021 and project delays. The increase in trade accounts receivable reflects the revenue growth recorded in the first six months of 2021. Cash and cash equivalents decreased by EUR 13.1 million to EUR 26.3 million, as financial liabilities were repaid to optimise interest expense.

Balance sheet structure

Assets
€ million

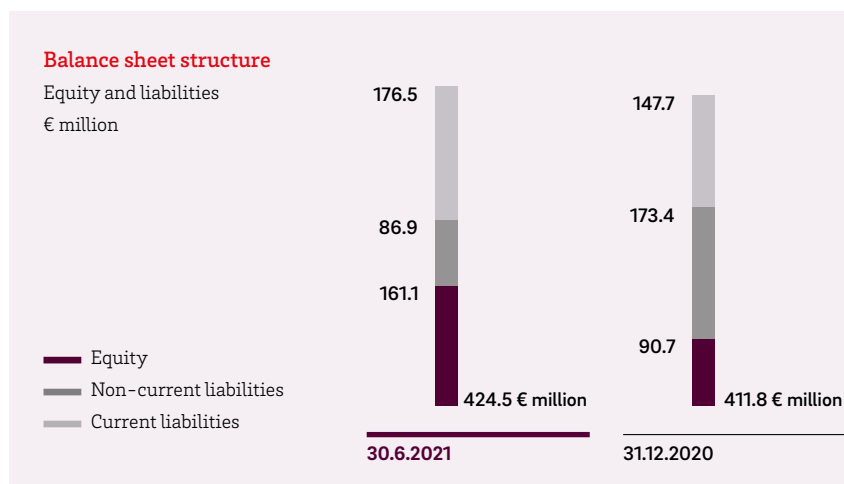
■ Non-current assets
■ Current assets



Group equity as at 30 June 2021 amounted to EUR 161.1 million (31 December 2020: EUR 90.7 million). In April 2021, Schaltbau Holding AG issued a total nominal amount of EUR 60 million of subordinated and unsecured convertible bearer bonds carrying equal rights with an obligation to convert at maturity ("Mandatory Convertible Bonds"), which mature on 22 September 2022. Net of transaction costs and related deferred taxes, a total of EUR 57.3 million was transferred to capital reserves and EUR 0.4 million recorded as financial liabilities. By 30 June 2021, bondholders had already converted a volume of EUR 21.4 million into Schaltbau shares prior to maturity. As a result, the Company's subscribed capital increased by kEUR 899 and capital reserves reduced by the same amount.

Non-current liabilities decreased by EUR 86.9 million to EUR 86.5 million (31 December 2020: EUR 173.4 million), mainly due to a reduction in financial liabilities to EUR 41.0 million (31 December 2020: EUR 108.6 million). In this case, proceeds from the Mandatory Convertible Bond issued in April 2021 were used to repay financial liabilities. Furthermore, advance payments received amounting to EUR 11.6 million, which were reported under non-current contract liabilities as at 31 December 2020, were reported under current contract liabilities as at 30 June 2021. In addition, EUR 6.2 million of the put-call option SPII, previously recognised under non-current other liabilities, were reclassified to current other liabilities. Moreover, non-current personnel-related provisions decreased to EUR 42.9 million (31 December 2020: EUR 44.3 million), mainly due to a reduction in pension provisions of EUR 2.4 million to EUR 36.7 million.

Current liabilities went up by EUR 28.8 million to EUR 176.5 million (31 December 2020: EUR 147.7 million), mainly due to rises in trade accounts payable to EUR 47.6 million (31 December 2020: EUR 41.9 million), other contractual liabilities to EUR 33.7 million (31 December 2020: EUR 22.2 million) and current financial liabilities to EUR 17.5 million (31 December 2020: EUR 10.6 million). Current personnel-related provisions, on the other hand, decreased to EUR 10.1 million (31 December 2020: EUR 14.2 million). The increase in current contract liabilities results primarily from a reclassification of contract liabilities from non-current to current amounting to EUR 11.6 million.



Current financial liabilities include leasing liabilities amounting to EUR 3.4 million (31 December 2020: EUR 2.7 million).

At 30 June 2021, net financial liabilities (current and non-current financial liabilities less cash funds, excluding guarantees) amounted to EUR 32.2 million (31 December 2020: EUR 79.8 million). The Schaltbau Group was therefore able to reduce its financial liabilities by more than half compared to 31 December 2020 and also significantly lower its debt ratio in the process.

At 30 June 2021, external financing was based on a secured Syndicated Credit Agreement concluded in June 2019, which has now been amended for the third time and covers an amount totalling EUR 172.0 million. The third amendment agreement dated 19 June 2020 led to the inclusion of Kreditanstalt für Wiederaufbau (KfW) in the consortium. On 7 June 2021, the requested option to extend the term of the Syndicated Credit Agreement by one year was confirmed by the lending banks.

At 30 June 2021, the utilised balance of the syndicated loan amounted to EUR 44.4 million, comprising cash borrowings of EUR 19.0 million and guarantees of EUR 25.4 million.

In addition, an agreement concluded in August 2019 for the securitisation of receivables with a volume of up to EUR 29.0 million continues to be utilised. Promissory notes with a nominal value of EUR 10.5 million were in place at 30 June 2021.

Liabilities to the promissory note creditors at the end of the reporting period amounted to EUR 10.5 million (nominal), comprising two tranches amounting to EUR 5.5 million (due 30 June 2022) and EUR 5.0 million (due 30 June 2025) respectively, whereby the EUR 5.0 million tranche is reported as non-current and the EUR 5.5 million tranche as current financial liabilities.

On 1 August 2019, a factoring agreement was entered into and is currently valid under the terms of the first amendment agreement dated 23 July 2020, on the basis of which various subsidiaries of the Schaltbau Group sell trade accounts receivable directly to a structured entity on a revolving

basis. The structured entity holds the receivables and allocates the resulting opportunities and risks to the participating Schaltbau Group companies and a bank by means of contractual agreements. The structured entity is financed by a bank credit line.

Financial position

Cash flow from operating activities was higher than one year earlier and amounted to EUR 5.9 million (6M 2020: EUR 3.8 million) for the six-month period under report. The higher cash flow generated by the year-on-year increase in profit before financial result and taxes to EUR 13.6 million (6M 2020: EUR 9.6 million) and the EUR 5.4 million increase in trade accounts payable (6M 2020: EUR 8.6 million) were offset by a EUR 10.7 million increase in inventories (6M 2020: increase of EUR 18.0 million), a EUR 3.9 million decrease in provisions (6M 2020: decrease of EUR 5.7 million) and a EUR 6.2 million increase in trade accounts receivable (6M 2020: increase of EUR 0.7 million).

Cash outflows for investing activities for the six-month period totalled EUR 8.2 million (6M 2020: EUR 6.6 million) and mainly related to payments for investments in intangible assets and property, plant and equipment, particularly for the construction of the NEXt Factory in Velden.

Free cash flow was a negative amount of EUR 2.3 million (6M 2020: negative EUR 2.8 million).

The higher net cash outflow from financing activities for the six-month period (up from EUR 10.8 million to EUR 6.9 million) was primarily attributable to the net effect of cash proceeds from the Mandatory Convertible Bond and the partial repayment of the Syndicated Credit Agreement credit line.

Outlook report

In the Group management report 2020, the Executive Board gave a detailed explanation of its outlook for the current fiscal year and the main assumptions on which it is based. For the remainder of the fiscal year 2021, Schaltbau still expects to achieve the targets published in the 2020 Annual Report in terms of the key performance indicators of order intake, revenue and EBIT margin.

The Executive Board predicts a good business performance for the fiscal year 2021, with order intake in the range of EUR 550 million to EUR 580 million. Revenue is expected to total between EUR 520 million and EUR 540 million. Based on the planned revenue, efficiency and productivity improvements as well as savings in direct and indirect materials, the Executive Board still expects the EBIT margin to come in at around 5%, despite the bottlenecks in the supply of materials and the resulting higher prices.

The achievement of the defined Group targets for 2021 is still subject to certain risk factors. Although the impact of the global COVID-19 pandemic on the net assets, financial position and results of operations anticipated by the Schaltbau Group has already been taken into account in the forecast for 2021, the pandemic could nevertheless result in further, as yet unquantifiable risks to the Group's business performance.

Despite the good order situation and the positive economic developments expected in the medium to long term in the Group's target markets, delays of several weeks to months in major project orders can currently be observed as a result of the COVID-19 pandemic. These delays could potentially also have a temporary negative impact on Schaltbau Group companies, particularly in the Bode segment. However, so far no major orders have been cancelled in 2021.

The current upturn in the world economy is encountering reduced capacities due to the COVID-19 pandemic, resulting in rising market prices for raw materials and bottlenecks in the procurement of materials, increasing the risk of possible supply bottlenecks in the second half of the fiscal year 2021.

On the other hand, opportunities may arise that have a positive impact on revenue and EBIT due to a short-term upturn in demand in the second half of the year, particularly in the Schaltbau segment.

Risk and opportunity report

During the first six months of 2021 there were no significant changes compared with the risks and opportunities described in detail in the risk and opportunity report contained in the Group management report 2020, with the exception of the following comments. The Group management report is a part of the Annual Report 2020 and available online at: www.ir.schaltbaugroup.com.

Compared with the risks reported in the Group management report for the fiscal year 2020, the financial risks are now lower. The Mandatory Convertible Bond issued in April 2021 generated net issue proceeds of approximately EUR 57.3 million, thereby significantly reducing the net financial debt, ensuring compliance with all applicable covenants and securing the Group's financing in the long term. The proceeds from the Mandatory Convertible Bond also made it possible to secure the necessary liquid funds to finance the upcoming large-scale investments, particularly the construction of the new NEXt Factory. The Group's improved creditworthiness will lead to a significant reduction in financing costs in the long term and a greater degree of freedom within the Syndicated Credit Agreement. For this reason, the Executive Board of Schaltbau Holding AG currently classifies its financial risks as low.

The assertions made in the Group management report 2020 pertaining to the COVID-19 pandemic continue to apply. The associated risk is still regarded as a significant risk that could have a substantially adverse impact on the assets, financial position and results from operations. Due to the existing uncertainties, specific impacts regarding the extent and duration of the current risk cannot be predicted at the present time.

Despite the upswing in the world economy and good business prospects for the Schaltbau Group in the medium to long term, an increasing number of end customers, particularly in the target markets relevant to Schaltbau, are exposed to short-term risks with regard to the investment decisions that need to be made, current procurement procedures and internal disruptions to business processes. This may result in temporary risks from the post-ponement or cancellation of orders, particularly in the Bode segment. From the current perspective, the Executive Board assesses the resulting overall risk to demand for the second half of 2021 as high.

Current developments on procurement markets, particularly for raw materials and other materials required for production purposes, represent a high level of risk for Schaltbau. Any further significant price increases and/or supply bottlenecks could have an impact on the Group's net assets, financial position and results of operations. In general, a lack of the materials ordered and/or delays in the provision of the required intermediate products could lead to production downtimes as well as to delays in the completion of the new NExT Factory. The Schaltbau Group is rigorously monitoring developments on procurement markets and has defined a comprehensive raft of measures to effectively counter any supply bottlenecks that may occur.

The Executive Board sees opportunities with regard to business and earnings performance in 2021 in particular in an increase in the service and aftersales business as well as a profitable business performance in the Group's high-profit core business as well as higher earnings in the fast-growing young markets of New Energy and New Industry. Moreover, the "Fit for 55" programme approved by the EU Commission offers long-term opportunities for the Schaltbau Group. Due to its core expertise in DC technologies, Schaltbau is also set to benefit significantly from the energy transition. In addition, the construction of the Group's new NExT Factory in Velden will provide a sustainable, carbon-free production capability in the long term.

Development of the key performance indicators

€ Mio.	2020	H1/2021	Outlook 2021
Financial performance indicators			
Order intake	538.3	279.5	550 – 580
Revenue	502.3	253.3	520 – 540
EBIT margin (in %)	4.3%	5.4%	approx. 5.0%

Condensed interim consolidated financial statements in accordance with IFRS (unaudited) for the six-month period from January to June 2021

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Condensed interim consolidated financial statement (unaudited)

Consolidated balance sheet

Assets

k€		30.6.2021	31.12.2020
A. Non-current assets			
Intangible assets		43,056	43,416
Property, plant and equipment	(7)	98,872	94,438
Investment property		3,583	3,678
At-equity accounted investments		898	2,154
Other investments		1,548	2,067
Deferred tax assets		12,425	9,204
		160,382	154,957
B. Current assets			
Inventories	(8)	129,194	118,690
Trade accounts receivable	(9)	78,930	72,816
Current tax assets	(9)	153	162
Other receivables and assets	(9)	17,625	19,850
Contract assets (current)	(14)	11,552	5,982
Cash and cash equivalents	(10)	26,305	39,379
		263,759	256,879
Total assets		424,141	411,836

Equity and liabilities

k€		30.6.2021	31.12.2020
A. Equity			
Subscribed capital	(11)	11,699	10,800
Capital reserves		67,975	11,534
Statutory reserves		231	231
Revenue reserves		59,108	46,614
Currency translation reserve		-7,289	-8,634
Revaluation reserve		2,975	2,975
Attributable to shareholders of Schaltbau Holding AG		134,699	63,520
Minority interests		26,398	27,215
		161,097	90,735
B. Non-current liabilities			
Personnel-related provisions	(12)	42,937	44,323
Other provisions	(12)	359	499
Financial liabilities	(13)	40,954	108,598
Contract liabilities (non-current)	(13)	151	11,727
Other liabilities	(13)	687	6,465
Deferred tax liabilities		1,436	1,817
		86,524	173,429
C. Current liabilities			
Personnel-related provisions	(12)	10,112	14,224
Other provisions	(12)	26,257	26,144
Income tax liabilities	(13)	3,830	3,306
Financial liabilities	(13)	17,523	10,587
Trade accounts payable	(13)	47,582	41,869
Contract liabilities (non-current)	(13,14)	33,695	22,219
Other liabilities	(13)	37,521	29,323
		176,520	147,672
Total liabilities and shareholders' equity		424,141	411,836

Consolidated income statement

k€		1.1. – 30.6.2021	1.1. – 30.6.2020
Revenue	(1)	253,260	239,317
Change in inventories of finished goods and work in progress		7,512	9,868
Own work capitalised		1,028	907
Total output		261,800	250,092
Other operating income		3,562	6,940
Cost of materials		-133,135	-131,799
Personnel expense	(2)	-88,114	-85,460
Depreciation, amortisation and impairment losses		-8,270	-7,885
Other operating expenses		-21,138	-21,866
Impairment losses		-1,075	-407
Profit before financial result and taxes (EBIT)		13,630	9,615
Result from at-equity accounted investments		132	422
Results from investments	(3)	132	422
Interest income		367	144
Interest expense		-2,969	-3,184
Financial result	(4)	-2,602	-3,040
Profit before tax		11,160	6,997
Income taxes	(5)	2,006	-2,957
Group net profit for the period		13,166	4,040
Allocation of Group net profit for the period			
Attributable to minority shareholders		1,716	1,497
Attributable to shareholders of Schaltbau Holding AG		11,450	2,543
Group net profit for the period		13,166	4,040
Earnings per share – undiluted	(6)	1.19	0.29
Earnings per share - diluted	(6)	1.19	0.29

Consolidated statement of comprehensive income

k€	1.1. – 30.6.2021	1.1. – 30.6.2020
Group net profit for the period	13,166	4,040
Items which will not subsequently be reclassified to profit or loss		
Actuarial gains/losses relating to pensions	2,024	631
Tax effect	-867	-189
	1,157	442
Items which were or may subsequently be reclassified to profit or loss		
Realised / unrealised losses/gains arising on currency translation		
– from fully consolidated companies	2,105	-3,618
– from at-equity accounted companies	-177	-499
Derivative financial instruments		
Change in unrealised gains (+)/ losses (-)	0	0
Realised gains (-)/ losses (+)	0	0
Tax effect	0	0
	1,928	-4,117
Other comprehensive income after tax	3,085	-3,675
Group total comprehensive income	16,251	365
– of which attributable to minority shareholders	2,299	1,120
– attributable to shareholders of Schaltbau Holding AG	13,952	-755

Consolidated cash flow statement

k€	1.1. – 30.6.2021	1.1. – 30.6.2020
Profit before financial result and taxes (EBIT)	13,630	9,615
Depreciation, amortisation and impairment losses on intangible assets and property, plant and equipment	8,270	7,885
Gains/losses on the disposal of intangible assets and property, plant and equipment	184	65
Change in inventories	-10,728	-18,001
Change in trade accounts receivable	-6,188	-749
Change in sundry other assets	-2,095	-2,324
Change in provisions	-3,876	-5,667
Change in trade accounts payable	5,387	8,647
Change in sundry other liabilities	346	7,482
Income tax paid	-1,469	-1,393
Other non-cash income/ expenses	2,405	-1,732
Cash flows from operating activities	5,866	3,828
Payments for investments in		
Intangible assets and property, plant and equipment	-8,982	-7,505
Fully consolidated companies or business units	0	719
Proceeds from/disbursements for disposals of		
Intangible assets and property, plant and equipment	15	8
Investments	19	47
Fully consolidated companies or business units	0	-19
Dividends received	518	0
Interest received	213	142
Cash flows from investing activities	-8,217	-6,608
Payment into capital	56,914	0
Distribution to minority interests	-800	-3,261
New loans raised	4,278	1,143
Loan repayments	-3,992	-8,490
Repayment of lease liabilities	-1,978	-1,790
Interest paid	-3,238	-2,467
Change in sundry other financial liabilities	-61,989	7,973
Cash flows from financing activities	-10,805	-6,892
Change in cash funds due to exchange rate fluctuations	82	43
Change in cash funds	-13,074	-9,629
Cash funds at the end of the period	26,305	15,555
Cash funds at the beginning of the period	39,379	25,184

Consolidated statement of changes in equity

k€	Subscribed capital	Capital reserves	Statutory reserves	Revenue reserves	
				Other	Cash flow hedges
Balance at 1.1.2020	10,800	11,534	231	44,837	0
Dividends	0	0	0	0	0
Capital increase	0	0	0	0	0
Other changes	0	0	0	-70	0
Group net profit for the period	0	0	0	2,543	0
Other comprehensive income for the period	0	0	0	442	0
Group total comprehensive income	0	0	0	2,985	0
Balance at 30.6.2020	10,800	11,534	231	47,752	0
Balance at 1.1.2021	10,800	11,534	231	46,614	0
Dividends	0	0	0	0	0
Capital increase	899	56,441	0	0	0
Other changes	0	0	0	-113	0
Group net profit for the period	0	0	0	11,450	0
Other comprehensive income for the period	0	0	0	1,157	0
Group total comprehensive income	0	0	0	12,607	0
Balance at 30.6.2021	11,699	67,975	231	59,108	0

	Revaluation reserve	Currency translation reserve	Attributable to shareholders of Schaltbau Holding AG	Minority interests	Group equity
	2,975	-2,308	68,069	29,338	97,407
	0	0	0	-3,261	-3,261
	0	0	0	0	0
	0	0	-70	1	-69
	0	0	2,543	1,497	4,040
	0	-3,740	-3,298	-377	-3,675
	0	-3,740	-755	1,120	365
	2,975	-6,048	67,244	27,198	94,442
	2,975	-8,634	63,520	27,215	90,735
	0	0	0	-3,117	-3,117
	0	0	57,340	0	57,340
	0	0	-113	1	-112
	0	0	11,450	1,716	13,166
	0	1,345	2,502	583	3,085
	0	1,345	13,952	2,299	16,251
	2,975	-7,289	134,699	26,398	161,097

Notes to the consolidated financial statements

Basis of preparation

Description of business

Schaltbau Holding AG is a stock market-listed corporation and has its registered office at Hollerithstraße 5, 81829 Munich, Germany. It is the ultimate parent company of the Schaltbau Group (81829 Munich).

The Schaltbau Group operates with its four business segments in the following market sectors:

In the Rail sector, the Schaltbau Group is a provider of safety-related components and systems for the railway sector, including level crossings, shunting and signalling technology (Pintsch), door and boarding systems for buses, trains and commercial vehicles and interior fittings for rolling stock (Bode). It is also one of the world's leading manufacturers of components for high- and low-voltage DC applications (Schaltbau). Furthermore, the Group offers technical components and systems for refurbished and new rolling stock (SBRS).

In the DC Power sector, the Schaltbau Group is a manufacturer of safety-critical DC components for a variety of products including industrial applications, electricity storage systems, electric vehicles and charging infrastructures (Schaltbau). In addition, the Group is a solutions provider for high-performance charging infrastructure for e-buses (SBRS).

The Schaltbau Group generates most of its revenues in Europe.

Presentation of the financial statements and accounting policies

The financial statements of Schaltbau Holding AG, Munich, as at 30 June 2021 have been prepared in accordance with the requirements of IAS 34 Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), and with those of German Accounting Standard No. 16 Interim Reporting issued by the Accounting Standards Committee of Germany (DRSC). The interim reporting period is six months. With the exception of the mandatory first-time application of the new or amended IFRS standards referred to below, the accounting policies applied in the consolidated finan-

cial statements as at 31 December 2020 remain unchanged. and can be viewed on the website at www.ir.schaltbaugroup.com.

	Name	Effective date
	IFRS 9, IAS 39, IFRS 7, IFRS 4 und IFRS 16 – Interest Rate Benchmark Reform (Phase 2)	
Amended		1 January 2021
Amended	COVID-19-related Rental Concessions	1 January 2021

The new or amended standards that came into force in the current reporting period have not had any impact on the Group's accounting policies or required any retrospective adjustments.

In addition to the figures reported in the financial statements, the financial statements also include explanatory notes to selected financial statement items.

Mandatory convertible bond – accounting treatment

A mandatory convertible note was issued in April 2021. Mandatory convertible bonds are evaluated to determine whether they are required to be accounted for entirely as a liability or whether they contain both a liability and an equity component. The Mandatory Convertible Bond issued by the Group is accounted for as a compound financial instrument. The amount received on issue is reduced by the directly attributable transaction costs and the liability component. The liability component corresponds to the present value of future interest payments and is reported as a financial liability. The remaining amount is reported as an equity component within capital reserves. In the event of early conversion by a creditor, the relevant portion is transferred from capital reserve to subscribed capital and from financial liabilities to capital reserves.

Changes in the presentation of the consolidated cash flow statement

With effect from the fiscal year 2021, interest received is classified to investing cash flows in accordance with IAS 7.33. Prior year figures have been adjusted in order to ensure comparability. Given that the interest received in the previous year amounted to kEUR 142, the change made in the fiscal year under report did not have a material effect on the presentation of the Schaltbau Group's financial position.

Use of estimates

For the purposes of drawing up the consolidated financial statements, it is necessary to make estimates and assumptions that affect the carrying amounts of assets, liabilities and contingent liabilities at the balance sheet date and the amounts of income and expense recognised in the period under report. Actual results can differ from estimates as a result of changes in the economic situation and due to other circumstances. The areas of uncertainty due to the use of estimates are unchanged compared to those disclosed in the consolidated financial statements for the year ended 31 December 2020 and can be viewed on the website at www.ir.schaltbaugroup.com.

Foreign currency translation

The financial statements of consolidated companies whose functional currency is not the euro are drawn up in accordance with the modified closing rate method. Exchange rates relevant for foreign currency translation into euro changed as follows:

Currency

	Closing rate		Average rate	
	30.6.2021	31.12.2020	1.1. – 30.6.2021	1.1. – 30.6.2020
Chinese renminbi yuan	7.6742	8.0225	7.7981	7.7481
US dollar	1.1884	1.2271	1.2057	1.1015
British pound	0.8581	0.8990	0.8684	0.8743
Turkish lire	10.3210	9.1131	9.5126	7.1521
Polish zloty	4.5201	4.5597	4.5365	4.4136
Brazilian real	5.9050	6.3735	6.4917	5.4169
Indian rupee	88.3240	89.6605	88.4487	81.6766

Significant events

Changes within the executive board

The Supervisory Board appointed Prof. Thorsten Grenz as Chief Financial Officer (CFO) of Schaltbau Holding AG with effect from 1 September 2020. Prof. Grenz served on the Executive Board on an interim basis in accordance with section 105 (2) sentence 1 AktG, during which time his Supervisory Board mandate was temporarily suspended.

On 6 November 2020, the Supervisory Board appointed Steffen Munz as Chief Financial Officer (CFO) of Schaltbau Holding AG with effect from 1 March 2021. As a result, Prof. Grenz resumed his Supervisory Board mandate with effect from 1 March 2021.

On 1 January 2021, Dr Brandes succeeded Dr Albrecht Köhler as CEO of Schaltbau Holding AG, whose period of office ended for contractual reasons on 31 December 2020.

First-time consolidation of SBRS Consulting GmbH, Dinslaken

SBRS Consulting GmbH, Dinslaken, (hereinafter "SBRC"), which was founded at the end of the fiscal year 2020, was consolidated for the first time with effect from 1 January 2021.

The following table shows the assets and liabilities of SBRC at the date of first-time consolidation:

Assets

k€	1.1.2021
Other receivables and assets	25
	25

Equity and liabilities

k€	1.1.2021
Equity	25
	25

Financing of Schaltbau Holding AG

Financial liabilities of Schaltbau Holding AG, Munich, comprise primarily a Syndicated Credit Agreement that had been in place since 17 June 2019 and which is currently valid in the basis of a third supplementary amendment dated 19 June 2020, with a currently agreed volume of EUR 172 million. The credit line can be utilised as a cash credit line and partly as a guarantee facility. As at 30 June 2021, a total amount of EUR 44.4 million was being utilised, comprising an overdraft of EUR 19.0 million and outstanding guarantees amounting to EUR 25.4 million. The credit line borrowings are reported as non-current financial liabilities, based on the fact that the agreement runs for a basic term of three years and can be extended via two contractually agreed extension options of one year in each case. The shares of all of Schaltbau Holding AG's direct subsidiaries have been pledged as collateral. The new financial covenants agreed in the previous year apply for the fiscal year 2021. Non-compliance with the applicable key performance indicators can trigger an extraordinary right of termination for the creditors. In particular, the contract specifies a defined equity ratio and quarterly defined year-to-date

EBITDA amounts (earnings before interest, taxes, depreciation and amortisation), with which Schaltbau is required to comply. In light of the significant reduction in the debt-to-equity ratio and the positive operating performance, compliance with the financial covenants is fully ensured.

In addition, Schaltbau Holding AG has promissory note liabilities totalling EUR 10.5 million (nominal) as at 30 June 2021. The promissory note comprises two tranches, one for EUR 5.5 million (due 30 June 2022) and the other for EUR 5.0 million (due 30 June 2025). The relevant amounts are reported within non-current and current financial liabilities. The promissory note creditors have extraordinary rights of termination, linked to the extraordinary termination of other financial liabilities, in particular the Syndicated Credit Agreement.

A factoring agreement has been in place since 1 August 2019, on the basis of which various companies of the Schaltbau Group sell trade accounts receivable directly to a structured entity on a revolving basis. This structured entity holds the receivables and allocates the opportunities and risks attached to the receivables to the participating companies of the Schaltbau Group and a bank in line with the terms of the agreement. The structured entity is financed by a bank credit line. In view of the fact that Schaltbau has no control over the relevant activities of the structured entity, the latter is not included in the Schaltbau Group's consolidated financial statements. Further information is provided in section "(9) Trade accounts receivable, other receivables and assets".

In connection with a public subscription offer in Germany that was published in the Federal Gazette and on the Company's website, Schaltbau Holding AG, Munich, offered subordinated and unsecured bearer convertible bonds with conversion obligations at maturity ("Mandatory Convertible Bonds") with a total nominal value of EUR 60 million. In total, 60,000 bonds were offered at a nominal amount of EUR 1,000 per bond, a nominal interest rate of 0.5% p.a. and a maturity date of 30 September 2022. The bonds are convertible into a total of up to 2,068,965 company shares at an initial conversion price of EUR 29.00 per share. In principle, conversion was possible at any time from the issue of the Mandatory Convertible Bonds. In the case of convertible bonds with a volume of less than EUR 100,000, however, it was only possible to convert bonds on a quarterly basis, for the first time on 12 May 2021. The convertible bond was recognised in the consolidated financial statements in April 2021, net of transaction costs and deferred taxes, by recording EUR 57.3 million within capital reserves and EUR 0.4 million within non-current financial liabilities. As at 30 June 2021, bonds with a nominal amount of kEUR 21,378 had already been converted into 737,151 shares at the agreed conversion rate. Accordingly, share capital was increased by kEUR 899 and capital reserve decreased by the same amount.

Impact of COVID-19 on the consolidated financial statements

The COVID-19 pandemic and the associated political decisions in the countries affected have impacted the economic development of the Schaltbau Group. Delayed orders and falling demand in specific lines of business have had an adverse effect on the Group's net assets, financial position and results of operations. The development of the pandemic and its future impact on the Schaltbau Group's business performance were taken into account as part of the Group's forecasting process. Knowledge of likely future developments is taken into account in particular when determining the recoverability of deferred taxes, goodwill, receivables and inventories. In order to take account of the risks arising from the COVID-19 pandemic to the net assets, financial position and results, so-called "post-model adjustments" were made where necessary, particularly relating to the expected default risk of receivables. Further information is provided in the on sections "Accounting principles and policies" and "Use of estimates" in the consolidated financial statements for the year ended 31 December 2020 and in the following comments on impairment tests. The exemptions permitted by IFRS 16 in connection with COVID-19-related rent concessions were not applied. The COVID-19 pandemic had no impact on the accounting treatment of investment property.

Impairment testing in light of COVID-19 pandemic

IAS 36 requires that an impairment test is performed if certain indicators exist (so-called "triggering events"). In this context, the Schaltbau Group carried out an impairment test during the first half of the year in light of the COVID-19 pandemic, in particular to assess the recoverability of capitalised goodwill. The forecasts used for this purposes, which took account of the impact of COVID-19 pandemic and up-to-date assessment of future developments, were approved and adopted by the Supervisory Board. There was no requirement to recognise an impairment loss on capitalised goodwill on the basis of the results of the impairment performed during the first half of 2021.

The regular annual impairment test performed in the fiscal year 2020, performed on the basis of forecasts approved by the Supervisory Board and updated for current information regarding the COVID-19 pandemic, identified that goodwill relating to SPII was impaired. Accordingly, goodwill relating to SPII was written down by kEUR 5,051, reflecting the fact that the recoverable amount was lower than the carrying amount of the cash-generating unit. The recoverable amount (value in use) was determined on the basis of a fixed planning period of three years and corresponded to a positive amount of kEUR 27,907. The underlying assumptions were determined on the basis of all available information. The updated cash flow forecast for the coming three fiscal years plus perpetual annuity for determining the value in use was based on a beta factor of 0.8%, an after-tax WACC of 7.5% (pre-tax WACC of 10.4%) and a perpetual annuity growth rate of 1%.

Explanatory notes to the consolidated income statement

(1) Revenue

Revenue is generated by the Pintsch, Bode, Schaltbau and SBRS segments. Revenue recorded by the Pintsch segment results from the sale of level crossing safety systems, axle counting systems and signal technology. Revenue recorded by the Bode segment results from the sale of door and boarding systems for buses, trains and commercial vehicles as well as interiors and windows for trains. Revenues recorded by the Schaltbau segment result from the sale of connectors, snap-action switches and DC contactors for various applications in the railway market as well as in the New Energy / New Industry and e-mobility markets. The SBRS segment generates revenue from the sale of technical components and systems for refurbished and new rolling stock and from e-mobility solutions, including charging infrastructure solutions for e-buses.

The following table shows the revenue generated by the segments on the basis of a point in time as well as over time.

Revenue by segment

k€	1.1.–30.6.2021	1.1.–30.6.2020
Schaltbau GmbH Group	76,416	68,086
– of which recognised over a period of time	47	130
Bode Gruppe	121,386	124,691
– of which recognised over a period of time	0	0
Pintsch Gruppe	34,600	34,750
– of which recognised over a period of time	8,922	459
SBRS	20,842	11,787
– of which recognised over a period of time	1,398	0
Holding	16	3
– of which recognised over a period of time	0	0
	253,260	239,317

The following table shows the Group's revenue by market.

Revenue by market

k€	1.1.–30.6.2021	1.1.–30.6.2020
Germany	95,429	87,931
Other EU countries	88,120	83,045
Other European countries	31,202	28,061
Asia	23,198	25,226
Americas	15,050	14,528
Other countries	261	526
	253,260	239,317

(2) Personnel expense / employees

k€	1.1.–30.6.2021	1.1.–30.6.2020
Wages and salaries	-73,557	-71,746
Social security, pension and welfare expenses	-14,557	-13,714
	-88,114	-85,460

Average number of employees as at 30 June

	2021	2020
Employees	2,684	2,670

The above disclosures show the weighted average number of employees of fully consolidated companies based on month-end figures. Under the weighting approach used, trainees are only included in the calculation at a level of 30 %.

(3) Results from investments

k€	1.1.–30.6.2021	1.1.–30.6.2020
Result from at-equity accounted investments	132	422
Other results from investments	0	0
	132	422

As in the previous year, the result from at equity accounted investments includes the Group's share of the result of BoDo Bode-Dogrusan A.S. (Turkey). The at-equity accounted company paid out a dividend of kTRY 23,171 in the six-month period under report (translated at June 2021 exchange rate: kEUR 2,416; 6M 2020: kEUR 0), half of which is attributable to the Schaltbau Group. This distribution as well as the devaluation of the Turkish lira against the euro caused the carrying amount of the investment to decrease. The drop in the result from investments for the six-month period was due mainly to exchange rate developments.

(4) Financial result

k€	1.1.–30.6.2021	1.1.–30.6.2020
Other interest and similar income	367	144
Interest and similar expenses	-2,969	-3,184
of which expenses arising on the unwinding of interest on lease liabilities	-208	-232
of which arising on interest rate swaps	36	-147
	-2,602	-3,040

Interest expenses include kEUR 219 (6M 2020: kEUR 554) arising on the unwinding of interest on personnel-related provisions.

5) Income taxes

k€	1.1.–30.6.2021	1.1.–30.6.2020
Income tax expense	-1,993	-2,286
Deferred tax income / expense (-)	3,999	-671
	2,006	-2,957

Where Schaltbau Holding AG has concluded profit and loss transfer agreements with subsidiaries that are recognised by the tax authorities, profit / losses generated by those subsidiaries is allocated to the Company for corporation and municipal trade tax purposes. Income is taxed in this case at the level of the parent company. The amount of the subsidiary's profit / loss to be taxed is subject to various special rules for tax groups (e.g. the amount of deductible interest expenses and deductible losses). The turnaround in taxes to a tax income of kEUR 2,006 (6M 2020: tax expense of kEUR 2,957) was primarily attributable to the recognition of deferred tax assets on tax loss and interest carryforwards in Germany.

A deferred tax expense of TEUR 426 was recognised on transaction costs incurred in connection with the Mandatory Convertible Bond issued during the six-month reporting period.

(6) Earnings per share

In April 2021, Schaltbau Holding AG issued a Mandatory Convertible Bond with a total nominal value of kEUR 60,000 and a maturity date of 30 September 2022. The bonds are convertible into a total of up to 2,068,965 company shares at an initial conversion price of EUR 29.00 per share. In accordance with IAS 33.23, the calculation of earnings per share is required to take account of the weighted average number of shares that will be issued upon the conversion of the Mandatory Convertible Bond from the date the contract is entered into. The weighted average number of shares to be included reflects the maximum possible exchange ratio arising on the basis of the contractually fixed conversion price of EUR 29.00. No adjustment is required to be made for financing expenses relating to the Manda-

tory Convertible Bond due to the fact that the interest component was recognised directly in equity when the Mandatory Convertible Bond was placed. Further information is provided to the comments on the financing of Schaltbau Holding AG in the section on "Significant events".

Explanatory notes to the consolidated balance sheet

(7) Property, plant and equipment

k€	30.6.2021	31.12.2020
Land and buildings	42,779	42,481
Right-of-use assets relating to land and buildings	10,216	9,303
Plant and machinery	19,885	20,777
Right-of-use assets relating to plant and machinery	341	309
Other operational and office equipment	13,801	14,214
Right-of-use assets relating to other plant and equipment	2,464	2,189
Payments on account and assets under construction	9,386	5,165
Property, plant and equipment	98,872	94,438

The increase in payments on account and assets under construction was attributable in particular to the construction of the new NeXT Factory in Velden and the plant expansion in Poland.

(8) Inventories

k€	30.6.2021	31.12.2020
Raw materials and supplies	62,591	59,709
Work in progress	49,964	43,171
Finished products, goods for resale	13,981	12,927
Advance payments to suppliers	2,658	2,883
	129,194	118,690

Write-downs totalling kEUR 1,150 (6M 2020: kEUR 469 and reversals of impairment losses totalling kEUR 9 (6M 2020: kEUR 26) were recognised on inventories during the period under report. Write-downs on inventories at the end of the reporting period totalled kEUR 20,270 (31 December 2020: kEUR 19,249).

**(9) Trade accounts receivable,
other receivables and assets**

k€	30.6.2021	31.12.2020
Trade accounts receivable	78,930	72,816
Income tax receivables	153	162
Receivables from affiliated companies	1,002	2,158
Receivables from associated companies and joint ventures	690	223
Receivables from participations	100	3
Other assets	15,833	17,466
Other receivables and assets	17,625	19,850
	96,708	92,828

Schaltbau subdivides its receivables portfolio into two categories based on the underlying business model and cash flows. Trade accounts receivable that are part of an existing factoring agreement and are thus allocated to the "sell" business model are measured at fair value through profit or loss (FVPL). Trade accounts receivable that are primarily held with the aim of collecting the nominal value of the receivable are allocated to the "hold" business model and measured at amortised cost (AC).

Factoring agreements are in place with customers involving reverse factoring arrangements. Default and late payment risks are transferred in full to the factor, as a result of which all relevant receivables are derecognised upon sale. As at 30 June 2021, saleable receivables under these agreements amounted to kEUR 5,328.

A factoring agreement has been in place since 1 August 2019, on the basis of which various companies of the Schaltbau Group sell trade accounts receivable directly to a structured entity on a revolving basis. This structured entity holds the receivables and allocates the opportunities and risks attached to the receivables to Schaltbau and to a bank, underpinned by contractual agreements. These arrangements are financed by a credit line provided by a bank. The structured entity is not included in Schaltbau's consolidated financial statements due to the fact that Schaltbau cannot exercise control over the relevant activities. The receivables to be sold from the various portfolios are determined in an automated process in compliance with the purchase criteria specified in the Factoring Agreement. Receivables are sold and settled on a weekly basis. No repurchase agreements are in place. Schaltbau retains control over the receivables, including bearing any late-payment risk and a small proportion of the default risk (first-loss guarantee).

k€	30.6.2021	31.12.2020
End of the contract term	31. Juli 2024	31. Juli 2024
Contractual maximum volume	29,000	29,000
Volume of receivables sold as at the reporting date	26,808	27,914
Liabilities to factor arising from payment proceeds relating to sold receivables	5,731	7,270
Continuing involvement		
Carrying amount of continuing involvement asset	643	609
Carrying amount of the associated liability	1,090	1,048
Fair value of the associated liability	447	439

Allowances totalling kEUR 5,758 (30 June 2021: EUR 4,504) were recognised on trade accounts receivable and other assets at the end of period.

(10) Cash and cash equivalents

k€	30.6.2021	31.12.2020
Cheques and cash on hand	8	9
Cash at bank	26,297	39,370
	26,305	39,379

The amounts shown have a maturity of up to three months.

(11) Changes in group equity

In April 2021, Schaltbau Holding AG, Munich, issued a Mandatory Convertible Bond with a total nominal amount of kEUR 60,000 and a maturity date of 30 September 2022 (maturity date). The instrument is subdivided into 60,000 bearer bonds carrying equal rights and with a nominal value of kEUR 1 each. The bonds bear interest of 0.5% p.a. on the outstanding principal amount in accordance with the terms and conditions of the bonds. As a result of the issuance of the bond, subscribed capital increased by kEUR 899 to kEUR 11,699 and capital reserves by kEUR 56,441 to kEUR 67,975 as of June 30, 2021. Further information is provided to the comments on the financing of Schaltbau Holding AG in the section on "Significant events".

Details relating to the line items presented in the balance sheet are shown in the **Statement of Changes in Group Equity**.

(12) Provisions

Provisions developed as follows:

k€	30.6.2021	31.12.2020
Non-current provisions		
Pensions	36,654	39,102
Other personnel-related provisions	6,283	5,221
Personnel-related provisions	42,937	44,323
Warranties	316	458
Other provisions	43	41
Other provisions	359	499
	43,296	44,822
Current provisions		
Personnel-related provisions	10,112	14,224
Warranties	6,714	6,241
Onerous contracts	295	959
Outstanding supplier invoices	13,543	12,811
Other provisions	5,705	6,133
Other provisions	26,257	26,144
	36,369	40,368
Total	79,665	85,190

Other **personnel-related provisions** reported as current items are recognised to cover bonuses and special payments, severance pay and statutory social benefits. Non-current personnel-related provisions relate primarily to long-service awards and pre-retirement part-time working arrangements. Reinsurance policies are in place to secure obligations for pre-retirement part-time working arrangements. The decrease in current personnel-related provisions was attributable in particular to the utilisation of provisions for bonuses and severance payments.

It is expected that current other provisions as well as current personnel-related provisions will be utilised in the course of the next year.

Warranty provisions comprise general and specific components. Warranty provisions are utilised over time on the basis of actual warranty expense incurred. This is difficult to predict and can sometimes relate to more than one accounting period.

Provisions for onerous contracts are measured on the basis of unavoidable costs necessary to settle contractual obligations. The unavoidable costs for one contract reflect the minimum net cost of exiting the contract; this represents the lower of expected settlement costs and any compensation or penalties that would result from non-performance. Overhead expenses associated with the onerous contract concerned were included in the calculation of unavoidable costs.

Sundry other provisions mainly include provisions for pending calls on guarantees.

There were no reimbursement claims.

(13) Liabilities

k€	30.6.2021	31.12.2020
Non-current liabilities		
Liabilities to banks	31,181	99,258
Lease liabilities	9,727	9,340
Other financial liabilities	46	0
Financial liabilities	40,954	108,598
Contract liabilities (non-current)	151	11,727
Other liabilities	687	6,465
	41,792	126,790
Current liabilities		
Current income tax payable	3,830	3,306
Liabilities to banks	13,859	7,840
Lease liabilities	3,433	2,747
Other financial liabilities	231	0
Financial liabilities	17,523	10,587
Trade accounts payable	47,582	41,869
Contract liabilities (current)	33,695	22,219
Liabilities to affiliated companies	557	907
Liabilities to other Group entities	109	252
sundry other liabilities	36,855	28,164
Other liabilities	37,521	29,323
	140,151	107,304
Total liabilities	181,943	234,094

In April 2021, Schaltbau Holding AG issued a Mandatory Convertible Bond with a total nominal value of KEUR 60,000 and a maturity date of 30 September 2022. The portion of the bond required to be classified as a liability is included in other financial liabilities. Further information is provided to the comments on the financing of Schaltbau Holding AG in the section on "Significant events".

The advance payments received reported as non-current contract liabilities as at 31 December 2020 are reported as current contract liabilities as at 30 June 2021 due to their remaining term following reclassification.

(14) Contract assets and liabilities

k€	30.6.2021	31.12.2020
Contract assets (current)		
Receivables resulting from revenue recognised over time	11,552	5,982
	11,552	5,982
Contract liabilities (non-current)		
Advance payments received	0	11,577
Extended warranty liabilities	151	150
	151	11,727
Contract liabilities (current)		
Advance payments received	33,695	22,219
	33,695	22,219

Explanatory notes to the consolidated cash flow statement**(15) Cash flow statement****Composition of cash funds**

k€	30.6.2021	31.12.2020
Cash and cash equivalents (continuing operations)	26,305	39,379
	26,305	39,379

The Mandatory Convertible Bond issued in April 2021 generated a cash inflow from financing activities amounting to EUR 57.3 million, net of transaction costs. In the cash flow statement for the six-month period to 30 June 2021, during which conversions took place,

the capital component of the net cash inflow (i.e. net of transaction costs) amounting to EUR 56.9 million is recorded as a "payment into capital" and the debt component recorded as "new loans raised" respectively. Further information is provided to the comments on the financing of Schaltbau Holding AG in the section on SIGNIFICANT EVENTS. The change in other financial liabilities includes in particular repayments of Syndicated Credit Agreement credit lines during the six-month period under report.

Other explanatory notes to the consolidated financial statements

(16) Supplementary disclosures relating to financial instruments

Carrying amounts and fair values

The balance sheet contains non-derivative financial instruments such as receivables and payables as well as derivative financial instruments such as forward currency contracts and swap transactions whose value is derived from the base value of the contract. Financial instruments are measured in accordance with IFRS 9 on the basis of the allocation of items to various measurement categories. The following table shows the carrying amounts and fair values of all financial instruments recognised in the consolidated financial statements of Schaltbau Holding AG in accordance with IFRS 9.

30.6.2021

k€	Category IFRS 9	Carrying amount	Fair value	Level pursuant to IFRS 13
Assets-side financial instruments				
Other investments		1,548		
– of which not measured on basis of IFRS 9	n/a	1,511	n/a	n/a
– of which other investments	AC	37	37	3
Trade accounts receivable		78,930		
– of which trade accounts receivable	AC	67,205	n/a	n/a
– of which trade accounts receivable	FVPL	11,081	11,081	2
– of which continuing involvement assets	n/a	643	n/a	n/a
Other receivables and assets		17,625		
– of which not measured on basis of IFRS 9	n/a	3,630	n/a	n/a
– of which other receivables and assets	AC	13,868	n/a	n/a
– of which stand-alone derivatives	FVPL	126	126	2
Cash and cash equivalents	AC	26,305	n/a	n/a
Total assets		119,267		
Liabilities-side financial instruments				
Non-current financial liabilities		40,954		
– of which lease liabilities (non-current) ²	n/a	9,727	n/a	n/a
– of which non-current financial liabilities	FLAC	31,227	31,655	3
Other non-current liabilities		687		
– of which not measured on basis of IFRS 9	n/a	687	n/a	n/a
Current financial liabilities	n/a	17,523	n/a	n/a
– of which lease liabilities (current) ²	n/a	3,433	n/a	n/a
– of which current financial liabilities	FLAC	14,090	n/a ¹	n/a
Trade accounts payable	FLAC	47,582	n/a ¹	n/a
Other liabilities		37,521		
– of which not measured on basis of IFRS 9	n/a	18,128	n/a	n/a
– of which other liabilities	FLAC	19,112	n/a ¹	n/a
– of which stand-alone derivatives	FVPL	281	281	2
Total liabilities		112,980		

¹ Fair values not disclosed separately, given that the carrying amount represents an appropriate approximation.

² Lease liabilities do not fall under the scope of IFRS 9. In accordance with IFRS 7.29 d, the fair value is not required to be disclosed.

31.12.2020

k€	Category IFRS 9	Carrying amount	Fair value	Level pursuant to IFRS 13
Assets - side financial instruments				
Other investments		2,067		
– of which not measured on basis of IFRS 9	n/a	1,511	n/a	n/a
– of which other investments	AC	556	543	3
Trade accounts receivable		72,816		
– of which trade accounts receivable	AC	71,942	n/a ¹	n/a
– of which trade accounts receivable	FVPL	265	265	2
– of which continuing involvement assets	n/a	609	n/a	n/a
Other receivables and assets		19,850		
– of which not measured on basis of IFRS 9	n/a	5,235	n/a	n/a
– of which other receivables and assets	AC	14,050	n/a ¹	n/a
– of which stand-alone derivatives	FVPL	565	565	2
Cash and cash equivalents	AC	39,379	n/a ¹	n/a
Total assets		127,366		
Liabilities - side financial instruments				
Non-current financial liabilities		108,598		
– of which lease liabilities (non-current) ²	n/a	9,340	n/a	n/a
– of which non-current financial liabilities	FLAC	99,258	99,191	3
Other non-current liabilities		6,465		
– of which not measured on basis of IFRS 9 (put call option SPII)	n/a	6,465	n/a	n/a
Current financial liabilities	n/a	10,587	n/a	n/a
– of which lease liabilities (current) ²	n/a	2,747	n/a	n/a
– of which current financial liabilities	FLAC	7,840	n/a ¹	n/a
Trade accounts payable	FLAC	41,869	n/a ¹	n/a
Other liabilities		29,323		
– of which not measured on basis of IFRS 9	n/a	6,779	n/a	n/a
– of which other liabilities	FLAC	22,266	n/a ¹	n/a
– of which stand-alone derivatives	FVPL	279	279	2
Total liabilities		177,977		

1 Fair values not disclosed separately, given that the carrying amount represents an appropriate approximation.

2 Lease liabilities do not fall under the scope of IFRS 9. In accordance with IFRS 7.29 d, the fair value is not required to be disclosed.

Total carrying amounts per measurement category

k€		30.6.2021	31.12.2020
AC	Amortised cost	107,416	125,927
Assets-side FVPL	Fair value through profit and loss	11,207	830
Liabilities-side FVPL	Fair value through profit and loss	281	279
FLAC	Financial liabilities at amortised cost	112,012	171,233

Fair value hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The measurement and presentation of fair values of financial instruments is based on a fair value hierarchy that takes account of the significance of the input data used to measure fair value and can be analysed as follows:

- Level 1: Based on prices quoted (applied without adjustment) on active markets for identical assets and liabilities
- Level 2: Based on input data for the asset or liability observable either directly (in the form of prices) or indirectly (derived from prices) which do not represent quoted prices according to Level 1
- Level 3: Input data not based on observable market data to measure the asset or liability (non-observable input data)

Reclassifications between Levels are made at the end of the period. There were no reclassifications of fair value measurements between Level 1 and Level 2. Similarly, there were no reclassifications within Level 3 in connection with fair value measurements.

The fair value of non-current non-derivative financial instruments is determined by discounting future contractual cash flows, taking into account a risk-adjusted market interest rate with matching maturities. Given that credit-worthiness (as a non-observable input factor) has a significant influence when determining a fair value, a measurement of this basis is allocated to Level 3.

The fair values of derivative financial instruments are determined by the banks with which the relevant contracts are in place. The banks value the derivatives on the basis of market data valid for the relevant reporting date using recognised mathematical valuation methods (net present value method for forward currency contracts and interest rate swaps).

(17) Segments

The Group's segment designations are product-oriented. The Group's business units are allocated to the segment for which they generate most of their sales. A brief description of the Schaltbau, Bode, Pintsch and SBRS segments is provided in note (1) REVENUE. Segments were not aggregated, either in the previous fiscal year or in the period under report.

Schaltbau Holding AG has defined order intake as an operational early indicator and revenue and profit before interest and taxes (EBIT) as key financial performance indicators for the Group and its segments.

As a general rule, sales of materials between Group companies are billed on the basis of arm's length principles. Costs are recharged as appropriate to Group companies.

The column "Holding company, other consolidation items" comprises the activities of the holding company. This is influenced by the financing function of the holding company for the Group and by the income tax group arrangements in place in Germany. These expenses are not recharged to the subsidiaries concerned. By contrast, expenses incurred for providing centralised services (e.g. SAP system costs) are recharged. The financial reporting principles used for segment reporting correspond to those used in the consolidated financial statements.

Reconciliations

Revenue 1.1. to 30.6.

k€	2021	2020
Total revenue of segments	255,038	241,175
Other revenue	16	1,504
Consolidation	-1,794	-3,362
Revenue as per income statement	253,260	239,317

EBIT 1.1. to 30.6.

k€	2021	2020
Total EBIT of segments	18,900	15,474
Other EBIT	-5,090	-5,658
Consolidation	-179	-201
EBIT as per income statement	13,630	9,615

Assets as of 30.6.

k€	2021	2020
Total segment assets	458,160	440,504
Other assets	172,067	158,638
Consolidation	-206,086	-190,585
Group assets as per balance sheet	424,141	408,557

Liabilities as of 30.6.

k€	2021	2020
Total segment liabilities	307,331	295,637
Other liabilities	80,454	127,876
Consolidation	-124,740	-109,396
Group liabilities as per balance sheet	263,045	314,117

"Other revenue" reported for the previous fiscal year comprised almost entirely revenue recorded at the level of Schaltbau Holding AG for IT services provided to subsidiaries. This revenue, together with inter-segment revenue, is eliminated on consolidation. For the purposes of preparing the consolidated financial statements from the fiscal year 2021 onwards, revenue from IT services provided by Schaltbau Holding AG to its subsidiaries is recorded as other operating income.

"Other EBIT" comprises mainly expenses recorded at the level of Schaltbau Holding AG for personnel, non-rechargeable materials expenses, other operating expenses and other taxes.

"Other assets" relate primarily to receivables of Schaltbau Holding AG from affiliated companies in connection with financing activities. These receivables are eliminated on consolidation along with other inter-segment receivables.

"Other liabilities" comprise mainly financial liabilities, pension provisions and payables to affiliated companies recorded at the level of Schaltbau Holding AG. The latter are eliminated on consolidation along with other inter-segment payables.

Product-based segment information

	Pintsch		Bode		Schaltbau	
1.1. to 30.6.	2021	2020	2021	2020	2021	2020
k€						
Order-intake (external)	49,660	42,204	124,531	135,263	82,184	72,063
Revenue	34,600	34,751	122,044	125,546	77,270	68,757
– of which external	34,600	34,750	121,386	124,691	76,416	68,086
– of which with other segments	0	1	659	855	854	671
Order-book (external)	104,402	63,908	298,045	318,108	102,689	101,175
EBITDA ¹	1,844	3,116	7,233	3,176	16,182	15,125
Profit/loss before financial result and taxes (EBIT) ²	830	2,126	4,123	199	12,680	11,880
Result from at-equity accounted investments	0	0	132	423	0	0
Interest income	280	71	52	53	132	71
Interest expense	-330	-596	-1,465	-1,430	-975	-1,025
Profit before tax (EBT)	780	1,601	2,842	-755	11,837	10,926
Income taxes	-184	-195	110	-162	-1,856	-1,239
Segment result / Group result	596	1,406	2,952	-917	9,982	9,687
Capital expenditure ³	1,353	1,397	3,678	4,192	6,558	2,907
Depreciation and amortisation ³	-1,014	-990	-3,110	-2,977	-3,502	-3,245
Impairment losses (excluding investments)	-5	-48	-486	-245	-779	-848
Reversals of impairment losses (excluding investments)	0	0	459	207	198	169
Sundry other significant non-cash items	-3,232	-2,085	-3,918	-3,761	-4,200	-3,613
Segment assets ⁴	93,319	82,099	161,980	170,364	174,401	169,811
At-equity accounted investments	0	0	898	3,565	0	0
Capital employed ⁵	16,991	22,264	122,616	126,196	126,796	127,842
Segment liabilities ⁶	61,382	52,124	110,532	122,090	111,153	105,786
Employees (average number)	373	331	1,355	1,385	851	855
EBIT margin in % ⁷	2.4	6.1	3.4	0.2	16.4	17.3

1 Earnings before financial result, taxes, depreciation and amortisation

2 Earnings before financial result and taxes

3 in intangible assets and property, plant and equipment

4 Balance sheet total

5 Working Capital (inventories + trade accounts receivable - advance payments received - trade accounts payable) plus non-current assets excluding deferred tax assets and investment property

6 Debt capital

7 EBIT / external revenue

SBRS		Sub-total		Holding company, other consolidations		Schaltbau Group	
2021	2020	2021	2020	2021	2020	2021	2020
23,140	20,886	279,513	270,416	16	2	279,530	270,419
21,124	12,121	255,038	241,175	-1,778	-1,858	253,260	239,317
20,842	11,787	253,243	239,314	16	3	253,260	239,317
281	334	1,794	1,861	-1,794	-1,861	0	0
33,041	33,878	538,176	517,069	0	0	538,176	517,069
1,336	1,365	26,595	22,782	-4,695	-5,282	21,900	17,499
1,266	1,270	18,900	15,474	-5,269	-5,859	13,630	9,615
0	0	132	423	0	-1	132	422
0	0	463	196	-97	-52	367	144
-223	-92	-2,993	-3,143	23	-41	-2,969	-3,184
1,043	1,179	16,503	12,950	-5,343	-5,953	11,160	6,997
-338	-395	-2,268	-1,991	4,274	-966	2,006	-2,957
705	783	14,235	10,959	-1,069	-6,919	13,166	4,040
59	204	11,647	8,700	62	201	11,709	8,901
-70	-95	-7,695	-7,307	-574	-578	-8,270	-7,885
-1,732	39	-3,002	-1,101	0	-97	-3,002	-1,198
0	0	657	376	0	0	657	376
-2,008	-1,372	-13,358	-10,831	1,992	-2,047	-11,366	-12,878
28,460	18,230	458,160	440,504	-34,019	-31,947	424,141	408,557
0	0	898	3,565	0	0	898	3,565
16,045	8,453	282,448	284,755	-11,228	-10,266	271,220	274,489
24,265	15,637	307,331	295,637	-44,286	18,480	263,045	314,117
78	70	2,657	2,641	27	29	2,684	2,670
6.0	10.5					5.4	4.0

(18) Contingent liabilities and other financial commitments

Other financial commitments

k€	30.6.2021	31.12.2020
Other commitments	9,007	6,117

Other financial commitments have been calculated on the basis of the earliest possible cancellation dates. The increase compared to December 31, 2020 was mainly due to orders placed in connection with the construction of the new NExT Factory production plant in Velden.

At 30 June 2021, Group guarantees amounted to kEUR 33,301 (31 December 2020: kEUR 30,692) and bank and insurance guarantees to kEUR 35,077 (31 December 2020: kEUR 37,476). A provision for onerous contracts amounting to kEUR 2,418 (31 December 2020: kEUR 3,523) has been recognised for possible calls on guarantees issued. For the guarantees for which no provision has been recognised, the probability of being called on is estimated to be between 0% and less than 10%.

As at June 30, 2021, charges on land and buildings amounting to kEUR 35,330 have been provided to banks as collateral for bilateral loans.

(19) Related party transactions

Transactions between fully consolidated companies on the one hand and joint ventures, associated companies and non-consolidated companies on the other, all conducted on the basis of arm's length principles, are disclosed below from the perspective of the fully consolidated companies:

k€	Volume of services performed		Volume of services received	
	1.1.–30.6.2021	1.1.–30.6.2020	1.1.–30.6.2021	1.1.–30.6.2020
Joint ventures				
Goods and services	0	0	0	0
Other transactions	0	0	0	0
Associated companies				
Goods and services	52	6	0	0
Other transactions	0	0	0	-13
Non-consolidated companies				
Goods and services	2,019	2,544	-13	-4
Other transactions	52	30	-16	-17

On 12 April 2021, the Supervisory Board adopted a new compensation system for Executive Board members that complies with the requirements of the German Stock Corporation Act and takes into account the recommendations of the German Corporate Governance Code. The new compensation system was approved by the Annual General Meeting on 28 May 2021.

k€	Receivables and other assets		Payables	
	1.1.– 30.6.2021	1.1.– 30.6.2020	1.1.– 30.6.2021	1.1.– 30.6.2020
Joint ventures	690	0	109	252
Associated companies	0	223	0	0
Non-consolidated companies	1,102	2,161	557	907

The remuneration of the current Executive Board is unchanged compared to the description provided in the Annual Report 2020.

(20) Events after the end of the reporting period

A so-called "Mandate Agreement" was concluded with two banks on 6 July 2021, which provides for the existing Syndicated Credit Agreement to be restructured in view of the improved credit rating of Schaltbau Holding AG. In particular, the aim here is to eliminate the restrictions resulting from the use of the KfW special programme "Direct Participation in Syndicated Lending" (855). A further aim is to reduce financing costs significantly and bring the financing structure into line with updated financing requirements.

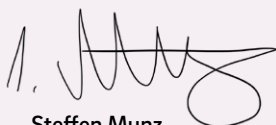
There have been no other significant events after the end of the reporting period that have a significant impact on the Group's net assets, financial position and results of operations.

Munich, 27 July 2021

Schaltbau Holding AG
The Executive Board



Dr. Jürgen Brandes
Chairman



Steffen Munz



Volker Kregel

Disclaimer

Some of the assertions made in this report may be similar in character to forecasts or may be interpreted as such. The assertions are made to the best of the knowledge and belief of management and apply, in accordance with the nature of such assertions, on the condition that there is no massive contraction of the markets relevant for the Schaltbau Group and in the specific market position of the individual Group entities and that the forecasting assumptions turn out to be appropriate, in terms of both scale and timing. The Company does not assume any responsibility for updating forward-looking assertions.

Responsibility statement

"To the best of our knowledge, and in accordance with the applicable principles for half-year financial reporting, the Interim Consolidated Financial Statements give a true and fair view of the net assets, financial position and results of operations of the Group, and the Interim Group Management Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the fiscal year."

Munich, 27 July 2021

Schaltbau Holding AG
The Executive Board



Dr. Jürgen Brandes
Chairman



Steffen Munz



Volker Kregelin

Financial calendar 2021

29 July	Half-Year Financial Report as at 30 June 2021 – 1st six months
25 – 26 August	Montega Hamburger Investors Day
1 – 2 September	Stifel Cross Sector Insight
6 – 7 September	Equity Forum Autumn Conference
22 September	Berenberg / Goldman Sachs German Corporate Conference
28 October	Group Interim Report as at 30 September 2021 – 9 months
22 – 24 November	Equity Capital Forum
1 December	DZ Bank Equity Conference
7 – 8 December	Munich Capital Market Conference

Imprint

Publisher

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