

**BIG ENOUGH
TO COMPETE –
SMALL ENOUGH
TO CARE.**

REPORT 3rd QUARTER
2020/2021

Report 3rd Quarter BY 2020/2021

Content

Preface
Management Report
Consolidated Balance Sheet
Consolidated Statement of Comprehensive Income

Preface

Dear Shareholders,

Although we have so far coped well with the changing challenges posed by the COVID 19 pandemic since the beginning of 2020, the difficulties, e.g. in the supply chain and the impact of the changing Corona regulations, have reached a new dimension for us and our business partners.

In addition to the continuing uncertainty on the part of customers and suppliers regarding the economic consequences of the pandemic, long delivery times and supply bottlenecks for important components are having a negative impact. Despite extraordinary steps and the immediate introduction of measures to safeguard inventories, timely processing of customer orders was not always possible. Thus, the business development and the result as of 31 March 2021 were again influenced by the pandemic.

In this situation our corporate policy, which provides for a high stock of standard products with appropriate capital commitment, is particularly beneficial to us. Only through sound supply chain management and the early introduction of measures to protect our employees from infection have we been able to achieve a result after three quarters that is below the previous year's figure but within the range of the last forecast. FORTEC had already lowered its forecast for the current financial year at the beginning of February as a precautionary measure.

The order backlog, which stood at EUR 55.0 million as of 31 March 2021 (PY: EUR 51.3 million), shows that the company's medium-term prospects are quite positive. Significant cost-cutting measures have also been introduced to improve the result.

Despite existing challenges, we continue to modernise and transform the Group with the necessary sense of proportion. The current pandemic in particular has shown that the trend towards further digitalisation has been significantly strengthened. This has confirmed our business model and is a sign for us that we are on the right track in our future orientation. So we look to the near future with cautious optimism.

Thank you for your trust & stay healthy!

Sandra Maile
CEO



Group Management Report: 3rd Quarter 01.07.2020-31.03.2021

Income Position

Group revenue in three quarters of the 2020/2021 business year amounts to EUR 57.7 million (PY: EUR 65.8 million). Our segments developed as follows: The Data Visualisation segment contributed EUR 35.1 million (PY: EUR 42.1 million) and the Power Supply segment contributed EUR 22.5 million (PY: EUR 23.6 million) to the Group's revenue.

Other operating income fell from EUR 2.8 million to EUR 0.9 million due to the absence of positive special effects compared to the same period of the previous year.

The gross margin, taking into account the work in progress, increased from 30.7% to 31.7% in three quarters of the business year 2020/2021. Cost of materials fell to EUR 39.2 million (PY: EUR 46.1 million) as an inevitable consequence of the existing supply bottlenecks. The cost of sales ratio fell from 70.1% in the previous year to 68.0%.

Synergy effects resulting from the leasing of the operating business to EMTRON and DISTEC again led to a reduction in personnel expenses from EUR 10.8 million to EUR 9.9 million in the three quarters; the personnel expense ratio rose from 16.4% to 17.1%.

Depreciation remained almost constant at EUR 1.3 million (PY: EUR 1.4 million).

Other operating expenses of EUR 4.4 million, down from EUR 5.8 million in the previous year, were lower due to measures and amounted to 7.6% of turnover (PY: 8.8%).

Due to the aforementioned factors, the operating result (EBIT) as a key financial performance indicator of EUR 3.6 million was below the previous year's value of EUR 5.2 million. The EBIT margin, based on sales revenue, fell from 7.9% in the previous year to 6.2%.

The Data Visualisation segment's share of the Group's operating result is 78% at EUR 2.8 million (PY: 69%, EUR 3.6 million); the EBIT margin fell from 8.5% to 7.9%. Data Visualisation contributed EUR 2.0 million (PY: EUR 2.6 million) to the net income for the period. The segment Power Supply achieved an operating result of EUR 0.8 million (PY: EUR 1.6 million) and an EBIT margin of 3.4% (PY: 6.9%, adjusted for the sale of the building: 4.4%).

Compared to the previous year the net income for the period after three quarters fell from EUR 3.8 million to EUR 2.6 million. The return on sales after taxes decreased from 5.7% to 4.5%.

Earnings per share amounted to EUR 0.79 after EUR 1.16 in the previous year.

Asset Position

On the assets side with a balance sheet total of EUR 62.8 million (30.06.2020: EUR 64.6 million) non-current assets amount to EUR 18.1 million (30.06.2020: EUR 18.9 million).

Of this, goodwill of the acquired subsidiaries is the largest item with EUR 6.7 million (30.06.2020: EUR 6.7 million), followed by the rights of use recognised in accordance with IFRS 16 in the amount of EUR 5.8 million (30.06.2020: EUR 6.3 million).

With a value of EUR 20.9 million (30.06.2020: EUR 24.7 million), inventories represent the largest single item in current assets, accounting for 33,3% of the balance sheet total (30.06.2020: 38.2%). Here, the already mentioned difficulties in the procurement of goods are becoming apparent. The trade receivables item decreased from EUR 9.3 million on 30 June 2020 to EUR 8.4 million. As a result, cash and cash equivalents increased to EUR 13.2 million (30.06.2020: EUR 8.9 million) and represent the second largest item under current assets.

Financial and Liquidity Position

The financial situation of the company continues to be excellent, especially in comparison with companies pursuing similar business models, with a high and above-average equity ratio of 68,9% (30.06.2020: 66.3%). With EUR 43.3 million (30.06.2020: EUR 42.8 million), the company is sufficiently equipped with equity capital for future-oriented decisions.

Long-term liabilities to banks, the second-largest item under non-current liabilities, were reduced from EUR 3.5 million as of 30 June 2020 to EUR 2.7 million in accordance with the repayment plan. The largest item continues to be the long-term leasing liabilities in the amount of EUR 4.9 million (30.06.2020: EUR 5.4 million).

Under current liabilities, trade payables decreased from EUR 5.5 million on 30 June 2020 to EUR 4.7 million. Other liabilities slightly increased from EUR 2.2 million to EUR 2.3 million.

The order backlog at the end of March was EUR 55.0 million (PY: EUR 51.3 million) and is a good basis for the coming months, but it also shows that problems in the supply chain are hindering the timely processing of orders.

Forecast

The business development of FORTEC Elektronik AG will continue to be affected by the COVID 19 pandemic and will depend very much on how quickly the incidence of infection can be sustainably controlled worldwide through improved vaccination progress.

Reliable statements cannot be made at present with a longer-term perspective due to the continuing supply bottlenecks and the remaining uncertainties in relation to the pandemic. Therefore, an adjustment of the forecast cannot be completely ruled out.

However, the Management Board of FORTEC AG will continue to do everything in its power and implement the necessary measures to achieve the targets set. FORTEC will continue to be profitable and is well positioned for the period after the pandemic.

Consolidated Balance Sheet per 31 March 2021 according to IAS/IFRS

ASSETS in Euro	31.03.2021	30.06.2020	EQUITY/LIABILITIES in Euro	31.03.2021	30.06.2020
A. Non-current assets	18,083,933	18,870,081	A. Shareholders' equity	43,257,383	42,796,272
I. Goodwill	6,705,980	6,700,451	I. Subscribed capital	3,250,436	3,250,436
II. Intangible assets	215,537	243,321	II. Capital reserves	14,481,026	14,481,026
III. Tangible assets	5,000,645	5,271,276	III. Exchange differences	829,979	1,001,611
IV. Right-of-use assets	5,760,896	6,269,211	IV. Other reserves	22,112,937	19,286,571
V. Financial assets	95,780	95,780	V. Net income for the period	2,583,005	4,776,628
VI. Non-current receivables	73,879	74,947			
VII. Deferred taxes	231,216	215,095			
B. Current assets	44,680,823	45,718,670	B. Non-current liabilities	8,209,159	9,563,440
I. Inventories	20,896,243	24,662,999	I. Long-term bank liabilities	2,652,756	3,527,760
II. Trade receivables	8,388,499	9,261,198	II. Non-current provisions/liabilities	324,183	348,536
III. Tax receivables	1,738,842	2,456,881	III. Non-current lease liabilities	4,906,080	5,354,178
IV. Other assets	460,353	472,607	III. Deferred taxes	326,139	332,966
V. Cash and cash equivalents	13,196,886	8,864,986	C. Current liabilities	11,298,215	12,229,040
			I. Liabilities to credit institutions	1,166,672	1,166,672
			II. Trade payables	4,672,160	5,510,164
			III. Current lease liabilities	949,954	972,314
			IV. Tax liabilities	1,172,565	1,341,752
			V. Other provisions	1,040,198	1,020,296
			VI. Other liabilities/accruals	2,296,666	2,217,842
Total Assets	62,764,756	64,588,752	Total Equity and Liabilities	62,764,756	64,588,752

Consolidated Statement of Comprehensive Income per 31 March 2021 uncertified, according to IAS/IFRS

in Euro	Consolidated income statement 01.07.20 - 31.03.21	Consolidated income statement 01.07.19 - 31.03.20
Sales revenues	57,666,363	65,754,366
Change in inventory of unfinished/finished products	-209,779	784,828
Other operating income	899,644	2,764,866
Cost of materials	39,224,973	46,086,700
Personnel expenses	9,857,968	10,802,605
Depreciation	1,305,664	1,415,786
Other operating expenses	4,409,323	5,799,532
Operating result (EBIT)	3,558,300	5,199,437
Dividends	-	-
Other interest and similar income	56,974	2,361
Other interest and similar expenses	143,580	109,663
Earnings before taxes	3,471,694	5,092,135
Taxes on income	888,689	1,333,158
Net income for the period	2,583,005	3,758,977
Other results*	-171,632	364,854
Total result	2,411,373	4,123,831
Earnings per share	0.79	1.16
Share in total	3,250,436	3,250,436

*Other results exclusively include success-neutral currency exchange differences

Explanatory Remarks

Basis of preparation of the financial statement

The shortened consolidated financial statements do not contain all the information and details required for consolidated financial statements and should therefore be read in conjunction with the consolidated financial statements and the Group management report for the year ended 30 June 2020.

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

The report is prepared in euros. For arithmetical reasons, rounding differences may occur in the tables and in references.

Disclaimer

This report contains certain forward-looking statements based on currently available information, assumptions and forecasts of the management of FORTEC Elektronik AG. They are for information purposes only and are characterised by terms such as "believe", "expect", "predict", "intend", "forecast", "plan", "estimate" or "endeavor". These statements can therefore only claim validity for the time of their publication.

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

FORTEC Elektronik AG assumes no obligation to update such forward-looking statements or to adapt them to future events or developments. Accordingly, no liability or guarantee is assumed, either expressly or implied, for the timeliness, accuracy or completeness of this data and information.

FORTEC

FORTEC Elektronik AG
Augsburger Str. 2b
D-82110 Germering
www.fortecag.de