

BIG ENOUGH TO COMPETE – SMALL ENOUGH TO CARE.

Report 1st QUARTER
2021/2022

Report 1st Quarter BY 2021/2022

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Preface

Dear Shareholders,

Due to global supply bottlenecks for important preliminary products and further effects of the COVID 19 pandemic, the FORTEC Group continues to find itself in a challenging market environment in the first quarter of the 2021/2022 financial year despite high order intake.

Thanks to the regional distribution and the balanced industry and customer mix, FORTEC has so far been able to compensate very well for fluctuations in individual markets. Our solid crisis and supply chain management has also contributed to the fact that we were able to close the first quarter with a very good operating result despite the current economic conditions and the tense supply chains. Our growth expectations were confirmed and our profitability was convincing.

Our special thanks go to our committed employees, whose health is our top priority, especially in these times. With their extraordinary, passionate commitment, they have made this success possible for the benefit of our customers and shareholders.

With the new foundation of aushang.online GmbH in September 2021, FORTEC has expanded its product range to include software with a start-up company. For our group, it is another step towards greater value creation and diversification of the business model through annual licensing income from this software.

We continue to do our utmost to ensure that FORTEC remains an attractive, future-oriented company that deserves your trust.

Thank you for that & stay healthy!

Sandra Maile
CEO



Group Management Report: 1st Quarter BY 2021/2022

01.07.2021-30.09.2021

Profit Situation

Group turnover reached EUR 21.2 million and was thus almost 5 % higher than the previous year's turnover (EUR 20.2 million).

Other operating income remained almost unchanged from the previous year at EUR 0.4 million.

The cost of materials increased slightly from EUR 14.4 million to EUR 14.6 million in line with the increased turnover. The cost of sales ratio decreased from 71.0 % to 68.7 %.

Personnel costs decreased from EUR 3.3 million in the first quarter of the previous year to EUR 3.2 million as of 30 September 2021 due to a slight decrease in the number of employees. The personnel cost ratio decreased from 16.4 % to 15.2 % due to the increased turnover.

The amount of depreciation was almost the same as in the previous year at EUR 0.4 million.

Other operating expenses fell from EUR 1.6 million in the previous year to EUR 1.4 million, also due to reduced currency losses, and amounted to 6.7 % (PY: 7.7 %) relative to turnover.

Due to the factors already mentioned, the EBIT result as a key financial performance indicator of EUR 2.2 million is significantly above the previous year's value of EUR 1.4 million. The EBIT margin, based on turnover, rose from 6.9 % in the previous year to 10.6 %.

The net income in the 1st quarter of the 2021/2022 financial year amounted to EUR 1.7 million (PY: EUR 1.0 million). Earnings per share thus increased significantly from EUR 0.31 to EUR 0.53.

The order backlog at the end of September was EUR 68.6 million (PY: EUR 46.2 million) and is a solid basis for the coming months.

Development of the segments

The data visualization segment contributed EUR 12.9 million (PY: EUR 12.8 million) and the power supply segment EUR 8.3 million (PY: EUR 7.4 million) to Group sales. The ratio of the two segments is similar to that of the previous year: The data visualization segment now contributes 61 % (PY: 63 %) to total sales.

The data visualization segment's share of the Group operating result (EBIT) is KEUR 1,442 (PY: KEUR 1,056). The power supply segment contributed KEUR 800 (PY: KEUR 349) to the operating result. The return on sales (EBIT-margin) in relation to the total output of the data visualization segment increased from 8.2 % in the previous year to 11.2 %, the return on sales in the power supply segment rose from 4.7 % to 9.6 %, a clear sign for the realization of a higher solution level.

Asset Position

On the assets side, with a balance sheet total of EUR 65.6 million (30.06.2021: EUR 64.0 million), non-current assets amount to EUR 18.0 million (30.06.2021: EUR 18.3 million). Of this, goodwill from the acquired subsidiaries is the largest item at EUR 6.7 million (30.06.2021: EUR 6.7 million).

Due to accounting in accordance with IFRS 16, rights of use amounting to EUR 5.7 million (30.06.2021: EUR 5.9 million) are reported. With a value of EUR 21.0 million (30.06.2021: EUR 19.7 million), inventories are the largest single item under current assets, accounting for 32.0 % (30.06.2021: 30.8 %) of total assets. This is the result of measures to secure inventories in the currently difficult supply environment. The trade receivables item of EUR 8.7 million remained almost unchanged compared to the previous quarter (30.06.2021: EUR 8.7 million). Cash and cash equivalents, the second largest item on the assets side, rose from EUR 14.7 million as at 30.06.2021 to EUR 15.4 million.

The equity ratio of the Group is 70.7 % (30.06.2021: 69.6 %). At EUR 46.4 million (30.06.2021: EUR 44.5 million), the Group has sufficient equity.

On the liabilities side, non-current liabilities to banks fell from EUR 2.4 million as at 30.06.2021 to EUR 2.1 million due to scheduled repayments. Under current liabilities, trade payables rose from EUR 4.9 million in the previous quarter to EUR 5.7 million.

Financial and Liquidity Position

The goal of financial management is to safeguard corporate success against financial risks of any kind. The Group pursues a conservative financing policy with the aim of securing its liquidity at all times. In doing so, the Group applies a steady and responsible dividend policy and utilises the freely available bank balances, which are intended to exceed the Group's current liabilities. This ensures liquidity at all times.

The Group's objective is to sustain a strong capital base in order to maintain investor, market and creditor confidence. The objective of capital management is to ensure that business operations are based on a high level of equity financing. To maintain or adjust the capital structure, the Group may make adjustments to dividend payments and share buybacks, and issue new shares.

The Group monitors capital using a ratio of net financial debt to the sum of equity capital and net financial debt (capital controlling indicator). Net financial debt includes all debts according to the balance sheet less cash and cash equivalents. The equity capital comprises the equity capital shown in the balance sheet.

in TEUR	30.09.2021	30.06.2021
Total debts	19.200	19.473
Less cash and cash equivalents	-15.389	-14.696
Net debt	3.811	4.777
Equity capital	46.399	44.540
Capital controlling indicator	12,18	9,32

The business performance of FORTEC Elektronik AG will continue to be affected by the impact of the pandemic and the critical supply situation due to the strained supply chain. The forecast for the 2021/2022 financial year with growth in Group turnover of up to 12% and in Group EBIT of up to 10% compared to the result in the 2020/2021 financial year is therefore subject to the proviso that further mutations of the COVID 19 virus and current supply bottlenecks for primary products do not again slow down the development of the global economy.

Consolidated balance sheet as at 30.09.2021 according to IAS/IFRS

ASSETS in TEUR			EQUITY / LIABILITIES in TEUR		
	30.09.2021	30.06.2021		30.09.2021	30.06.2021
A. Non-current assets	18.035	18.278	A. Equity capital	46.399	44.540
I. Goodwill	6.744	6.715	I. Subscribed capital	3.250	3.250
II. Intangible assets	176	198	II. Capital reserve	14.481	14.481
III. Tangible fixed assets	4.819	4.909	III. Conversion differences	966	814
IV. Rights of use	5.727	5.916	IV. Other reserves	25.994	22.113
V. Financial assets	176	162	V. Net income for the period	1.707	3.881
VI. Deferred tax asstes	392	379			
B. Current assets	47.563	45.735	B. Non-current liabilities	7.710	8.184
I. Inventories	20.993	19.743	I. Non-current bank liabilities	2.069	2.361
II. Trade receivables	8.749	8.700	II. Non-current leasing liabilities	4.906	5.088
III. Tax receivables	2.021	2.238	III. Other non-current financial liabilities	20	20
IV. Other financial assets	134	131	IV. Other non-current liabilities	39	49
V. Other assets	277	227	V. Non-current reserves	294	293
VI. Cash and cash equivalents	15.389	14.696	VI. Deferred tax liabilities	382	373
			C. Current liabilities	11.490	11.289
			I. Liabilities to credit institutes	1.167	1.167
			II. Liabilities from deliveries and services	5.653	4.905
			III. Current leasing liabilities	935	934
			IV. Tax liabilities	909	1.392
			V. Other current financial liabilities	934	1.349
			VI. Other current liabilities	1.656	1.300
			VII. Reserves	236	242
Total assets	65.598	64.013	Total liabilities	65.598	64.013

Consolidated Statement of Comprehensive Income as of 30.09.2021 unaudited, according to IAS/IFRS

in TEUR	Group P&L 01.07.21 - 30.09.21	Group P&L 01.07.20 - 30.09.20
Sales revenues	21.188	20.245
Increased inventory of unfinished goods	246	454
Other operating income	397	414
Cost of materials	14.558	14.381
Personnel expenses	3.210	3.324
Depreciation	410	435
Other operating expenses	1.412	1.567
Operating result (EBIT)	2.242	1.405
Income from investments	-	-
Other interest and similar income	-	56
Other interest and similar expenses	49	47
Result before taxes	2.194	1.415
Taxes on income and earnings	487	393
Net income for the period	1.707	1.021
Other earnings*	152	-246
Total result	1.859	776
Earnings per share (in EUR)	0,53	0,31
Number of shares	3.250.436	3.250.436

*Other earnings exclusively include currency conversion differences not affecting net income.

Explanatory Remarks

Basis of preparation of the financial statements

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

The quarterly consolidated financial statements have not been audited or 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 discernible and available information, assumptions and forecasts made by the management of FORTEC Elektronik AG. They are for informational purposes only and are identified by words such as "believe", "expect", "predict", "intend", "forecast", "plan", "estimate" or "endeavour". 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 the 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 conform 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