BROCKHAUS TECHNOLOGIES

Elevating Champions

ANNUAL REPORT 2021

INVESTOR UPDATE CALL

May 3, 2022

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For information on performance indicators, please refer to Note 7 of BKHT's consolidated financial statements for 2021.

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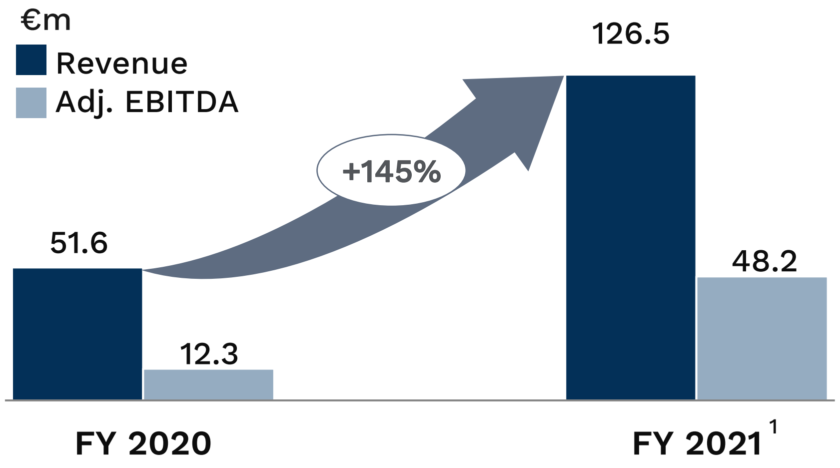
Highlights 2021

2 Acquisitions

Management plan achieved 2 years ahead of target

BIKELEASING.DE

kvm-tec OVER IP



Note: 1) Pro forma figures showing the results of operations as if Bikeleasing and kvm-tec had already belonged to Brockhaus Technologies and IHSE, respectively, as of January 1, 2021; Revenue adjusted for effects resulting from purchase price allocation (PPA).

Summary FY 2021

Group KPIs

As-is [€m]	2021A	2020A	Forecast 2021	
Revenue	66.5	51.6	62.0	↗
Adj. EBITDA	21.8	12.3	14.8	↗
Adj. EBITDA margin	32.8%	23.8%	>23.8%	↗

Pro forma [€m]	2021A	2020A	Forecast 2021	
Revenue	126.5	51.6	125.0 – 135.0	↗
Adj. EBITDA	48.2	12.3	42.0 – 46.0	↗
Adj. EBITDA margin	38.1%	23.8%	31% - 37%	↗

M&A activity

- Successfully **closed two acquisitions** in FY2021: BIKELEASING.DE kvm-tec
- **Continued strong deal pipeline** starting into 2022
- **Three potentially promising transactions** in early stages of due diligence

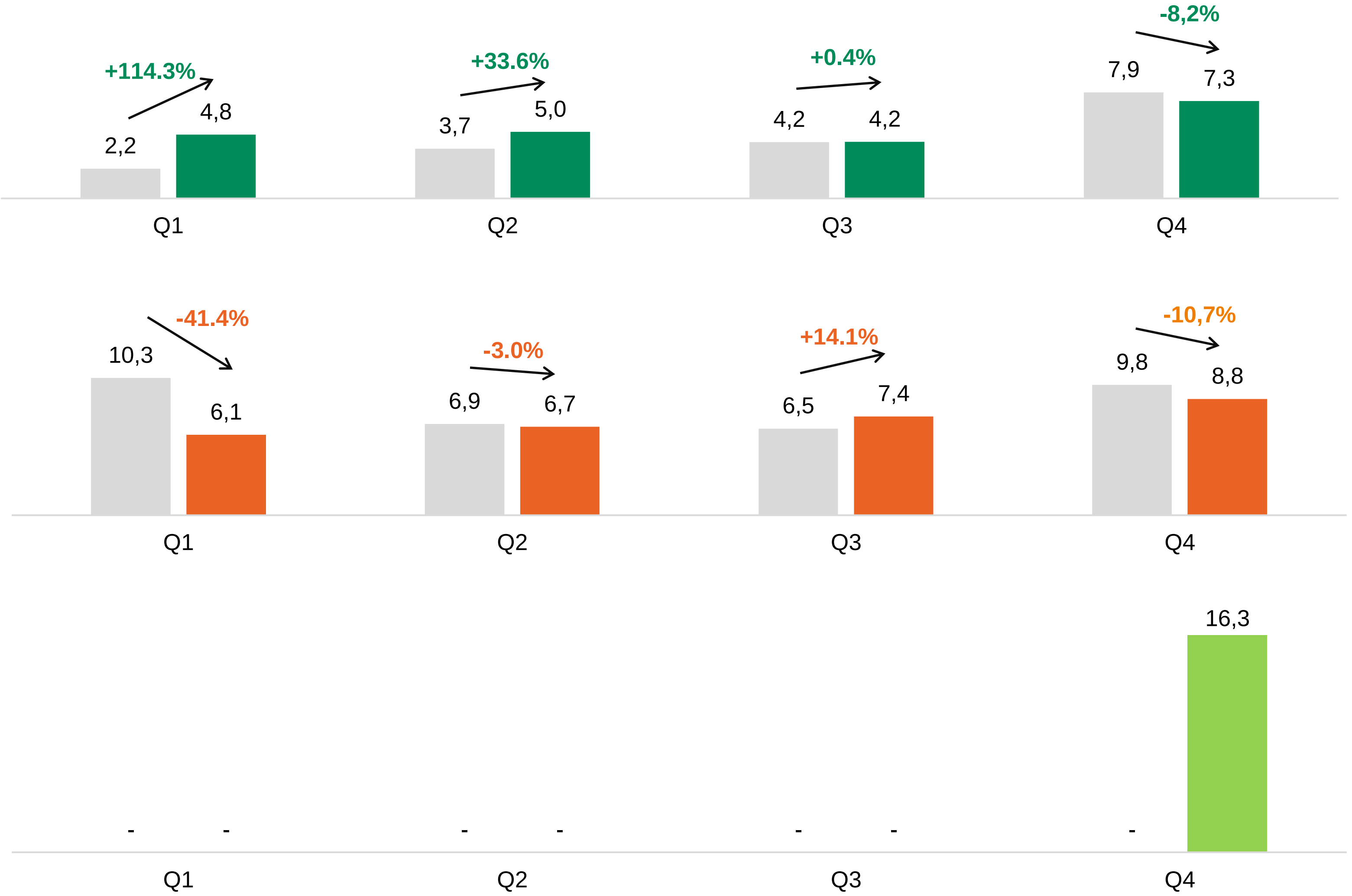
Organization

- **Executive Committee** will be supplemented by an **Operations Manager** starting September 2022
- Ongoing search for a **Chief Financial Officer** to complement the management board

Note: Pro forma figures showing the results of operations as if Bikeleasing and kvm-tec had already belonged to Brockhaus Technologies and IHSE, respectively, as of January 1, 2021; Revenue adjusted for effects resulting from purchase price allocation (PPA).

Revenue by quarter 2021

PALAS



ihse.

BIKELEASING.DE

(€ million) Palas IHSE Bikeleasing Prior-year period

KPIs by segment | pro forma

	Reportable segments									
	Financial Technologies		Security Technologies		Environmental Technologies		Central Functions and consolidation		BKHT Group	
[€ thousand]	2021[1]	2020[2]	2021[1]	2020	2021	2020	2021	2020	**2021[1]**	**2020**
Revenue before PPA	72,555	-	32,688	33,543	21,279	18,114	2	(76)	**126,523**	**51,581**
Revenue growth			(2.6%)		17.5%				145.3%	
Gross profit before PPA	51,243	-	22,502	24,680	17,095	13,874	166	-	**91,005**	**38,555**
Gross profit margin	70.6%	-	68.9%	73.6%	80.3%	76.6%			71.9%	74.7%
Adjusted EBITDA	39,765	-	8,315	11,778	7,328	6,283	(7,227)	(5,793)	**48,180**	**12,270**
Adjusted EBITDA margin	54.8%	-	25.5%	35.1%	34.4%	34.7%			38.1%	23.8%

Total cash and cash equivalents of €30.3 million as per end of December 2021

Note: 1) Pro forma figures, presented as if Bikeleasing and kvm-tec were part of Brockhaus Technologies beginning January 1, 2021
2) The segment Financial Technologies did not exist in the previous year period 2020.

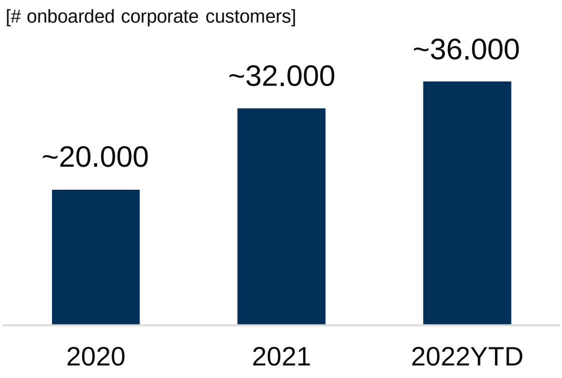
Bikeleasing | pro forma (2020 unaudited)

[€ thousand]	Financial Technologies	
	2021[1]	2020[2]
Revenue before PPA	72,555	35,928
Revenue growth	101.9%	
Gross profit before PPA	51,243	25,107
Gross profit margin	70.6%	69,9%
Adjusted EBITDA	39,765	18,655
Adjusted EBITDA margin	54.8%	51,9%

Note: 1) Pro forma figures, presented as if Bikeleasing was part of Brockhaus Technologies beginning January 1, 2021
2) The segment Financial Technologies did not exist in the previous year period 2020. Pro forma values presented here are unaudited

Operational developments

Continuously strong growth in onboarded corporate customers



IG Metall and Südwestmetall unions approve company bike leasing for their members in Baden-Wuerttemberg

SÜDWESTMETALL

BIKELEASING

Operational developments

Post-merger integration of kvm-tec well advanced

IHSE launches its own IP-product “*Draco tera IP Gateway*” to bridge between proprietary and IP-based KVM

Operational developments

New guideline HJ653 allows for optical sensor technologies to be used in the certified measurement network in China


中华人民共和国生态环境部
Ministry of Ecology and Environment of the People's Republic of China

要闻动态

当前位置：首页 > 要闻动态 > 直播访谈

生态环境部监测司有关负责同志就《环境空气颗粒物（PM10和PM2.5）连续自动监测系统技术要求及检测方法》答记者问

2022-01-29

生态环境部近日修订发布了国家生态环境标准《环境空气颗粒物（PM_{10}和$PM_{2.5}$）连续自动监测系统技术要求及检测方法》（HJ 653—2021，以下简称《技术要求》）。生态环境部监测司有关负责同志就《技术要求》的修订背景、主要内容、实施意义等内容回答了记者的提问。

Expansion of Palas in unregulated applications through combination of its *MyAtmosphere* data platform and cost effective AQ Guard smart product line

MY ATMOSPHERE

PALAS®

M&A activity: Selected deal flow overview

Ongoing

DIGITAL PLATFORM

EBITDA margin: ~40%
Source: M&A process

Ongoing

CYBERSECURITY

EBITDA margin: ~30%
Source: M&A process

Ongoing

SOFTWARE

EBITDA margin: ~15%
Source: M&A process

Forecast FY 2022

Please refer to the section Expected Developments of the Group Management Report, disclosed in our Annual Report 2021

Revenue	€140m - €150m (2021: €127m | +11-19%)
Adj. EBITDA margin	35% (2021: 38%)
corresponding Adj. EBITDA	€49m - €53m (2021: €48m | +2-10%)

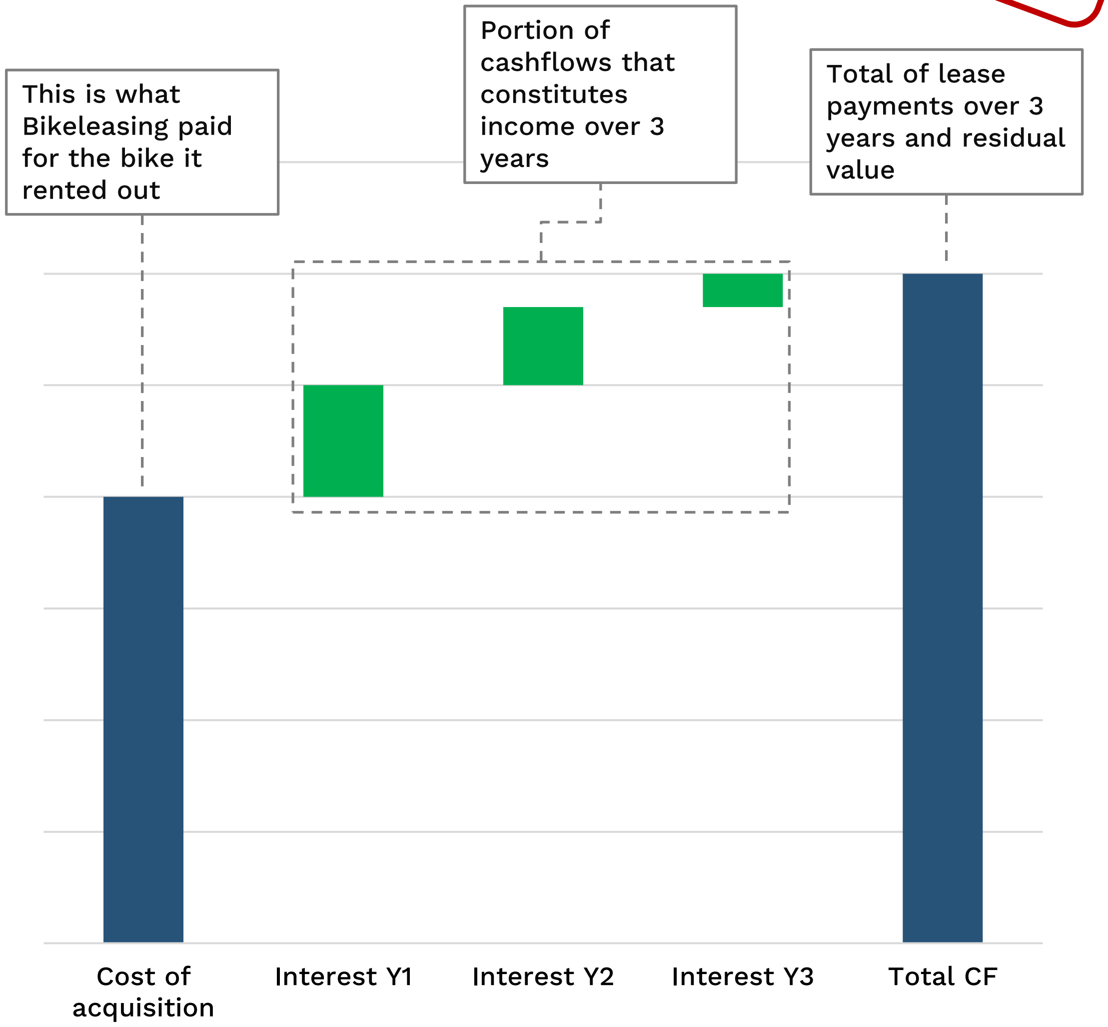
Happy to answer your questions

How do PPA effects get into revenue?

But first, a brief refresher on finance leases…

Illustrative depiction

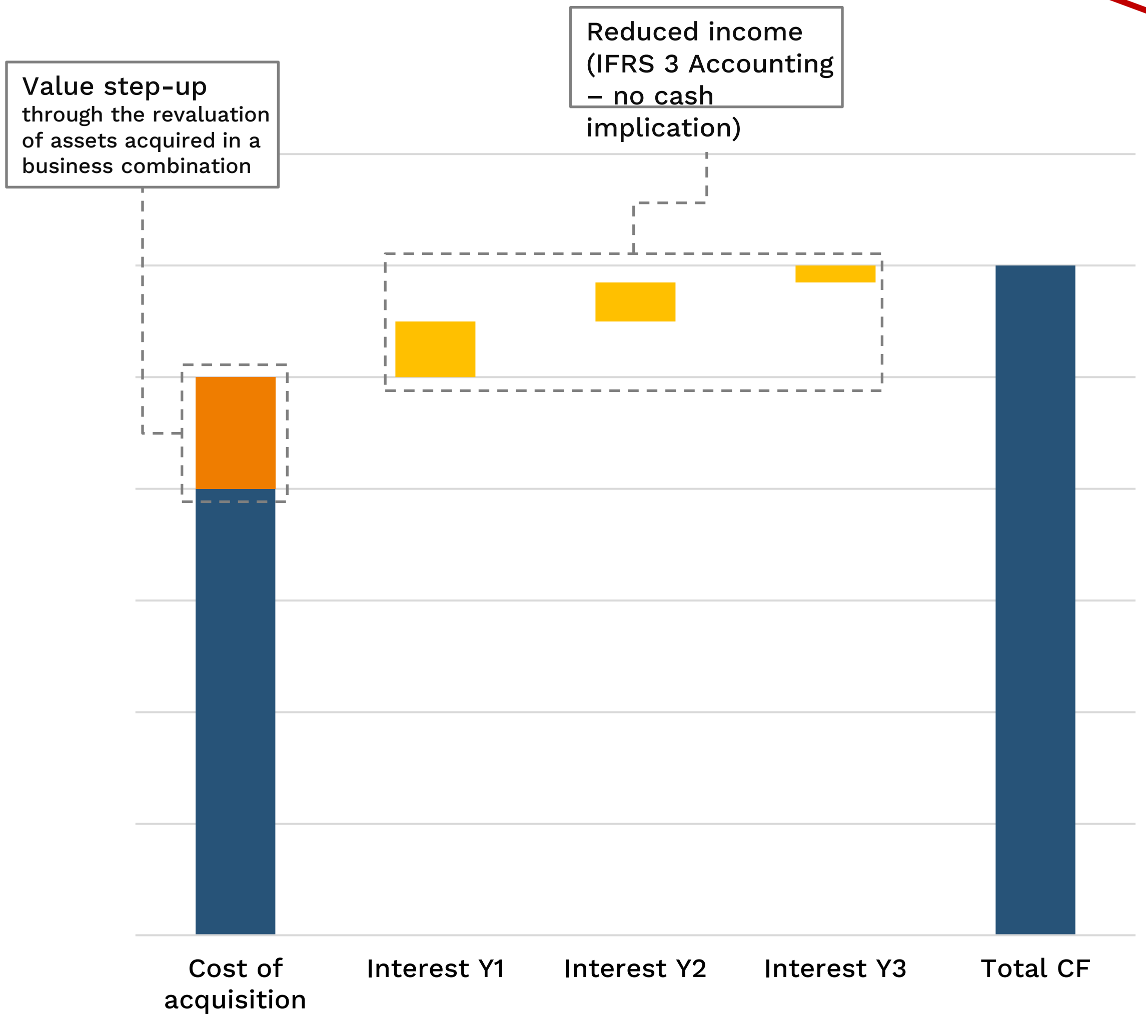
- When leasing out a bike, we buy it from the retailer and give it to a lessor to use – in return, we get a monthly lease rate
- IFRS however, sees the economic essence of such a deal as **us giving the bike user a loan** and he goes out and buys himself a bike
- As a consequence, there are no bikes on our balance sheet, but **lease receivables** (financial asset)
- The future cash flows that we receive in the form of lease rates (and the residual value at the end of the lease term) therefore must be seen as part **payment of principal** and part **interest income** on the bike user's loan
- To determine the figures, we apply the effective interest method
  - Starting point is the bike's purchase price (initial book value of the lease receivable)
  - Internal rate of return is calculated based on future cash flows vs. the initial cost
  - Incoming rates are accounted for like loan annuities
- Over the lease term, we receive principal repayments in the amount of the bike's purchase price – the rest is interest income



How do PPA effects get into revenue?

When IFRS 3 (business combinations) comes into play…

- When acquiring a company in an M&A transaction, IFRS 3 requires the buyer to revalue all assets and liabilities of the target at the point of time when control is obtained
- This so-called purchase price allocation (PPA) mostly results in a value step-up (market value is greater than book value in the target's balance sheet)
- Usually, this relates to intangible assets (customer base, trademarks etc.) and therefore, PPA mostly leads to increased amortization expenses in the consolidated accounts
- When we acquired Bikeleasing, substantial **leasing receivables had to be revalued.** The IRRs of Bikeleasing's contracts in general is clearly higher than any market rates that come into play when revaluing future cash flows
- Therefore, discounting future cash flows at a lower rate, leads to a higher revalued leasing receivables in our consolidated accounts, compared to their acquisition cost
- The amount of future cashflows however, remains untouched by this
- When applying the effective interest method now, those future cashflows must be allocated **<u>more</u> to principal repayments** and **<u>less</u> to interest income**
- As a result, earnings are reduced (P&L effect)
- This accounting effect in our consolidated is not cash-effective. Just like PPA amortization, the value step-up decreases earnings only due to M&A accounting
- **Since this has nothing to do with Bikeleasing's value creation, we adjust for that effect**

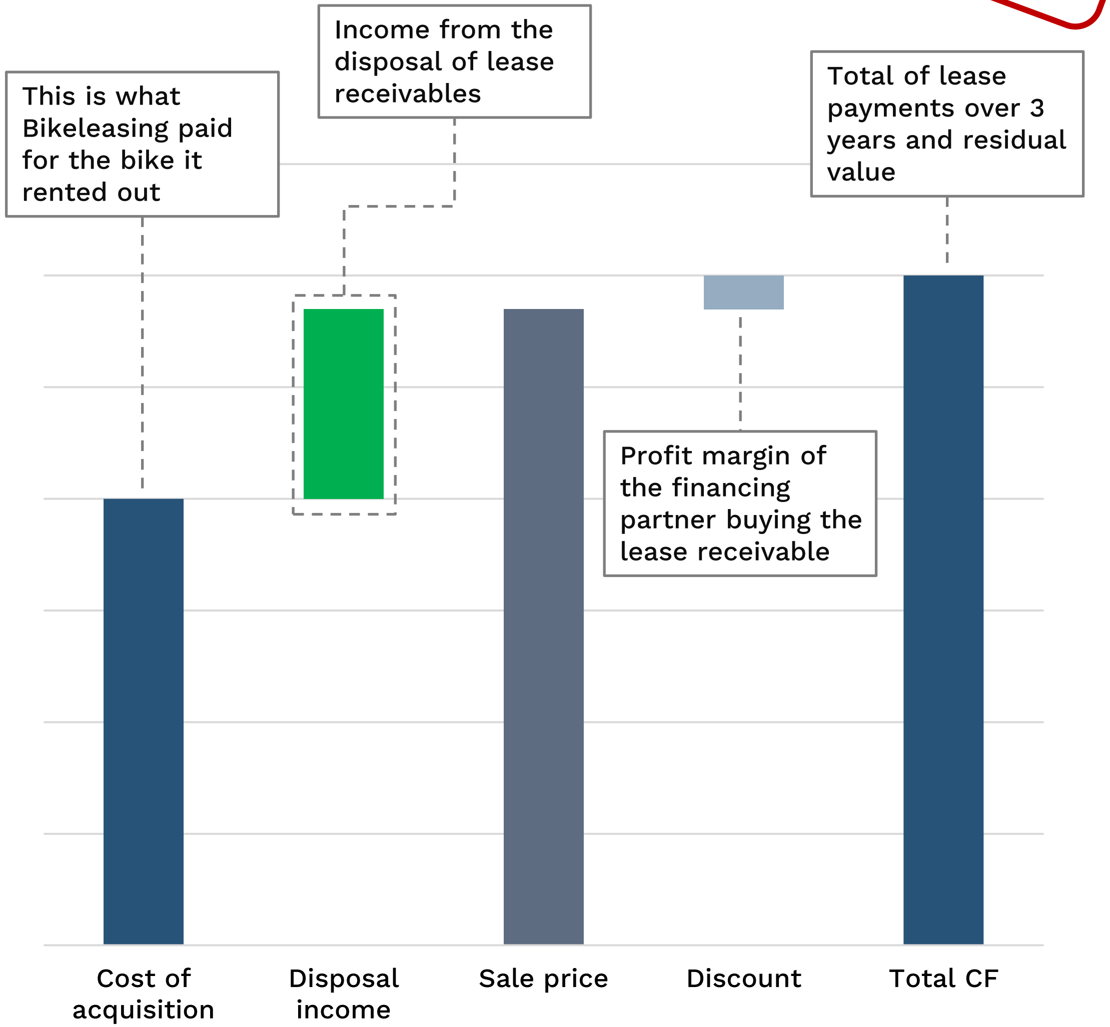


How do PPA effects get into revenue?

When leasing receivables are forfaited (sold-off)...

- In order to optimize financing and to keep the balance sheet as lean as possible, Bikeleasing seeks to sell-off most leasing receivables
- Buyers can be banks, insurance companies, institutional investors etc.
- When a leasing receivable is sold in a way that essentially all risks and rewards are transferred to an external party, the receivable is derecognized from the balance sheet
- The delta between the sales price and the cost of acquisition is profit, which we show in our P&L as revenue
- The sale occurs at an amount lower than the total of future cash flows from the receivable. This discount is the profit margin of the investor who buys the leasing receivable

Illustrative depiction



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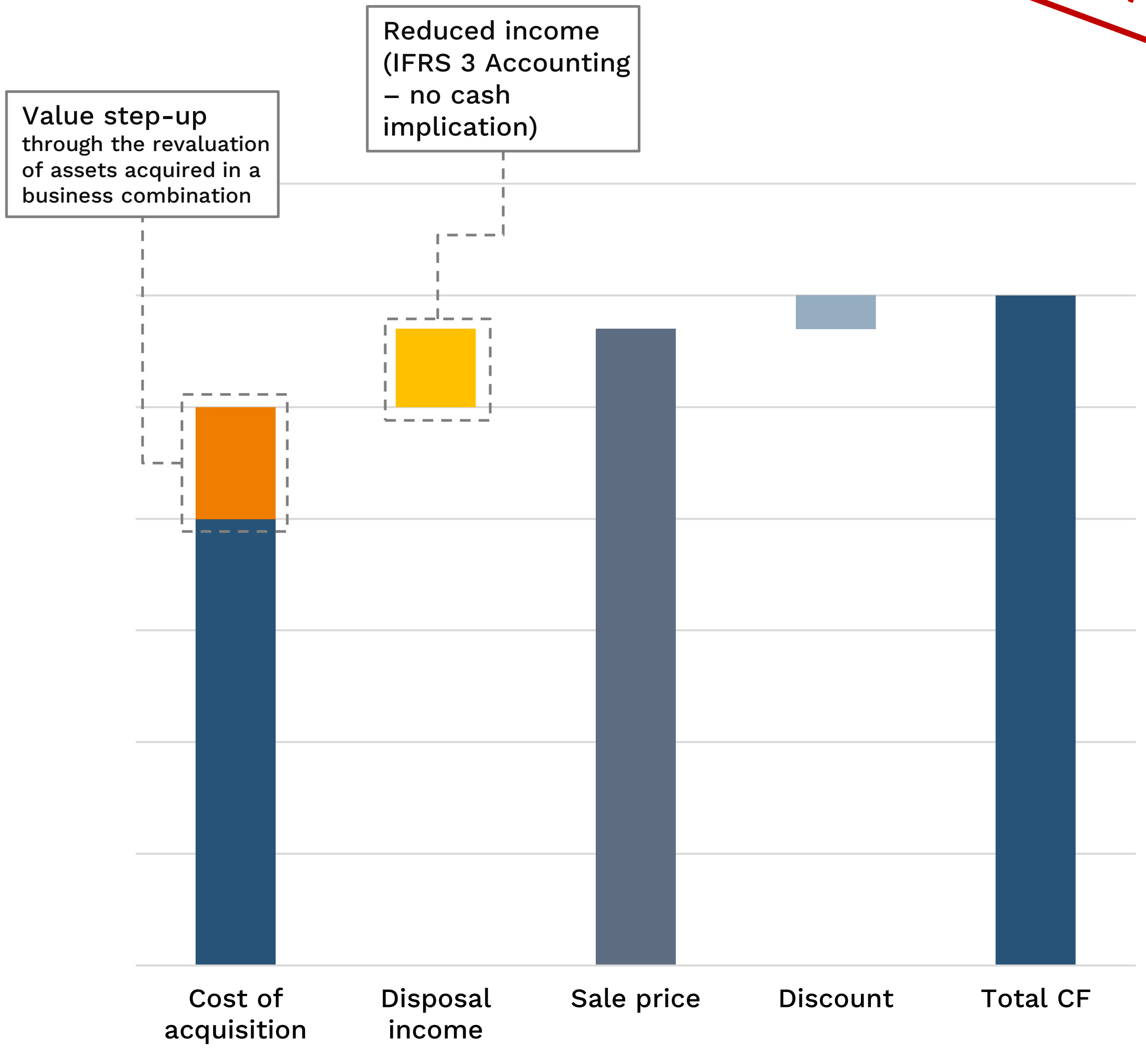
How do PPA effects get into revenue?

When leasing receivables are forfaited (sold-off)...

- In this situation too, the remeasurement of the lease receivable has an earnings-decreasing impact in the consolidated accounts
- Since this effect is not cash-effective either, we adjust for it in order to **present Bikeleasing's value creation without distorting effects** from M&A accounting

Illustrative depiction



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