



Half-Year Financial Report H1 2023

Brockhaus Technologies at a glance

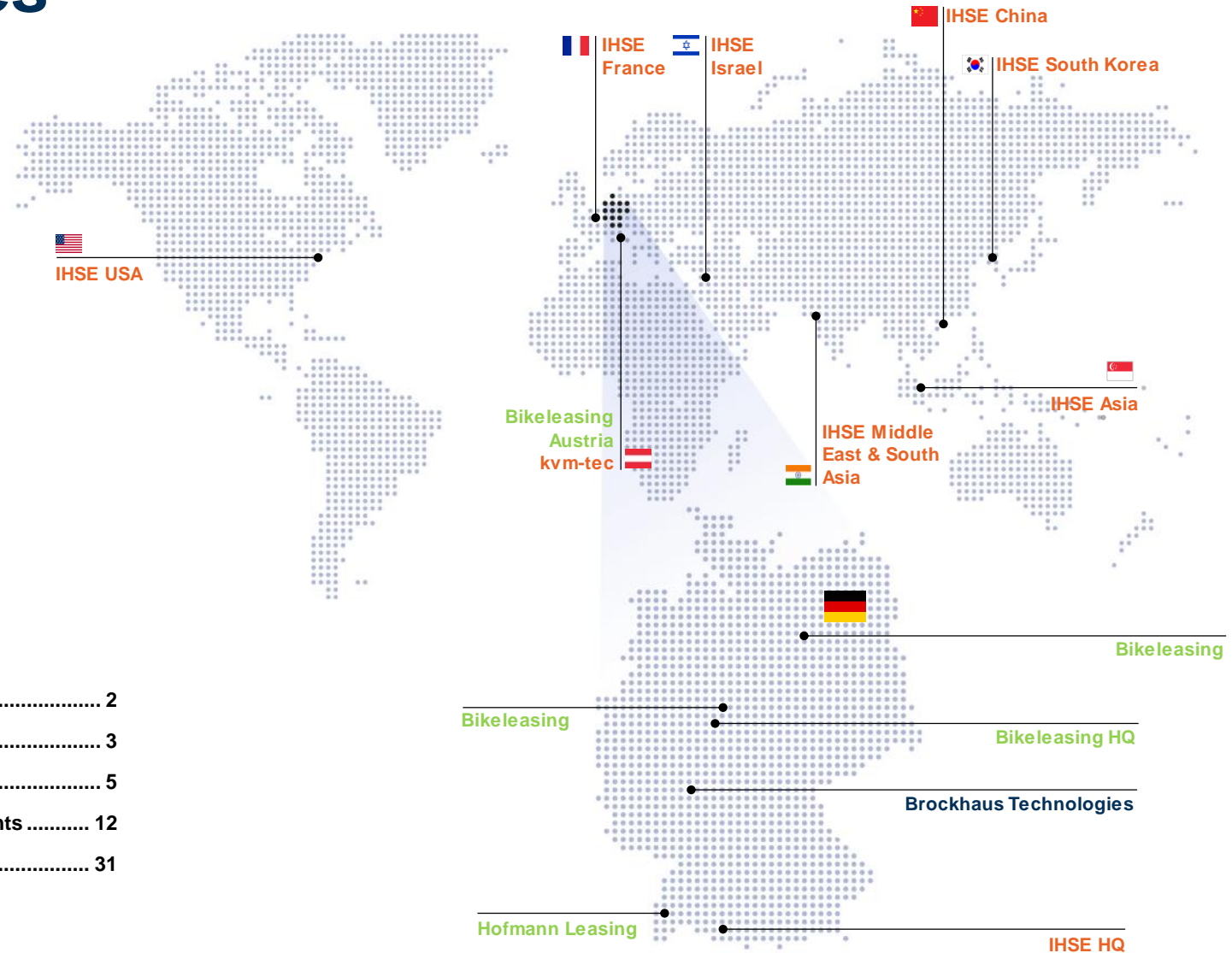


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Bikeleasing update

Acquisition of two sales agencies

In the second quarter of 2023, Bikeleasing (Financial Technologies segment) acquired two sales agencies, h.s.h. and B2MM, which had previously operated as external sales agencies for Bikeleasing for several years. The acquisitions serve the strategic interest of integrating formerly external sales platforms into the Group in order to control sales in a more targeted manner and to be able to access the expertise and network of their employees. In addition, the acquisitions eliminate the pro rata commission expenses paid to the two sales agencies for their sales services going forward. This has an increasing effect on EBITDA – also when taking into account the additional expenses. In 2022, commissions paid to the acquired sales agencies amounted to €3.2 million. The purchase price paid for the two businesses is €8.5 million. In H1 2023 alone, the purchase led to a €0.7 million improvement in pro forma EBITDA.

Please refer to Note 11 of the H1 2023 Interim Consolidated Financial Statements for further information.

Cash flow development in H1 2023

The digital platform of Bikeleasing enables the brokering, financing and management of company bicycle leases. In doing so, Bikeleasing brokers a portion of the new leases to external leasing companies in exchange for a commission. The company finances the remaining portion via an intragroup leasing company. In both cases, the acquisition costs (purchase price) of the bike are paid by Bikeleasing to the bicycle retailer as a first step (cash outflow for the Group). These costs are then refinanced, either by an external leasing company or by financing partners (banks in particular) of the intragroup leasing company.

- > In the event of financing via an external leasing company, the acquisition costs (plus commission) are reimbursed to Bikeleasing by the external leasing company in exchange for the transfer of ownership of the bicycle. This represents a corresponding cash inflow for the Group.
- > In the event of financing via the intragroup leasing company, Bikeleasing finances the procurement costs preferably through the direct sale (forfeiting) of the receivables resulting from the leasing of the bicycle. The latter includes the right to future lease payments from the customer in particular. Alternatively, Bikeleasing takes out loans to finance the acquisition costs. Both cases represent a cash inflow for the Group.

Because there is a delay between payment to the bicycle retailer (cash outflow) and the payment received by the respective external financing partner (cash inflow), this results in cash being tied up for the Group in the form of a so-called refinancing backlog. An increase in this refinancing backlog has a negative effect on the operating cash flow, while a reduction in the backlog has a positive effect on the operating cash flow.

A rise in the refinancing backlog is generally influenced by three decisive factors:

- > An increase in the number of newly brokered bikes
- > An increase in the average price per bike
- > An increased average refinancing period

The number of bicycles brokered by Bikeleasing are already growing rapidly, driven by a huge rise in interest in company bicycles – in particular e-bikes – as a sustainable, cost-efficient and healthy mobility solution. The average price per bike is also trending upward, which in turn has an increasing effect on the volume of euros. In addition, the warm months of the year bring an increase in volume due to the significant seasonality of new business (cold Q1 and Q4 with less, warm Q2 and Q3 with more newly brokered bikes). These two factors (long-term growth in conjunction with the peak season) generally lead to new record volumes every summer for Bikeleasing. Due to the nature of the business model, these high volumes – even in the case of refinancing processes going according to plan – lead to an increasing refinancing backlog in spring and summer (negative cash flow effect), which then reduces back down to very low levels in fall and winter (positive cash flow effect).

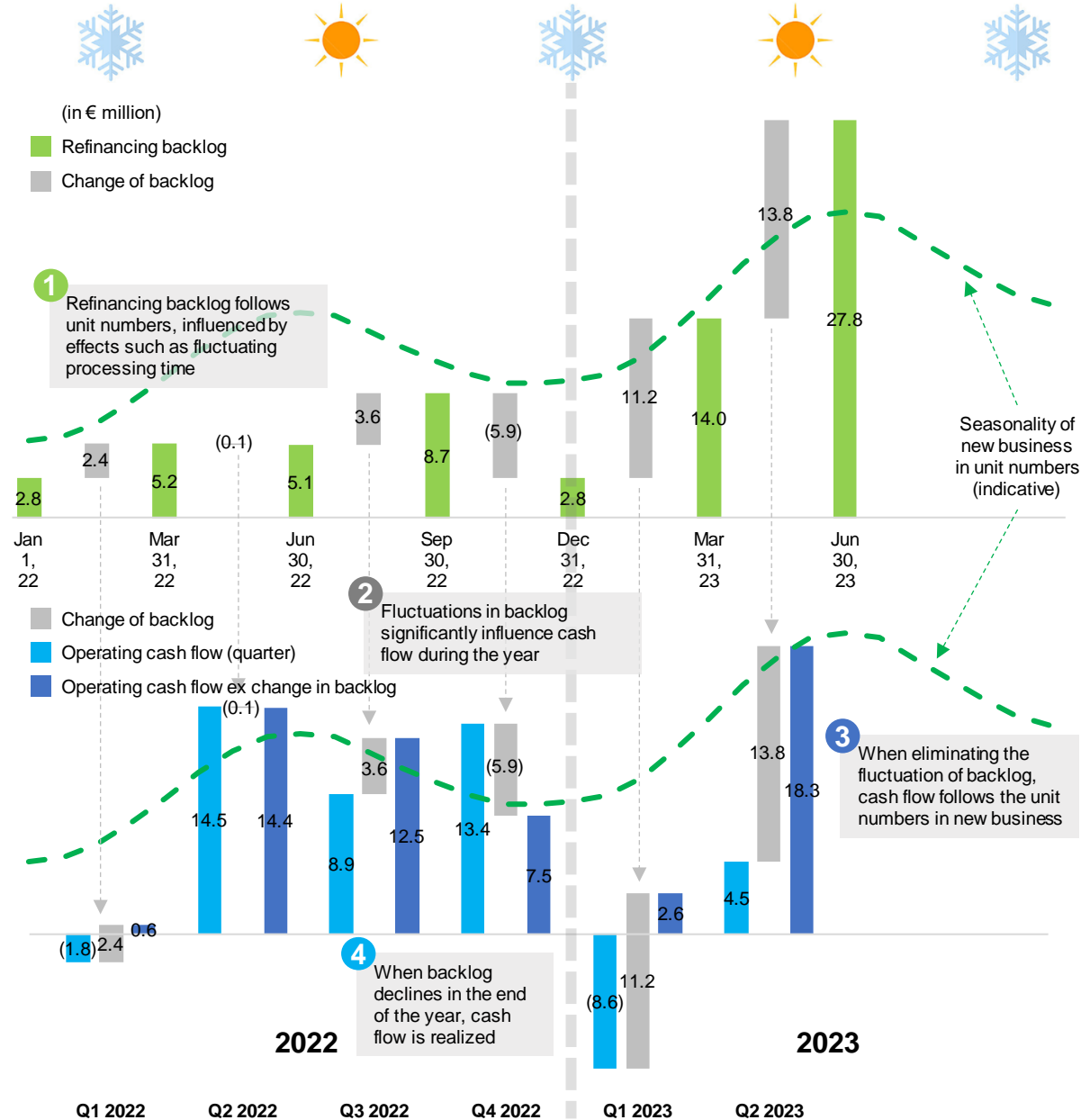
At the end of the first quarter, the refinancing backlog was already at approximately €14 million and therefore €11.2 million above the figure at the end of 2022. In the months of May and June 2023, the very high volumes led also to a corresponding increase in processing time for refinancing at multiple external financing partners of Bikeleasing. Combined with the high number of daily unit figures in summer, these delays resulted in an extraordinarily high refinancing backlog of €27.8 million as of the date of this report, June 30, 2023. This backlog had a significantly negative impact on the operating cash flow in H1 2023.

In the consolidated statement of cash flows (page 16), this can be clearly seen, for example, in the increase in lease receivables of €40.9 million (H1 2022: €25.2 million) compared to an increase in liabilities from lease refinancing of just €25.3 million (H1 2022: €27.3 million) with a combined negative cash flow effect of €-15.6 million. In contrast, the positive cash flow effect from these two items came to €+2.1 million in the H1 2022 comparative period.

The adjacent graphic shows the development of the Bikeleasing refinancing backlog as well as its effect on the Group's operating cash flow per quarter from the beginning of 2022 to June 30, 2023. Excluding the change in the refinancing backlog, the operating cash flow in the reporting period would have been €20.9 million (€2.6 million in Q1 and €18.3 million in Q2).

In particular due to the easing of processing times of external financing partners, the refinancing backlog as of August 4, 2023, had already reduced significantly to €13.5 million. For the remainder of the fiscal year, due to the purely seasonal decline in fall and winter, we expect a further reduction in unit sales and a resulting positive trend in cash flow.

Relation of refinancing backlog and cash flow



Interim Group Management Report

Group results of operations

In H1 2023, the Group's revenue increased by 29.1% to €84,071 thousand and total output rose by 28.7% to €84,642 thousand. Due to the increase in the volume of business, cost of materials increased by 35.2% to €30,950 thousand, personnel expenses by 21.9% to €15,153 thousand, other operating expenses by 46.7% to €12,557 thousand and other depreciation of property, plant and equipment and amortization of intangible assets by 56.8% to €2,063 thousand. The amortization of intangible assets identified during initial consolidation remained generally constant at €7,360 thousand (H1 2022: €7,071 thousand). Finance costs rose by 19.1% compared with H1 2022 to €6,785 thousand due to increased interest rates. At €27,947 thousand (without adjustments), EBITDA had a margin of 33.2% and was well above the comparative period value of €22,817 thousand (margin: 35.0%). The same applies to EBIT, which came to €18,525 thousand in the reporting period, whereas the Group recorded EBIT was €14,431 thousand in the comparative period. After income taxes, the income from continuing operations was €5,310 thousand (H1 2022: €4,620 thousand).

Effective November 24, 2022, Palas group, which constituted the Environmental Technologies segment until the date of sale, was sold to the Swedish technology and industrial group Indutrade AB. Palas was therefore deconsolidated at the end of November 2022. The structure of the Group changed with the sale and deconsolidation of Palas. For the comparative period, the activities of the former Environmental Technologies segment are presented up to the date of sale as a discontinued operation in the statement of comprehensive income, whereas they were included in the statement of cash flows until the deconsolidation date. The former Environmental Technologies segment is no longer reported for the comparative period in the segment reporting. Details on the accounting treatment of the deconsolidation of Palas can be found in Note 34 to the Consolidated Financial Statements for fiscal year 2022.

Segment results of operations

In H1 2023, Group revenue increased by 29.1% compared with H1 2022 to €84,071 thousand. Growth in the Financial Technologies segment was 32.1%, whereas the Security Technologies segment recorded growth of 19.0%.

The adjusted EBITDA margin decreased by 0.4 percentage points year-on-year to 35.2% in H1 2023. The adjusted EBIT margin was 32.7%, a decrease of 0.9 percentage points.

In the second quarter of the reporting period, the Group acquired two external sales agencies of the Financial Technologies segment (see Note 11 in the Interim Consolidated Financial Statements). The sales commissions paid to these sales agencies until then are thus no longer incurred from the time of their acquisition, which reduces the materials expenses for the Group. In contrast, the employees and business operations acquired have an increasing effect on the Group's expenses.

To enhance the information value of the segment reporting, the information on earnings figures in this section is presented on a pro forma basis. This presents the Group as if the sales agencies acquired during Q2 2023 had already been part of Brockhaus Technologies as of January 1, 2023. Accordingly, in the pro forma perspective, the sales commissions paid to the sales agencies prior to their acquisition in the amount of €933 thousand are eliminated from the Group's materials expenses and their expenses of €202 thousand are added to those of the Group. The information for the comparative period has not been adjusted. Non-pro forma values are designated as "as-is."

Financial Technologies | Revenue in the Financial Technologies segment (Bikeleasing) increased by 32.1% to €66,355 thousand in H1 2023 (previous year: €50,215 thousand). In the reporting period, Bikeleasing increased the number of corporate customers connected to its platform by more than 5 thousand to a total of 51 thousand. These companies have a total of around 2.9 million employees. The number of new bikes brokered through the Bikeleasing platform in H1 2023 was approximately 80 thousand, which reflects an increase of 31% compared to H1 2022.

Compared to the same period in the previous year, only a slightly higher percentage of newly generated lease receivables were sold or forfeited conventionally on a non-recourse basis in H1 2023 (forfeiting ratio), a refinancing option that leads to immediate income recognition. The reason why it was not possible to increase the forfeiting ratio further is the continuation of very strong growth in new business, which resulted in refinancing options having to be used in H1 2023 that do not allow immediate income recognition. In contrast to a non-recourse sale, income is generated in a predictable manner over the contract term of 36 months in this case. This has a positive impact on the future earnings situation.

The gross profit margin declined slightly by 0.6 percentage points to 62.4% due to two offsetting effects during the reporting period. The increased proceeds from the disposal of lease assets had a reducing effect. At the end of a lease term – generally 36 months – the bikes are liquidated from the respective lease by being sold to the employee, employer or dealer. The steep increase in disposal proceeds in H1 2023 results from the very strong unit growth in recent years. Although this revenue component leads to a positive contribution to earnings overall, its gross profit margin is significantly lower than that of the other revenue components of Bikeleasing. In the as-is perspective, the gross profit margin excluding disposal proceeds and expenses remained at a consistently high level of 80.5% (H1 2022: 80.4%). The pro forma earnings figures are primarily impacted by reduced sales commissions for the acquired sales agencies of €933 thousand, which lead to lower costs of materials.

€ thousand	Reportable segments							
	Financial Technologies		Security Technologies		Central Functions and consolidation		Group	
	Pro forma H1 2023	H1 2022	H1 2023	H1 2022	H1 2023	H1 2022	Pro forma H1 2023	H1 2022
Revenue	66,355	50,215	17,716	14,884	-	1	84,071	65,101
Revenue growth	32.1%		19.0%				29.1%	
Gross profit	41,382	31,648	13,066	11,109	177	91	54,625	42,849
Gross profit margin	62.4%	63.0%	73.8%	74.6%			65.0%	65.8%
Adjusted EBITDA	29,243	22,740	3,526	2,992	(3,205)	(2,564)	29,563	23,169
Adjusted EBITDA margin	44.1%	45.3%	19.9%	20.1%			35.2%	35.6%
Adjusted EBIT	27,920	22,046	2,846	2,435	(3,266)	(2,628)	27,500	21,853
Adjusted EBIT margin	42.1%	43.9%	16.1%	16.4%			32.7%	33.6%

The slightly lower values for the adjusted EBITDA margin and the adjusted EBIT margin are primarily due to the gross profit effect of the utilizing business. In addition, the increased interest rates had a negative effect on income from leasing. Since the beginning of 2023, Bikeleasing has introduced variable leasing factors for its customers and is currently undergoing a process of converting existing contracts to the new system. This conversion is meant to ensure that, going forward, the income per brokered bike is independent of current interest rate levels. However, this conversion has not yet been completed for all customers, which means that the currently high interest rates still have an impact on the result of the segment.

In the as-is perspective, the gross profit margin was 61.0% (-2.1 percentage points), the adjusted EBITDA margin was 43.0% (-2.3 percentage points) and the adjusted EBIT margin was 41.0% (-2.9 percentage points).

Security Technologies | The Security Technologies segment (IHSE and kvm-tec) recorded a 19.0% increase in revenue to €17,716 thousand. The main driver of this was the very positive development in the Americas region, where revenue grew by 83.4% year-on-year to €7,198 thousand. At €9,029 thousand, revenue in EMEA was also up year-on-year (H1 2022: €8,206 thousand). In the APAC region, revenue was still down by 45.9% year-on-year and came to €1,490 thousand. This is due to the general trends of decoupling of the Chinese economy. Other factors also include below-average growth in economic output coupled with the crises in the construction industry and the general reduction in investments of the local Chinese district governments, which continues to inhibit the awarding of new business.

At 73.8%, the gross profit margin was close to the level of the comparative period (74.6%). Fluctuations in the gross profit margin during the year can be regularly observed for IHSE. This is explained by both different gross profit margins for large deliveries (customer and product mix) as well as significant reporting date-related fluctuations in changes in inventory.

Performance metrics by quarter

€ thousand	2021				2022				2023 pro forma	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Financial Technologies										
Revenue				10,117	16,512	33,703	34,752	21,656	25,145	41,210
Gross profit				9,392	8,220	23,428	21,524	11,948	15,398	25,983
<i>Gross profit margin</i>				92.8%*	49.8%	69.5%	61.9%	55.2%	61.2%	63.1%
Adjusted EBITDA				7,487	4,926	17,814	16,408	4,790	9,974	19,268
<i>Adjusted EBITDA margin</i>				74.0%*	29.8%	52.9%	47.2%	22.1%	39.7%	46.8%
Adjusted EBIT				7,378	4,580	17,466	15,797	4,137	9,357	18,563
<i>Adjusted EBIT margin</i>				72.9%*	27.7%	51.8%	45.5%	19.1%	37.2%	45.0%
Security Technologies										
Revenue	6,053	6,665	7,445	8,761	7,245	7,639	9,211	11,991	8,293	9,424
Gross profit	3,917	4,770	5,601	6,328	5,707	5,402	6,600	8,623	6,245	6,821
<i>Gross profit margin</i>	64.7%	71.6%	75.2%	72.2%	78.8%	70.7%	71.6%	71.9%	75.3%	72.4%
Adjusted EBITDA	696	1,442	2,845	3,054	2,081	912	2,402	3,221	1,603	1,923
<i>Adjusted EBITDA margin</i>	11.5%	21.6%	38.2%	34.9%	28.7%	11.9%	26.1%	26.9%	19.3%	20.4%
Adjusted EBIT	506	1,251	2,650	2,832	1,811	624	2,114	2,936	1,267	1,579
<i>Adjusted EBIT margin</i>	8.4%	18.8%	35.6%	32.3%	25.0%	8.2%	22.9%	24.5%	15.3%	16.8%
Group										
Revenue	6,053	6,666	7,444	18,880	23,758	41,343	43,964	33,647	33,439	50,633
Gross profit	3,917	4,771	5,600	15,886	13,973	28,876	28,213	20,659	21,732	32,892
<i>Gross profit margin</i>	64.7%	71.6%	75.2%	84.1%	58.8%	69.8%	64.2%	61.4%	65.0%	65.0%
Adjusted EBITDA	(796)	283	1,501	7,276	5,665	17,504	17,635	6,596	10,245	19,319
<i>Adjusted EBITDA margin</i>	-13.2%	4.2%	20.2%	38.5%	23.8%	42.3%	40.1%	19.6%	30.6%	38.2%
Adjusted EBIT	(1,012)	68	1,282	6,911	5,019	16,835	16,704	5,597	9,261	18,239
<i>Adjusted EBIT margin</i>	-16.7%	1.0%	17.2%	36.6%	21.1%	40.7%	38.0%	16.6%	27.7%	36.0%

* The high margin of the Financial Technologies segment in Q4 2021 essentially results from the non-recurring cash-neutral derecognition of lease receivables due to a contract amendment for the forfeiting of those lease receivables.

Adjusted EBITDA increased by 17.8% and amounted to €3,526 thousand. At 19.9%, the adjusted EBITDA margin was nearly the same as the comparative period figure of 20.1%. At 16.1%, the adjusted EBIT margin was also on a level with the comparative period (H1 2022: 16.4%).

This margin level, which was expected for the first half of the year, resulted primarily from increased costs for trade show and travel activities and IT costs for the implementation of a new ERP system. Particularly in the first quarter, several trade shows took place that are significant for presenting IHSE and its products, maintaining contacts with business partners and generating future orders. Personnel expenses were also higher than in the comparative period. The primary reasons behind this increase were commission payments in the USA resulting from the positive business development and the adjustment of wages and salaries in response to the increased cost of living. When viewing the year as a whole, we expect the effects that currently result in a below-target margin to even out and that the adjusted EBITDA and EBIT margins will be significantly higher. This expectation is also supported by the currently very positive situation regarding orders and its future effect on revenue. In April 2023, IHSE received the largest individual order in its company history with a volume of more than €7 million. Delivery and thus revenue recognition is planned for the second half of 2023. At €10.6 million, the segment's order backlog remained at a high level as of June 30, 2023.

Central Functions (non-reportable segment under IFRS) | In Central Functions, expenses rose in comparison with H1 2022. The cause for this was higher consulting fees in conjunction with the review of potential corporate transactions, as well as increased marketing expenses with the goal of raising the awareness with and popularity of Brockhaus Technologies.

Net assets

The Group's total assets of €720,051 thousand are split between 78.4% non-current assets and 21.6% current assets as of the reporting date. The largest items by value are intangible assets including goodwill (€357,506 thousand), lease receivables (€185,437 thousand), cash and cash equivalents (€58,786 thousand), trade receivables (€52,937 thousand), other financial assets (€34,901 thousand) and property, plant and equipment (€12,283 thousand). Intangible assets relate primarily to the customer base, basic technologies and trademarks identified in the course of purchase price allocation for the subsidiaries (PPA assets) as well as goodwill.

As of the reporting date, some assets had increased significantly compared to the beginning of the reporting period. Compared to the amounts on December 31, 2023, lease receivables increased by €40,917 thousand (+28.3%), trade receivables by €23,620 thousand (+80.6%) and other financial assets by €8,736 thousand (+33.4%). The reason for the increased receivables was – in addition to the seasonally high business volume in the Financial Technologies segment – the delayed forfeiting of receivables as of the reporting date in particular. The rise in other financial assets results in particular from significantly higher claims for value added tax refunds.

Compared with the end of the previous fiscal year, total assets increased by 9.8% to €720,051 thousand (December 31, 2022: €655,509 thousand).

Financial position

The Group's cash and cash equivalents as of the reporting date amounted to €58,786 thousand (December 31, 2022: €70,800 thousand). The decline compared to the beginning of the year is due in particular to a refinancing backlog at Bikeleasing that had risen significantly as of June 30, 2023, as well as the purchase price payment for the acquisition of two sales agencies. With senior loans of €44,869 thousand, subordinated loans of €42,406 thousand and real estate loans of €95 thousand, the net debt from loans amounted to €28,584 thousand (December 31, 2022: €20,147 thousand). Including other financial liabilities (€14,433 thousand) and financial liabilities from lease refinancing (€179,263 thousand) deducted by lease receivables (€185,437 thousand), net debt amounted to €36,843 thousand (December 31, 2022: €37,370 thousand). This corresponds to a factor of 0.7x of adjusted EBITDA LTM (Q3 2022 to Q2 2023).

The deferred tax liabilities of €53,330 thousand relate mainly to the customer bases, basic technologies and trademarks identified in the course of purchase price allocation for the acquisitions of the subsidiaries (PPA assets) and will be reversed through profit or loss (but with no effect on cash flow) in the future as these PPA assets are amortized.

Due to the aforementioned reporting date effects in the Financial Technologies segment, liabilities from lease refinancing also increased significantly by €25,455 thousand (+16.5%) as well as trade payables by €30,001 thousand (+213.1%) compared to their values at the beginning of the year.

Group equity at the reporting date was €320,608 thousand, equal to 44.5% of total assets. The equity ratio is below the level as of December 31, 2022, when equity of €315,337 thousand accounted for 48.1% of total assets.

Cash flow from operating activities amounted to €-4,060 thousand (H1 2022: €12,638 thousand) or €271 thousand before income tax payments (H1 2022: €16,726 thousand). The cash flow from operating activities is mainly impacted by the pending sale of newly generated lease receivables in the Financial Technologies segment as of reporting date. As of the reporting date, this financing backlog was well above the figure from June 30, 2022, and has a corresponding negative effect on the cash flow from operating activities. The increase was caused by three determining factors. On the one hand, the average refinancing processing time was very long at the end of the reporting period. In the months of May and June 2023, the very high volumes led to a corresponding increase in processing time for refinancing at multiple external financing partners of Bikeleasing. Additionally, both the volume of new bikes conveyed as well as the average price per bike was significantly above the level of the comparative period. The combination of these effects leads to a significantly higher refinancing backlog of €27.8 million as of the reporting date. This figure is €22.6 million higher than that of June 30, 2022, and €25.0 million higher than that of December 31, 2022.

Cash flow from investing activities amounted to €1,067 thousand (H1 2022: €-777 thousand). This is primarily driven by inflows from the disposal of the IHSE property (€10,000 thousand), as well as the cash outflow from the acquisitions of the sales agencies (€-7,406 thousand).

Cash flow from financing activities was €-9,115 thousand (H1 2022: €-9,715 thousand) and was composed essentially of regular payments of principal and interest on senior loans and the full repayment of the IHSE real estate loan in the amount of €5,409 thousand.

Risks and opportunities

Changes in risks

The macroeconomic situation is still shaped by a heightened degree of uncertainty due to Russia's ongoing war of aggression in Ukraine, some continuing supply bottlenecks, efforts to uncouple from China, an energy sector in transition and the persistence of high inflation, which in turn could lead to further increases in interest rates. These factors have an impact on the Group's risk situation and impact both its domestic and its foreign business.

The Group's risk situation is largely the same to the situation at the end of fiscal year 2022.

Changes in opportunities

In the management's opinion, Brockhaus Technologies has a large range of opportunities. We believe a pivotal task of management is to identify opportunities at an early stage as they arise and to be in a position to exploit them so as to increase enterprise value.

The situation of the Group regarding opportunities has not changed materially compared with the information contained in our 2022 Combined Management Report.

Forecast

Brockhaus Technologies confirms the forecast for fiscal year 2023 presented at the end of March in the 2022 Annual Report. This means that Brockhaus Technologies still

- > expects revenue between €165 million and €175 million in the 2023 fiscal year, which would represent growth between 16% and 23% compared to the revenue in 2022, and
- > an adjusted EBITDA margin of 35%, which implicates an adjusted EBITDA of between €57.8 million and €61.3 million on the basis of the abovementioned revenue forecast.

Due to the distinct seasonality as a result of the increased interests in bicycles in the warm months, an additional strong third quarter is expected in the Financial Technologies segment. For the fourth quarter, we are expecting – merely seasonality driven – significantly lower volumes than in Q2 and Q3, since fewer bikes are sold in autumn and winter compared with the summer period. In addition, the timing of revenue realization and thus the amount of revenue in the segment are heavily dependent on the refinancing mix.

For the Security Technologies segment, we expect the second half of the year to be stronger than the first, as it was usual in previous years, in particular in light of the currently high order backlog.

Disclaimer

This Half-Year Financial Report contains forward-looking statements that are based on management's current estimation of the future performance of the Group. This estimation was made on the basis of all information available at the time when this Half-Year Financial Report was prepared. Forward-looking statements are subject to uncertainties – as described in the risks and opportunities section of our 2022 Combined Management Report and this Interim Group Management Report H1 2023 – that are beyond the Group's control. This especially concerns Russia's ongoing war of aggression in Ukraine, the continuing supply bottlenecks, efforts to uncouple from China, an energy sector in transition and the persistence of high inflation, which in turn leads to a strong increase in interest rates. If the assumptions on which these expected developments are based are not accurate, or if the risks or opportunities described were to materialize, actual results may differ significantly from the statements made in the report on the forecast. If the underlying information changes in such a way that a deviation from the forecast is more likely than not, Brockhaus Technologies will notify this in accordance with the statutory disclosure requirements.

Related-party transactions

Please refer to Note 12 of the Interim Consolidated Financial Statements for information on related-party transactions.

Events after June 30, 2023

There were no significant events between June 30, 2023, and the date this Half-Year Financial Report was approved for publication by the Executive Board.

Interim Consolidated Financial Statements

(unaudited)

Consolidated statement of comprehensive income

€ thousand	H1 2023	H1 2022
Revenue	84,071	65,101
Increase/ (decrease) in finished goods and work in progress	49	101
Other own work capitalized	522	540
Total output	84,642	65,742
Cost of materials	(30,950)	(22,893)
Gross profit	53,692	42,849
Personnel expenses excluding share-based payments	(14,765)	(12,080)
Personnel expenses from share-based payments	(388)	(352)
Other operating expenses	(12,557)	(8,562)
Impairment loss on receivables	(175)	(134)
Other operating income	2,141	1,096
Amortization of intangible assets identified in initial consolidation	(7,360)	(7,071)
Other depreciation of property, plant and equipment and amortization of intangible assets	(2,063)	(1,315)
Finance costs	(6,785)	(5,695)
Finance income	136	15
Financial result	(6,649)	(5,680)
Income from continuing operations before tax	11,876	8,750
Income tax expense	(6,566)	(4,130)
Income from continuing operations	5,310	4,620
Income from discontinued operations	-	161
Profit or loss for the period	5,310	4,781
of which attributable to BKHT shareholders	(765)	(700)
of which from continuing operations	(765)	(862)
of which from discontinued operations	-	161
of which attributable to non-controlling interests	6,075	5,481

Information on our alternative performance measures can be found on page [19](#).

Consolidated statement of comprehensive income (continued)

€ thousand	H1 2023	H1 2022
Foreign currency translation adjustments*	(334)	1,451
Total comprehensive income	4,976	6,232
of which attributable to BKHT shareholders	(1,099)	751
of which attributable to non-controlling interests	6,075	5,481
Earnings per share		
Weighted average number of shares outstanding	10,947,637	10,946,393
Earnings per share** (€)	(0.07)	(0.06)
of which from continuing operations	(0.07)	(0.08)
of which from discontinued operations	-	0.01

* Other comprehensive income that may be reclassified to profit or loss in subsequent periods

** Basic earnings per share is equal to diluted earnings per share.

Consolidated statement of financial position

€ thousand	June 30, 2023	Dec. 31, 2022
Assets		
Property, plant and equipment	12,283	7,629
Intangible assets and goodwill	357,506	356,936
Non-current trade receivables	22,243	13,883
Non-current leasing receivables	171,300	130,887
Deferred tax assets	1,087	534
Non-current assets	564,420	509,870
Inventories	15,601	10,914
Current trade receivables	30,694	15,434
Contract assets	52	100
Current leasing receivables	14,136	13,633
Other financial assets	34,901	26,165
Prepayments	1,460	1,214
Cash and cash equivalents	58,786	70,800
Assets held for sale	-	7,381
Current assets	155,630	145,640
Total assets	720,051	655,509

€ thousand	June 30, 2023	Dec. 31, 2022
Equity and liabilities		
Subscribed capital	10,948	10,948
Capital reserves	240,130	240,130
Other reserves	1,421	1,125
Currency translation differences	214	548
Retained earnings	19,185	19,950
Equity attributable to BKHT shareholders	271,897	272,700
Non-controlling interests	48,711	42,636
Equity	320,608	315,337
Non-current financial liabilities excluding leasing	86,605	93,590
Non-current financial liabilities from lease refinancing	153,197	143,612
Other provisions	150	57
Other liabilities	412	411
Deferred tax liabilities	53,330	52,590
Non-current liabilities	293,694	290,261
Current tax liabilities	7,543	5,726
Current financial liabilities excluding leasing	15,198	5,291
Current financial liabilities from lease refinancing	26,066	10,196
Trade payables	44,080	14,080
Other liabilities	10,653	13,129
Contract liabilities	2,170	1,391
Other provisions	38	98
Current liabilities	105,748	49,912
Liabilities	399,442	340,173
Total equity and liabilities	720,051	655,509

Consolidated statement of changes in equity

€ thousand	Subscribed capital	Capital increase not yet implemented	Capital reserves	Other reserves	Currency translation differences	Retained earnings	Equity attributable to BKHT shareholders	Non-controlling interests	Equity
January 1, 2023	10,948	-	240,130	1,125	548	19,950	272,700	42,636	315,337
Transactions with shareholders									
Capital increases	-	-	-	-	-	-	-	-	-
Cost of capital increases	-	-	-	-	-	-	-	-	-
Entry of capital increases	-	-	-	-	-	-	-	-	-
Profit or loss for the period	-	-	-	-	-	(765)	(765)	6,075	5,310
Other comprehensive income	-	-	-	-	(334)	-	(334)	-	(334)
Equity-settled share-based payment transactions	-	-	-	296	-	-	296	-	296
Transactions with non-controlling interests	-	-	-	-	-	-	-	-	-
June 30, 2023	10,948	-	240,130	1,421	214	19,185	271,897	48,711	320,608
January 1, 2022	10,387	13,003	227,688	452	(418)	(29,069)	222,043	32,878	254,920
Transactions with shareholders									
Capital increases	-	-	-	-	-	-	-	-	-
Cost of capital increases	-	-	-	-	-	-	-	-	-
Entry of capital increases	561	(13,003)	12,442	-	-	-	-	-	-
Profit or loss for the period	-	-	-	-	-	(700)	(700)	5,481	4,781
Other comprehensive income	-	-	-	-	1,451	-	1,451	-	1,451
Equity-settled share-based payment transactions	-	-	-	352	-	-	352	-	352
Transactions with non-controlling interests	-	-	-	-	-	-	-	353	353
June 30, 2022	10,948	-	240,130	804	1,033	(29,770)	223,145	38,712	261,857

Consolidated statement of cash flows

€ thousand	H1 2023	H1 2022
Profit or loss for the period	5,310	4,781
(Income taxes paid)/ income tax refunds	(4,331)	(4,088)
Income tax expense/ (income tax income)	6,566	4,278
Expenses for equity-settled share-based payment transactions	296	352
Amortization, depreciation and impairment losses	9,523	9,763
Financial result excluding lease refinancing	5,012	5,107
(Gain)/ loss on sale of property, plant and equipment	(868)	-
Other non-cash (income)/ expenses	(358)	(5,473)
Additions of lease receivables	(209,720)	(138,911)
Payments from lessees	29,629	23,655
Disposals/ reclassifications of lease receivables at residual value	144,547	93,992
Interest and similar (income)/ expenses from leasing	(7,610)	(3,983)
Other non-cash (income)/ expenses	2,162	-
Impairment	75	-
(Increase)/ decrease in lease receivables	(40,917)	(25,247)
Addition of liabilities from lease refinancing	55,122	50,868
Payment of annuities from lease refinancing	(33,557)	(23,902)
Disposal of liabilities from lease refinancing	(802)	(504)
Interest expense for liabilities from lease refinancing	3,464	855
Other non-cash (income)/ expenses	1,093	-
Increase/ (decrease) in liabilities from lease refinancing	25,321	27,316
(Increase)/ decrease in lease assets from operating leases	(392)	1,769
(Increase)/ decrease in inventories, trade receivables and other assets not attributable to investing or financing activities	(37,555)	(14,248)
Increase/ (decrease) in trade payables and other liabilities not attributable to investing or financing activities	28,301	8,326
Increase/ (decrease) in other provisions	33	2
Cash flow from operating activities	(4,060)	12,638

Consolidated statement of cash flows (continued)

€ thousand	H1 2023	H1 2022
Payments to acquire property, plant and equipment	(390)	(510)
Proceeds from sale of property, plant and equipment	10,047	128
Payments to acquire intangible assets	(769)	(120)
Capitalized development costs	(416)	(675)
Acquisition of subsidiaries, net of cash acquired	(7,406)	-
Proceeds from the sale of shares in subsidiaries	-	400
Interest received	-	-
Cash flow from investing activities	1,067	(777)
Proceeds from loans raised	-	10,350
Repayment of loans and other financial liabilities	(7,419)	(18,402)
Repayment of lease liabilities	(608)	(581)
Interest paid	(1,088)	(1,082)
Proceeds from issuance of shares	-	-
Cost of capital increases	-	-
Cash flow from financing activities	(9,115)	(9,715)
Change in cash and cash equivalents	(12,108)	2,147
Effect of exchange rate changes on cash and cash equivalents	(41)	324
Cash and cash equivalents at the beginning of the period	70,780	29,331
Cash and cash equivalents at the end of the period	58,631	31,802
Funds of financial resources		
Cash and cash equivalents	58,786	32,163
Overdraft facilities used for cash management	(155)	(361)
Total	58,631	31,802

Selected notes

1. Company and general information

The registered office of Brockhaus Technologies AG (**BKHT** or the **Company** or the **parent company**, together with its subsidiaries **Brockhaus Technologies** or the **Group**) is Nextower, Thurn-und-Taxis-Platz 6, 60313 Frankfurt am Main, Germany, and the Company is registered in the commercial register at the Local Court in Frankfurt am Main under commercial register number HRB 109637.

These condensed Interim Consolidated Financial Statements relate to the period from January 1, 2023, to June 30, 2023 (**reporting period** or **H1 2023**), and include comparative disclosures for the period from January 1, 2022, to June 30, 2022 (**comparative period** or **H1 2022**) and comparative figures as of December 31, 2022, for balance sheet figures.

The consolidated financial statements are presented in euros, which is the Company's functional currency. The amounts disclosed are therefore rounded to the nearest euro (€), thousands of euros (€ **thousand**) or millions of euros (€ **million**) in line with standard commercial practice. Due to this rounding method, the individual amounts reported do not always add up precisely to the totals presented. Negative amounts are presented in parentheses and zero amounts are denoted as dashes (-).

2. Accounting policies

The 2022 Consolidated Financial Statements were prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU. IFRS comprise the effective International Accounting Standards (IAS), International Financial Reporting Standards (IFRS) and the Interpretations issued by the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC). These condensed Interim Consolidated Financial Statements were prepared in accordance with IAS 34.

The same accounting principles and calculation methods were used in these Interim Consolidated Financial Statements as in the last consolidated financial statements. Please refer to Note 4 to the 2022 Consolidated Financial Statements for information on the accounting policies applied by the Group.

3. Alternative performance measures

For definitions and detailed explanations of the alternative performance measures, please refer to Note 6 to our 2022 Consolidated Financial Statements.

Contrary to the adjustments explained there, the Group did not adjust the decreased earnings from value step-up since the beginning of 2023 onwards. In the comparative period, Brockhaus Technologies had still adjusted revenue for the decreased earnings from value step-up. The adjustment had led to higher revenue than revenue in accordance with IFRS. In order to avoid discrepancies between the key performance measures and IFRS as best as possible, the management of Brockhaus Technologies AG ended these adjustments to revenue as per end of fiscal year 2022. Decreased earnings due to value step-up was €818 thousand in H1 2023.

In the reporting period, the Group sold one property. The income resulting from this was deducted from the adjusted figures and the cash inflow from the free cash flow before taxes.

In addition, the Group acquired two external sales agencies of the Financial Technologies segment. The earnings figures were adjusted for the costs associated with these acquisitions.

Pro forma consolidated statement of comprehensive income

In the reporting period, income and expenses of the acquired sales agencies were only included in the consolidated statement of comprehensive income for one and two months respectively, because control was not obtained (closing of the acquisition) until the beginning of May 2023 and the beginning of June 2023, respectively. For this reason, the informative value of the statement of comprehensive income for fiscal year 2023 and in particular, its suitability for deriving forecasts, is limited. The Executive Board therefore analyzes the Group's earnings figures on a pro forma basis. This presents the Group's statement of comprehensive income as if the sales agencies had already been acquired as of January 1, 2023.

To calculate the pro forma income and expenses, management assumed that the preliminary fair value adjustments made as of the date of acquisition of the sales agencies would also have applied if the acquisition had taken place on January 1, 2023.

Pro forma consolidated statement of comprehensive income

€ thousand	H1 2023	H1 2022
Revenue	84,071	65,101
Increase/ (decrease) in finished goods and work in progress	49	101
Other own work capitalized	522	540
Total output	84,642	65,742
Cost of materials	(30,018)	(22,893)
Gross profit	54,625	42,849
Personnel expenses excluding share-based payments	(14,967)	(12,080)
Personnel expenses from share-based payments	(388)	(352)
Other operating expenses	(12,557)	(8,562)
Impairment loss on receivables	(175)	(134)
Other operating income	2,141	1,096
Amortization of intangible assets identified in initial consolidation	(8,312)	(7,071)
Other depreciation of property, plant and equipment and amortization of intangible assets	(2,063)	(1,315)
Finance costs	(6,785)	(5,695)
Finance income	136	15
Financial result	(6,649)	(5,680)
Income from continuing operations before tax	11,654	8,750
Income tax expense	(6,566)	(4,130)
Income from continuing operations	5,088	4,620
Income from discontinued operations	-	161
Profit or loss for the period	5,088	4,781
of which attributable to BKHT shareholders	(881)	(700)
of which from continuing operations	(881)	(862)
of which from discontinued operations	-	161
of which attributable to non-controlling interests	5,969	5,481

Calculation of adjusted EBITDA

€ thousand	Pro forma	From acquisition of control	
	H1 2023	H1 2023	H1 2022
Earnings before tax	11,654	11,876	8,750
Financial result	6,649	6,649	5,680
Amortization, depreciation and impairment losses	10,375	9,423	8,386
EBITDA	28,678	27,946	22,817
Share-based payments	388	388	352
Cost of acquisition of subsidiaries	1,113	1,113	-
Cost of equity transactions	-	-	-
Income from sale of property	(616)	(616)	-
Adjusted EBITDA	29,563	28,832	23,169
<i>Adjusted EBITDA margin</i>	<i>35.2%</i>	<i>34.3%</i>	<i>35.6%</i>

Calculation of adjusted EBIT

€ thousand	Pro forma	From acquisition of control	
	H1 2023	H1 2023	H1 2022
Earnings before tax	11,654	11,876	8,750
Financial result	6,649	6,649	5,680
EBIT	18,303	18,525	14,431
Share-based payments	388	388	352
Cost of acquisition of subsidiaries	1,113	1,113	-
Cost of equity transactions	-	-	-
Income from sale of property	(616)	(616)	-
PPA amortization	8,312	7,360	7,071
Adjusted EBIT	27,500	26,770	21,853
<i>Adjusted EBIT margin</i>	<i>32.7%</i>	<i>31.8%</i>	<i>33.6%</i>

Calculation of adjusted earnings and adjusted earnings per share

€ thousand	Pro forma	From acquisition of control	
	H1 2023	H1 2023	H1 2022
Income from continuing operations	5,088	5,310	4,620
Share-based payments	388	388	352
Cost of acquisition of subsidiaries	1,113	1,113	-
Cost of equity transactions	-	-	-
Income from sale of property	(616)	(616)	-
PPA amortization	8,312	7,360	7,071
(Income)/ expenses from earn-outs	-	-	-
(Income)/ expenses from success fee	81	81	-
Income taxes on adjustments	(1,865)	(1,865)	(2,013)
Adjusted earnings	12,501	11,771	10,030
of which: attributable to BKHT shareholders	4,051	3,670	3,199
of which: non-controlling interests	8,450	8,100	6,831
Number of shares outstanding	10,947,637	10,947,637	10,946,393
Adjusted earnings per share (€)	0.37	0.34	0.29

Calculation of the adjusted cash flow from operating activities before tax and free cash flow before tax

€ thousand	H1 2023	H1 2022
Cash flow from operating activities	(4,060)	12,638
Income taxes paid/ (income tax refunds)	4,331	4,088
Cost of acquisition of subsidiaries	1,113	-
Adjusted cash flow from operating activities before tax	1,384	16,726
Cash flow from investing activities	1,067	(777)
Income from sale of property	(10,000)	-
Acquisition/ (disposal) of subsidiaries	7,406	(400)
Free cash flow before tax	(143)	15,550

4. Operating segments

Key performance indicator by business segment

€ thousand	Reportable segments											
	Financial Technologies		Security Technologies		Total		Central Functions		Reconciliation		Group	
	H1 2023	H1 2022	H1 2023	H1 2022	H1 2023	H1 2022	H1 2023	H1 2022	H1 2023	H1 2022	H1 2023	H1 2022
Revenue	66,355	50,215	17,716	14,884	84,071	65,099	288	291	(288)	(290)	84,071	65,101
Gross profit	40,449	31,648	13,066	11,109	53,515	42,757	288	291	(111)	(200)	53,692	42,849
Adjusted EBITDA	28,512	22,740	3,526	2,992	32,038	25,733	(3,191)	(2,561)	(14)	(3)	28,833	23,169
Pro forma gross profit	41,382	31,648	13,066	11,109	54,448	42,757	288	291	(111)	(200)	54,625	42,849
Pro forma adjusted EBITDA	29,243	22,740	3,526	2,992	32,768	25,733	(3,191)	(2,561)	(14)	(3)	29,563	23,169
Trade working capital	9,563	12,430	15,723	11,583	25,285	24,013	(774)	(1,252)	(54)	7,023	24,458	29,784
Cash and cash equivalents	18,899	20,864	2,133	5,295	21,032	26,158	37,754	4,487	-	1,518	58,786	32,163
Financial liabilities excluding leases	65,180	72,203	38,893	41,400	104,073	113,602	3,933	17,404	(6,202)	6,717	101,803	137,724
Financial liabilities from lease refinancing	179,263	149,335	-	-	179,263	149,335	-	-	-	-	179,263	149,335
Revenue by region												
EMEA	66,355	50,215	9,029	8,206	75,384	58,421	288	291	(288)	(290)	75,384	58,422
Germany	65,360	50,010	2,544	2,278	67,904	52,288	288	291	(288)	(290)	67,904	52,289
Other	995	205	6,485	5,928	7,480	6,133	-	-	-	-	7,480	6,133
Americas	-	-	7,198	3,925	7,198	3,925	-	-	-	-	7,198	3,925
USA	-	-	7,149	3,883	7,149	3,883	-	-	-	-	7,149	3,883
Other	-	-	49	42	49	42	-	-	-	-	49	42
APAC	-	-	1,490	2,753	1,490	2,753	-	-	-	-	1,490	2,753
China	-	-	275	1,193	275	1,193	-	-	-	-	275	1,193
Other	-	-	1,215	1,560	1,215	1,560	-	-	-	-	1,215	1,560
Total	66,355	50,215	17,716	14,884	84,071	65,099	288	291	(288)	(290)	84,071	65,101

5. Revenue

The sources of Group revenue correspond with those of the previous year and are described in Note 8 to our 2022 Consolidated Financial Statements.

Disaggregation of revenue with external customers

€ thousand	Financial Technologies		Security Technologies		Group	
	H1 2023	H1 2022	H1 2023	H1 2022	H1 2023	H1 2022
Products sold	20,584	12,486	20,183	17,146	40,767	29,632
Services rendered	318	409	205	255	523	665
Customer/ claims service	317	144	-	-	317	144
Service packages	1,183	289	-	-	1,183	289
Commissions	22,953	18,693	-	-	22,953	18,693
External gross revenue	45,355	32,020	20,388	17,401	65,742	49,423
Sales allowances	-	-	(2,671)	(2,517)	(2,671)	(2,517)
Revenue from contracts with customers	45,355	32,020	17,716	14,884	63,071	46,906
Rental income	26	66	-	-	26	66
Interest income from finance leases	7,616	5,208	-	-	7,616	5,208
Payments from operating leases	346	158	-	-	346	158
Servicing of forfeited receivables	1,469	795	-	-	1,469	795
Income from the disposal of lease receivables	11,543	11,967	-	-	11,543	11,967
Revenue from leases	21,000	18,195	-	-	21,000	18,195
Revenue	66,355	50,215	17,716	14,884	84,071	65,101
Timing of revenue recognition						
Point in time	45,038	31,876	17,512	14,629	62,550	46,506
Over time	317	144	205	255	521	400
Revenue from contracts with customers	45,355	32,020	17,716	14,884	63,071	46,906
Revenue from leases	21,000	18,195	-	-	21,000	18,195
Revenue	66,355	50,215	17,716	14,884	84,071	65,101

6. Financial result

Finance costs are composed of the following items.

€ thousand	H1 2023	H1 2022
Interest on financial liabilities at amortized cost	6,510	5,641
Interest on lease liabilities	194	43
Compounding of success fee	81	-
Negative interest on bank balances	-	11
Finance costs	6,785	5,695

7. Earnings per share

The following table presents the calculation of earnings per share, based on the profit or loss attributable to the shareholders of BKHT.

	H1 2023	H1 2022
Profit or loss attributable to BKHT shareholders (€ thousand)	(765)	(700)
Weighted average number of shares outstanding	10,947,637	10,946,393
Earnings per share (€)	(0.07)	(0.06)

Adjusted earnings per share are shown in the following table. For more detailed information refer to Note 3.

	H1 2023	H1 2022
Adjusted earnings attributable to BKHT shareholders (€ thousand)	3,670	3,199
Weighted average number of shares outstanding	10,947,637	10,946,393
Adjusted earnings per share (€)	0.34	0.29

8. Property, plant and equipment and assets held for sale

At the end of fiscal year 2022, the Group signed a contract for the sale of the property at the IHSE headquarters. As a result, this property had to be reclassified from property, plant and equipment to assets held for sale as of December 31, 2022 (€7,381 thousand). The sale of the property was completed at the beginning of the current fiscal year 2023 and the assets held for sale were therefore derecognized. Since the sale, the Group has continued to use the property as part of a lease. The capitalization of the right-of-use assets from the rental agreement caused property, plant and equipment to increase accordingly in the reporting period.

9. Financial liabilities

In Q2 2023, the liability from the registered bond was reclassified from non-current to current. This is due to the contractual maturity of the liability in Q2 2024. If a liability matures within twelve months of the reporting date, it must be presented as current. This resulted in a decrease in non-current financial liabilities and a simultaneous increase in current financial liabilities.

Financial liabilities are composed of the following items.

€ thousand	Non-current		Current		Total	
	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022
Senior loans	30,892	42,532	13,977	3,969	44,869	46,501
Senior acquisition loans	30,892	32,532	3,948	3,939	34,840	36,471
Registered bond	-	10,000	10,029	30	10,029	10,030
Subordinated loans	42,406	38,932	-	-	42,406	38,932
Subordinated acquisition loans	42,406	38,932	-	-	42,406	38,932
Real-estate loans	79	5,112	16	402	95	5,514
Other financial liabilities	13,228	7,014	1,205	921	14,433	7,934
Lease liabilities	9,409	3,276	1,205	921	10,614	4,196
Success fee liability Bikeleasing	3,819	3,738	-	-	3,819	3,738
Financial liabilities excluding leases	86,605	93,590	15,198	5,291	101,803	98,881
Lease refinancing	153,197	143,612	26,066	10,196	179,263	153,809
Securitized liabilities	51,208	71,047	90	126	51,298	71,173
Loans for lease financing	72,155	46,730	16,151	19	88,306	46,749
Financial liabilities from forfeiting	5,936	3,894	205	274	6,141	4,169
Buyback and servicing of third-party leases	23,898	21,941	9,621	9,777	33,519	31,717
Total financial liabilities	239,802	237,202	41,264	15,487	281,066	252,690

Calculation of net debt

€ thousand	June 30, 2023	December 31, 2022
Senior loans	44,869	46,501
Subordinated loans	42,406	38,932
Real-estate loans	95	5,514
Cash and cash equivalents*	(58,786)	(70,800)
Net debt from loans	28,584	20,147
Other financial liabilities	14,433	7,934
Lease refinancing	179,263	153,809
Lease receivables	(185,437)	(144,520)
Net debt from leasing	(6,173)	9,289
Net debt	36,843	37,370

* Cash and cash equivalents are deducted from the loans in this presentation for purposes of analysis. There is no corresponding ring fencing in place.

10. Carrying amounts and fair values

The Group has financial instruments that are not measured at fair value in the statement of financial position. In the case of these instruments, the fair values do not differ significantly from the carrying amounts, as the interest receivables and interest payables either approximate current market rates or the instruments are short term.

The adjacent table shows the carrying amounts and fair values of financial assets and financial liabilities, including their level in the fair value hierarchy. It does not contain information on the fair value of financial assets and financial liabilities that are not measured at fair value if the carrying amount represents an appropriate approximation of the fair value.

Financial liabilities are measured through the use of discounted cash flows. The measurement model takes account of present values of the expected payments in accordance with the effective interest rate.

Carrying amounts and fair values as of June 30, 2023

€ thousand	Carrying amount			Fair value			
	Financial assets at amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
June 30, 2023							
Trade receivables	52,937	-	52,937				
Other receivables	34,901	-	34,901				
Lease receivables (valued under IFRS 16)	185,437	-	185,437	-	186,216	-	186,216
Cash and cash equivalents	58,786	-	58,786				
Assets not measured at fair value	332,060	-	332,060				
Loans		87,370	87,370	-	87,370	-	87,370
Trade payables		44,080	44,080				
Lease refinancing		179,263	179,263	-	179,263	-	179,263
Success fee liability Bikeleasing		3,819	3,819	-	-	3,819	3,819
Other liabilities		10,653	10,653				
Financial liabilities not measured at fair value		325,185	325,185				
Contingent consideration		-	-				
Financial liabilities measured at fair value		-	-				

Carrying amounts and fair values as of December 31, 2022

€ thousand	Carrying amount			Fair value			
	Financial assets at amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
December 31, 2022							
Trade receivables	29,317	-	29,317				
Other receivables	26,165	-	26,165				
Lease receivables (valued under IFRS 16)	144,520	-	144,520	-	144,520	-	144,520
Cash and cash equivalents	70,800	-	70,800				
Assets not measured at fair value	270,802	-	270,802				
Loans		90,947	90,947	-	90,947	-	90,947
Trade payables		14,080	14,080				
Lease refinancing		153,809	153,809	-	153,809	-	153,809
Success fee liability Bikeleasing		3,738	3,738	-	-	3,738	3,738
Other liabilities		13,540	13,540				
Financial liabilities not measured at fair value		276,114	276,114				
Contingent consideration		-	-				
Financial liabilities measured at fair value		-	-				

11. Business combinations

In the reporting period, the Group acquired the material assets and a portion of the liabilities of the business operations (so-called asset deal) of two external sales agencies of the Financial Technologies segment.

In a transaction closed on May 8, 2023, the Group acquired the business operations of the sales agency h.s.h. Handelsagentur (h.s.h.) and, on June 1, 2023, those of the sales agency B2MM. Initial consolidation took place as of May 1, 2023, and June 1, 2023, respectively. In the period between initial consolidation and the reporting date, the acquired business operations made no material contributions to Group earnings.

h.s.h. and B2MM had been acting as sales agencies for Bikeleasing for several years. The acquisitions serve the strategic interest of integrating formerly external sales platforms into the Group in order to control sales in a more targeted manner and to be able to access to the expertise and network of their employees. In addition, the acquisitions eliminate the pro rata commission expenses paid to the two sales agencies for their sales services going forward. This has an increasing effect on the EBITDA – also in consideration of the additional expenses. In 2022, commissions paid to the acquired sales agencies amounted to €3.2 million.

Consideration transferred

The considerations transferred to the sellers at their fair values as of the acquisition date are broken down in the following.

€ thousand	h.s.h	B2MM
Cash	3,000	5,483
Fulfillment of a previously existing relationship	(245)	(832)
Consideration transferred	2,755	4,651

Costs associated with the acquisition

The Group incurred costs of €36 thousand for legal advice in conjunction with the business combinations. In addition, of the amounts paid to the sellers, a total of €1,077 thousand was classified as remuneration for previously existing relationships and therefore recognized in profit or loss in accordance with IFRS 3.52(a) and IFRS 3.B51 and not as part of the consideration transferred. This is because commission agreements existed between the Group and the acquired sales agencies. If these agreements had ended without a purchase of the sales agencies, indemnity payments would have had to be made. These amounts have been recognized in the Group's other operating expenses.

Identifiable acquired assets and assumed liabilities

The measurement of the acquired assets and assumed liabilities is subject to the condition that it is preliminary due to the proximity of the transaction to the reporting date. There may be adjustments within the measurement period of 12 months from the date of purchase. The recognized amounts of the acquired assets and the assumed liabilities as of the date of acquisition have been compiled in the following.

€ thousand	h.s.h	B2MM
Property, plant and equipment (including right-of-use assets)	31	21
Intangible assets	2,700	4,600
Lease liabilities	(31)	(21)
Total identifiable acquired net assets	2,700	4,600

The total identifiable acquired net assets of the two sales agencies amounts to €7,300 thousand.

Goodwill

Goodwill in the amount of €106 thousand mainly comprises the value of expected synergies. The full amount of goodwill is attributable to the Bikeleasing CGU.

€ thousand	h.s.h	B2MM
Consideration transferred	2,755	4,651
Fair value of the identified net assets	2,700	4,600
Goodwill	55	51

The total amount of goodwill expected to be tax deductible €106 thousand.

12. Related-party transactions

Key management personnel

In respect of the Group, key management personnel include the members of the Executive Board and Supervisory Board of BKHT and the managing directors of the subgroup parent companies (IHSE AcquiCo GmbH and BLS Beteiligungs GmbH).

Other related parties

Executive Board members hold positions in other entities in which they are able to control or significantly influence the financial and business policies of those entities. Some of those entities conducted transactions with Brockhaus Technologies in the reporting period.

Brockhaus Private Equity GmbH (registered office in Frankfurt) is controlled by members of the Executive Board of BKHT. There was a service relationship with Brockhaus Private Equity GmbH in the reporting period resulting from a sublease agreement.

€ thousand	Value of transactions		Outstanding balances	
	H1 2023	H1 2022	June 30, 2023	June 30, 2022
<u>Key management personnel</u>				
Co-invest kvm-tec	-	58	-	-
<u>Other related parties</u>				
Sublease	98	94	-	-

13. Contingent liabilities

Current and non-current assets have been assigned as security and land charges are in place as collateral for bank loans.

14. Events after the reporting date

There were no significant events between June 30, 2023, and the date this Half-Year Financial Report was approved for publication by the Executive Board.

Responsibility statement

To the best of our knowledge and in accordance with the applicable reporting principles for half-yearly financial reporting, the Interim Consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss 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 material opportunities and risks associated with the expected development of the Group for the remainder of the fiscal year.

Frankfurt am Main, August 14, 2023

Brockhaus Technologies AG
The Executive Board

Marco Brockhaus

Dr. Marcel Wilhelm

Supplementary information

Financial calendar

Nov. 14, 2023	Quarterly Statement 9M 2023
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Basis of reporting

This Half-Year Financial Report should be read in conjunction with the 2022 Consolidated Financial Statements and the 2022 Combined Management Report and the information contained therein. Those documents form part of the 2022 Annual Report available in the **Investor Relations** section on our website www.brockhaus-technologies.com.

The reporting entity is Brockhaus Technologies AG (**BKHT** or the **Company**, together with its consolidated subsidiaries **Brockhaus Technologies** or the **Group**). The **reporting period** for this Half-Year Financial Report is the period January 1, 2023, to June 30, 2023. The **reporting date** is June 30, 2023. Additionally, comparative information is presented for the period from January 1, 2022, to June 30, 2022, (**comparative period**).

The Interim Group Management Report and the Interim Consolidated Financial Statements were not subjected to a review by the Group's auditor.

This report has been translated from German into English. In the case of any discrepancies between the two language versions, the German version takes precedence.

Rounding

The metrics appearing in this report have been rounded in line with standard commercial practice. Due to this rounding method, the individual amounts reported do not always add up precisely to the totals presented.

Note within the meaning of the equal treatment act

Equal treatment is important to us. Only for reasons of better legibility, the use of male, female or language forms of other genders is avoided. All personal references apply to all genders unless otherwise specified.

Contact information

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 Chair of the Supervisory Board: Dr. Othmar Belker

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