



Quarterly Statement

9M 2023

Brockhaus Technologies at a glance

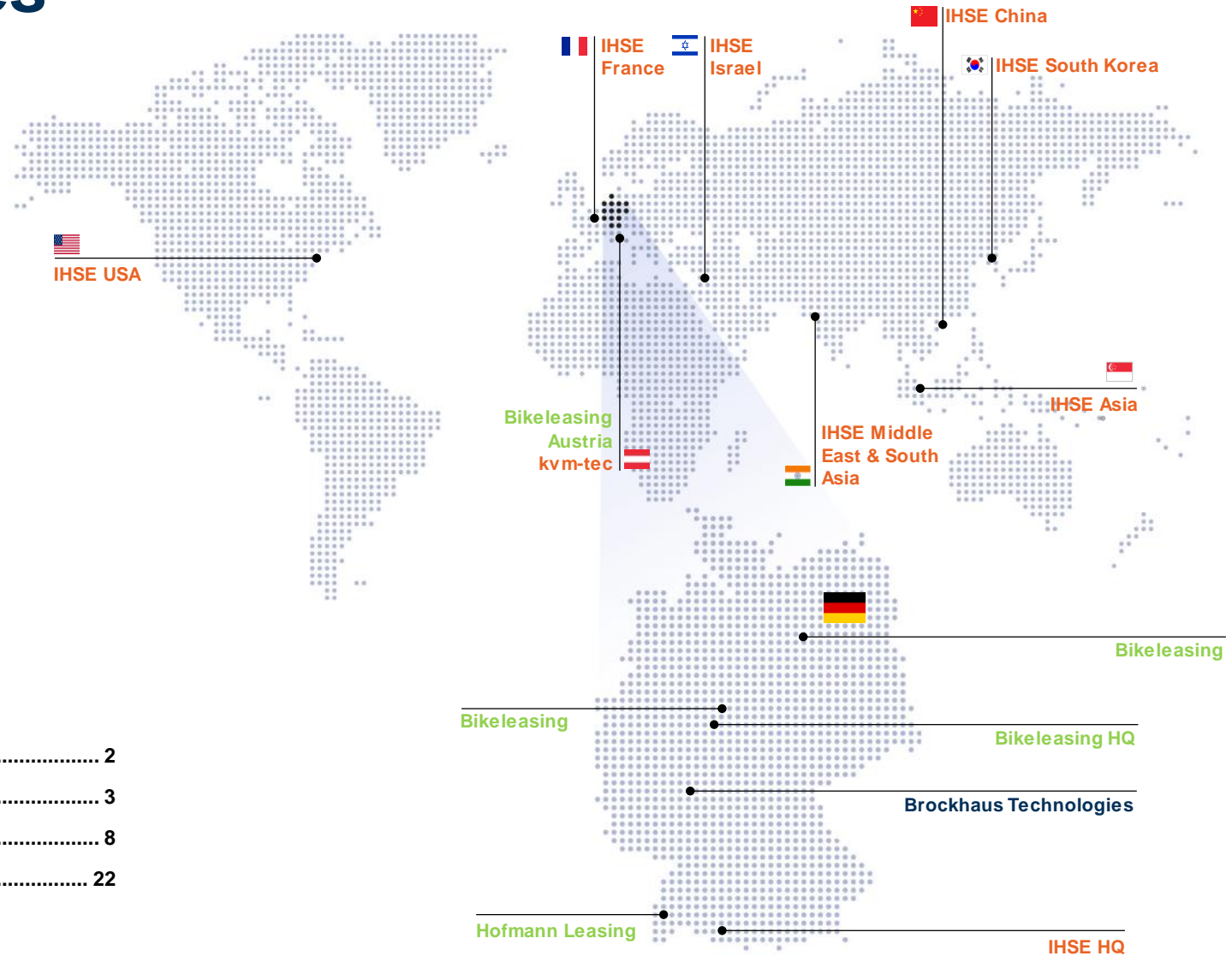


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Significant developments

Group results of operations

The Group's revenue increased by 30.8% to €142,684 thousand in 9M 2023 and total output by 30.7% to €143,595 thousand. The increase in the cost of materials and personnel expenses was below the growth in revenue at 27.0% to €49,266 thousand and 24.9% to €23,336 thousand respectively.

In contrast, other operating expenses rose by 51.8% to €20,078 thousand, outpacing sales. This was primarily due to the provision for a compensation claim of €1,800 thousand for the termination of an external sales agency. This was done as part of the strategic development of integrating the previously external sales platforms at the subsidiary Bikeleasing (Financial Technologies segment) into the Group in order to be able to manage sales in an even more targeted manner in future and access the expertise and network of employees.

Other depreciation of property, plant and equipment and amortization of intangible assets increased by 45.0% to €3,258 thousand. Amortization of intangible assets identified in initial consolidation amounted to €11,514 thousand and was higher than in the same period of the previous year (9M 2022: €10,630 thousand) due to the company acquisitions.

Financing expenses increased by 52.7% to €13,342 thousand due to the change in interest rates and the revaluation of the earn-out receivable from the sale of Palas. Explanation: The future contingent purchase price payment (earn-out) agreed at the sale of Palas in November 2022 is remeasured at each reporting date. In view of the difficult economic environment, especially in the Asian and Chinese business, which is particularly relevant for Palas, the fair value previously recognized as a receivable for this was therefore reduced from €10,816 thousand to €7,917 thousand, which had a negative impact on the financial result.

At €53,497 thousand (without adjustments), EBITDA had a margin of 37.5% and was significantly higher than the previous year's figure of €40,287 thousand (margin: 36.9%). The same applies to EBIT, which amounted to €38,726 thousand in the reporting period (9M 2022: €27,411 thousand). After income taxes, income from continuing operations amounted to €15,628 thousand (9M 2022: €19,675 thousand). The reason for the decline were effects from the revaluation of earn-out receivables and liabilities, which led to income of €4,452 thousand in the comparative period and expenses of €2,899 thousand in the reporting period – in total, this brought an earnings swing of €7,351 thousand.

The Palas subgroup, which constituted the Environmental Technologies segment until the date of sale, was sold effective November 24, 2022. 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

The Group's revenue increase of 30.8% resulted from growth of 33.2% in the Financial Technologies segment and growth of 22.4% in the Security Technologies segment.

In the second quarter, the subsidiary Bikeleasing (see Note 8 of this Quarterly Statement) acquired two of the previously external sales agencies. This eliminates the payments of sales commissions that were previously paid to these sales agencies, thereby reducing the Group's cost of materials. In return, the employees and business operations taken over have an increasing effect on other expense items of the Group. Accordingly, the sales commissions of €933 thousand paid to the sales agencies prior to their acquisition are eliminated from the Group's cost of materials in the pro forma analysis and their expenses of €202 thousand are added to those of the Group.

From a pro-forma perspective, i.e. as if the sales agencies had already belonged to Brockhaus Technologies as of January 1, 2023, this results in adjusted pro forma EBITDA of €55.1 million (38.6% margin) and adjusted pro-forma EBIT of €51.9 million (36.4% margin).

Financial Technologies | Revenue in the Financial Technologies segment (Bikeleasing) increased by 33.2% to €113,185 thousand in 9M 2023 (previous year: €84,967 thousand). In the reporting period, Bikeleasing increased the number of corporate customers onboarded to its digital platform by more than 10 thousand (+23%) to a total of 56 thousand. These companies had a total of around 3.2 million employees as of the reporting date. The number of new bikes brokered through the Bikeleasing platform in 9M 2023 was approximately 131 thousand, which reflects an increase of 32% compared to 9M 2022 (99 thousand units).

At 64.5%, the gross profit margin was higher than in the prior-year period (9M 2022: 62.6%). This is essentially due to the purchase of the two sales agencies mentioned before. The increased proceeds from the disposal of lease assets had a reducing effect on the gross profit margin. At the end of the lease term – generally 36 months – the bikes are liquidated from the respective lease by being sold to the employee, employer, dealer or to used bicycle platforms.

The steep increase in disposal proceeds in the current fiscal year 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, which was 83.5% in the reporting period (previous year: 81.1%).

At 45.8%, the adjusted EBITDA margin was almost on a par with the previous year (46.1%). This was mainly due to the termination of the contractual relationship with another external sales agency, for which a one-off expense of €1,800 thousand was accrued in the reporting period for future compensation payments.

This effect was also reflected in the adjusted EBIT margin of 43.9% (9M 2022: 44.5%).

€ thousand	Reportable segments							
	Financial Technologies		Security Technologies		Central Functions and consolidation		Group	
	Pro forma 9M 2023	9M 2022	9M 2023	9M 2022	9M 2023	9M 2022	Pro forma 9M 2023	9M 2022
Revenue	113,185	84,967	29,500	24,096	(1)	2	142,684	109,065
Revenue growth	33.2%		22.4%		-		30.8%	
Gross profit	72,973	53,173	22,024	17,709	265	180	95,262	71,062
Gross profit margin	64.5%	62.6%	74.7%	73.5%			66.8%	65.2%
Adjusted EBITDA	51,832	39,148	7,787	5,395	(4,474)	(3,739)	55,145	40,804
Adjusted EBITDA margin	45.8%	46.1%	26.4%	22.4%			38.6%	37.4%
Adjusted EBIT	49,708	37,842	6,743	4,549	(4,564)	(3,834)	51,887	38,557
Adjusted EBIT margin	43.9%	44.5%	22.9%	18.9%			36.4%	35.4%

Security Technologies | The Security Technologies segment (IHSE and kvm-tec) recorded a 22.4% increase in revenue to €29,500 thousand. The main driver for this was the very positive development in the Americas region, where revenue grew by 88.0% year-on-year to €15,269 thousand. At €12,311 thousand, revenue in EMEA was on a level with the previous year (9M 2022: €12,409 thousand). In the APAC region, revenue was down by 46.1% year-on-year and came to €1,920 thousand. This is especially due to the general trends of decoupling of the Chinese economy and also the 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. IHSE is also deliberately reducing its risk exposure in this region and focusing on the other global markets.

At 74.7%, the gross profit margin was higher than in the comparative period (73.5%).

The adjusted EBITDA margin increased significantly from 22.4% to 26.4%. The same applies to the adjusted EBIT margin of 22.9% (9M 2022: 18.9%). The year-on-year increase in margins is primarily due to the sharply higher volume of revenue and the resulting fixed cost depression.

As of September 30, 2023, the segment's order backlog stood at €9.6 million (December 31, 2022: €5.9 million)

Central Functions (non-reportable segment under IFRS) | In the Central Functions, expenses rose by 18.0% in comparison with 9M 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 awareness with and popularity of Brockhaus Technologies.

Performance metrics by quarter

€ thousand	2021				2022				2023 pro forma		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Financial Technologies											
Revenue				10,117	16,512	33,703	34,752	21,656	25,145	41,210	46,830
Gross profit				9,392	8,220	23,428	21,524	11,948	15,398	25,983	31,592
<i>Gross profit margin</i>				92.8%*	49.8%	69.5%	61.9%	55.2%	61.2%	63.1%	67.5%
Adjusted EBITDA				7,487	4,926	17,814	16,408	4,790	9,974	19,268	22,590
<i>Adjusted EBITDA margin</i>				74.0%*	29.8%	52.9%	47.2%	22.1%	39.7%	46.8%	48.2%
Adjusted EBIT				7,378	4,580	17,466	15,797	4,137	9,357	18,563	21,788
<i>Adjusted EBIT margin</i>				72.9%*	27.7%	51.8%	45.5%	19.1%	37.2%	45.0%	46.5%
Security Technologies											
Revenue	6,053	6,665	7,445	8,761	7,245	7,639	9,211	11,991	8,293	9,424	11,783
Gross profit	3,917	4,770	5,601	6,328	5,707	5,402	6,600	8,623	6,245	6,821	8,958
<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%	76.0%
Adjusted EBITDA	696	1,442	2,845	3,054	2,081	912	2,402	3,221	1,603	1,923	4,261
<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%	36.2%
Adjusted EBIT	506	1,251	2,650	2,832	1,811	624	2,114	2,936	1,267	1,579	3,897
<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%	33.1%
Group											
Revenue	6,053	6,666	7,444	18,880	23,758	41,343	43,964	33,647	33,439	50,633	58,613
Gross profit	3,917	4,771	5,600	15,886	13,973	28,876	28,213	20,659	21,732	32,892	40,637
<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%	69.3%
Adjusted EBITDA	(796)	283	1,501	7,276	5,665	17,504	17,635	6,596	10,245	19,319	25,582
<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%	43.6%
Adjusted EBIT	(1,012)	68	1,282	6,911	5,019	16,835	16,704	5,597	9,261	18,239	24,387
<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%	41.6%

* 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.

Net assets

The Group's total assets increased by 10.7% to €725,514 thousand and were split between 76.6% non-current and 23.4% current assets as of the reporting date. The largest items by value were intangible assets including goodwill (€353,685 thousand), lease receivables (€186,651 thousand), cash and cash equivalents (€74,462 thousand), trade receivables (€42,836 thousand), other financial assets (€31,788 thousand) and property, plant and equipment (€12,489 thousand). Intangible assets related 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, 2022, lease receivables increased by €42,131 thousand (+29.2%), trade receivables by €13,519 thousand (+46.1%) and other financial assets by €5,624 thousand (+21.5%). The main reason for the increase in receivables was the seasonally high business volume in the Financial Technologies segment. The increase in other financial assets resulted in particular from significantly higher VAT refund claims, which were €11,821 thousand higher than on December 31, 2022 due to seasonal factors.

Financial position

The Group's cash and cash equivalents as per September 30, 2023 amounted to €74,462 thousand (December 31, 2022: €70,800 thousand). With senior loans of €45,019 thousand, subordinated loans of €43,880 thousand and real estate loans of €91 thousand, the net debt from loans amounted to €14,528 thousand (December 31, 2022: €20,147 thousand). Including other financial liabilities (€14,299 thousand) and financial liabilities from lease refinancing (€178,263 thousand) deducted by lease receivables (€186,651 thousand), net debt amounted to €20,440 thousand (December 31, 2022: €37,370 thousand). This corresponds to a factor of 0.3x of adjusted EBITDA LTM (Q4 2022 to Q3 2023).

The deferred tax liabilities of €55,932 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.

Primarily due to the aforementioned effects in the Financial Technologies segment, trade payables increased significantly by €18,079 thousand (+128.4%) compared to their value at the end of the year 2022.

Group equity at the reporting date was €331,519 thousand, equal to 45.7% of total assets. This means that the equity ratio is slightly below the level as of December 31, 2022 with €315,337 thousand and 48.1%.

Cash flow from operating activities amounted to €12,369 thousand (9M 2022: €21,529 thousand) or before income tax payments €17,856 thousand (9M 2022: €28,756 thousand). Thereof, an operating cash flow of €16,429 thousand relates to the third quarter of 2023, which corresponds to the highest quarterly value since Brockhaus Technologies was founded. Nevertheless, the cash flow was significantly negatively affected by the refinancing situation of Bikeleasing. Explanation: For some corporate customers, the number of newly brokered bikes grew in Q3 2023 to such an extent that the respective size limits that some refinancing partners set for each individual corporate customer were reached. Because this would have partly limited the leasing activities with the relevant customers, Bikeleasing, in view of its very good financial position, took a larger part of new leasing agreements than usual onto its own balance sheet and financed them with own cash. The corresponding financing through own cash leads to a negative impact on the cash flow from operating activities.

In Q3 2023, €14.8 million was refinanced through own cash. This corresponds to 11.0% of the volume facilitated by the company's own leasing subsidiary. In the same quarter of the previous year, Q3 2022, it was €2.5 million (2.8%). For the 9M 2023 reporting period, the volume refinanced through own cash amounted to a total of €20.1 million (5.9%). In the comparable period, this value was €5.6 million (2.5%).

In the consolidated cash flow statement (page 12), this is clearly reflected, for example, in the increase in leasing receivables of €42,131 thousand (9M 2022: €26,712 thousand) compared to an increase in liabilities from lease refinancing of just €23,278 thousand (9M 2022: €29,523 thousand) with a combined negative cash flow effect of €-18,853 thousand. In the comparable period 9M 2022, the positive cash flow effect from these two items amounted to €+2,811 thousand.

Bikeleasing aims to subsequently refinance a high single-digit million euro amount of the receivables currently financed from our own cash through forfeiting or loans in the remaining fiscal year.

As it was the case on June 30, 2023, there was, in addition, still a refinancing backlog at the end of September (see Half-Year Financial Report H1 2023). However, at €10.4 million, the value of this had fallen back to the level usual for this time of year (September 30, 2022: €8.7 million).

Cash flow from investing activities amounted to €39 thousand (9M 2022: €-1,755 thousand). This was primarily driven by inflows from the disposal of the IHSE property of €10,000 thousand, as well as the cash outflow from the acquisitions of the sales agencies of €7,406 thousand.

Cash flow from financing activities was €-9,953 thousand (9M 2022: €-26,765 thousand) and was composed essentially of regular payments of principal and interest on senior loans as well as the full repayment of the IHSE real estate loan in the amount of €5,409 thousand.

Forecast

On the basis of the positive development in the reporting period, Brockhaus Technologies expects to reach the upper end of the forecast revenue range (€ 165 - 175 million) for the year as a whole with an unchanged adjusted EBITDA margin of 35%.

Disclaimer

This Quarterly Statement 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 as of the preparation date of this Quarterly Statement. Forward-looking statements are subject to uncertainties – as described in the risks and opportunities section of our 2022 Combined Management Report and the 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 conflict in the Middle East and its associated geopolitical tensions, the continuing supply bottlenecks, efforts to uncouple from China, an energy sector in transition and the persistence of high inflation, which has in turn led 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.

Events after September 30, 2023

On October 26, 2023, Bikeleasing made another voluntary early repayment of the senior acquisition loan in an amount of €9,602 thousand (including accrued interest), thus repaying the amount outstanding on this loan in full. As a result, the second of three debt tranches from the acquisition financing was repaid in full just 23 months after the acquisition of Bikeleasing by Brockhaus Technologies. The repayment also means that the customary restrictions on the distribution of dividends by Bikeleasing as part of the original loan agreement were lifted.

There were no other significant events between September 30, 2023, and the date this Quarterly Statement was published.

Financial information

(unaudited)

Information on our alternative performance measures can be found on page [14](#).

Consolidated statement of comprehensive income

€ thousand	9M 2023	9M 2022
Revenue	142,684	109,065
Increase/ (decrease) in finished goods and work in progress	177	12
Other own work capitalized	734	790
Total output	143,595	109,867
Cost of materials	(49,266)	(38,805)
Gross profit	94,329	71,062
Personnel expenses excluding share-based payments	(22,840)	(18,162)
Personnel expenses from share-based payments	(496)	(516)
Other operating expenses	(20,078)	(13,227)
Impairment loss on receivables	(333)	9
Other operating income	2,915	1,123
Amortization of intangible assets identified in initial consolidation	(11,514)	(10,630)
Other depreciation of property, plant and equipment and amortization of intangible assets	(3,258)	(2,246)
Finance costs	(13,342)	(8,738)
Finance income	294	4,472
Financial result	(13,049)	(4,266)
Income from continuing operations before tax	25,678	23,146
Income tax expense	(10,050)	(3,470)
Income from continuing operations	15,628	19,675
Income from discontinued operations	-	(193)
Profit or loss for the period	15,628	19,483
of which attributable to BKHT shareholders	2,720	7,773
of which from continuing operations	2,720	8,008
of which from discontinued operations	-	(235)
of which attributable to non-controlling interests	12,908	11,710

Consolidated statement of comprehensive income (continued)

€ thousand	9M 2023	9M 2022
Foreign currency translation adjustments*	134	2,636
Total comprehensive income	15,762	22,119
of which attributable to BKHT shareholders	2,854	10,409
of which attributable to non-controlling interests	12,908	11,710
Earnings per share		
Weighted average number of shares outstanding	10,947,637	10,946,393
Earnings per share** (€)	0.25	0.71
of which from continuing operations	0.25	0.73
of which from discontinued operations	-	(0.02)

* 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	Sep. 30, 2023	Dec. 31, 2022
Assets		
Property, plant and equipment	12,489	7,629
Intangible assets and goodwill	353,685	356,936
Non-current trade receivables	21,902	13,883
Non-current lease receivables	166,883	130,887
Deferred tax assets	1,117	534
Non-current assets	556,076	509,870
Inventories	21,206	10,914
Current trade receivables	20,934	15,434
Contract assets	27	100
Current lease receivables	19,768	13,633
Other financial assets	31,788	26,165
Prepayments	1,253	1,214
Cash and cash equivalents	74,462	70,800
Assets held for sale	-	7,381
Current assets	169,438	145,640
Total assets	725,514	655,509

€ thousand	Sep. 30, 2023	Dec. 31, 2022
Equity and liabilities		
Subscribed capital	10,948	10,948
Capital reserves	240,130	240,130
Other reserves	1,545	1,125
Currency translation differences	682	548
Retained earnings	22,670	19,950
Equity attributable to BKHT shareholders	275,974	272,700
Non-controlling interests	55,545	42,636
Equity	331,519	315,337
Non-current financial liabilities excluding leasing	88,004	93,590
Non-current financial liabilities from lease refinancing	167,595	143,612
Other provisions	168	57
Other liabilities	412	411
Deferred tax liabilities	55,932	52,590
Non-current liabilities	312,110	290,261
Current tax liabilities	8,293	5,726
Current financial liabilities excluding leasing	15,286	5,291
Current financial liabilities from lease refinancing	10,668	10,196
Trade payables	32,158	14,080
Other liabilities	12,952	13,129
Contract liabilities	2,481	1,391
Other provisions	47	98
Current liabilities	81,885	49,912
Liabilities	393,995	340,173
Total equity and liabilities	725,514	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
Jan. 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 the capital increase	-	-	-	-	-	-	-	-	-
Profit or loss for the period	-	-	-	-	-	2,720	2,720	12,908	15,628
Other comprehensive income	-	-	-	-	134	-	134	-	134
Equity-settled share-based payment transactions	-	-	-	421	-	-	421	-	421
Transactions with non-controlling interests	-	-	-	-	-	-	-	-	-
Sep. 30, 2023	10,948	-	240,130	1,545	682	22,670	275,974	55,545	331,519
Jan. 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 the capital increase	561	(13,003)	12,442	-	-	-	-	-	-
Profit or loss for the period	-	-	-	-	-	7,773	7,773	11,710	19,483
Other comprehensive income	-	-	-	-	2,636	-	2,636	-	2,636
Equity-settled share-based payment transactions	-	-	-	516	-	-	516	-	516
Transactions with non-controlling interests	-	-	-	-	-	-	-	353	353
Sep. 30, 2022	10,948	-	240,130	969	2,218	(21,297)	232,968	44,941	277,909

Consolidated statement of cash flows

€ thousand	9M 2023	9M 2022
Profit or loss for the period	15,628	19,483
(Income taxes paid)/ income tax refunds	(5,487)	(7,227)
Income tax expense/ (income tax income)	10,050	3,970
Expenses for equity-settled share-based payment transactions	421	516
Depreciation, amortization and impairment losses	14,866	14,756
Financial result excluding lease refinancing	10,079	12,024
(Gain)/ loss on sale of property, plant and equipment	(891)	(190)
Other non-cash (income)/ expenses	94	(207)
Additions of lease receivables	(350,867)	(233,088)
Payments from lessees	48,583	37,004
Disposal/ reclassifications of lease receivables at residual value	268,673	176,195
Interest and similar (income)/ expenses from leasing	(12,623)	(6,824)
Other non-cash (income)/ expenses	3,801	-
Impairment	302	-
(Increase)/ decrease in lease receivables	(42,131)	(26,712)
Addition of liabilities from lease refinancing	77,155	61,457
Payment of annuities from lease refinancing	(52,238)	(35,165)
Disposal of liabilities from lease refinancing	(9,841)	(810)
Additions/ (disposals) of liabilities from forfeiting	-	2,765
Interest expense for liabilities from lease refinancing	5,779	1,276
Other non-cash (income)/ expenses	2,424	-
Increase/ (decrease) in liabilities from lease refinancing	23,278	29,523
(Increase)/ decrease in lease assets from operating leases	(877)	1,240
(Increase)/ decrease in inventories, trade receivables and other assets not attributable to investing or financing activities	(31,693)	(23,711)
Increase/ (decrease) in trade payables and other liabilities not attributable to investing or financing activities	18,973	(1,997)
Increase/ (decrease) in other provisions	60	62
Cash flow from operating activities	12,369	21,529

Consolidated statement of cash flows (continued)

€ thousand	9M 2023	9M 2022
Payments to acquire property, plant and equipment	(961)	(943)
Proceeds from sale of property, plant and equipment	10,039	198
Payments to acquire intangible assets	(1,007)	(362)
Capitalized development costs	(626)	(1,047)
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	39	(1,755)
Proceeds from loans raised	-	10,350
Repayment of loans and other financial liabilities	(7,423)	(34,043)
Repayment of lease liabilities	(931)	(941)
Interest paid	(1,600)	(2,131)
Proceeds from issuance of shares	-	-
Cost of capital increases	-	-
Cash flow from financing activities	(9,953)	(26,765)
Change in cash and cash equivalents	2,454	(6,990)
Effect of exchange rate changes on cash and cash equivalents	32	533
Cash and cash equivalents at the beginning of the period	70,780	29,331
Cash and cash equivalents at the end of the period	73,267	22,874
Funds of financial resources		
Cash and cash equivalents	74,462	22,925
Overdraft facilities used for cash management	(1,195)	(51)
Total	73,267	22,874

Disclosures on financial information

1. Alternative performance measures

For definitions and a detailed explanation 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 purely consolidation-related “decreased earnings due to value step-up”. Because of the adjustment, the revenue before PPA was higher than the IFRS revenue. In order to avoid discrepancies between the key performance measures and IFRS as best as possible, the management of Brockhaus Technologies ended these adjustments to revenue as per beginning of fiscal year 2023. The decrease in earnings due to value step-up amounted to €1,133 thousand in 9M 2023 (9M 2022: €2,510 thousand).

In the reporting period, the Group sold one property at the subsidiary IHSE. 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 two sales agencies acquired in the second quarter were only included in the consolidated statement of comprehensive income for four and five 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 acquisitions had taken place on January 1, 2023.

Pro forma consolidated statement of comprehensive income

€ thousand	9M 2023	9M 2022
Revenue	142,684	109,065
Increase/ (decrease) in finished goods and work in progress	177	12
Other own work capitalized	734	790
Total output	143,595	109,867
Cost of materials	(48,333)	(38,805)
Gross profit	95,262	71,062
Personnel expenses excluding share-based payments	(23,043)	(18,162)
Personnel expenses from share-based payments	(496)	(516)
Other operating expenses	(20,078)	(13,227)
Impairment loss on receivables	(333)	9
Other operating income	2,915	1,123
Amortization of intangible assets identified in initial consolidation	(12,466)	(10,630)
Other depreciation of property, plant and equipment and amortization of intangible assets	(3,258)	(2,246)
Finance costs	(13,342)	(8,738)
Finance income	294	4,472
Financial result	(13,049)	(4,266)
Income from continuing operations before tax	25,456	23,146
Income tax expense	(10,050)	(3,470)
Income from continuing operations	15,406	19,675
Income from discontinued operations	-	(193)
Profit or loss for the period	15,406	19,482
of which attributable to BKHT shareholders	2,604	7,773
of which from continuing operations	2,604	8,008
of which from discontinued operations	-	(235)
of which attributable to non-controlling interests	12,802	11,710

Calculation of adjusted EBITDA

€ thousand	Pro forma	From acquisition of control	
	9M 2023	9M 2023	9M 2022
Earnings before tax	25,456	25,678	23,146
Financial result	13,049	13,049	4,266
Depreciation, amortization and impairment losses	15,723	14,771	12,876
EBITDA	54,228	53,496	40,287
Share-based payments	421	421	516
Cost of acquisition of subsidiaries	1,113	1,113	-
Cost of equity transactions	-	-	-
Income from sale of property	(616)	(616)	-
Adjusted EBITDA	55,145	54,414	40,804
<i>Adjusted EBITDA margin</i>	<i>38.6%</i>	<i>38.1%</i>	<i>37.4%</i>

Calculation of adjusted EBIT

€ thousand	Pro forma	From acquisition of control	
	9M 2023	9M 2023	9M 2022
Earnings before tax	25,456	25,678	23,146
Financial result	13,049	13,049	4,266
EBIT	38,505	38,726	27,411
Share-based payments	421	421	516
Cost of acquisition of subsidiaries	1,113	1,113	-
Cost of equity transactions	-	-	-
Income from sale of property	(616)	(616)	-
PPA amortization	12,466	11,514	10,630
Adjusted EBIT	51,887	51,157	38,557
<i>Adjusted EBIT margin</i>	<i>36.4%</i>	<i>35.9%</i>	<i>35.4%</i>

Calculation of adjusted earnings and adjusted earnings per share

€ thousand	Pro forma	From acquisition of control	
	9M 2023	9M 2023	9M 2022
Income from continuing operations	15,406	15,628	19,675
Share-based payments	421	421	516
Cost of acquisition of subsidiaries	1,113	1,113	-
Cost of equity transactions	-	-	-
Income from sale of property	(616)	(616)	-
PPA amortization	12,466	11,514	10,630
(Income)/ expenses from earn-outs	2,899	2,899	(4,452)
(Income)/ expenses from success fee	123	123	-
Income taxes on adjustments	(2,844)	(2,844)	(3,023)
Adjusted earnings	28,968	28,238	23,347
of which: attributable to BKHT shareholders	12,710	12,330	9,652
of which: non-controlling interests	16,258	15,908	13,695
Number of shares outstanding	10,947,637	10,947,637	10,946,393
Adjusted earnings per share (€)	1.16	1.13	0.88

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

€ thousand	9M 2023	9M 2022
Cash flow from operating activities	12,369	21,529
Income taxes paid/ (income tax refunds)	5,487	7,227
Cost of acquisition of subsidiaries	1,113	-
Adjusted cash flow from operating activities before tax	18,969	28,756
Cash flow from investing activities	39	(1,755)
Proceeds from sale of property	(10,000)	-
Acquisition/ (disposal) of subsidiaries	7,406	-
Free cash flow before tax	16,413	27,002

2. Operating segments

Key performance indicators by business segment

€ thousand	Reportable segments											
	Financial Technologies		Security Technologies		Total		Central Functions		Reconciliation		Group	
	9M 2023	9M 2022	9M 2023	9M 2022	9M 2023	9M 2022	9M 2023	9M 2022	9M 2023	9M 2022	9M 2023	9M 2022
Revenue	113,185	84,967	29,500	24,096	142,685	109,063	432	437	(433)	(435)	142,684	109,065
Gross profit	72,041	53,173	22,024	17,709	94,064	70,881	432	437	(167)	(257)	94,329	71,062
Adjusted EBITDA	51,102	39,148	7,787	5,395	58,889	44,543	(4,471)	(3,718)	(3)	(21)	54,415	40,804
Adjusted EBITDA margin	45.1%	46.1%	26.4%	22.4%							38.1%	37.4%
Pro forma gross profit	72,973	53,173	22,024	17,709	94,997	70,881	432	437	(167)	(257)	95,262	71,062
Pro forma adjusted EBITDA	51,832	39,148	7,787	5,395	59,619	44,543	(4,471)	(3,718)	(3)	(21)	55,145	40,804
Pro forma adjusted EBITDA margin	45.8%	46.1%	26.4%	22.4%							38.6%	37.4%
Trade working capital	(5,830)	13,717	16,063	12,599	10,234	26,317	44	(994)	(296)	7,910	9,981	33,232
Cash and cash equivalents	31,786	12,517	5,629	4,859	37,415	17,376	37,047	3,945	-	1,605	74,462	22,925
Financial liabilities excluding leases	66,482	60,357	32,854	41,352	99,336	101,709	3,954	17,755	-	5,636	103,289	125,100
Financial liabilities from lease refinancing	178,263	153,969	-	-	178,263	153,969	-	-	-	-	178,263	153,969
Revenue by region												
EMEA	113,185	84,967	12,311	12,409	125,496	97,376	432	437	(433)	(435)	125,496	97,378
Germany	111,487	84,117	4,169	3,352	115,657	87,469	432	437	(433)	(435)	115,656	87,471
Other	1,698	850	8,142	9,057	9,839	9,907	-	-	-	-	9,839	9,907
Americas	-	-	15,269	8,124	15,269	8,124	-	-	-	-	15,269	8,124
USA	-	-	14,986	8,029	14,986	8,029	-	-	-	-	14,986	8,029
Other	-	-	283	95	283	95	-	-	-	-	283	95
APAC	-	-	1,920	3,563	1,920	3,563	-	-	-	-	1,920	3,563
China	-	-	486	1,437	486	1,437	-	-	-	-	486	1,437
Other	-	-	1,434	2,126	1,434	2,126	-	-	-	-	1,434	2,126
Total	113,185	84,967	29,500	24,096	142,685	109,063	432	437	(433)	(435)	142,684	109,065

3. Financial result

Finance costs are composed of the following items.

€ thousand	9M 2023	9M 2022
Interest on financial liabilities at amortized cost	10,014	8,640
Interest on lease liabilities	306	87
Compounding of success fee	123	-
Negative interest on bank balances	-	11
Expenses from the remeasurement of earn-out receivables	2,899	-
Finance costs	13,342	8,738

Part of the consideration transferred from the sale of Palas (former Environmental Technologies segment) in November 2022 was a contingent purchase price payment (earn-out). At the time of the sale, this was recognized as a receivable at a fair value of €10,816 thousand. This receivable has to be remeasured as of each reporting date. The change in the carrying amount is reported as income or expense. Given the current difficult macroeconomic conditions, especially for companies based in Germany with relevant business with Asia, specifically China (as in the case of Palas), we estimate that the expected value of future earn-out payments to the Group will be lower as of the reporting date. As a consequence, we now recognize the earn-out receivable in an amount of €7,917 thousand and report the resulting expense from the remeasurement of earn-out receivables in the financial result.

4. 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.

	9M 2023	9M 2022
Profit or loss for the period in € thousand	2,720	7,773
Weighted average number of shares outstanding	10,947,637	10,946,393
Earnings per share (€)	0.25	0.71

Adjusted earnings per share are shown in the following table. For more detailed information refer to Note 1.

Adjusted	9M 2023	9M 2022
Profit or loss for the period in € thousand	12,330	9,652
Weighted average number of shares outstanding	10,947,637	10,946,393
Earnings per share (€)	1.13	0.88

5. 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.

6. 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	
	Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2023	Dec. 31, 2022
Senior loans	30,984	42,532	14,035	3,969	45,019	46,501
Senior acquisition loans	30,984	32,532	4,006	3,939	34,990	36,471
Registered bond	-	10,000	10,029	30	10,029	10,030
Subordinated loans	43,880	38,932	-	-	43,880	38,932
Subordinated acquisition loans	43,880	38,932	-	-	43,880	38,932
Real-estate loans	75	5,112	16	402	91	5,514
Other financial liabilities	13,065	7,014	1,235	921	14,299	7,934
Lease liabilities	9,204	3,276	1,235	921	10,438	4,196
Success fee liability Bikeleasing	3,861	3,738	-	-	3,861	3,738
Financial liabilities excluding leases	88,004	93,590	15,286	5,291	103,289	98,881
Lease refinancing	167,595	143,612	10,668	10,196	178,263	153,809
Securitized liabilities	43,290	71,047	76	126	43,366	71,173
Loans for lease financing	88,997	46,730	1,195	19	90,192	46,749
Financial liabilities from forfeiting	10,120	3,894	166	274	10,286	4,169
Buyback and servicing of third-party leases	25,188	21,941	9,231	9,777	34,419	31,717
Total financial liabilities	255,598	237,202	25,954	15,487	281,552	252,690

Calculation of net debt

€ thousand	September 30, 2023	December 31, 2022
Senior loans	45,019	46,501
Subordinated loans	43,880	38,932
Real-estate loans	91	5,514
Cash and cash equivalents*	(74,462)	(70,800)
Net debt from loans	14,528	20,147
Other financial liabilities	14,299	7,934
Lease refinancing	178,263	153,809
Lease receivables	(186,651)	(144,520)
Net debt from leasing	(8,387)	9,289
Net debt	20,440	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.

7. Continuing involvement

In the reporting period, the Group sold lease receivables and trade receivables relating to future insurance premiums in the Financial Technologies segment (Bikeleasing) to a non-consolidated special purpose vehicle (SPV) on a non-revolving basis. This SPV securitizes the receivables concerned and issues the notes created in the process to an investor.

The purchase price of the receivables is paid out immediately upon sale up to a certain amount. The Group receives purchase price components in excess of this, such as the unused portions of the loss reserve, at the end of the term of the transaction.

The assessment of risks resulting from the receivables sold is based on the credit risk (default risk) and the risk of late payment (late payment risk). Bikeleasing bears certain shares of the credit risk in the transaction to a maximum of €3,704 thousand. The buyer assumes the remaining credit risk-related defaults. The late payment risk continues to be borne in full by Bikeleasing but is not relevant in terms of value.

The contractual provision on risk sharing means that the Group still retains some of the opportunities and risks from the receivables even after the receivables have been sold. This means that essentially all opportunities and risks associated with the receivables were neither transferred to the buyer nor retained as part of the sale of the receivables. Therefore, a partial disposal with recognition of a **continuing involvement** must be recognized. This amounted to €3,688 thousand as at the reporting date (31.12.2022: € - thousand) and is reported under lease receivables and trade receivables. The continuing involvement comprises the maximum utilization of the Group from the unpaid default reserve.

The continuing involvement is offset by an **associated liability** in the amount of €3,704 thousand (31.12.2022: € - thousand). This is reported under financial liabilities from lease refinancing. The difference between the retained receivables and the liability reflects the fair value of the continuing involvement and is recognized as an expense at the time the receivables are sold.

In the reporting period, receivables with a carrying amount of €81,487 thousand (9M 2022: € - thousand) were sold to the SPV. Income from the sale of these receivables of €8,494 thousand (9M 2022: € - thousand) was recognized in revenue in the reporting period.

8. 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 the expertise and network of their employees. In addition, the acquisitions eliminate the share of the commission expenses paid to the two sales agencies for their sales services going forward. This has an increasing effect on 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 amount 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 is €106 thousand.

Supplementary information

Financial calendar

Mar 28, 2024	Annual Report 2023
May 15, 2024	Quarterly Statement Q1 2024
Jun 20, 2024	Annual General Meeting
Aug 14, 2024	Half-Year Financial Report H1 2024
Nov 14, 2024	Quarterly Statement 9M 2024

Basis of reporting

This Quarterly Statement was prepared in compliance with section 53 of the Exchange Rules for the Frankfurter Wertpapierbörse. It does not constitute an interim financial report in accordance with IAS 34 or financial statements in accordance with IAS 1. It should be read in conjunction with the 2022 Consolidated Financial Statements and the 2022 Combined Management Report and the information contained therein. Those documents are available in the 2022 Annual Report, which can be found 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 Quarterly Statement is the period January 1, 2023 to September 30, 2023. The **reporting date** is September 30, 2023. In addition, comparative information is provided for the period from January 1, 2022 to September 30, 2022 (**comparative period**).

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.

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