Report on the First-Half Year 2023

WashTec

7.4% revenue growth in first half-year with significant 19.4% increase in EBIT

H1		H1 2023	H1 2022	Change	
				absolute	in %
Revenue	€m	236.2	220.0	16.2	7.4
EBIT	€m	15.4	12.9	2.5	19.4
EBIT margin	%	6.5	5.9	0.6	–
EBT	€m	14.0	12.6	1.4	11.1
Net income	€m	9.6	8.1	1.5	18.5
Number of shares in circulation	units	13,382,324	13,382,324	0	0
Earnings per share	€	0.72	0.60	0.12	18.5
Free cash flow	€m	6.5	–2.5	9.0	360.0
Capital expenditure	€m	12.3	2.2	10.1	459.1
Equity ratio	%	23.7	24.7	–1.0	–
Employees at reporting date	people	1,776	1,799	–23	–1.3

Figures in this report are rounded. Because of this, individual figures may not add up to the stated totals and percentages may not precisely correspond to the absolute figures they relate to.

- **Positive revenue performance in all product areas**

  WashTec generated revenue of €236.2m in the first six months of the year, once again a new record for a first half-year and a significant 7.4% increase in revenue compared to the prior year (€220.0m). In addition to the price rises that had been implemented and strong growth in the key account business, the chemicals business also contributed significantly to the positive performance with the acquisition of new customers.

- **Significant increase in EBIT**

  As a result of the revenue growth and proactive cost management, EBIT in the first half of the year was €15.4m, significantly higher than in the prior year (€12.9m). The EBIT margin in the first six months improved to 6.5% (prior year: 5.9%).

- **Significant improvement in free cash flow**

  Free cash flow improved to €6.5m in the first half of the year (prior year: €–2.5m) as a result of the improvements in earnings and in net operating working capital management. This positive outcome was achieved despite the €9.5m acquisition of the site occupied by the American subsidiary.

- **Guidance for full year 2023**

  The WashTec Group confirms the guidance for fiscal year 2023.

6.8% revenue growth in second quarter with significant 19.3% increase in EBIT

Q2		Q2 2023	Q2 2022	Change	
				absolute	in %
Revenue	€m	127.1	119.0	8.1	6.8
EBIT	€m	9.9	8.3	1.6	19.3
EBIT margin	%	7.8	7.0	0.8	–
EBT	€m	8.8	8.1	0.7	8.6
Net income	€m	6.2	5.8	0.4	6.9
Number of shares in circulation	units	13,382,324	13,382,324	0	0
Earnings per share	€	0.46	0.43	0.03	6.9

- **Revenue growth continued in second quarter**

  With revenue of €127.1m, WashTec also set a new record for a second quarter (prior year: €119.0m). The strong revenue growth resulted primarily from the chemicals business in Europe and the key account business in North America.

- **Significant improvement in EBIT**

  WashTec achieved a significant 19.3% increase in EBIT to €9.9m in the second quarter (prior year: €8.3m), mainly due to extremely positive performance in the chemicals business. The EBIT margin increased to 7.8% (prior year: 7.0%), which is higher than both the prior-year quarter and Q1 2023.

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1. Report on economic position

1.1 Overall economic and industry-specific environment and conditions

The general economic environment has not changed significantly in the first half of 2023 compared to the International Monetary Fund (IMF) forecasts presented in the Annual Report 2022. High inflation and higher interest rates in particular continue to dampen consumption and investment. The IMF now expects stable global economic growth of 3.0% in 2023, compared to the forecast of 2.9% issued at the beginning of the year.

The German economy has been contracting since the end of last year. Here, the IMF is predicting a decline in gross domestic product to -0.3%, significantly downgrading the forecast issued at the beginning of the year. In the German machinery and mechanical engineering sector, the downward trend in new orders seen in recent months has continued. Supply bottlenecks are easing and the still high level of orders on hand is supporting the development of the economy. However, higher financing costs are noticeably holding back investment. This also affects the WashTec Group.

1.2 Business performance

Group revenue and earnings

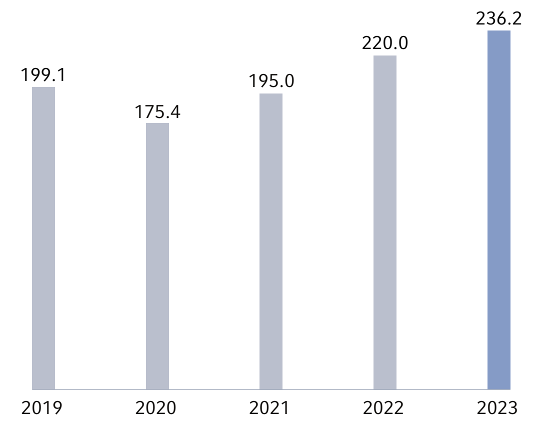
Orders received in the first six months were down by a double-digit percentage year on year due to the significant drop in demand in the market as a whole. Nevertheless the **order backlog** was still at a high level overall at the end of June 2023.

The WashTec Group generated **revenue** of €236.2m in the half year to June 30, 2023, an increase of €16.2m or 7.4% on the prior year (€220.0m). This is once again a new record for the first six months of a fiscal year. At constant exchange rates, the revenue growth in the first six months was no less than 8.8%.

Equipment and Service revenue increased significantly compared to the first half of the prior year due to the passing on of price increases. The growth was mainly driven by a strong increase in business with major customers, while direct sales business remained stable. Chemicals revenue also developed very positively in the first six months, increasing by 16.1% year on year. Despite a weather-related fall in carwash volumes, significant revenue growth was achieved thanks to newly acquired customers.

The revenue growth in the second quarter was mainly due to the positive development of the chemicals business in Europe and an increase in the key account business in North America. The Asia/Pacific region benefited in particular from strong revenue growth in China. It should be noted that revenue in the second quarter of the prior year was negatively impacted by the lockdowns.

Revenue H1 in €m, multi-year comparison



Revenue by product, H1

in €m	H1 2023	H1 2022	Change	
			absolute	in %
Equipment and service	196.8	185.4	11.4	6.1
Chemicals	36.7	31.6	5.1	16.1
Others	2.7	3.0	−0.3	−10.0
Total	**236.2**	**220.0**	**16.2**	**7.4**

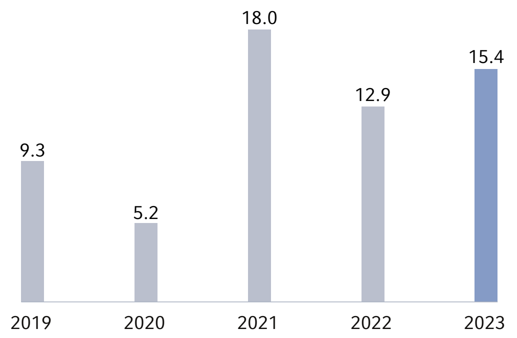
Revenue by product, Q2

in €m	Q2 2023	Q2 2022	Change	
			absolute	in %
Equipment and service	105.7	101.5	4.2	4.1
Chemicals	20.0	15.9	4.1	25.8
Others	1.4	1.5	−0.1	−6.7
Total	**127.1**	**119.0**	**8.1**	**6.8**

Gross profit for the first six months increased to €63.1m (prior year: €59.3m) as a result of the revenue growth. The gross profit margin decreased slightly from 27.0% to 26.7% over the same period. In the second quarter, both gross profit and the gross profit margin increased compared to the prior-year quarter. At 27.8%, the gross profit margin in the second quarter was higher than in the same period last year (27.1%), mainly due to the larger share accounted for by the chemicals business.

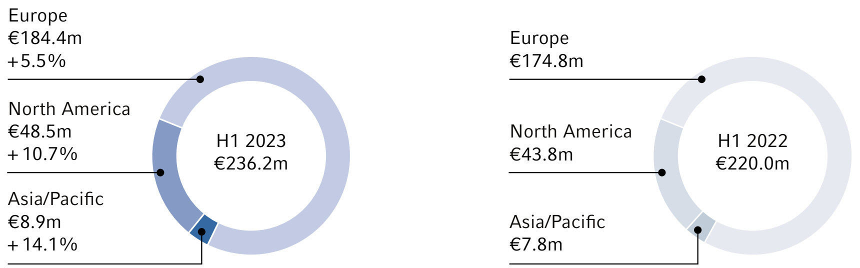
As a result of the revenue growth and proactive cost management, the Group's **EBIT** for the first six months rose significantly by 19.4% to €15.4m (prior year: €12.9m). The EBIT margin for the first half year was 6.5% (prior year: 5.9%). In the second quarter, the EBIT of €9.9m and the EBIT margin of 7.8% were also significantly higher than in the prior year (EBIT: €8.3m; EBIT margin: 7.0%).

EBIT H1 in €m, multi-year comparison



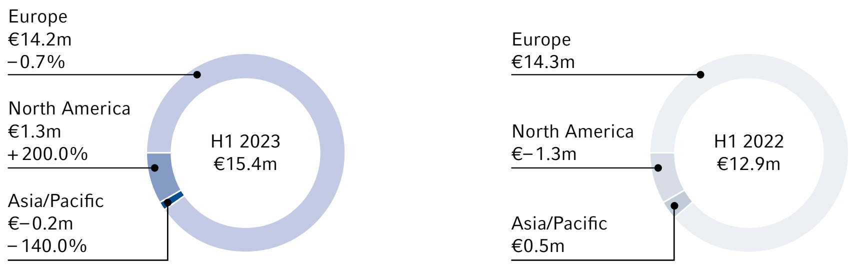
Revenue and earnings per region

Revenue by regions in €m*



** cross-segment consolidation effects are disregarded.*
Percentage change from comparative period

EBIT by regions in €m*



** cross-segment consolidation effects are disregarded.*
Percentage change from comparative period

In the **Europe** region, revenue rose in the first six months by 5.5%, from €174.8m to €184.4m. The revenue growth cuts across all customer and product groups, with the Chemicals business developing especially positively with double-digit growth compared to the prior year. In the second quarter, Equipment and Service revenue only remained at the level of the prior year despite of the implemented price increases. The Chemicals business showed double-digit growth due to newly acquired customers.

Revenue in **North America** was significantly higher in the first half-year than in the prior year, with an increase of 10.7% to €48.5m. In US dollar terms, revenue increased by 10.2%. The key account business was the main contributor to revenue growth in both the first six months and the second quarter.

In the **Asia/Pacific** region, revenue rose by 14.1% in the first half of the year to €8.9m (prior year: €7.8m), whereas the first quarter still saw a slight decline in revenue.

Revenue by region, H1

in €m	H1 2023	H1 2022	Change	
			absolute	in %
Europe	184.4	174.8	9.6	5.5
North America	48.5	43.8	4.7	10.7
Asia/Pacific	8.9	7.8	1.1	14.1
Consolidation	−5.6	−6.4	0.8	–
Total	**236.2**	**220.0**	**16.2**	**7.4**

Revenue by region, Q2

in €m	Q2 2023	Q2 2022	Change	
			absolute	in %
Europe	97.6	93.2	4.4	4.7
North America	27.0	25.5	1.5	5.9
Asia/Pacific	5.1	3.9	1.2	30.8
Consolidation	−2.7	−3.5	0.8	–
Total	**127.1**	**119.0**	**8.1**	**6.8**

Earnings in the **Europe** region over the first half year remained at the level of the prior year, while second-quarter earnings fell by €1.6m. The decrease particularly affected profitability in this region. Although the EBIT margin improved in the second quarter compared to the first, the final figure of 8.5% did not match the 10.6% seen in the prior year.

The **North America** region recorded an EBIT of €1.3m in the first six months (prior year: loss of €1.3m). This positive development was mainly a result of effects of the efficiency programs launched in the first quarter.

Following a loss in the first quarter, the **Asia/Pacific** region broke even in the second quarter. The result for the first six months was a loss of €0.2m, compared to a profit of €0.5m in the prior year. The main contribution to earnings in this region is generated in Australia. Revenue and EBIT there in the first six months were still down year on year due to the slow start to the year. The market in China remains challenging and the Company is reviewing its market approach there.

EBIT by region, H1

in €m	H1 2023	H1 2022	Change	
			absolute	in %
Europe	14.2	14.3	−0.1	−0.7
North America	1.3	−1.3	2.6	200.0
Asia/Pacific	−0.2	0.5	−0.7	−140.0
Consolidation	0.1	−0.6	0.7	–
Total	**15.4**	**12.9**	**2.5**	**19.4**

EBIT by region, Q2

in €m	Q2 2023	Q2 2022	Change	
			absolute	in %
Europe	8.3	9.9	−1.6	−16.2
North America	1.6	−1.0	2.6	260.0
Asia/Pacific	0.0	0.1	−0.1	−100.0
Consolidation	−0.1	−0.7	0.6	–
Total	**9.9**	**8.3**	**1.6**	**19.3**

Further notes to the Income Statement

At €7.0m, **research and development expenses** were on a par with the prior year (€7.1m). The focus of activities in this area was on further developing products and on digitalization. WashTec generates a high level of customer benefit through consistent digital orientation and smart integration of products and digital services. In June, the AquaPur Modular water treatment system was presented as a connected solution at the “Tankstelle und Mittelstand” service station trade show. The sustainable operation of the water treatment system can be monitored and fine-tuned on mywashtec.com, WashTec’s digital platform. The version for the North American market was presented for the first time at the CarWash Show in Las Vegas in May.

Selling expenses increased by 2.6% in the first six months, from €31.1m to €31.9m. The main expense driver was outgoing freight, which was €1.5m higher due to price factors. This contrasted with a reduction in trade fair costs, which were up in the prior year due to the Unity trade show that takes place only every two years.

The WashTec Group’s policy of expenditure restraint is also reflected in **administrative expenses**. These amounted to €9.0m in the first half of the year, €0.6m lower than the comparable prior-year figure. The ratio of administrative expenses to revenue was 3.8% (prior year: 4.4%).

Other income and expenses fell by €1.2m to €0.2m (prior year: €1.4m). The decrease was mainly due to lower proceeds from scrap sales and to measurement gains on foreign currency receivables and payables.

The higher level of debt and a significant increase in base rates had a negative impact on the **financial result**, which fell to €–1.4m in the first half of the year (prior year: €–0.3m).

Earnings before taxes (EBT) improved to €14.0m (prior year: €12.6m), primarily due to the higher gross profit.

Income taxes amounted to €–4.4m in the first half of the year (prior year: €–4.5m). The positive earnings contribution from North America in particular resulted in a lower tax rate. This was 31.4% in the first six months (prior year: 35.7%).

Earnings, H1

in €m	H1 2023	H1 2022	Change	
			absolute	in %
Revenue	236.2	220.0	16.2	7.4
Cost of sales	−173.1	−160.6	−12.5	−7.8
Gross profit	63.1	59.3	3.8	6.4
Gross profit margin in %	26.7	27.0	−0.3	–
Research and development expenses	−7.0	−7.1	0.1	1.4
Selling expenses	−31.9	−31.1	−0.8	−2.6
Administrative expenses	−9.0	−9.6	0.6	6.3
Other income and expenses	0.2	1.4	−1.2	−85.7
Earnings before interest and taxes (EBIT)	15.4	12.9	2.5	19.4
EBIT margin in %	6.5	5.9	0.6	–
Financial result	−1.4	−0.3	−1.1	−366.7
Earnings before taxes (EBT)	14.0	12.6	1.4	11.1
Income Taxes	−4.4	−4.5	0.1	2.2
Net income	9.6	8.1	1.5	18.5

Earnings, Q2

in €m	Q2 2023	Q2 2022	Change	
			absolute	in %
Revenue	127.1	119.0	8.1	6.8
Cost of sales	−91.7	−86.7	−5.0	−5.8
Gross profit	35.3	32.3	3.0	9.3
Gross profit margin in %	27.8	27.1	0.7	–
Research and development expenses	−3.5	−3.5	0.0	0.0
Selling expenses	−16.8	−16.6	−0.2	−1.2
Administrative expenses	−4.8	−4.7	−0.1	−2.1
Other income and expenses	−0.3	0.8	−1.1	−137.5
Earnings before interest and taxes (EBIT)	9.9	8.3	1.6	19.3
EBIT margin in %	7.8	7.0	0.8	–
Financial result	−1.1	−0.2	−0.9	−450.0
Earnings before taxes (EBT)	8.8	8.1	0.7	8.6
Income Taxes	−2.7	−2.3	−0.4	−17.4
Net income	6.2	5.8	0.4	6.9

1.3 Net assets

Fixed assets (including right-of-use assets) increased by €7.6m to €99.5m as of June 30, 2023 (December 31, 2022: €91.9m), mainly due to the acquisition of the site in the USA.

Net operating working capital (trade receivables + inventories – trade payables – prepayments on orders) decreased relative to December 31, 2022, falling €7.0m or 6.7% from €105.2m to €98.2m. Relative to June 30, 2022, the figure increased by €2.2m or 2.3%, mainly due to lower trade payables. The decrease compared to the year-end is mainly attributable to the lower level of trade receivables following the record revenue in the fourth quarter of 2022. As of June 2023, following an increase at the end of the first quarter, inventories were reduced again to the level of December 2022. Inventory optimization is progressing according to plan. Inventories have already been reduced by €3.9m relative to June 30, 2022.

Equity decreased to €68.1m as of June 30, 2023 (December 31, 2022: €88.1m). The higher half-year earnings were offset here by the €29.4m dividend payment posted in the second quarter. Compared with the 2022 year-end, the equity ratio went down from 31.0% to 23.7%.

Net financial debt (cash and cash equivalents less financial liabilities) increased to €72.4m (December 31, 2022: €45.2m). The significant increase by €27.2m is mainly due to the higher debt at the reporting date.

Other liabilities and provisions (including income tax liabilities) primarily consist of provisions for personnel, phased retirement obligations, warranties and buy-back obligations and decreased to €110.7m (December 31, 2022: €117.0m), mainly due to the lower tax provisions.

Contract liabilities amounted to €37.5m (December 31, 2022: €36.4m). The increase is mainly due to prepayments on orders from customers. In addition to those, this item also includes deferred income for full maintenance, extended guarantees and prepaid service agreements.

Condensed balance sheet, assets

in €m	Jun 30, 2023	Dec 31, 2022	Change	
			absolute	in %
Non-current assets (incl. right-of-use assets)	99.5	91.9	7.6	8.3
Receivables and other assets	97.8	102.8	−5.0	−4.9
Inventories	72.1	71.6	0.5	0.7
Deferred tax assets	4.3	3.9	0.4	10.3
Cash and cash equivalents	14.1	14.2	−0.1	−0.7
Total assets	**287.7**	**284.5**	**3.2**	**1.1**

Condensed balance sheet, equity and liabilities

in €m	Jun 30, 2023	Dec 31, 2022	Change	
			absolute	in %
Equity	68.1	88.1	−20.0	−22.7
Interest-bearing loans	69.7	41.4	28.3	68.4
Other liabilities and provisions	110.7	117.0	−6.3	−5.4
of which provisions (including income taxes)	23.0	28.3	−5.3	−18.7
of which trade payables	21.1	22.7	−1.6	−7.0
Contract liabilities	37.5	36.4	1.1	3.0
Deferred tax liabilities	1.7	1.6	0.1	6.3
Total equity and liabilities	**287.7**	**284.5**	**3.2**	**1.1**

1.4 Financial Position

The **cash inflow** from operating activities increased in the first half year to €18.8m (prior year: €-0.3m), mainly due to the higher earnings before taxes and the marked improvement in net operating working capital.

The **cash outflow from investing activities** went up by €10.1m to €12.3m (prior year: €2.2m). The increase in the cash outflow is mainly due to the acquisition of the site occupied by the US subsidiary. This was purchased effective January 2, 2023 following the termination of the previous lease agreement. The purchase price was USD10.3m. This was financed by long-term, five-year US dollar bank loans in the same amount.

Free cash flow (cash inflow from operating activities – cash outflow from investing activities) increased to €6.5m (prior year: €–2.5m).

The **net cash outflow from financing activities** was €26.6m (prior year: €43.5m). This included a cash outflow of €36.4m (prior year: €43.5m), mainly consisting of the €29.4m dividend payout (prior year: €38.8m). That was offset in the first half year by a €9.7m cash inflow from taking out interest-bearing loans in connection with the purchase of the site occupied by the American subsidiary. The dividend payment was also lower, as the prior-year figure included a special dividend of €0.80 per eligible share.

Cash funds decreased compared to December 31, 2022 from €–27.1m to €–47.4m, mainly due to the large cash outflow from investing and financing activities.

in €m	H1 2023	H1 2022	Change	
			absolute	in %
Earnings before taxes (EBT)	14.0	12.6	1.4	11.1
Net cash in-/outflow from operating activities	18.8	−0.3	19.1	6,366.7
Net cash outflow from investing activities	−12.3	−2.2	−10.1	−459.1
Free cash flow	6,5	−2.5	9.0	360.0
Net cash outflow from financing activities	−26.6	−43.5	16.9	38.9
Net increase/decrease in cash funds	−20.1	−46.0	25.9	56.3
Net foreign exchange difference	−0.2	0.7	−0.9	−128.6
Cash funds at January 1	−27.1	4.5	−31.6	−702.2
Cash funds at June 30	−47.4	−40.8	−6.6	−16.2

1.5 Employees

The number of employees fell relative to the end of 2022 by 48 to 1,776 as of June 30, 2023. Relative to the first half of 2022, the decrease was by 23 employees.

2. Outlook, opportunities and risk report

2.1 Outlook

Following a slowdown in global economic growth towards the end of last year, the IMF's updated July 2023 economic outlook forecasts no significant change in the development of the global economy. The German economy is expected to enter a recession, with gross domestic product contracting to –0.3%.

High inflation rates continue to characterize global development. As a result, central banks have tightened their monetary policies and raised key interest rates significantly. This is having a negative impact on demand, especially for capital goods. The situation is not expected to change in the short term.

These effects of the macroeconomic environment are also having an impact on the WashTec Group's business development, currently reflected above all in the year-on-year decline in incoming orders.

Nevertheless, the order backlog remained at a high level overall at the end of the first six months of 2023. The after-sales business developed very positively, especially in the chemicals business, thanks to successful new customer acquisition.

Against this backdrop, the WashTec Group confirms its guidance for fiscal year 2023. For revenue performance, the Company expects revenue in the range of ±3% of the prior year and a significant increase in EBIT by ≥ 10%.

This guidance is fundamentally subject to uncertainties. These may result, for example, from a possible escalation of the conflict in Ukraine, a significant deterioration of economic conditions in key sales markets, or additional burdens from structural adjustments.

2.2 Opportunities and risk report

The WashTec Group's opportunity and risk management system is described in the Annual Report 2022. The assessment of the opportunities and risks described there has changed in the following categories as of the end of first half of 2023:

The risks described in the Annual Report 2022 with regard to **overall economic development** have been confirmed and have materialized to a greater extent than expected at that time. High inflation rates and increased borrowing costs are having a negative impact on consumption and investment. As a result, the Company expects that order intake will continue to be restrained for the remainder of the year.

Supplier risks have decreased, especially with regard to material availability, as a result of the easing of global supply chains in the first six months.

In the area of **customers, competition and the market**, the risk of rising interest rates due to successive increases in key interest rates to combat inflation has materialized and is weakening the investment behavior of customers and thus the revenue performance of the WashTec Group.

The remaining opportunities and risks described in the Annual Report 2022 have not significantly changed as of mid-year 2023.

3. Other information

3.1 Related party disclosures

For information on related party transactions, please see Note 9 on page 32 of the notes to the interim condensed consolidated financial statements.

3.2 Events after the reporting period

There were no material events after the reporting period.

4. WashTec shares and investor relations

The Management Board communicated with shareholders, journalists and the financial community on an ongoing basis in the first half year. In addition to numerous meetings with investors, analysts and interested parties, management participated in investor relations events such as the Hamburg Investor Days (HIT), the Equityforum spring conference, the Warburg Highlights conference and a multi-day roadshow in Zurich and Paris.

4.1 Share price performance

The WashTec share price was €35.80 on June 30, 2023. This marks a gain of approximately 3.76% on the closing price of €34.50 on December 30, 2022.

WashTec shares are currently covered, with up-to-date analyses, by Hauck & Aufhäuser and MM Warburg. The price targets given by analysts are between €49 and €62 (as of July 2023).

4.2 Shareholder structure

The following changes in shareholder structure during the first half of the year were reported to the Company in voting rights notifications under the Securities Trading Act (Wertpapierhandelsgesetz):

Union Investment Privatfonds GmbH, Frankfurt am Main, Germany, notified WashTec AG that its share of voting rights on January 18, 2023 was 5.53% instead of previously 4.79%.

Alantra EQMC ICAV, Dublin, Ireland, notified WashTec AG that its share of the voting rights on February 7, 2023 was now 15.14% instead of previously 10.06%.

Shareholding in %	Jun 30, 2023
EQMC ICAV[1]	15.14
Kempen Oranje Participaties N.V.	9.60
Dr. Kurt Schwarz[2]	6.82
Investment AG für langfristige Investoren, TGV	5.43
Axxion S.A.	4.99
Union Investment Privatfonds GmbH	4.79
Paradigm Capital Value Fund SICAV	4.58
Treasury shares	4.25
Diversity Industrie Holding AG	4.00
Free float	40.40

[1] Alantra EQMC Asset Management, SGIIC, S.A.
[2] Leifina GmbH & Co. KG et al.

Based on notifications made pursuant to the Securities Trading Act (WpHG)

Manager Transactions

Mr. Andreas Pabst, member of the Management Board, acquired 500 shares on February 6, 2023 and a further 2,500 shares on June 28, 2023.

Mr. Sebastian Kutz, member of the Management Board, acquired 750 shares on June 22, 2023.

Dr. Ralf Koeppe, member of the Management Board, acquired 800 shares on June 28, 2023.

Interim Condensed Consolidated Financial Statements

Consolidated Income Statement

in €k	H1 2023	H1 2022	Q2 2023	Q2 2022
Revenue	236,247	219,950	127,081	118,929
Cost of sales	−173,128	−160,617	−91,770	−86,671
Gross profit	**63,119**	**59,333**	**35,310**	**32,258**
Research and development expenses	−6,990	−7,130	−3,460	−3,521
Selling expenses	−31,926	−31,080	−16,826	−16,577
Administrative expenses	−9,023	−9,630	−4,773	−4,686
Other income	2,745	4,195	1,093	1,916
Other expenses	−2,548	−2,791	−1,440	−1,123
Earnings before interest and taxes (EBIT)	**15,378**	**12,897**	**9,905**	**8,267**
Financial income	278	10	18	3
Financial expenses	−1,668	−346	−1,084	−161
Financial result	**−1,390**	**−336**	**−1,066**	**−158**
Earnings before taxes (EBT)	**13,989**	**12,561**	**8,840**	**8,110**
Income taxes	−4,350	−4,491	−2,673	−2,343
Net income	**9,639**	**8,070**	**6,167**	**5,767**
Average number of shares in units	**13,382,324**	**13,382,324**	**13,382,324**	**13,382,324**
Earnings per share (basic = diluted) in €	**0.72**	**0.60**	**0.46**	**0.43**

The Notes to the Consolidated Financial Statements are an integral part of the Consolidated Financial Statements.

Consolidated Statement of Comprehensive Income

in €k	H1 2023	H1 2022	Q2 2023	Q2 2022
Net income	**9,639**	8,070	**6,167**	5,767
Actuarial gains/losses from defined benefit obligations and similar obligations	123	1,486	123	1,486
Deferred taxes	−40	−474	−40	−474
Items that will not be reclassified to profit or loss	**83**	1,012	**83**	1,012
Changes in fair value of financial instruments used for hedging purposes recognized in equity	89	0	150	0
Adjustment item for currency translation of foreign subsidiaries	−479	1,187	47	764
Exchange differences on net investments in subsidiaries	125	495	103	233
Deferred taxes	−26	−175	−26	−133
Items that may be subsequently reclassified to profit or loss	**−291**	1,507	**275**	864
Other comprehensive income	**−208**	2,519	**358**	1,875
Total comprehensive income	**9,430**	10,589	**6,525**	7,642

The Notes to the Consolidated Financial Statements are an integral part of the Consolidated Financial Statements.

Consolidated Balance Sheet – Assets

in €k	Jun 30, 2023	Dec 31, 2022
Property, plant and equipment	34,478	25,268
Goodwill	42,312	42,312
Intangible assets	6,940	7,032
Right-of-use assets	15,793	17,337
Non-current trade receivables	4,202	3,430
Other non-current financial assets	260	277
Other non-current non-financial assets	602	538
Deferred tax assets	4,259	3,856
Non-current assets	**108,846**	**100,051**
Inventories	72,070	71,647
Current trade receivables	70,538	78,801
Tax receivables	14,806	16,028
Other current financial assets	1,923	1,486
Other current non-financial assets	5,450	2,255
Cash and cash equivalents	14,080	14,215
Current assets	**178,867**	**184,432**
Total assets	**287,712**	**284,483**

The Notes to the Consolidated Financial Statements are an integral part of the Consolidated Financial Statements.

Consolidated Balance Sheet – Equity and Liabilities

in €k	Jun 30, 2023	Dec 31, 2022
Subscribed capital	40,000	40,000
Capital reserves	36,463	36,463
Treasury shares	−13,177	−13,177
Other reserves and currency translation effects	−3,159	−2,942
Profit carried forward	−1,660	1,426
Net income	9,639	26,355
Equity	**68,106**	**88,125**
Non-current interest-bearing loans	6,534	0
Non-current lease liabilities	9,086	10,166
Provisions for pensions	8,329	8,528
Other non-current provisions	2,863	3,199
Other non-current financial liabilities	138	168
Other non-current non-financial liabilities	1,552	1,522
Non-current contract liabilities	1,493	1,738
Deferred tax liabilities	1,681	1,600
Non-current liabilities	**31,675**	**26,920**
Interest-bearing loans	63,165	41,362
Current lease liabilities	7,646	7,936
Trade payables	21,124	22,711
Income tax liabilities	2,938	7,514
Other current financial liabilities	21,841	20,597
Other current non-financial liabilities	26,389	25,606
Other current provisions	8,840	9,087
Current contract liabilities	35,987	34,625
Current liabilities	**187,931**	**169,437**
Total equity and liabilities	**287,712**	**284,483**

The Notes to the Consolidated Financial Statements are an integral part of the Consolidated Financial Statements.

Consolidated Statement of Changes in Equity

in €k	Number of shares (in units)	Subscribed capital	Capital reserves	Treasury shares	Other reserves and currency translation effects	Profit carried forward	Total
As of January 1, 2023	**13,382,324**	**40,000**	**36,463**	**−13,177**	**−2,942**	**27,781**	**88,125**
Income and expenses recognized directly in equity					−142		−142
Taxes on transactions recognized directly in equity					−66		−66
Share-based payment					−9		−9
Dividend						−29,441	−29,441
Net income						9,639	9,639
As of June 30, 2023	**13,382,324**	**40,000**	**36,463**	**−13,177**	**−3,159**	**7,978**	**68,106**

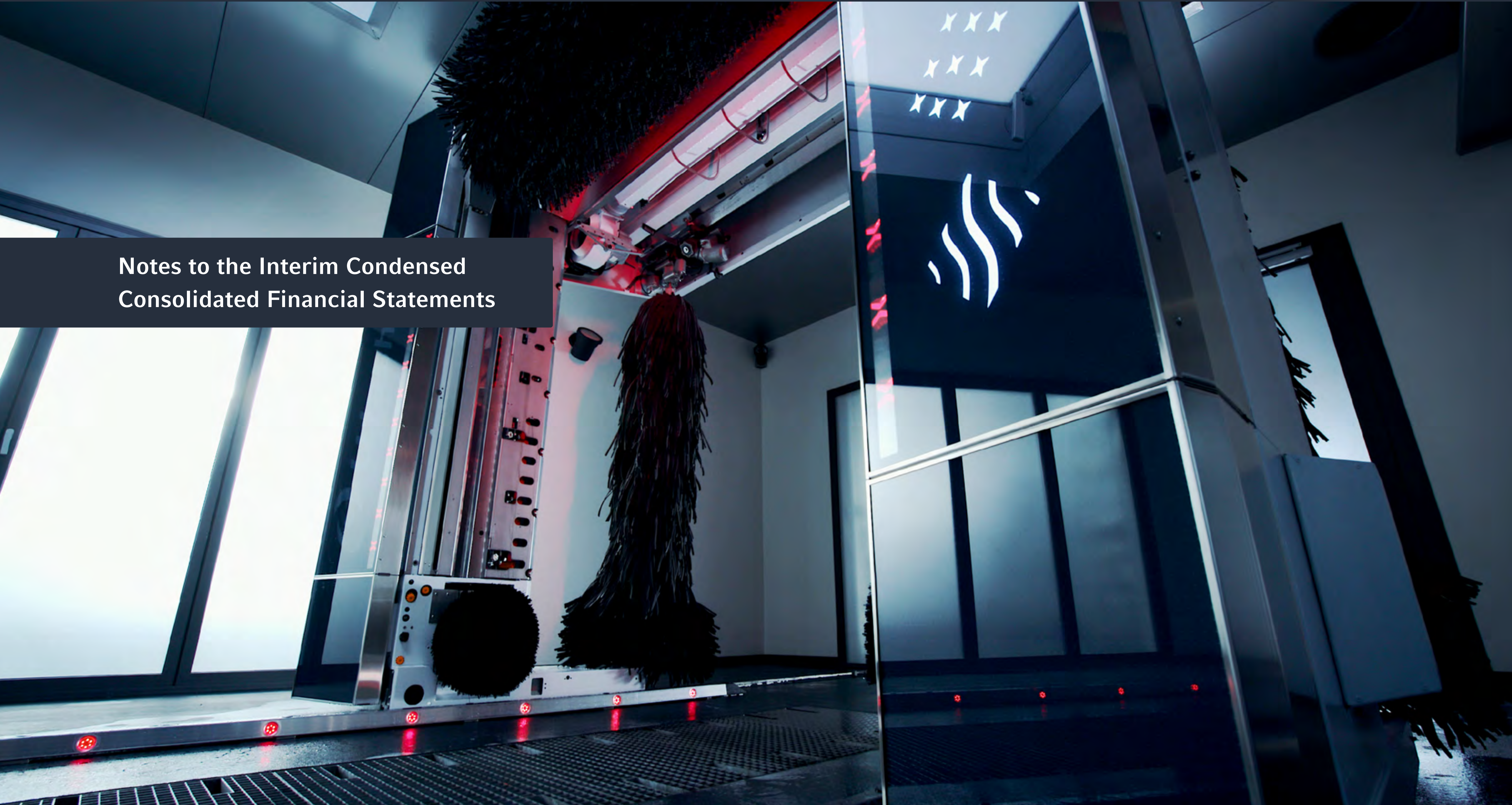
in €k	Number of shares (in units)	Subscribed capital	Capital reserves	Treasury shares	Other reserves and currency translation effects	Profit carried forward	Total
As of January 1, 2022	**13,382,324**	**40,000**	**36,463**	**−13,177**	**−5,074**	**40,235**	**98,448**
Income and expenses recognized directly in equity					3,168		3,168
Taxes on transactions recognized directly in equity					−649		−649
Share-based payment					52		52
Dividend						−38,809	−38,809
Net income						8.070	8.070
As of June 30, 2022	**13,382,324**	**40,000**	**36,463**	**−13,177**	**−2,503**	**9,496**	**70,280**

The Notes to the Consolidated Financial Statements are an integral part of the Consolidated Financial Statements.

Consolidated Cash Flow Statement

in €k	H1 2023	H1 2022
Earnings before taxes (EBT)	**13,989**	**12,561**
Amortization, depreciation and impairment	7,294	7,098
Gain/loss from disposals of non-current assets	−102	−191
Other gains/losses	−3,287	−2,263
Financial income	−278	−10
Financial expenses	1,668	346
Movements in provisions	−627	−1,923
Income tax paid	−8,117	−7,836
Gross cash flow	**10,539**	**7,783**
Increase/decrease in trade receivables	7,064	1,542
Increase/decrease in inventories	−1,063	−17,520
Increase/decrease in trade payables	−1,378	8,737
Increase/decrease in prepayments on orders	1,689	−670
Increase/decrease in net operating working capital	**6,313**	**−7,911**
Changes in other net working capital	1,909	−135
Net cash in-/outflow from operating activities	**18,761**	**−263**
Purchase of property, plant and equipment (without leases)	−12,388	−2,429
Proceeds from sale of property, plant and equipment	136	234
Net cash outflow from investing activities	**−12,252**	**−2,194**
Free cash flow	**6,509**	**−2,457**
Assumption of interest-bearing loans	9,720	0
Repayment of interest-bearing loans	−1,242	0
Dividend paid	−29,441	−38,809
Interest received	90	10
Interest paid	−1,629	−346
Repayment of lease liabilities	−4,125	−4,376
Net cash outflow from financing activities	**−26,628**	**−43,521**
Net increase/decrease in cash funds	**−20,119**	**−45,978**
Net foreign exchange difference	**−163**	**662**
Cash funds at January 1	**−27,147**	**4,538**
Cash funds at June 30	**−47,428**	**−40,778**

The Notes to the Consolidated Financial Statements are an integral part of the Consolidated Financial Statements.



Notes to the Interim Condensed Consolidated Financial Statements

Notes to the Interim Condensed Consolidated Financial Statements of WashTec AG (IFRS) for the period January 1 to June 30, 2023

Audit review note: This document has neither been audited in accordance with section 317 of the German Commercial Code (HGB) nor reviewed by an auditor. However, the auditor has performed audit procedures and assessed the interim financial statements.

1. Information on the Company

The ultimate parent company of the WashTec Group is WashTec AG, which is entered in the commercial register for the City of Augsburg, Germany, under registration number HRB 81.

The Company’s registered office is located at Argonstrasse 7 in 86153 Augsburg, Germany.

The Company’s shares are in free float and are listed on the Open Market in the Prime Standard segment of Frankfurt stock exchange.

The purpose of the WashTec Group comprises the development, manufacture, sale and servicing of carwash products and washing chemicals, as well as leasing and all related services and financing solutions required in order to operate carwash equipment.

2. Accounting policies

Basis of preparation of the financial statements

The interim condensed consolidated financial statements for the period January 1 to June 30, 2023 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim condensed consolidated financial statements do not contain all explanations and disclosures required for annual financial statements and should be read in conjunction with the consolidated financial statements for the fiscal year ended December 31, 2022.

The accounting policies applied in the interim condensed consolidated financial statements correspond to those applied in the consolidated financial statements for the fiscal year ending December 31, 2022. Tax is computed for interim financial statements by multiplying earnings before tax with the expected applicable annual tax rate.

The interim condensed consolidated financial statements are prepared in euros. Unless otherwise indicated, all figures are rounded to the nearest thousand (€k); this may result in rounding differences. The fiscal year is the calendar year.

Effects of new financial reporting standards

New and amended financial reporting standards entered into force in the period under review. The WashTec Group applied the following new and revised International Financial Reporting Standards (IFRS) and Interpretations in fiscal year 2023:

Standard/ interpretation	Title	Mandatory application	EU endorsement	Material effects on the Group
IFRS 17	Insurance Contracts, including amendments to IFRS 17	January 1, 2023	November 23, 2021	None
IFRS 17	Amendments to IFRS 17 – Initial Application of IFRS 17 and IFRS 9 – Comparative Information	January 1, 2023	September 9, 2022	None
IAS 1	Amendments to IAS 1 – Disclosure of Accounting Policies	January 1, 2023	March 3, 2022	None
IAS 8	Amendments to IAS 8 – Definition of Accounting Estimates	January 1, 2023	March 3, 2022	None
IAS 12	Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a single Transaction	January 1, 2023	August 12, 2022	This does not have any impact on the WashTec Group, as the approach was already adopted on the implementation of IFRS 16.

Effects of new standards that have been issued by IASB and the IFRS Interpretations Committee and do not yet have to be applied in fiscal year 2023

The International Accounting Standards Board (IASB) and the IFRS Interpretations Committee have also issued additional standards, interpretations and amendments as listed below that did not yet have to be applied in fiscal year 2023 and/or have not yet been endorsed by the European Union.

The WashTec Group had not elected early application of these standards as of June 30, 2023. First-time application of the standards is planned when they are recognized and endorsed by the EU.

Standard/ interpretation	Title	Mandatory application	EU endorsement	Material effects on the Group
IAS 12	Amendments to IAS 12 – International Tax Reform – Pillar Two Model Rules	Immediately/ January 1, 2023	Yet to be determined	None
IAS 1	Amendments to IAS 1 – Classification of Liabilities as Current or Non-Current	January 1, 2024	Yet to be determined	None
IAS 1	Amendments to IAS 1 – Non-Current Liabilities with Covenants	January 1, 2024	Yet to be determined	None
IFRS 16	Amendments to IFRS 16 – Lease Liabilities in a Sale and Leaseback	January 1, 2024	Yet to be determined	None
IAS 7	Amendments to IAS 7 and IAS 7 – Supplier Finance Agreements	January 1, 2024	Yet to be determined	None

3. Segment reporting

By segments, H1 2023 in €k	Europe	North America	Asia/ Pacific	Conso- lidation	Group
Revenue	**184,387**	**48,529**	**8,882**	**–5,551**	**236,247**
of which with third parties	178,936	48,428	8,882	0	236,247
of which with other segments	5,450	101	0	–5,551	0
Earnings before interest and taxes (EBIT)	**14,206**	**1,306**	**–202**	**67**	**15,378**
EBIT margin in %	7.7	2.7	–2.3	–	6.5
Financial income					278
Financial expenses					–1,668
Earnings before taxes (EBT)					**13,989**
Income taxes					–4,350
Net income					**9,639**

By segments, H1 2022 in €k	Europe	North America	Asia/ Pacific	Conso- lidation	Group
Revenue	**174,796**	**43,801**	**7,801**	**–6,448**	**219,950**
of which with third parties	168,483	43,666	7,801	0	219,950
of which with other segments	6,313	135	0	–6,448	0
Earnings before interest and taxes (EBIT)	**14,273**	**–1,253**	**456**	**–578**	**12,897**
EBIT margin in %	8.2	–2.9	5.8	–	5.9
Financial income					10
Financial expenses					–346
Earnings before taxes (EBT)					**12,561**
Income taxes					–4,491
Net income					**8,070**

Disaggregation of revenue with customers by satisfaction of the performance obligation and recognition of revenue

H1 2023 in €k	Europe	North America	Asia/ Pacific	Conso- lidation	Group
Recognition at a point in time	183,915	47,775	8,882	–5,551	**235,022**
Recognition over time	472	754	0	0	**1,225**

H1 2022 in €k	Europe	North America	Asia/ Pacific	Conso- lidation	Group
Recognition at a point in time	173,815	43,331	7,801	–6,448	**218,499**
Recognition over time	981	470	0	0	**1,450**

4. Other income and expenses

in €k	H1 2023	H1 2022
Other income	2,745	4,195
Change in loss allowances on trade receivables	–33	–250
Other expenses	–2,515	–2,541
Total	**197**	**1,404**

5. Equity

The subscribed capital of WashTec AG as of June 30, 2023 is €40,000k. It is divided into 13,976,970 no-par-value bearer shares and is fully paid in.

Due to purchases of treasury shares in 2012, 2013 and 2015, the average weighted number of issued and outstanding shares is 13,382,324 shares (prior year: 13,382,324 shares).

The Annual General Meeting of May 15, 2023 resolved, among other things, for the distributable profit of €29,804,169.57 shown in the Company's annual financial statements for fiscal year 2022 to be appropriated for payment of a dividend of €2.20 per eligible no-par value share, totaling €29,441,112.80, and for the remaining distributable profit of €363,056.77 to be carried forward.

6. Financial instruments

The table below shows the carrying amounts, measurement and fair values of relevant balance sheet items by measurement category.

in €k	IFRS 9 category	Carrying amount Jun 30, 2023	Measurement under IFRS 9			Measurement under IFRS 16	Fair value Jun 30, 2023**	IFRS 13 level
			Amortized cost	At fair value through other comprehensive income	At fair value through profit or loss			
Assets								
Non-current trade receivables	AC*	4,386	4,386	–	–	–	4,202	–
Other non-current financial assets	AC*	260	260	–	–	–	–	–
Non-current derivative financial assets	FVthOCI*	0	–	48	–	–	48	2
Current trade receivables	AC*	70,538	70,538	–	–	–	–	–
Other current financial assets	AC*	1,923	1,923	–	–	–	–	–
Current derivative financial assets	FVthOCI*	0	–	41	–	–	41	2
Cash and cash equivalents	AC*	14,080	14,080	–	–	–	–	–
Equity and liabilites								
Non-current interest-bearing loans	FLAC*	6,534	6,534	–	–	–	6,104	–
Non-current lease liabilities	n/a	9,086	–	–	–	9,086	–	–
Other non-current financial liabilities	FLAC*	138	138	–	–	–	–	–
Current interest-bearing loans	FLAC*	63,165	63,165	–	–	–	–	–
Current lease liabilities	n/a	7,646	–	–	–	7,646	–	–
Trade payables	FLAC*	21,124	21,124	–	–	–	–	–
Other current financial liablities	FLAC*	21,841	21,841	–	–	–	–	–
Aggregated presentation by measurement category in accordance with IFRS 9								
Financial assets at amortized cost	AC*	91,187	91,187	–	–	–	4,202	–
Financial liabilites at amortized cost	FLAC*	112,802	112,802	–	–	–	7,357	–
Financial assets at fair value through other comprehensive income	FVthOCI*	0	–	89	–	–	89	–

**AC: financial assets at amortized cost; FVthOCI: at fair value through other comprehensive income; FLAC: financial liabilities at amortized cost*
*** For current financial instruments at amortized cost, the carrying amount at the reporting date is assumed to approximate fair value.*

in €k	IFRS 9 category	Carrying amount Dec 31, 2022	Measurement under IFRS 9		Measurement under IFRS 16	Fair value Dec 31, 2022**	IFRS 13 level
			Amortized cost	At fair value through proft or loss			
Assets							
Non-current trade receivables	AC*	3,767	3,767	–	–	3,430	–
Other non-current financial assets	AC*	277	277	–	–	–	–
Current trade receivables	AC*	78,801	78,801	–	–	–	–
Other current financial assets	AC*	1,486	1,486	–	–	–	–
Cash and cash equivalents	AC*	14,215	14,215	–	–	–	–
Equity and liabilities							
Non-current lease liabilities	n/a	10,166	–	–	10,166	–	–
Other non-current financial liabilities	FLAC*	168	168	–	–	–	–
Interest-bearing loans	FLAC*	41,362	41,362	–	–	–	–
Current lease liabilities	n/a	7,936	–	–	7,936	–	–
Trade payables	FLAC*	22,711	22,711	–	–	–	–
Other current financial liabilities	FLAC*	20,597	20,597	–	–	–	–
Aggregated presentation by measurement category in accordance with IFRS 9							
Financial assets at amortized cost	AC*	98,547	98,547	–	–	3,430	–
Financial liabilities at amortized cost	FLAC*	84,838	84,838	–	–	–	–

**AC: financial assets at amortized cost; FLAC: financial liabilities at amortized cost*
*** For current financial instruments at amortized cost, the carrying amount at the reporting date is assumed to approximate fair value.*

Due to their short terms, the fair values of current trade receivables, trade payables and cash and cash equivalents as well as other financial assets and other financial liabilities generally match their carrying amounts. The fair value of non-current trade receivables and lease liabilities on initial recognition is determined by discounting the expected future cash flows at current market interest rates. Derivative financial assets in Level 2 include interest rate swaps, which are measured at the fair value of the estimated future cash flows based on observable yield curves.

Derivative financial instruments in the form of long-term and short-term interest rate swaps have been entered into during the year. The long-term interest rate swaps are used to hedge the interest rate risk on the bank loans taken out to finance the purchase price of the site of the US subsidiary. The short-term interest rate swaps are used to hedge the interest rate risk of the remaining loan liabilities.

7. Composition of cash funds

For the purposes of the consolidated cash flow statement, cash funds comprise the following:

in €k	Jun 30, 2023	Jun 30, 2022
Cash and cash equivalents	14,080	13,556
Overdrafts/short-term interest-bearing loans	−61,509	−54,334
Cash funds	**−47,429**	**−40,778**

8. Contingent liabilities and other financial obligations

There was no material change in contingent liabilities and other financial obligations relative to December 31, 2022.

9. Related party disclosures

Management Board and Supervisory Board shareholdings developed as follows:

Shares held by the Management Board (units)	Jun 30, 2023	Dec 31, 2022
Dr. Ralf Koeppe	4,400	3,600
Andreas Pabst (since Oct 1, 2022)	3,500*	102
Stephan Weber (until Feb 28, 2023)	–	4,330
Sebastian Kutz (since Mar 1, 2023)	4,750	–

**Including non-reportable securities transactions for the acquisition of 500 shares in 2022 and 2023.*

Shares held by the Supervisory Board (units)	Jun 30, 2023	Dec 31, 2022
Dr. Günter Blaschke	52,060	52,060
Ulrich Bellgardt	31,000	31,000
Dr. Hans-Friedrich Liebler	5,500	5,500
Heinrich von Portatius (since May 16, 2022)	0	0
Dr. Alexander Selent	2,000	2,000
Peter Wiedemann (since May 16, 2022)	2,000	2,000

At the Annual General Meeting on May 15, 2023, Supervisory Board members Dr. Günter Blaschke and Ulrich Bellgardt were re-elected for a further four years.

There were no material related party transactions within the meaning of IAS 24 during the reporting period.

10. Events after the balance sheet date

There were no significant events after the balance sheet date.

Responsibility statement

»To the best of our knowledge, and in accordance with the applicable reporting principles for interim reporting, the interim condensed consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the group Interim 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.«

Augsburg, July 27, 2023

Dr. Ralf Koeppe	Sebastian Kutz	Andreas Pabst
Chief Executive Officer	Management Board member	Management Board member

Contact

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Financial Calendar

Oct 27, 2023	Quarterly statement Q1–3 2023
Nov 27–29, 2022	Equity Forum, Frankfurt

WashTec