Knaus Tabbert AG

Interim financial report

30. June 2020

Contents

Knaus Tabbert AG Jandelsbrunn

GROUP INTERIM MANAGEMENT REPORT as at 30.06.2020

A. Business and General Conditions

1. Fundamentals of the Company / Economic and legal framework

Knaus Tabbert GmbH - as the parent company of the Knaus Tabbert Group - was transformed into Knaus Tabbert AG on 07.08.2020 pursuant to the provisions of the Transformation Act [Umwandlungsgesetz]. It was registered in the Commercial Register on 14.08.2020 under HRB number 11089.

The Knaus Tabbert Group under the uniform control of Knaus Tabbert AG primarily produces and sells products for the recreational and utility vehicle market in the premium and luxury segment. In fact, the segments offer similar types of products in terms of motorhomes. However the production processes and target customer groups differ considerably. The premium segment comprises the production and sale of caravans, motorhomes and camper vans as well as the leasing of caravans and motorhomes. The luxury segment comprises the production and sale of luxury motorhomes. While the Knaus, Tabbert, Weinsberg and T@b brands belong to the premium segment, the MORELO brand motorhomes are part of the luxury segment. The product range of the Knaus Tabbert Group thus essentially comprises the caravan, motorhome and camper van product types. The main sales market for both the premium and the luxury segment is the European Union.

2. Financial control system

The Group’s financial control system defines relevant key figures that are important for measuring the performance of our business. By monitoring these key figures it is possible to identify undesirable developments at an early stage and to initiate countermeasures. In addition, growth areas can be identified and appropriate investments can be initiated.

We have defined the most significant financial performance indicators as:

- Revenue
- EBITDA
- Equity ratio

B. Economic report

1. Situation in the sector

1.1 General economic conditions in Europe and Germany

The international Corona lockdown has led to a drop in gross domestic product (GDP) of 12.1% in the eurozone in the second quarter compared to the previous quarter. This collapse is not only of historic proportions. GDP is in fact now no higher than it was in 2005! Despite the anticipated strong recovery, it could be years before this recession is reversed.

One look at the major Member States for whom preliminary calculations and estimates are available also demonstrates the dramatic nature of the Corona recession. All countries recorded double-digit falls in the quarterly rate in the second quarter of 2020. The German economy emerged as the best. There the figure was down by 10.1%; down by 12.4% in Italy; down by 13.8% in France; and down as much as 18.5% in Spain.

The current crisis might therefore have reached its low point. Survey-based indicators such as PMIs have been indicating an improvement in the economic situation since May. Retail sales figures and production figures from industry show that parts of the economy are showing a sharp upward trend with the easing of restrictions. Fiscal measures by individual countries and at EU level will also help. Also, the loss of jobs has been relatively low so far, as short-time working is being used extensively. The “ingredients" for recovery are in place.

There is actually much to suggest a real recovery. However, risks such as a hard Brexit or the trade disputes between the USA and China must not be forgotten. Therefore, a reduction in gross domestic product of around 9% is expected in the EMU for 2020. And that is also only if a second wave and another lockdown can be avoided.

1.2 Caravan and motorhome market

Production figures fell sharply in the Corona months, but recovery in the second half of the year is in sight

It is not surprising that even German production figures for recreational vehicles - just like other industries - experienced a double-digit decline in the first half of 2020. A severe decline was recorded with -26.9% in the caravan sector and -12.6% in the motorhome sector. Caravan exports suffered a similar decline at -25.5% and motorhomes -19.7% in the first six months. Production of recreational vehicles shrank by more than half, especially in April, the month of the total shutdown. According to current CIVD calculations, the health crisis has caused loss of production of approximately 15.000 recreational vehicles, which represents the average monthly production of caravans and motorhomes. It is no longer possible to make up for this deficit before the end of the year. It should also be noted, however, based on information currently available, that after this devastating experience, production has been experiencing a significant recovery, particularly from July onwards. It cannot be overlooked that, due to production fall-offs and simultaneous high demand for licences, dealerships' inventory levels fell significantly in this period.

After lengthy negotiations, the recovery plan to revive and save the economy in the EU is now also at European level. Following a marathon meeting in Brussels, a Corona Recovery Fund was agreed to the tune of a staggering 750 billion euro. The successful decision was followed by the customary praise of the heads of government that the decision was a "historic result" and "good sign for Europe". In fact, the Transfer Union for Europe was effectively agreed in accordance with the ESM Banking Union (ESM bailout) in the wake of the financial crisis by the Corona Recovery Fund. For the first time, the EU is therefore able to take out loans itself and also impose an EU tax (recyclable waste), and thus intervene enormously in the national sovereignty of the EU states. The so-called "frugal four" (Netherlands, Austria, Denmark, Sweden and Finland) were unable to assert their objections completely. The decision comes under severe criticism both from economists and the "frugal four" because it offers no incentive for reforms of economically weak nations. According to Commerzbank calculations, the countries Italy, Spain, France and Poland in particular benefit from the implemented fund.

High demand in July - record month for caravans and motorhomes

After an impressive race to catch up by the German recreational vehicle market with double-digit growth rates in the months before, preliminary registration figures for caravans and motorhomes were literally booming in July. With a sensational 94.7%, motorhomes achieved almost double the registrations of the previous year. Growth in the caravan segment is particularly encouraging and continues double-digit growth of 59.6%. The result of the previous year has therefore almost been achieved this calendar year, consequently offsetting the Corona-induced decline within just five months.

2. Overview of business development

In the first half of 2020, the Group continued to maintain or further expand its market position in all the major markets in line with the registration figures. In the important sales market of Germany, Knaus Tabbert GmbH has a clear presence with its motorhome and camper van brands with a market share of 14.5%. In Europe, too, the Company was once again among the market leaders with a 9.1% market share. The Knaus Tabbert Group achieved a market share of 24.1% for caravans in Germany and 18.0% in Europe, and is also among the top performers in the registration statistics of the CIVD (Caravaning Industrie Verband e.V.).

As described in Chapter A. 2, the Knaus Tabbert Group manages operations based on the key figures revenue, EBITDA and equity ratio. EBITDA is calculated as earnings before interest, taxes and depreciation, while the equity ratio is calculated as a ratio of equity to the balance sheet total. The Company does not have non-financial performance indicators.

The most significant financial performance indicators as at 30 June 2020 were as follows:

Financial performance indicator	**Premium segment 2020 KEUR**	**Luxury segment 2020 KEUR**	**Total 2020 KEUR**
Revenue	307,601	51,748	359,349
EBITDA*	26,129	6,715	32,844
Equity ratio	25.68%*	40.94%*	27.5%

As at 30 June 2019, the most significant financial performance indicators for comparison purposes were as follows:

Financial performance indicator	**Premium segment 2019 KEUR**	**Luxury segment 2019 KEUR**	**Total 2019 KEUR**
Revenue	342,287	51,759	394,046
EBITDA	30,275	6,426	36,700
Equity ratio	31.46%*	39.28%	31.47%

* The equity ratio of the premium segment was based on the individual financial statements of the premium manufacturer Knaus Tabbert GmbH, as no separate subgroup financial statements are prepared for the premium segment.

- ** For the calculation of EBITDA, see also note 4.

Revenue growth in the first half of 2020 was very positive despite the impact of the Corona pandemic, but is below the forecast for the first half of 2020. Sales amounted to € 359.3 million up to 30.06.2020 (compared to the previous year at € 394.0 million as at 30.06.2019). EBITDA fell by € 3.8 million from € 36.7 million (previous year) to € 32.8 million as at 30.06.2020 due to the reduction in sales and the impact of the Corona pandemic. However, despite the effects of the Corona pandemic, EBITDA calculated as a percentage based on revenue was at the level for the year (9.3% for both 30.06.2019 and 30.06.2020). Therefore as at 30.06.2020 the half-year result was down by € 4.3 million to € 15.4 million compared to the first half of 2019.

The inventories decreased significantly by 585 units compared to the previous year. On the reporting date vehicle inventories at 1,408 units were down on forecasts (1,531 units), this essentially being due to lower production as a result of the Corona lockdown, as well as very strong sales demand in the months of May and June 2020.

The cash flow from operating activities was mainly used for profit distributions to the shareholder and investments made in the financial year.

2.1 Earnings situation

In the first half of 2020 the Knaus Tabbert Group generated sales of € 359.3 million (previous year: € 394.0 million). Sales amounted to 72.11 % (previous year: 66.32%) mainly from domestic sales. In the domestic market, at € 2.2 million (after bonuses and discounts) sales were therefore only 0.8% below the previous year. Foreign sales fell by € 32.5 million i.e. 24.5% compared to the previous year.

In the premium segment, sales of € 307.6 million were generated (previous year € 342.3 million) and an EBITDA of € 26.1 million (previous year: € 30.3 million). This is equivalent to a 10.1% fall in sales and 13.7 % fall in EBITDA. The luxury segment reported sales of € 51.7 million in the first half of the year (previous year € 51.7 million) and an EBITDA of € 6.7 million (previous year: € 6.4 million). This is equivalent to an increase in EBITDA of 4.5%.

Total sales of € 359.3 million comprised 27.2% (5,916 units, previous year 7,641 units) in the caravan product type and 70.1 % (5,156 units, previous year 5,725 units) for motorhomes (premium and luxury segments). In the premium segment 11,850 units were sold (previous year: 13,132) and in the luxury segment 222 units (previous year: 234). The other revenue of 2.7% was mainly generated in the after-sales segment.

As in the previous year, the main sales markets of the premium and luxury segment in the past financial year were Germany and the export countries of France, the Netherlands and Scandinavia.

Overall performance (including other operating income) declined by 14.6% compared to the previous year (€ 359.3 million, previous year: € 420.7 million).

The material cost ratio based on overall performance fell by 2.9 % compared to the previous year and thus to 67.8 %, mainly due to better purchasing conditions, especially in the field of chassis suppliers.

Personnel costs decreased by € 1.7 million to € 54.4 million compared to the previous year (€ 56.1 million). The reduction is mainly due to the adjustment of production over the lockdown period. During production shutdown, employee hourly time accounts were reduced and short-time work requested to a lesser extent.

Other operating expenses fell to € 28.3 million due to savings in advertising costs and distribution costs as well as travel costs (previous year: €30.2 million).

Depreciation and amortization increased by 36.3% compared to the previous year (€ 8.1 million) and thus to € 9.4 million due to higher investments in the 2019 financial year.

In the first half of the year, financing costs amounted to € 1.5 million (previous year € 1.2 million). Of this amount, K€ 708 (previous year: K€ 629) is attributable to short-term working capital financing.

The consolidated net income generated as at 30.06.2020 was € 15.0 million (previous year: € 19.7 million). € 30 million was distributed to shareholders from the balance sheet profit of previous years. The change in key figures is largely due to the effects of the Corona pandemic.

2.2 Asset situation

The intangible assets include investments in development costs of € 2.7 million (previous year € 3.1 million), mainly due to the redevelopment of our caravans and motorhomes. Investments in development costs relate to the premium segment; no development costs were capitalised in the luxury segment.

Investments in property, plant and equipment of € 4.7 million (previous year €19.6 million) mainly include investments in tools and machinery that are required for the production of the new models in both segments. Of the investments, at the balance sheet date € 1.1 million (previous year € 4.3 million) were in assets under construction.

Compared to the previous year, inventories decreased significantly by 585 units. Therefore on the reporting date, vehicle inventories at 1,408 units were down on forecasts (1,531 units), mainly due to the effects of the production shutdown in April, as well as the very good sales demand in the months of May and June 2020.

The balance sheet equity of the Group is € 88.2 million (previous year: € 101.9 million). In June 2020, a payment into the capital reserve of € 5 million was made in order to strengthen the balance sheet equity. The balance sheet equity ratio was 27.5 % as at 30.06.2020 having fallen by 4 percentage points compared to the previous year. This is mainly due to the dividend payment to the shareholder.

Other provisions and other liabilities are at the previous year's level.

2.3. Financial position

The cash flow from operating activities in the 2019 financial year totalled € 47.4 million (previous year € 35.5 million). It was derived from the net income for the year, taking into account non-cash expenses and income and the change in working capital. The increase in cash flow from operating activities resulted mainly from the increase in trade payables.

The cash flow from operating activities was mainly used for profit distributions to the shareholder and for investments made in the financial year.

The cash flow from investment activities fell to € -7.2 million (previous year € -12.7 million). The previous year is characterised by the first-time accounting based on IFRS16.

The cash flow from financing activities of € -38.6 million (previous year € 21.5 million) is affected by the dividend payment to the shareholder of € 30.0 million (previous year's distributions € 15.0 million) and working capital financing.

In the 2018 financial year, Knaus Tabbert GmbH had concluded a new syndicated loan agreement led by Commerzbank AG for a total of € 80.0 million and due in 2021. This contract was increased to € 100.0 million in the 2019 financial year and its term was extended to 2022. The financial ratios agreed herein in the areas of net debt, equity and net working capital were met as at 30 June 2020

The drawdown of this facility is € 59.1 million (previous year: € 55.7 million). The increase results from investments made in the 2020 financial year and the dividend payment to the shareholder.

2.5 General statement on the economic situation

Overall, the management is very satisfied with the development of the net assets, financial position and results of operations. Despite the COVID effects in the first half of the year, the operating result (EBITDA) and the sales revenue of the Knaus Tabbert Group performed positively. This is mainly due to the strong sales performance in Germany as well as the measures taken in previous years to realign the Group towards profitable growth. We continue to assess our financial situation as very stable, and the refinancing of the syndicated loan agreement provides a sufficient line for the further planned growth in sales. The equity ratio is still considered to be solid. The economic consequences of the Covid-19 pandemic do not change this assessment, taking into account the measures taken. The measures are described in the risk and forecast report.

C. Risks and opportunities

Risk management objectives and methods

The risk management system implemented at the Knaus Tabbert Group records potential risks and assesses them by means of a risk analysis. The respective employees in the individual divisions are responsible for identifying risks. The risks that are identified are subsequently assessed systematically using the criteria 'probability of occurrence', 'potential scope of damage' and 'time horizon' and assigned to defined risk classes.

The probability of occurrence is defined by four categories, 'unlikely' (up to 25%), 'quite likely' (up to 50%), 'likely' (up to 75%) and 'very likely' (over 76%). The potential extent of damage – before mitigating measures – is assessed with regard to the effect on EBITDA and is expressed within the Knaus Tabbert Group in the following intervals: 'low' (up to K€100), 'medium' (up to K€500), 'high' (up to K€2,000) and 'very high' (over K€2,000).

The defined risk classes result in a variety of duties on the part of the individual risk managers to report to the management. Measures have been developed to prevent and mitigate risks. A material element of the risk management system here is also the regular reporting with variance analyses on the results of operations and on the trend in orders by the Company's controlling department. The individual risks that are identified are constantly monitored by the responsible employees and also by the Company's management.

On account of its business activities, the Knaus Tabbert Group must consciously take certain risks in order to be able to take advantage of opportunities and remain successful on the market. A broad range of opportunities and risk fields affect the Group here. The assessment of opportunities and risks in the Knaus Tabbert Group initially refers to a gross approach, i.e. the risk assessment is carried out before the implementation of suitable countermeasures. Impacts of any countermeasures on the risk assessment are included in the relevant risk description of the individual risks.

Significant risks arise for the Group in the following areas:

Risks from operating activities

Impact and consequences of the Covid-19 pandemic

On 11 March 2020, the WHO declared the coronavirus (Covid-19) a pandemic due to its massive and dynamic global spread in more than 150 countries. As a result, governments around the world took extensive measures, all of which led to a more or less massive "lockdown" of industry and public life, with a correspondingly negative impact on businesses, supply chains and demand. The Group has demonstrated that it can react with appropriate measures in this challenging period. The targeted use of measures on the cost and expenditure side, optimisations in working capital or the use of short-time working also enable us to continue to react flexibly to corresponding developments. However, Knaus Tabbert does not see any further deterioration in the prospects in European economies, and in particular the German economy. The concrete effects on the 2020 financial year are presented under D. in the forecast report.

There is no change from the statements of 31.12.2019 as regards the other risks, such as acquisition and market price, IT, market and financial risks.

No other significant risks to future development are currently discernible. There are no risks that could endanger the existence of the Company.

Opportunities

As part of the realignment of the Group implemented in recent years towards profitable growth, streamlining of the product range and concentration on core markets, personnel capacities were adjusted to the current market situation. Technical capacities were already expanded in 2016 at the Hungarian site by the construction of a new Multiline production line. In 2017 and 2018, further capacity expansions were initiated at the Jandelsbrunn site. Since the first quarter of 2018, production has been running on three new final assembly lines. The new service centre at the Schlüsselfeld site was put into operation in 2019. At the Nagyoroszi site in Hungary, investments have already been made for a new assembly line and expansion of camper van production. Investments in the production sites and the associated optimisation of production processes enable more efficient, more flexible and productive manufacturing processes.

Thanks to investments in new developments in the motorhome and caravan sector and integration of the MORELO luxury motorhomes, the Knaus Tabbert Group can serve the entire caravanning market, including the luxury sector, as a full-range supplier. Based on the continuing very positive outlook in the caravanning market, we expect continued positive sales opportunities.

As the successes since 2017 show, investments in the Rent and Travel brand will significantly strengthen the rental business in the retail sector. In addition, Knaus Tabbert is also positioning itself against the competition in terms of digitisation and new marketing models. As a result, we expect further increases in sales of motorhomes and camper vans.

Caravanning has arrived to take its place at the centre of society. It marks a new trend in recreational activities. The high demand for our products offers further growth opportunities for the Knaus Tabbert Group.

Overall assessment of risks and opportunities

The Knaus Tabbert Group consolidates all risks and opportunities in the existing risk management. The risks result in particular from the procurement and sales markets, the warranty and liability risk, and the risk of bad debts. Taking into account the respective probability of occurrence and the potential impact of the risks explained in this report, and in view of the balance sheet structure and current business prospects, management does not expect any substantial threat to the Company's ability to continue as a going concern. This assessment is also supported in particular by our funding structure and orders on hand. The management continues to expect that the earning power of the Group forms a solid basis for future business development and provides the necessary resources to take advantage of the opportunities which present themselves to the Knaus Tabbert GmbH Group. In the opinion of management, the risks described are manageable from today's perspective and do not pose a threat to the continued existence of the Company either individually or in their entirety in terms of their impact and probability of occurrence.

D. Forecast report

The COVID-19 pandemic has led to a deterioration in the political, socio-economic and financial situation in Europe and Germany. As the global COVID-19 pandemic still persists, the economy as a whole, the markets in which the Group operates and thus the Group's business is affected.

For the purposes of the 2020 EBITDA forecast, the Knaus Tabbert Group does not expect economic developments and prospects in the European economies and the German economy in particular to deteriorate further in the second half of 2020.

The impact on the Group's business which had already occurred at the time of this forecast as the result of the COVID-19 pandemic, such as the temporary closure of production facilities or the temporary reduction in production capacity, have been adequately taken into account in the forecast.
For the purposes of the 2020 EBITDA, the Company does not expect there to be a second lockdown or the renewed closing of borders which would require repeated site closures.

The Group expects that the recovery in customer demand for recreational vehicles, which occurred after the nation-wide lockdowns in April, will reach and even exceed the pre-COVID-19 level. Furthermore, the temporary reduction in VAT has had a positive impact on German demand. In addition, the Knaus Tabbert Group expects demand for recreational vehicles to be accelerated by COVID-19 as caravanning is a safe and environmentally friendly form of holiday.

The forecast prepared by the Group as at 31.12.2019, which predicted a fall in sales and a decline in EBITDA, has therefore changed.
Based on the assumptions shown here, the Knaus Tabbert Group now expects that the Group's sales and EBITDA will be at the same level as last year for the 2020 financial year.

In the event of a second closure or temporary closure of the borders as a result of the COVID-19 pandemic, the negative effects on the overall economy, on the markets in which the Group operates, cannot be reasonably estimated or reliably quantified at this stage.
Therefore, in the event of a second closure or temporary closure of the borders, contrary to the expectations given above, the Company may be negatively affected in terms of EBITDA for the 2020 fiscal year compared to the 2019 financial year.

E. Responsibility Statement

We hereby affirm that, to the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the consolidated interim financial statements give a true and fair view of the net assets, financial position and the results of operations of the Group in accordance with the generally accepted accounting principles for interim reporting, and that the Management Report presents a true and fair description of the development of the Group's business, including its performance and position, and of the material risks and opportunities inherent in the prospective development of the Group over the remainder of the financial year.

Jandelsbrunn, 25.09.2020

signed Wolfgang Speck (Management Board)	Marc Hundsdorf (Management Board)
Gerd Adamietzki (Management Board)	Werner Vaterl (Management Board)

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Consolidated balance sheet – Assets

	Note	30 June 2020 KEUR	31 Dec. 2019 KEUR
Assets			
Intangible assets	**5.1**	15,866	15,114
Property, plant and equipment	**5.2**	101,106	106,069
Other assets		1,438	603
Deferred tax assets		3,041	3,415
Non-current assets		**121,452**	**125,201**
Inventories	**5.3**	131,986	119,728
Trade receivables	**5.4**	38,714	37,275
Other assets		18,744	20,327
Tax receivables		391	810
Cash and cash equivalents		9,410	7,597
Current assets		**199,246**	**185,737**
Total assests		**320,698**	**310,938**

Consolidated balance sheet – Equity and Liabilities

	Note	30 June 2020 KEUR	31 Dec. 2019 KEUR
Equity			
Subscribed capital		29	29
Capital reserves	**5.5**	17,475	12,475
Retained earnings		6,435	6,435
Retained earnings/accumulated losses brought forward		49,797	48,627
Consolidated income		15,401	31,170
Accumulated other income		(957)	(533)
Total equity		**88,180**	**98,202**
Liabilities			
Other provisions		11,951	12,291
Liabilities to banks		7,268	12,348
Other liabilities		9,241	9,167
Deferred tax liabilities		6,869	7,217
Non-current liabilities		**35,329**	**41,022**
Other provisions		4,613	4,233
Liabilities to banks	**5.6**	75,530	81,941
Trade payables	**5.7**	63,896	47,057
Other liabilities	**5.8**	49,584	37,667
Tax liabilities	**5.8**	3,566	816
Current liabilities		**197,188**	**171,713**
Liabilities		**232,518**	**212,735**
Total equity and liabilities		**320,698**	**310,938**

Consolidated statement of comprehensive income

	Note	01 Jan. to 30 June 2020 KEUR	01 Jan. to 30 June 2019 KEUR
Revenue	6.1	359,349	394,046
Changes in inventory		(3,772)	22,256
Other own work capitalised		1,866	2,599
Other operating income		1,879	1,772
Cost of materials		(243,736)	(297,605)
Personnel expenses		(54,426)	(56,122)
Depreciation and amortisation		(9,416)	(8,119)
Other operating expenses		(28,316)	(30,245)
Financial income		20	12
Finance costs		(1,535)	(1,164)
Tax expense		(6,511)	(7,694)
Consolidated profit for the period		**15,401**	**19,735**
Other comprehensive income		**(424)**	**(47)**
Items that can be reclassified to profit or loss:			
Foreign currency translation differences (input tax = supplementary tax)		(424)	(47)
Total comprehensive income		**14,977**	**19,688**

Consolidated cash flow statement

Cash flows from operating activities	Note	01 Jan. to 30 June 2020 KEUR	01 Jan. to 30 June 2019 KEUR
Consolidated income:		**15,401**	**19,735**
Adjustments for:			
Depreciation and amortisation expense/reversals of impairment losses		9,416	8,119
Increase/decrease in provisions		41	669
Other non-cash income and expenses		1,013	293
Increase/decrease in inventories, trade receivables and other assets not related to investing or financing activities		(11,543)	(13,499)
Increase/decrease in trade payables and other liabilities not related to investing or financing activities		28,335	17,610
Gain/loss on the disposal of fixed assets		298	(399)
Net finance costs		1,515	1,290
Income tax expense		6,278	7,528
Income taxes paid		(3,339)	(5,841)
Cash flows from operating activities		**47,415**	**35,504**

Cash flows from investing activities			
Proceeds from the sale of property, plant and equipment		-	1,760
Payments for the purchase of property, plant and equipment		(4,059)	(10,801)
Payments for the purchase of intangible fixed assets		(3,187)	(3,687)
Interest received		5	-
Cash flows from investing activities		**(7,241)**	**(12,727)**

Cash flows from financing activities	Note	01 Jan. to 30 June 2020 KEUR	01 Jan. to 30 June 2019 KEUR
Proceeds from capital increases	**5.5**	5,000	-
Dividend payments (in 2019: interim dividend)	**5.5**	(30,000)	(15,000)
Cash proceeds from bank borrowings		43,148	13,771
Cash repayments of liabilities to banks		(53,919)	(18,558)
Interest paid		(1,413)	(491)
Cash repayments of finance lease liabilities		(1,373)	(1,291)
Cash flows from financing activities		**(38,557)**	**(21,569)**

Net change in cash and cash equivalents		**1,616**	**1,209**
Impact of exchange rate changes on cash and cash equivalents		10	2
Cash and cash equivalents at the beginning of the period		1,684	1,491
Cash and cash equivalents at the end of the period		**3,310**	**2,702**

Consolidated statement of changes in equity

HY 2019	Note	Issued capital KEUR	Capital reserves KEUR	Currency translation reserves KEUR	Retained earnings KEUR	Retained earnings/accumulated losses brought forward KEUR	Consolidated income KEUR	**Total KEUR**
As at 1 January		**29**	**12,475**	**(363)**	**6,435**	**35,006**	**28,621**	**82,203**
Allocation of consolidated income to retained earnings/accumulated losses brought forward		-	-	-	-	28,621	(28,621)	-
Consolidated profit for the period		-	-	-	-	-	19,735	**19,735**
Other comprehensive income		-	-	(47)	-	-	-	**(47)**
Total comprehensive income		**-**	**-**	**(47)**	**-**	**28,621**	**(8,886)**	**19,982**
As at 30 June		**29**	**12,475**	**(410)**	**6,435**	**63,627**	**19,735**	**101,891**

HY 2020	Note	Issued capital KEUR	Capital reserves KEUR	Currency translation reserves KEUR	Retained earnings KEUR	Retained earnings/accumulated losses brought forward KEUR	Consolidated income KEUR	**Total KEUR**
As at 1 January		**29**	**12,475**	**(533)**	**6,435**	**48,627**	**31,170**	**98,202**
Allocation of consolidated income to retained earnings/accumulated losses brought forward		-	-	-	-	31,170	(31,170)	-
Consolidated profit for the period		-	-	-	-	-	15,401	**15,401**
Other comprehensive income				(424)				**(424)**
Total comprehensive income		**-**	**-**	**(424)**	**-**	**31,170**	**(15,769)**	**14,977**
Transactions with owners								
Contributions and distributions								
Contributions to capital reserves	**5.5**		5,000					**5,000**
Distributions	**5.5**	-	-	-	-	(30,000)	-	**(30,000)**
Total contributions and distributions		**-**	**5,000**	**-**	**-**	**(30,000)**	**-**	**(25,000)**
Total transactions with owners of the Company		**-**	**5,000**	**-**	**-**	**(30,000)**	**-**	**(25,000)**
As at 30 June		**29**	**17,475**	**(957)**	**6,435**	**49,797**	**15,401**	**88,180**

Condensed notes to the consolidated financial statements

1. Reporting entity

Knaus Tabbert GmbH (also referred to in the following as ‘KTG’ or the ‘Company’) is the parent company of the Knaus Tabbert Group with its registered office in Germany. The address of the Company’s registered office is Helmut-Knaus-Str. 1, 94118 Jandelsbrunn. Knaus Tabbert GmbH is listed under commercial register number HRB 7579 at the register court in Passau. The interim financial statements comprise Knaus Tabbert GmbH and its subsidiaries (jointly referred to as the ‘Corporation’ or ‘Group’). The Group primarily produces and sells products for the leisure and commercial vehicle market. These are in particular caravans, motorhomes and camper vans. The Group’s main sales market is the European Union (EU).

2. Basis of accounting

The Group’s interim financial statements as at 30 June 2020 have been condensed and prepared in accordance with the provisions of International Accounting Standard (IAS) 34 Interim Financial Reporting. It does not therefore include all the information required for complete consolidated financial statements under International Financial Reporting Standards (IFRS). The interim financial statements should therefore be read in conjunction with the Company’s consolidated financial statements as at 31 December 2019.

In preparing the interim financial statements, all International Financial Reporting Standards (IFRS) valid on the balance sheet date and mandatory in the EU were applied.

The accounting policies applied in the interim financial statements are basically the same as those applied in the consolidated financial statements as at 31 December 2019. An exception is made for the following accounting standards which are mandatory in the EU for the first time for periods beginning on or after 1 January 2020 and have not had a material impact on the interim financial statements:

- Amendments to IFRS 3: Business Combinations
- Amendments to IFRS 9, IAS 39 and IAS 7: Interest Rate Benchmark Reform
- Amendments to IAS 1 and IAS 8: Definition of Material
- Changes to references to the framework in IFRS standards

Income tax expense for the interim reporting period is recognised based on the best estimate of the weighted average annual income tax rate expected for the full period.

The preparation of the interim financial statements requires management to make judgments and estimates concerning the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The actual results may differ from these estimates. These estimates and discretionary decisions are basically unchanged from the circumstances described in the consolidated financial statements as at 31 December 2019. In this context, reference is made to note 3 for an explanation of the effects of Covid-19.

The interim financial statements are presented in euros, the Company’s functional currency. Unless otherwise indicated, all amounts reported are rounded to the nearest thousand (KEUR). Deviations of up to one unit (KEUR) are rounding differences for computational reasons.

Management released the interim financial statements for publication on 06 August 2020.

3. Effects of Covid-19

Use of support measures

As a result of the Covid-19 crisis, the Group made partial use of the instrument of short-time working in the first half of 2020. In this connection, reimbursements of social security contributions granted by the Federal Employment Agency in the amount of KEUR 106 were recognised in profit and loss as a reduction in personnel expenses in the reporting period following the payment of short-time working compensation.

On the balance sheet date, there were still total receivables from the Federal Employment Agency from short-time working compensation and reimbursements of social security contributions amounting to KEUR 236. No other state support measures such as loans were taken up.

Impairment of non-current assets

Following an analysis of all relevant circumstances and conditions, management believes that there were no indications of impairment of goodwill or brands with indefinite useful lives in the first half of 2020. This was primarily due to the continued strong demand for luxury motorhomes of the Morelo brand, which was in fact not affected by the Covid-19 developments. With regard to the motorhomes, caravans and camper vans of the premium segment brands, a significant recovery in sales figures was also already evident in the months of May and June, i.e. immediately after the end of the lockdown, so that overall no impairment of the value of the brands can be assumed.

In the opinion of management, impairments of other non-current assets in the form of property, plant and equipment and intangible assets caused by Covid-19 were also not necessary for the reasons already mentioned above.

Valuation allowances on inventories and trade receivables

As a result of the temporary production stoppage due to the lockdown, there was a sharp increase in inventories of raw materials, consumables and supplies compared with 31 December 2019. Furthermore, due to the production stoppage, inventories could not be optimised out to the regular extent, resulting in value adjustments of KEUR 912 (see note 5.3). However, especially for finished motorhomes, caravans and camper vans, no significant impairments were necessary due to strong demand following the end of the lockdown and the resulting continued strong marketability of the products.

In addition, due to the increased uncertainty regarding the general future economic development as a result of the Covid-19 crisis, the expected credit losses on trade receivables increased by KEUR 134 to KEUR 666 in the period from January to June (see note 5.4).

Other

To strengthen equity and at the same time ensure compliance with equity-related covenants in loan agreements, the shareholders made a contribution to capital reserves of KEUR 5,000 in June 2020 (see note 5.5).

There were no other significant direct effects of the Covid-19 pandemic on the Group, such as the breach of covenants.

4. Operating segments

Compared with the consolidated financial statements as at 31 December 2019, there have been no changes in the Group's basis of segmentation or in the basis of assessment of the profit or loss of a segment (= Earnings before interest, taxes, depreciation and amortisation; EBITDA).

The following tables show the revenue and EBITDA of the segments:

1 January to 30 June 2020

KEUR	Luxury segment	Premium segment	**Total**
Revenue from external customers	51,748	307,601	**359,349**
Intersegment revenue	-	6	**6**
Segment revenue	**51,748**	**307,607**	**359,355**
EBITDA	**6,715**	**26,129**	**32,844**

1 January to 30 June 2019

KEUR	Luxury segment	Premium segment	**Total**
Revenue from external customers	51,759	342,287	**394,046**
Intersegment revenue	-	4	4
Segment revenue	**51,759**	**342,291**	**394,050**
EBITDA	**6,426**	**30,275**	**36,700**

The reconciliation of the segments' EBITDA to the Group's earnings before taxes is shown below:

	01 Jan. to 30 June 2020 KEUR	**01 Jan. to 30 June 2019 KEUR**
EBITDA		
Segments' EBITDA	32,844	36,700
Segment depreciation and amortisation	(9,416)	(8,119)
Segment financial result	(1,515)	(1,152)
Profit before tax, consolidated	**21,913**	**27,429**

The assets and liabilities of the two segments are as follows:

30. June 2020

KEUR	Luxury segment	Premium segment	Total
Assets	49,440	271,257	**320,697**
Liabilities	29,490	203,027	**232,517**

31 December 2019

KEUR	Luxury segment	Premium segment	Total
Assets	47,048	263,883	**310,930**
Liabilities	31,172	181,556	**212,728**

The external revenues of the segments can be broken down into the product groups caravans, motorhomes, camper vans and after-sales/others as follows:

1 January to 30 June 2020			Product group		
KEUR	Caravans	Motorhomes	Camper vans	After-sales/other	Total
Luxury segment	-	50,917	-	831	**51,748**
Premium segment	97,909	128,345	72,479	8,869	**307,602**
Total	**97,909**	**179,262**	**72,479**	**9,700**	**359,349**

1 January to 30 June 2019			Product group		
KEUR	Caravans	Motorhomes	Camper vans	After-sales/other	Total
Luxury segment	-	51,034	-	725	**51,759**
Premium segment	116,313	148,494	67,073	10,407	**342,287**
Total	**116,313**	**199,528**	**67,073**	**11,131**	**394,046**

In the following table, revenue by geographical area is based on the customer's respective country of domicile:

1 January to 30 June 2020		Geographical region		
KEUR	Germany	Rest of Europe	Rest of the world	Total
Luxury segment	40,932	10,462	174	**51,748**
Premium segment	218,204	81,969	7,429	**307,602**
Total	**259,136**	**92,611**	**7,603**	**359,349**

1 January to 30 June 2019		Geographical region		
KEUR	Germany	Rest of Europe	Rest of the world	Total
Luxury segment	35,935	15,823	1	**51,759**
Premium segment	225,379	110,015	6,893	**342,287**
Total	**261,313**	**125,839**	**6,894**	**394,046**

5. Notes on the consolidated balance sheet

5.1. Intangible assets

During the reporting period from January to June 2020, internally generated intangible assets in the form of development projects amounting to KEUR 2,662 were capitalised (previous year's period: KEUR 3,122) and a number of other intangible assets, primarily in the form of software, amounting to KEUR 525 were acquired (previous year's period: KEUR 565).

In addition, a disposal loss from the derecognition of an intangible asset in the form of a development project in the amount of KEUR 298 was recognised in the period from January to June 2020, which is attributable to the Group's premium segment (previous year's period: KEUR 0). The disposal loss resulted from the decision to discontinue the sale of certain products even though their regular life cycle had not yet been reached at that time. Subsequently, the carrying amount of the development projects was derecognised through profit or loss.

5.2. Property, plant and equipment and leases

In the first half of 2020, property, plant and equipment in the amount of KEUR 4,059 (previous year's period: KEUR 10,801) was capitalised. These were mainly various assets acquired in the categories of other equipment, operating and office equipment (including company vehicles, forklifts and tools) as well as advance payments made and assets under construction related to production tools and machines.

The Group did not enter into any significant new leases in the first six months of 2020.

5.3. Inventories

As a result of the temporary production stoppage and the associated increase in inventories due to the lockdown, the carrying amount of raw materials, consumables and supplies increased by KEUR 16,405 to KEUR 80,497 compared to 31 December 2019. On the other hand, the sale of vehicles already produced and of rental vehicles after the end of the lockdown resulted in a reduction in finished goods by KEUR 4,570 to KEUR 45,135 compared to 31 December 2019.

	30 June 2020 KEUR	31 Dec. 2019 KEUR
Raw materials, consumables and supplies	80,497	64,091
Work in progress	6,352	5,931
Finished goods and merchandise	45,135	49,705
Advance payments made on inventories	2	1
Total	**131,985**	**119,728**

Primarily due to the lack of a possibility for optimising the storage of certain materials for model year 2020, write-downs to the lower net realisable value for raw materials, consumables and supplies in the amount of KEUR 912 were recognised in the period from January to June 2020 (previous year's period: KEUR 175).

5.4. **Trade receivables**

The gross carrying amounts and the net carrying amounts of the trade receivables can be presented as follows:

	30 June 2020 KEUR	31 Dec. 2019 KEUR
Gross carrying amounts	**39,381**	**37,807**
Expected credit losses	(666)	(533)
Net carrying amount	**38,714**	**37,275**

In the period from January to June 2020, the expected credit losses included in other operating expenses increased by KEUR 133 to a total of KEUR 666 (previous year's period: increase of KEUR 56 to a total of KEUR 448).

5.5. **Equity**

Dividends of KEUR 30,000 were paid to the shareholders in the reporting period. In contrast, the distribution of KEUR 15,000 in the previous year's period as shown in the cash flow statement represents an originally short-term loan to the shareholders, which is already shown as an advance distribution based on its economic content. However, as it had not yet been decided at the time of payment, this interim dividend is not included in the statement of changes in equity for the previous year's period. For further information, please refer to the comments in the consolidated financial statements for 2019.

In addition, a shareholder resolution in June 2020 resolved to make a contribution into the capital reserves of Knaus Tabbert GmbH in the amount of KEUR 5,000, which was paid in the same month.

5.6. **Liabilities to banks**

Based on a change in an estimate made under IAS 8 as a result of strong demand for the Group's products in the first half of 2020 regarding the remaining term of a liability to banks in connection with a dealer financing model previously reported under non-current liabilities, the amount of KEUR 1,968 was reclassified to current liabilities as at 30 June 2020. In contrast, an amount of KEUR 1,917 was reported for the liability under non-current liabilities as at 31 December 2019.

5.7. **Trade payables**

Trade payables increased by KEUR 16,839 from KEUR 47,057 as at 31 December 2019 to KEUR 63,896. The increase is mainly due to the increase in raw materials, consumables and supplies (see note 5.3).

5.8. **Other liabilities and tax liabilities**

Other current liabilities increased by KEUR 11,917 to KEUR 49,584 compared to 31 December 2019. This increase is primarily due to the refund liabilities whose carrying amount increased by KEUR 7,580 to KEUR 20,973, as the underlying bonus settlements with customers are only made in August each year.

In addition, a financial guarantee in the amount of KEUR 184 in connection with a financial institution participating in a Group dealer financing model was recognised under other current liabilities as at 30 June 2020. The amount recognised under financial expenses as part of the measurement of this guarantee is KEUR 184 (previous year's period: KEUR 0).

In principle, however, there is the possibility of a claim in excess of the amount of the financial guarantee in the sense of a contingent liability, which management considers unlikely.

The increase in tax liabilities by KEUR 2,750 to KEUR 3,566 is due to deferrals and advance payments related to trade and corporate income tax.

Notes on the consolidated profit and loss account

6. Revenue

6.1. Breakdown of revenue

Broken down by the product groups caravans, motorhomes, camper cans and after-sales/other, the revenue can be presented as follows:

	01 Jan. to 30 June 2020 KEUR	01 Jan. to 30 June 2019 KEUR
Caravans	97,909	116,313
Motorhomes	179,262	199,528
Camper vans	72,479	67,073
Aftersales/other	9,700	11,131
Total	**359,349**	**394,046**

The breakdown of the revenue by the geographical regions Germany, rest of Europe and rest of the world is produced as follows:

	01 Jan. to 30 June 2020 KEUR	01 Jan. to 30/06/2019 KEUR
Germany	259,136	261,313
Rest of Europe	92,611	125,839
Rest of the world	7,603	6,894
Total	**359,349**	**394,046**

Please see note 4 for the breakdown of the revenue into the luxury and premium segment.

6.2. Seasonal effects

The main season of the European caravan industry lasts from April to October. For this reason, retail sales by dealers are generally at a high level from February to mid-season. Nevertheless, there is basically a stable end customer business over an entire year, as many customers want to be prepared before the camping season. In addition, dealers endeavour to present their customers with as complete a range of products as possible and also the latest models in their showrooms in all seasons.

Against this background, the seasonality of the Group's business is reflected more in incoming orders than in sales. As a rule, incoming orders are strongest in the period after the main trade fairs at the end of January and August and somewhat weaker in the winter months of November to January. However, thanks to the stable order backlog, the Group is able to maintain production capacity utilisation at a constant level throughout the year. Against the background of the company holidays in the months of July and August, however, sales figures are regularly lowest in the third quarter.

In this context, however, the effects of the Covid-19 crisis, in particular the lockdown in March and April, must be taken into account in the reporting period. Reference is made to the corresponding comments on earnings in the interim management report.

7. Financial instruments

7.1. Classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the hierarchy of the fair value. It does not contain any information on the fair value for financial assets and financial liabilities that have not been measured at fair value if the carrying amount represents a reasonable approximation of the fair value.

	Carrying amount				Fair value			
30 June 2020 in KEUR	**Measured at amortised cost**	**Measured at fair value**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets not measured at fair value								
Trade receivables	38,714	-	-	**38,714**	-	-	-	-
Receivables from factoring	13,552	-	-	**13,552**	-	-	-	-
Cash and cash equivalents	9,410	-	-	**9,410**	-	-	-	-
6	**61,667**	**-**	**-**	**61,667**	**-**	**-**	**-**	**-**
Financial liabilities measured at fair value								
Derivative financial instruments	-	58	-	**58**	-	58	-	**58**
Financial guarantee	-	184	-	**184**	-	-	184	**184**
	-	**242**	**-**	**242**	**-**	**58**	**184**	**242**
Financial liabilities not measured at fair value								
Liabilities to banks (current)	-	-	75,530	**75,530**	-	-	-	-
Liabilities to banks (non-current)	-	-	7,268	**7,268**	-	7,078	-	**7,078**
Trade payables	-	-	63,896	**63,896**	-	-	-	-
Liabilities from leasing relationships	-	-	8,977	**8,977**	-	8,829		**8,829**
Refund liability	-	-	20,973	**20,973**	-	-	-	-
	-	**-**	**176,644**	**176,644**		**15,907**		**15,907**

31 Dec. 2019 in KEUR	Carrying amount Measured at amortised cost	Measured at fair value	Other financial liabilities	Total	Fair value Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value								
Trade receivables	37,275	-	-	**37,275**	-	-	-	-
Receivables from factoring	10,905	-	-	**10,905**	-	-	-	-
Cash and cash equivalents	7,597	-	-	**7,597**	-	-	-	-
	55,777	**-**	**-**	**55,777**	**-**	**-**	**-**	**-**
Financial liabilities measured at fair value								
Derivative financial instruments	-	73	-	**73**	-	73	-	**73**
	-	**73**	**-**	**73**	**-**	**73**	**-**	**73**
Financial liabilities not measured at fair value								
Liabilities to banks (current)	-	-	81,941	**81,941**	-	-	-	-
Liabilities to banks (non-current)	-	-	12,348	**12,348**	-	12,191	-	**12,191**
Trade payables	-	-	47,057	**47,057**	-	-	-	-
Liabilities from leasing relationships	-	-	9,507	**9,507**	-	9,389	-	**9,389**
Refund liability	-	-	13,393	**13,393**	-	-	-	-
	-	**-**	**164,247**	**164,247**	**-**	**21,580**	**-**	**21,580**

7.2. **Determination of fair values**

The following measurement methods have been used to calculate the fair values of levels 2 and 3.

Level 2

Derivative financial instruments

The fair values of the derivative financial instruments in the form of the interest rate swap and an interest rate cap are calculated using valuation methods based on market prices.

Other financial liabilities

The fair values of the other financial liabilities in the form of the non-current liabilities to banks and the lease liabilities have been calculated by discounting the expected cash flow using a risk-adjusted discount rate.

Level 3

Financial guarantee

The fair value of the financial guarantee was determined on the basis of the maximum possible utilisation of the Group using internal historical loss rates adjusted by risk adjustments observable on the market and recovery rates in line with market conditions from the realisation of collateral in the event of a loss event.

In the period from 1 January to 30 June 2020, no reclassifications were made between the individual fair value hierarchy levels.

8. **Relationships with related parties**

During the period from 1 January to 30 June 2020, there were no material changes compared with the information on related party transactions and relationships published in the 2019 consolidated financial statements.

Please refer to section 5.5 with regard to the distributions to shareholders and the contribution to the capital reserves made by the shareholders.

9. **Events after the reporting date**

Knaus Tabbert GmbH has announced an initial public offering (IPO), which is expected to take place on the Frankfurt Stock Exchange in the third quarter of 2020. To this end, it was also decided to change the legal form of the company to a stock corporation.

The Supervisory Board also approved an increase in the investment budget for a significant expansion of production capacity in Hungary.

Mr Ruben Paulus de Pundert will resign from the Supervisory Board with effect from 31 July 2020. From 1 August 2020, Ms Jana Donath, Head of Finance at Sumitomo Bank, will become a new member of the Supervisory Board representing the shareholders.

No other events occurred after 30 June 2020 which have a material impact on the Group’s net assets, financial position and results of operations.

Jandelsbrunn, 06 August 2020

signed Wolfgang Speck	Marc Hundsdorf
(Managing Director)	(Managing Director)
Werner Vaterl	Gerd Adamietzki
(Managing Director)	(Managing Director)