

**Group interim report**  
as at 30 June  
**2024**

## HOFTEX GROUP AG – At a glance

Key Group Figures		1.1.2024 to 30.6.2024	1.1.2023 to 30.6.2023
External sales	EUR million	76.0	84.7
Gross revenue	EUR million	77.0	85.1
Cash flows from operating activities	EUR million	-0.2	6.4
Employees		895	974
Consolidated net income for the period	EUR million	0.3	0.2
EBITDA	EUR million	5.5	6.7
Total assets 30 June (prior year 31 Dec)	EUR million	165.0	165.4
Equity 30 June (prior year 31 Dec)	EUR million	107.5	106.9
Equity ratio 30 June (prior year 31 Dec)	%	65.1	64.6

## About the Hoftex Group

The Hoftex Group is a medium-sized group of companies operating in the textile industry with subsidiaries in Germany, Italy, Romania, the US, China, Mexico and Vietnam. With its headquarters in Hof, Germany, HOFTEX GROUP AG (ISIN: DE0006760002; WKN: 676000) serves as the holding company for the Hoftex Group.

The Group's main activities are the development, production and sale of nonwovens for technical applications in the automotive industry, the construction industry, for medical applications and the garment trade and for other consumer goods sectors. Additional areas of activity include the development and sale of both decorative fabrics as yard goods as well as made-to-measure household textiles and textile sun protection solutions, along with the operation of a yarn dyeworks.

The Hoftex Group's activities include the three production divisions TENOWO, NEUTEX and HOFTEX. The TENOWO and NEUTEX production divisions have a management company that performs the sales and administrative functions within a clear and streamlined structure.

<b>Division TENOWO</b>	<b>Division NEUTEX</b>	<b>Division HOFTEX</b>
Tenowo GmbH	Neutex Home Deco GmbH	Hoftex Färberei GmbH
Tenowo Hof GmbH	Neutex Betriebs GmbH	
Tenowo Reichenbach GmbH	SC Textor S.A.	
Tenowo Mittweida GmbH		
Tenowo Inc.		
Tenowo Huzhou New Materials Co. Ltd.		
Tenowo Italia S.r.l.		
Tenowo de Mexico S. de R.L. de C.V.		
Tenowo Hai Phong Company Limited		

HOFTEX GROUP AG is responsible for the Group's strategic direction and performs key tasks across multiple companies through its central functions. It is connected to the key operational subsidiaries through control and profit transfer agreements. This is why the final result of the holding company comprises the primary earnings of HOFTEX GROUP AG and the profit and loss transfers from the subsidiaries. The real estate company Hoftex Immobilien I GmbH manages and performs administrative duties for the various properties and real estate assets.

## The Hoftex Group share

Hoftex Group shares are traded on the m:access segment of the Munich Stock Exchange. Following the move to the Open Market on 29 June 2009, the Hoftex Group is no longer considered to be “publicly listed” as defined in the German Securities Trading Act (Wertpapierhandelsgesetz, or WpHG). For this reason, shareholders are no longer subject to the special provisions in the WpHG governing the duty to disclose holdings that exceed or fall below certain reporting thresholds. The principal shareholder, ERWO Holding AG, currently holds 4,616,488 shares. This corresponds to 84.8% of the voting shares.

<b>Share type</b>	No-par value shares, each representing a proportionate amount of the share capital of EUR 2.56 (rounded) per share
<b>Subscribed capital</b>	EUR 13,919,988.69
<b>Number of no-par value shares</b>	5,444,800
<b>Listing</b>	Munich Stock Exchange
<b>Market segment</b>	m:access
<b>Stock exchange symbol</b>	NBH
<b>ISIN</b>	DE0006760002
<b>WKN 1)</b>	676000

<b>Share performance</b>		<b>1.1.2024 to 30.6.2024</b>	<b>1.1.2023 to 30.6.2023</b>
Net earnings per share	EUR	0.06	0.03
Equity per share on 30 June (prior year 31 Dec)	EUR	19.74	19.63
Opening share price	EUR	7.70	9.60
Year high	EUR	9.90	10.40
Year low	EUR	7.00	9.20
Closing share price	EUR	7.40	9.90
Market capitalisation	EUR million	40,292	53,904

## Business development in H1 2024

### Economic environment

The first half of 2024 remained challenging for the global economy and was characterised by significant uncertainties. In particular, geopolitical tensions and persistently high interest rates weakened the global economy.

According to the German Federal Statistical Office (Source: [https://www.destatis.de/EN/Press/2024/08/PE24\\_325\\_811.html](https://www.destatis.de/EN/Press/2024/08/PE24_325_811.html)), Germany's gross domestic product declined by 0.1% in the second quarter of 2024 compared to the first quarter of 2024. Growth was likewise stagnant compared to the same quarter of the previous year (adjusted for price and calendar effects). Consumer spending only increased slightly in line with overall development. Once again, Germany's economy lagged behind the average, trailing many other countries (Eurozone, Q2 overall: +0.3% compared to the previous quarter, +0.6% compared to the same quarter of the previous year).

### Sector trends

The textile and garment trade continues to be heavily affected by weak consumer sentiment due to high inflation.

Textile industry sales revenues from January to May 2024 remain lower than the previous year's values according to the market report published by the textile+mode trade association. The number of businesses also declined compared to the previous year: The number of companies in the textile segment shrank by -3.4%, while in the garment trade this figure was -6.7%. According to the economic report by textil+mode from July 2024, the economic climate in the textile and clothing industry deteriorated significantly in July, and future expectations remain pessimistic.

The automotive industry, another important sector for us, has also faced significant challenges in recent years due to the COVID-19 pandemic, supply chain disruptions and the structural shift towards e-mobility. According to the ifo economic survey, the climate in the German automotive industry further deteriorated in July 2024, with no immediate improvement in sight (source: <https://www.ifo.de/en/facts/2024-08-05/sentiment-german-automotive-industry-darkens-further>).

### Division trends

Sales revenues in our largest division, TENOWO, during the first half of 2024 were EUR 67.9 million (prior year: EUR 74.2 million). Both revenues and sales decreased compared to the same period during the previous year, with varying development across different segments.

In the largest segment, Automotive, efforts to reverse the declining trend in revenue and sales, which has persisted since mid-2023, were unsuccessful in the first half of 2024. However, levels stabilised in 2024 compared to the second half of 2023. The causes – in some cases differing by region – include overall stagnation in passenger car production, market share losses by Western OEMs and increasingly intense competition within supply chains.

Business development in the Apparel segment also fell short of expectations, showing a significant decline compared to the previous year, primarily due to consumer restraint resulting from high inflation rates, combined with high inventory levels. Conversely, we saw positive growth rates in revenue and sales again in the Consumer Goods segment. The Healthcare segment is currently developing as expected, showing stability compared to the first half of 2023.

Despite declining revenue and sales figures, the TENOWO division managed to improve its results compared to the same period last year through structural measures.

In the NEUTEX division, sales revenues in the first half of 2024 reached EUR 4.4 million (previous year: EUR 5.8 million). NEUTEX has struggled for several years with significant cost increases at its German location, which has increasingly grown into a competitive disadvantage compared to Turkish or Asian producers. This was only exacerbated by low demand in Germany and Europe, prompting the decision in August 2023 to close the production location in Münchberg, which employed around 90 people. In addition to closing production in Münchberg, NEUTEX used the first half of 2024 to focus on the growing segment of custom-made household textiles and sun protection solutions, which can be individually configured by the customer.

The smallest division, the HOFTEX yarn dyeworks, generated sales revenues of EUR 2.6 million during the first half of 2024, far less than the prior year's value (EUR 4.0 million). The weak household textiles and garment trade had a negative impact on the Hoftex dyeworks as a supplier and contract dyeing business. Declining volumes at NEUTEX in the wake of the partial closure also had an adverse effect on HOFTEX capacity utilisation. The earnings situation deteriorated accordingly compared to the first half of 2023.

As anticipated, the real-estate company generated consistent revenues and made positive contributions to the results in the first half of 2024 compared to the previous year.

## Net assets, financial position and results of operations

### Results of operations\*

Hoftex Group sales totalled EUR 76.0 million (prior year: EUR 84.7 million) during the first six months, with the decline in growth impacting all three production divisions.

Sales (unconsolidated)		1.1.2024 to 30.6.2024	1.1.2023 to 30.6.2023
TENOWO	EUR million	67.9	74.2
NEUTEX	EUR million	4.4	5.8
HOFTEX	EUR million	2.6	4.0
Other	EUR million	3.5	3.6

Due to a decline in sales revenues during the first half of the 2024 financial year, gross profit also dropped to EUR 41.8 million compared to the prior year (EUR 42.8 million). Despite lower gross profit, the gross profit margin increased by 2.8 percentage points to 54.3% due to a disproportionate decrease in the cost of materials ratio compared to sales by EUR -6.3 million to EUR 37.1 million in the first half of 2024 and corresponds to a percentage decline of 14.6%. The cost of materials ratio fell by -2.9 percentage points to 48.1%, chiefly due to falling raw material prices.

Personnel expenses decreased overall compared to the prior year after closing NEUTEX production at the Münchberg location. The lower fixed cost coverage due to reduced revenues, coupled with inflation-driven wage and salary increases, is reflected in a rise in the personnel cost ratio relative to gross revenue from 27.5% in the prior year to 29.7% in the reporting year.

Depreciation, amortisation and write-downs amount to EUR 4.3 million, which is lower than the previous year's figure of EUR 5.5 million. Other operating expenses of EUR 13.0 million showed a decrease of EUR 0.4 million compared to the prior year. Other operating expenses make up 16.9% of gross revenue (prior year: 15.8%). In total EBIT is EUR 1.2 million (prior year: EUR 1.1 million). After deduction of the interest result of EUR -0.6 million (prior year: EUR -0.6 million), income tax of EUR -0.3 million (prior year: EUR -0.3 million) and other taxes of EUR -0.3 million (prior year: EUR -0.3 million), consolidated earnings for the reporting period amount to EUR 0.3 million (prior year: EUR 0.2 million). This corresponds to earnings per share of EUR 0.06 (prior year: EUR 0.03).

## Financial position

		1.1.2024 to 30.6.2024	1.1.2023 to 30.6.2023
Cash flows from operating activities	EUR thousand	-214	6,418
Cash flows from investing activities	EUR thousand	-4,248	-3,132
Cash flows from financing activities	EUR thousand	-936	-2,473
Balance	EUR thousand	-5,397	813

An increase in inventories and a rise in receivables and other assets significantly impacted the negative cash flows from operating activities, which amounted to EUR -0.2 million (prior year: EUR 6.4 million). The negative cash flows from investing activities, amounting to EUR -4.2 million (prior year: EUR -3.1 million), were, as in the previous year, almost entirely driven by capital expenditure on tangible fixed assets. Meanwhile, payments from the disposal of fixed assets and exchange rate effects nearly balanced each other out. Negative cash flows from financing activities of EUR -0.9 million (prior year: EUR -2.5 million) include, in particular, regular repayments of the EUR 10.0 million loan drawn in December 2021 from the syndicated loan agreement concluded on 16 December 2021 with a total volume of EUR 51.0 million. The combined effect of cash inflows and outflows from operating activities, investing activities and financing activities during the period under review resulted in cash and cash equivalents of EUR 9.9 million (31 December 2023: EUR 15.3 million).

## Net assets

During the reporting period, EUR 3.9 million was invested in tangible fixed assets and intangible assets (prior year: EUR 3.5 million). Depreciation, amortisation and write-downs in the first half of 2024 totalled EUR 4.3 million (prior year: EUR 5.5 million). Overall, fixed assets declined by EUR 0.1 million in the first six months to EUR 93.3 million. In contrast, current assets decreased to EUR 68.6 million compared to the end of 2023, despite the increase in inventories (+EUR 2.9 million) and the rise in receivables and other assets (+EUR 0.5 million), primarily due to the decline in cash and cash equivalents (-EUR 5.4 million). This reflects a difference of EUR -2.0 million compared to the balance as at 31 December 2023. The consolidated net income for the period amounted to EUR 0.3 million, and the reduction in foreign currency translation losses from -EUR 1.9 million at the end of 2023 to -EUR 1.6 million led equity to increase by EUR 0.6 million to EUR 107.5 million (previous year: EUR 106.9 million). The equity ratio was 65.1% as at 30 June 2024 and thus slightly higher than the equity ratio on the balance sheet date of 31 December 2023 (64.6%). Provisions remained unchanged at EUR 15.4 million, consistent with the level as at the balance sheet date of 31 December 2023 (EUR 15.4 million). Liabilities decreased by EUR 1.1 million to a total of EUR 41.5 million (31 December 2023: EUR 42.5 million). This reduction was primarily driven by a decrease in trade payables (-EUR 1.4 million) and liabilities to banks (-EUR 0.3 million), which was partially offset by an increase in liabilities on bills accepted and drawn (+EUR 0.3 million) and other liabilities (+EUR 0.2 million).

Overall, the Group's total equity and liabilities amounted to EUR 165.0 million, slightly below the previous year's level (31 December 2023: EUR 165.4 million).

## Employees

As of 30 June 2024, the Hoftex Group employed 879 people. Compared to the previous year (974), the workforce was notably reduced, particularly in the NEUTEX division, due to restructuring and partial closures.

## Risks and opportunities

There have been no significant changes in the assessment of risks and opportunities for the Hoftex Group during the reporting period compared to the statements made in the 2023 Annual Report. Detailed descriptions of the key risks and opportunities associated with our business and risk management are provided on pages 24 to 28 of the 2023 Annual Report.

## Outlook

The global economic outlook, including assessments from the ZEW research institute ([https://ftp.zew.de/pub/zew-docs/div/08\\_2024.pdf](https://ftp.zew.de/pub/zew-docs/div/08_2024.pdf)), has continued to deteriorate. The prospects for the Eurozone, particularly for Germany, along with the US and China, have notably declined. According to the July 2024 World Economic Outlook (WEO), Germany is expected to post growth of just 0.2%, making it the laggard among the major industrial nations for the second



consecutive year and projecting below-average development in 2025 as well. This outlook is influenced by various factors, including inscrutable monetary policies, disappointing business figures from the US economy, growing concerns over the escalation of the Middle East conflict and Russia's ongoing war of aggression. The negative forecast is also reflected in the reduction of the Purchasing Managers' Index (PMI) in both the US and China. However, a revival in private consumption, driven by rising wages and a simultaneous decline in inflation, could have a stabilising effect.

In the face of these difficult market conditions, the business environment for the Hoftex Group will be very challenging in the coming months. Additional uncertainties include the stability of global supply chains, rising raw material prices and potential energy supply shortages in Europe.

Due to declining sales and EBITDA as of 30 June 2024 and the current economic developments, the Management Board of HOFTEX GROUP AG issued an ad-hoc announcement on 9 August 2024 stating that it was no longer able to achieve the sales and EBITDA figures projected in the original forecast.

In view of the anticipated geopolitical crisis and the resulting impacts, we expect significantly weaker business performance in the second half of the year. We now expect sales for the 2024 financial year to be between EUR 140 million and EUR 155 million, which, in the best case, would still be on the lower end of our original forecast range. In addition, we expect EBITDA to be between EUR 8 million and EUR 10 million. However, given the current situation, this forecast is characterised by great uncertainty.

Hof, August 2023

Manuela Spörl  
Chief Executive Officer

Daniel Köster  
Chief Financial Officer

## HOFTEX GROUP AG – Consolidated balance sheet as at 30 June 2024

### Assets in EUR thousand

		30 June 2024	31 December 2023
<b>A.</b>	<b>Fixed assets</b>		
I.	Intangible assets	305	337
II.	Tangible fixed assets	92,948	93,004
III.	Long-term financial assets	17	17
		<b>93,270</b>	<b>93,358</b>
<b>B.</b>	<b>Current assets</b>		
I.	Inventories	34,608	31,695
II.	Receivables and other assets	24,095	23,644
III.	Cash and cash equivalents	9,946	15,343
		<b>68,649</b>	<b>70,682</b>
<b>C.</b>	<b>Prepaid expenses</b>	<b>2,411</b>	<b>696</b>
<b>D.</b>	<b>Deferred tax assets</b>	<b>689</b>	<b>689</b>
	<b>Total assets</b>	<b>165,019</b>	<b>165,425</b>

### Equity and liabilities in EUR thousand

		30 June 2024	31 December 2023
<b>A.</b>	<b>Equity</b>		
I.	Subscribed capital	13,920	13,920
II.	Capital reserves	41,158	41,158
III.	Retained earnings	57,754	57,754
IV.	Change in equity from currency translation	-1,568	-1,860
V.	Consolidated net losses	-3,784	-4,109
		<b>107,479</b>	<b>106,863</b>
<b>B.</b>	<b>Provisions</b>	<b>15,392</b>	<b>15,353</b>
<b>C.</b>	<b>Liabilities</b>	<b>41,464</b>	<b>42,525</b>
<b>D.</b>	<b>Deferred tax liabilities</b>	<b>684</b>	<b>684</b>

<b>Total equity and liabilities</b>	<b>165,019</b>	<b>165,425</b>
<b>HOFTEX GROUP AG – Consolidated income statement from 1 January 2024 to 30 June 2024</b>		
<b>in EUR thousands</b>	<b>1.1.2024 to 30.6.2024</b>	<b>1.1.2023 to 30.6.2023*</b>
Sales	75,970	84,742
Change in inventories	1,076	341
<b>Gross revenue</b>	<b>77,046</b>	<b>85,083</b>
Other operating income	1,838	2,069
Cost of materials*	-37,072	-43,391
<b>Gross profit</b>	<b>41,812</b>	<b>43,761</b>
Personnel expenses*	-22,887	-23,384
Depreciation, amortisation and write-downs	-4,337	-5,534
Other operating expenses	-13,042	-13,412
<b>Operating result</b>	<b>1,546</b>	<b>1,432</b>
Net interest	-564	-606
Taxes on income	-317	-338
<b>Earnings after taxes</b>	<b>665</b>	<b>488</b>
Other taxes	-340	-309
<b>Consolidated net income for the period</b>	<b>325</b>	<b>179</b>

\*) For better comparability, expenses for temporary workers were reclassified from material expenses to personnel expenses in the prior year period, as was done at the end of the previous financial year.

# **HOFTEX GROUP**

TEXTILE TECHNOLOGIES

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