

INVESTOR RELATIONS

Wednesday, 26 May 2021

HANSEYACHTS AG: INTERIM REPORT OF THE MANAGEMENT ON THE THIRD QUARTER OF 2020/2021

- Record order backlog of EUR 163.5 million as of 03/31/2021 (PY: EUR 81.7 million, +100%)
- Revenues and earnings temporarily weighed down by bottlenecks in supply chains and effects of the coronavirus pandemic
- Excellent liquidity in uncertain times

Order backlog as of 03/31/2021 is the highest in the company's history, double the level of the previous year; revenue decline due to the pandemic

HanseYachts AG booked a record volume of new orders, but also encountered obstacles to order execution of an unexpected magnitude in the first nine months of the 2020/2021 financial year. Production was particularly slowed by delayed deliveries of raw materials and vendor parts as a result of the coronavirus pandemic. Consequently, the revenues generated by HanseYachts AG in the first nine months (1 July 2020 – 31 March 2021) of the current 2020/2021 financial year declined by 14.1% to EUR 71.0 million (Q3 2019/2020: EUR 82.7 million), despite the positive situation of orders.

The order backlog as of 31 March 2021 rose by EUR 81.8 million or more than 100% to EUR 163.5 million from the year-ago level of EUR 81.7 million. The strong order intake can be attributed to the desire of end customers to have a coronavirus-free sanctuary on the water. Other factors contributing to the highly positive development include the company's successful switch to digital sales channels, the historically evolved, loyal customer base, and the continuous technical advancement of the 50 different yacht models of all six brands.

Financial performance in the third quarter

Since January 2021, the completion of yachts has been particularly impeded by delayed deliveries of material parts and accessories. The scarcity of intermediate products and raw materials is not only a problem for HanseYachts AG, but for most of German industry. There are various reasons for the supply bottlenecks. For one thing, the coronavirus pandemic disrupted worldwide supply chains; moreover, production in some industries was scaled back as a result of last year's global recession. With the economic recovery progressing faster and more dynamically than expected, producers of raw materials and intermediate products are finding themselves unable to make on-time deliveries. Consequently, HanseYachts AG was forced to temporarily scale back production in the third quarter (1 January to 31 March 2021) of the current 2020/2021 financial year. Nonetheless, it generated



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revenues of EUR 22.8 million (Q3 2019/2020: EUR 33.2 million). Due to the shortage of vendor parts, the number of unfinished yachts has risen considerably, with the result that inventories of finished and unfinished goods rose by EUR 6.0 million to EUR 14.2 million (Q3 2019/2020: EUR 8.2 million). Internal production capitalized remained unchanged at EUR 0.5 million. Thus, the company's total operating performance (revenues, change in inventories, internal production capitalized) came to EUR 37.5 million, that being 10.5% below the comparable year-ago figure of EUR 41.9 million. Thanks to optimization projects, the ratio of purchased goods and services to total operating performance improved further by 0.4 percentage points from the third quarter of last year to 54.5%. The gross profit of EUR 17.0 million earned in the third quarter of 2020/2021 was EUR 1.8 million less than the year-ago figure of EUR 18.9 million. Personnel expenses rose by EUR 1.2 million to EUR 12.7 million. Other operating expenses fell by EUR 1.0 million to EUR 5.2 million, particularly as a result of lower trade fair costs due to the cancellation of boat fairs amid the pandemic. EBITDA (earnings before interest, taxes, depreciation and amortization) came to EUR -0.3 million in the third quarter of 2020/2021 (Q3 2019/2020: EUR +1.5 million). Depreciation and amortization amounted to EUR 1.5 million, that being EUR 0.2 million less than in the year-ago period. Including taxes and interest, HanseYachts AG generated a quarterly result of EUR -2.0 million in the third quarter (Q3 2019/2020: EUR -0.4 million).

Cumulative financial performance in the first nine months of 2020/2021

Due to various exceptional effects, the comparability of the company's financial performance in the first nine months of 2020/2021 with the corresponding period of last year is limited. Whereas the production of HanseYachts AG in the year-ago period was affected by the initial adverse effects of the coronavirus pandemic only in March 2020, the last month of that period, the company's production was adversely impacted by the coronavirus pandemic in all nine months of the reporting period from 1 July 2020 to 31 March 2021. Moreover, the company's performance has been additionally burdened by problems with the on-time delivery of intermediate products and raw materials since January 2021. Consequently, the total operating performance declined by 20.0% from the year-ago period to EUR 80.9 million in the first nine months of 2020/2021 (Q1-Q3 2019/2020: EUR 101.2 million). The other operating income of EUR 1.5 million was marginally less than the year-ago figure of EUR 1.6 million. With purchased goods and services amounting to EUR 43.6 million, the ratio of purchased goods and services to total operating performance came to 53.9 %, that being 2.0 percentage points better than in the comparable year-ago period (EUR 56.6 million and 55.9%).



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Although the personnel expenses of EUR 29.8 million were EUR 1.5 million less than the year-ago figure in absolute terms, personnel expenses were 6.0 percentage points higher in comparison to the lower total operating performance. The other operating expenses amounted to EUR 13.8 million in the first nine months of 2020/21, that being considerably lower, by EUR 3.1 million, than the year-ago figure of EUR 16.9 million. This decrease resulted in part from the reduced marketing expenses and, as a result of cancelled boat fairs, the significantly lower trade fair costs.

Due to the exceptional negative factors described above, EBITDA came to EUR -4.8 million in the first nine months of 2020/2021 (Q1-Q3 2019/2020: EUR -2.0 million). Depreciation and amortization of noncurrent assets amounted to EUR 4.3 million as of 31 March 2021. The financial result was unchanged at EUR -1.0 million. Including income taxes, the consolidated net loss amounted to EUR -10.5 million (Q1-Q3 2019/2020: EUR -7.5 million).

The EUR 3.0 million decrease in net income resulted particularly from the effects of the coronavirus pandemic, which adversely impacted the production of HanseYachts AG in the entire reporting period. Thanks to strict hygiene protocols, however, the boatyard was never completely shut down in the reporting period; instead, it was only necessary to stop individual production lines for a limited period of time.

The equity ratio came to 8.6 % as of 31 March 2021 (31 March 2020: 13.3%).

Financial situation

The company reacted to suppliers' delivery bottlenecks by building up its inventories. This led to an additional tie-up of capital in raw materials and supplies and unfinished goods. Conversely, the strong inflow of new orders increased the company's liquidity due to customers' down payments before the start of production. Cash in banks amounted to EUR 14.4 million as of 31 March 2021 (31 March 2020: EUR 3.5 million). In addition to bank deposits, the company disposes of available overdraft facilities in the amount of EUR 5.4 million (31 March 2020: EUR 0.6 million). The financial situation of HanseYachts AG is very solid.

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Outlook

Production on selected production lines has been slowed by the effects of the COVID-19 pandemic. This slowdown is due to delayed deliveries of parts and raw materials required for production and a lack of employees to work on existing orders. The Executive Board expects that the supply situation will improve in the current fourth quarter of financial year 2020/2021.

In view of existing yacht orders and the current manufacturing situation, the Executive Board expects that revenues in the current 2020/2021 financial year will be modestly lower than in the previous year. Moreover, the company's total operating performance should be lower than in 2019/2020 due to a marginal decrease in inventories of finished goods. This outlook is particularly based on the fact that the final quarter of the year is traditionally when the company generates strong revenues with high profit margins and the expectation that operational improvements and other productivity enhancements will take effect in the fourth quarter. Due to exceptional charges, the Executive Board expects that the EBITDA for the full year 2020/21 will be below the level of the previous year. After depreciation, amortization and interest, the Executive Board expects a consolidated net loss of an amount in the single-digit millions. This would be, as expected, a considerable improvement over the previous year's consolidated net loss (financial year 2019/2020: EUR -15.9 million), which included a substantial impairment of goodwill in the amount of EUR 11.7 million.

KEY FIGURES

In euro millions	07/01/2020- 03/31/2021	07/01/2019- 03/31/2020 1)	07/01/2018- 03/31/2019	07/01/2017- 03/31/2018	07/01/2016- 03/31/2017
Revenues	71.0	82.7	94.7	85.2	80.2
Purchased goods and services as % of total operating performance	53.9%	55.9%	57.1%	58.5%	56.9%
EBITDA	-4.8	-2.0	+3.8	-0.4	+2.4 2)
Order backlog	163.5	81.7	63.9	69.4	61.6

1) 2019/2020: Including the first-time consolidation of Privilège Marine SAS

2) 2016/2017: Adjusted for non-recurring income EUR 2.2 million from the reversal of an earlier impairment

[End of report](#)