

ANNUAL REPORT 2021

SMART PROCESS SOLUTIONS
& PRODUCTS



Key figures

for the Fiscal Year from
1 January to 31 December 2021

S1 - IBU-tec AG	2021	2021 adjusted*	2020
According to German GAAP (HGB), figures in kEUR			
Sales	15,518	15,518	13,307
EBITDA	1,129	2,327	879
Net profit / loss for the year	-1,785	-588	-2,213

S2 - BNT GmbH	2021	2020
According to German GAAP (HGB), figures in kEUR		
Sales	28,937	20,069
EBITDA	4,403	6,095
Net profit for the year	2,065	4,342

S3 - IBU-tec Group Consolidation	2021	2021 adjusted*	2020
According to German GAAP (HGB), figures in kEUR			
Sales	44,089	44,089	32,960
EBITDA	5,531	6,728	6,975
Net profit for the year	-235	963	1,002

*adjusted for the unplanned expenses incurred for the implementation of the cash capital increase

04 **HIGHLIGHTS 2021**
05 **FOREWORD**
08 **REPORT OF THE SUPERVISORY BOARD**



10 **THE IBU-TEC GROUP**

11 Future Technologies – Made in Germany
12 Facilities – German SMEs
13 Sustainable Growth Strategy:
The Path to the “New IBU-tec”
14 Battery Materials from IBU-tec –
Paving the Way for a Green Future
15 Glass Coating for an Efficient Reusable
System and Avoidance of Plastic Waste
16 Recycling for a Climate-Neutral
Circular Economy

17 **ESG: IN OUR IBU-TEC DNA**

17 Environment – Green Products and
Climate-Friendly Production
18 Social Sustainability, the Core of the
Company’s Success
20 Governance – Ethical Corporate
Governance as a Foundational Principle
20 Ratings Underpin Sustainability Strategy

21 **IBU-TEC ON THE CAPITAL MARKET**

22 Share Price Development
22 Basic Share Data

24 **AUDITOR’S REPORT**
28 **CONSOLIDATED FINANCIAL STATEMENTS**
33 **NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS**
48 **GROUP MANAGEMENT REPORT**
75 **FINANCIAL CALENDAR / IMPRINT**

Disclaimer / Haftungsausschluss

This report may contain forward-looking statements that are based on assumptions and are subject to unforeseeable risks and uncertainties. Various factors may cause actual results, developments or events to differ materially from those expressed in such forward-looking statements. The company is under no obligation to update this report or the forward-looking statements contained therein. Due to rounding differences, it is possible that differences may occur in the summation of individual items compared to the totals stated and for this reason, percentages may not reflect the exact development of absolute figures.

Highlights 2021



January

IBU2025 Strategy Presented: Growth path establishes IBU-tec as a Greentech company. Positioning in global growth markets with battery materials and glass coating are key drivers. Battery materials anticipated to account for 30 to 60 percent of FY2025 sales.

February

March

Full Placement of Capital Increase: EUR 25.5 million gross cash infusion to finance further growth. High subscription rate of 97 percent of the free float with strong demand from international and institutional investors.



April

Research on the Batteries of Tomorrow: IBU-tec involved in numerous R&D projects together with renowned partners such as The Fraunhofer Institute. IBU-tec researches new material combinations and areas of application thus driving the development of its own battery products.

May

June

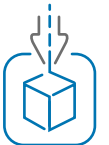
Asian Sales Partner for Battery Materials: Through partnership with a globally present Asian group, IBU-tec successfully penetrates critical Asian marketplace.



July

August

Blackstone Technology LOI: Cathode manufacturer signs Letter of Intent and thus secures supply of IBU-tec LFP material for the 3D printing of battery cathodes. Market success of the company's own battery material is emergent.



September

October

Own Battery Material Production Start: IBU-tec starts production of its own LFP battery material IBUvolt LFP400.



November

December

Significant IBUvolt LFP400 Order: A cathode manufacturer orders a large quantity of LFP battery material to be used directly for cathode production and not qualification purposes.



Sustainability Ratings: Independent sustainability rating agency imug rating awards IBU-tec's sustainability performance as "good" with 70 out of 100 possible points. Shortly before, EcoVadis awarded IBU-tec a silver rating.



Foreword



Jörg Leinenbach
Co-CEO/CFO

Ulrich Weitz
CEO

Dr. Arndt Schlosser
CSO

Dear Shareholders, Customers and Employees,

Fiscal year 2021 was an unmitigated success for IBU-tec and was marked by accelerated business development. Implementation of the IBU2025 strategy hastened the Greentech transformation of our company: We enhanced our already strong business as an R&D service provider by offering innovative and high-performance products in very attractive growth markets such as battery materials and glass coating. IBU-tec now has two strong pillars that provide mutual impetus and drive the expansion of our company. We significantly reinforced the foundation for this in 2021 by starting production and marketing of our first own battery product IBUvolt LFP400 for electromobility and stationary energy storage.

High market demand and the first significant orders for our own battery product indicate we are on the right track. Accordingly, we have started to increase our stock of IBU-volt in expectation of a steep demand curve. At the same time, we are conducting research – both on our own and with partners – into further material combinations and possible applications for future-proof technologies in the battery sector.

Our ambitious growth plans are on track with reality for our MBTC product as well, which is used as glass coating for container glass – such as drinking bottles. As a result of our technological innovations in the manufacturing

process, our product has clear competitive advantages over the competition with regards to economic efficiency and ecological balance. We have now applied for a patent for the manufacturing process and prepared for doubling production capacities in 2021. To this end, we will commission a more modern MBTC production plant in the second half of the current fiscal year. The IBU-tec Group has already secured double-digit global market share with MBTC.

Presently, we are the only manufacturer in Europe for this coating material. An additional growth area within our long-term strategy is recycling. By reducing need for and reusing rare raw materials, we actively contribute to the reduction of climate-damaging emissions.

Expansion of production and capacities requires investments. We raised the necessary funds with the successful 1Q FY2021 capital increase. In total, we received of EUR 25.5 million gross. The fantastic response confirmed that institutional, international, and private investors are equally convinced of our strategy, prospects, and the current business development plan. We felt this tremendous positive momentum carried through not only our broadened shareholder base but our executives at the Annual General Meeting as well as all agenda items were approved by a clear majority.

The operational business development in 2021 reinforces our IBU2025 strategy and demonstrates IBU-tec's already strong market position. Supported by our highly qualified employees, unique technology platform and superior quality products in growing markets. Despite COVID-19, volatile global raw materials market, and nightmarish supply chain/logistic conditions, IBU-tec has never nevertheless grown significantly and profitably. We have successfully executed our plans. Our sales according to German commercial code (HGB) increased by 34.0 percent to EUR 44.1 million. We were able to pass on most of the price increa-

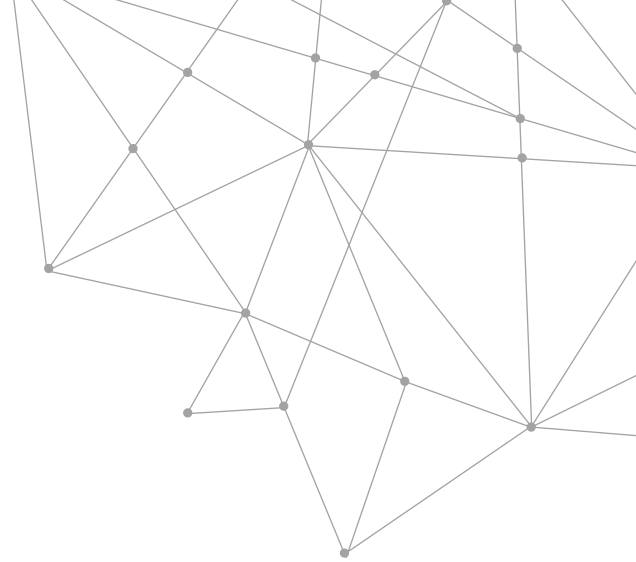
ses for raw materials to customers. As a result, we were able to exceed our original sales forecast of EUR 37-39 million. Battery materials and glass coating are the primary drivers of our growth in the reporting period and were supported by new organotin products.

Our key earnings figures were also strong. EBITDA before costs of the capital increase amounted to EUR 6.7 million. Considering the raw material price effects on sales, the EBITDA margin was fully in line with our expectations of 17-19 percent. The analysis of the figures shows that our purely operating EBITDA – adjusted for insurance settlements, other special items, and expenses for the capital increase – more than doubled.

A successful FY2021 and above all, the very positive developments in our core growth areas of battery materials and glass coating in addition to market price developments and high demand, formed the basis for our 2022 projections and an adjusted increase in our mid-term forecasting.

Under IBU2025, we now conservatively expect to generate consolidated sales of EUR 102 to 130 million in 2025, exceeding previous expectations of EUR 80 to 100 million. We have raised our sales expectations for the battery materials business to EUR 30 to 60 million – originally projecting significantly lower figures with a sales share of up to 30 percent. In glass coating, we have also greatly increased our sales projections for 2025, by circa 60 percent. The increase in the mid-term sales forecast is accompanied by increased EBITDA expectations, as we continue to maintain our margin target of plus 20 percent.

We regard FY2022 as a high-growth leap in our intermediate strategy. We were able to further hone our market positioning as a modern Greentech company. Sales are expected to increase 25-29 percent to EUR 55-57 mil-



lion. In addition, we continue to build stocks of our battery material. The growth engines are those defined in IBU2025, in the battery sector alone we want to more than double total output. In the new financial year, our goal is to exceed the previous year in all earnings figures. Adjusted for earnings-enhancing insurance settlements in 2021 and the costs of the capital increase, we are planning an operating increase in EBITDA of more than 45 percent. The first months of 2022 have confirmed our positive expectations and we expect that trend to continue, despite the ongoing pandemic and the Russo-Ukraine war. Thankfully, IBU-tec has not felt any impact from these upheavals thus far. In order to secure the long-term growth as part of our mid-term strategy, there were important personnel changes at the beginning of 2022: The previous CFO Jörg Leinenbach was promoted to Co-CEO alongside CEO Ulrich Weitz. As part of the 2023 Annual General Meeting, Mr. Weitz will stand for election to the Supervisory Board. Mr. Leinenbach will then succeed Mr. Weitz as sole CEO of the IBU-tec Group.

As a manufacturer of “green” products that make a positive contribution to environmental protection, sustainability criteria continue to play an important role for us. For the first time in this year’s Annual Report, in addition to our conventional ESG report, we are publishing a non-financial section of the management report from page 57.

We would like to thank our employees, our business partners and our shareholders for their continuing support and look forward to continuing our successful path together.

Sincerely,

Ulrich Weitz
CEO

Jörg Leinenbach
Co-CEO/CFO

Dr. Arndt Schlosser
CSO

Report of the Supervisory Board

of IBU-tec advanced materials AG for the Fiscal Year from 1 January 2021 to 31 December 2021

Supervising and Advising the Executive Board

In the year under review, the following persons were members of the Supervisory Board of IBU-tec advanced materials AG in Weimar:

Mrs Sandrine Cailleteau	Member of the Supervisory Board
Dr Jens Thau	Deputy Chairman
Dr Hans-Joachim Müller	Chairman

The Supervisory Board monitored the Executive Board in FY2021 and supported it in an advisory capacity in the management of the company and the Group. The Supervisory Board kept itself regularly, promptly, and comprehensively informed about the handling of individual transactions and the overall situation of the company and the Group, via written and predominantly oral reports as well as visits to Weimar.

The Executive Board's coverage included all important information regarding business development and the situation of both the company and Group. The Executive Board has always been open to suggestions from the Supervisory Board. Additionally, the Supervisory Board was involved in all decisions that were of particular importance to the company or the Group. For example, the cash capital increase, the continuation of the Group's strategy implementation and over the past financial year to once again take appropriate measures to minimize the effects the COVID-19 pandemic.

Transactions requiring the approval of the Supervisory Board were presented to the Supervisory Board in timely

fashion and carried out in consultation with the Board. The Chairman of the Executive Board, Mr. Weitz, consulted with the Chairman of the Supervisory Board via telephone at least once per month regarding ongoing operations, as well as liquidity and risk management developments. The Supervisory Board was informed each month regarding the business assessment (BWA) and the Supervisory Board findings. The Supervisory Board's questions were answered in detail and in a timely manner.

The Supervisory Board discussed the situation of the company and the Group as well as Executive Board developments in numerous meetings held in the presence of the Supervisory Board as well as by video conference in 2021 due to COVID-19. In 2021, the Supervisory Board paid particular attention to measures enacted to further improve the profitability of BNT Chemicals GmbH, the implementation of strategic investments as part of the use of funds from the cash capital increase, and measures to mitigate the effects of the COVID-19 pandemic. A total of four scheduled Supervisory Board meetings were held during the fiscal year:

5 March 2021	virtual
4 June 2021	virtual
4 July 2021	Berlin
29 October 2021	virtual

The Supervisory Board was fully represented at all meetings. Where Executive Board measures required the consent of the Supervisory Board, this approval was granted in each case.



Dr. Jens Thau
Deputy Chairman

Sandrine Cailleteau
Board Member

Dr. Hans-Joachim Müller
Chairman

Annual Financial Statements as of 31 December 2021

The Supervisory Board dealt in detail with the annual financial statements of IBU-tec advanced materials AG, BNT Chemicals GmbH and consolidated financial statements as of 31 December 2021 in addition to the company management report. The annual financial statement documents were submitted to the members of the Supervisory Board in timely fashion. The auditor elected at the Annual General Meeting, KPMG AG, had previously audited the financial statements and issued an unqualified audit opinion.

All members of the Supervisory Board were presented with the annual financial statements with the management report for the companies and the Group, the proposal of the Executive Board for the appropriation of the retained earnings and the auditors' audit reports. The representa-

tives of the auditor KPMG AG took part in the discussion of the annual financial statements and explained their main findings.

After a thorough examination of the annual financial statements and the associated management reports, which did not reveal any objections, the Supervisory Board approved the results of the audit by the auditor and approved the annual financial statements. The annual financial statements of IBU-tec advanced materials AG, BNT Chemicals GmbH and the Group have thus been adopted.

The Supervisory Board endorsed the Executive Board's proposal on the appropriation of retained earnings.

Weimar, 11 March 2022

The Supervisory Board

Dr. Hans-Joachim Müller – Chairman

The IBU-tec Group

A Modern Greentech Company with Strong Growth Prospects



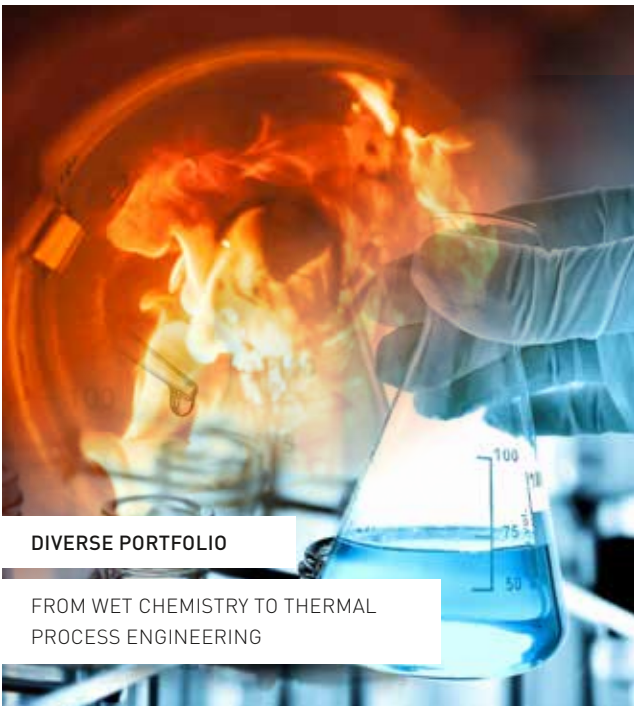
TRANSITION

REALIGNMENT TO BECOME AN OWN PRODUCTS MANUFACTURER



GREEN INNOVATION

ENVIRONMENTALLY FRIENDLY PRODUCTS AND PROCESSES



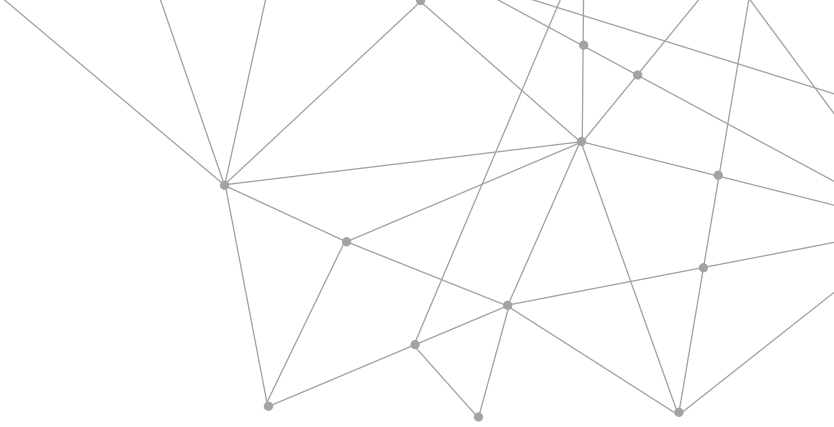
DIVERSE PORTFOLIO

FROM WET CHEMISTRY TO THERMAL PROCESS ENGINEERING



FUTURE MARKETS FOCUS

INNOVATIVE PRODUCTS AND TECHNOLOGIES



Future Technologies – Made in Germany

The IBU-tec Group develops and produces innovative materials of the highest quality for industry. Our focus: Green technologies for a sustainable future.

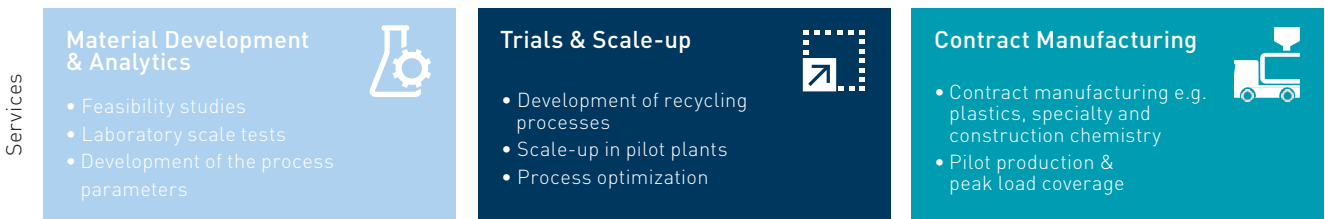
2021 marks the beginning of a new era for IBU-tec: IBU-tec’s successful business activities as a research and development service provider will be supplemented by its own product offerings in very attractive growth markets. This transformation is part of the IBU2025 strategy and opens further possibilities for us.

As the only manufacturer in Europe, we have been producing high-quality LFP battery material since October and thus participate in one of the most important future global markets. Lithium-ion batteries with cathodes made of lithium iron phosphate (LFP) are in high demand. Their areas of application range from stationary energy storage and electromobility to hearing aids and other medical and/or industrial applications.

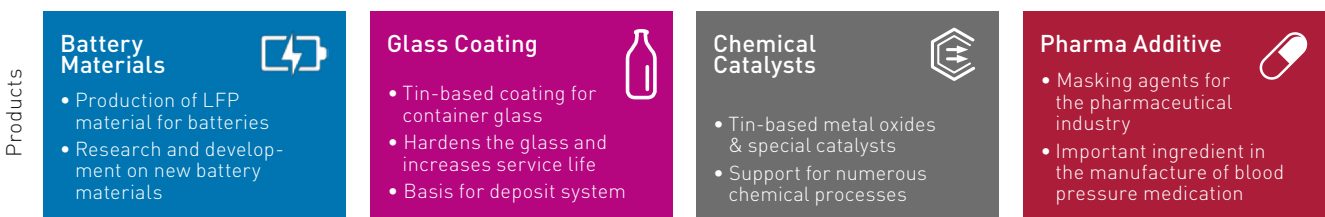
IBU-tec now has a comprehensive portfolio in the sustainable technologies sector. After the market exit of a major competitor, we are the only European manufacturer to contribute to making glass bottles more stable and scratch-resistant with the glass coating product monobutyltin trichloride (MBTC). This is a central prerequisite for a functioning recycling system and thus the reduction of environmentally harmful plastic waste. Other products and services include catalysts for air purification, concept development for the recycling of battery material, the reprocessing of raw materials, chemical additives, and catalysts for the pharmaceutical and chemical industries.

With our comprehensive range of products, the IBU-tec Group spans the entire value chain from wet chemistry to thermal process engineering. More than 200 employees research and develop new materials, assist customers with test projects and manufacture highly sophisticated, quality products – from organotin compounds to nanoscale particles. For this purpose, we use a unique industrial park with partly self-developed and patent-protected systems.

IBU-tec’s Traditional Business Model



Future Technologies from IBU-tec

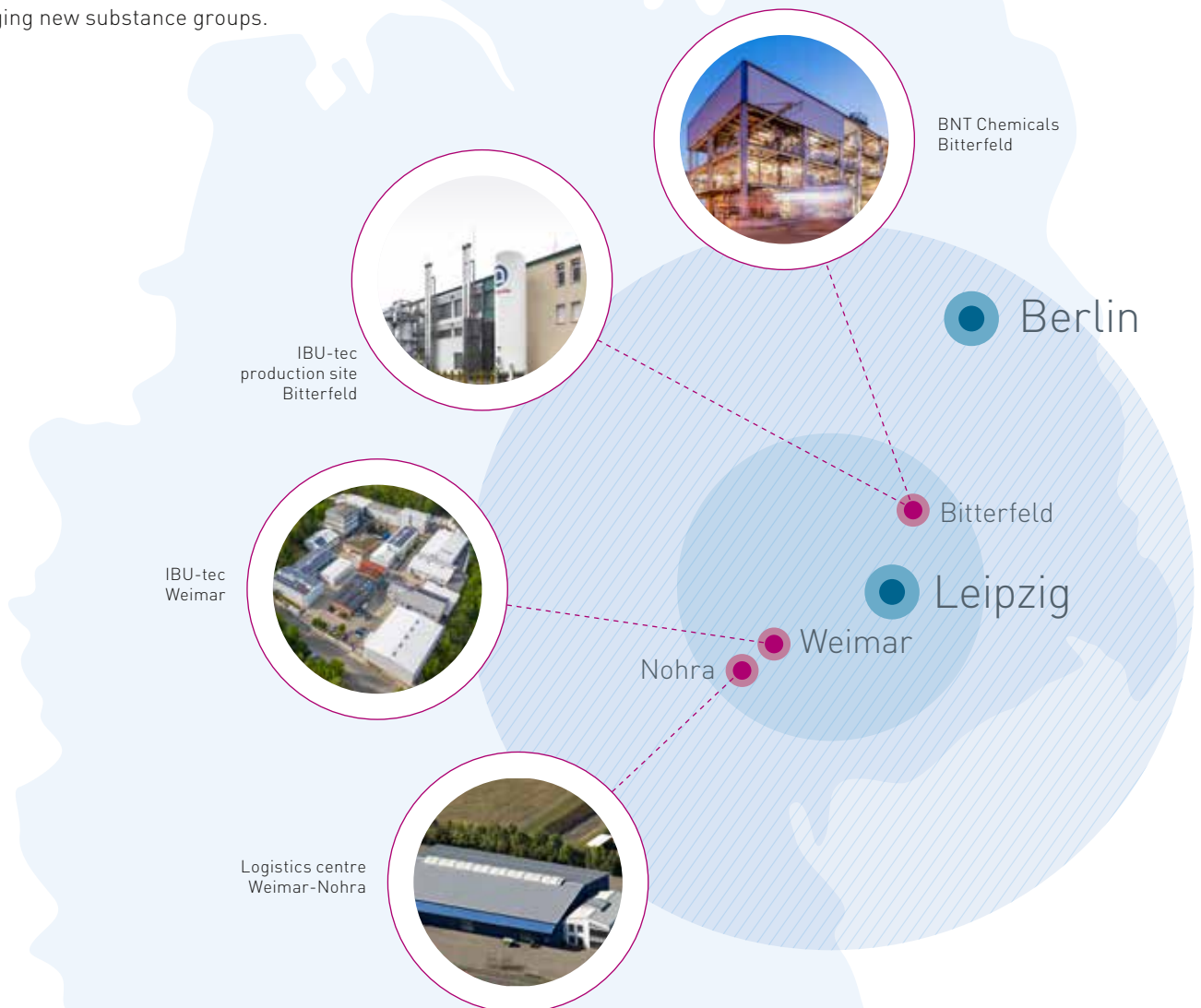


Facilities – German SMEs

The historic headquarters of the IBU-tec Group is in Weimar, Germany, where innovative materials research has been carried out for more than 40 years. Laboratories, test facilities as well as comprehensive equipment and technologies for thermal process engineering are located there. Only a few kilometers away: the Group's logistics hub in Nohra, Thuringia.

Additional rotary kilns are located in the renowned Bitterfeld-Wolfen Chemical Park. This location is available for customer projects as well as production. The infrastructure of the chemical park offers capacities to produce challenging new substance groups.

The Group company BNT Chemicals is also located in the chemical park. BNT specializes in wet chemical processes and offers a wide range of services. There are extensive synergy effects between the Group sites in the chemical park, through the joint use of laboratory facilities for example.



Sustainable Growth Strategy: The Path to the “New IBU-tec”

The future of IBU-tec is green. Battery materials, glass coating, recycling and services – with these three business areas, the Executive Board is advancing the agenda for future growth opportunities. By 2025, Group sales are expected to more than triple 2020 returns.

The IBU2025 strategy paper outlines a clear growth path for the foreseeable future. The primary focus being the rapid transformation of the IBU-tec Group from a predominantly service oriented business to an independent manufacturer of its own products. The Group is positioning itself as a modern and innovative Greentech company. Embarking on this path with the commencement of production for our own LFP battery material in autumn 2021, the Executive Board updated the strategy paper outside the reporting period and increased its sales forecast.

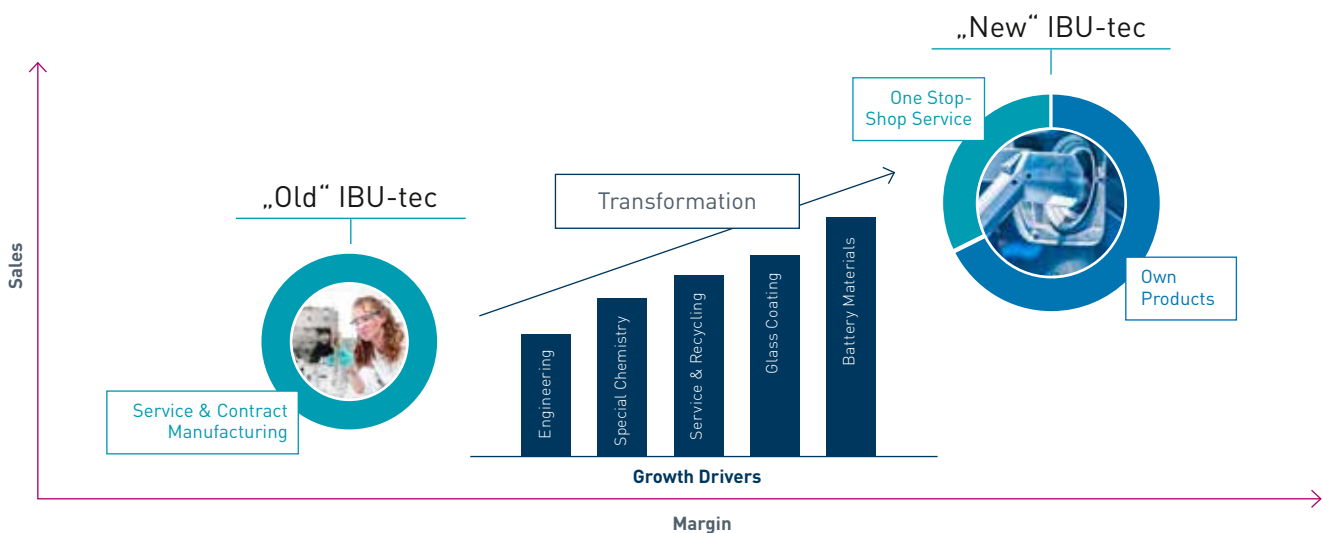
As such, we currently anticipate sales ranging from EUR 102 to over 130 million in FY2025, a significant increase over our previous estimate of EUR 80 to over 100 million. The main growth driver will continue to be in the area of battery materials, which is expected to contribute a mini-

mum 30 percent to Group sales (previously estimated to be a maximum 30 percent), taking into account increased sales basis. Specifically, we anticipate sales of battery material in the range of EUR 30 to 60 million for 2025.

The primary reason for the increase in the annual targets for 2025 is the predicted volume effects from the production of the company’s own battery materials. The update also reflects developments in the raw material markets, which have had a noteworthy impact on the glass coating sector. We now expect sales of this product to reach EUR 19 million in 2025 (previously estimated at EUR 12 million). We continue to expect an EBITDA margin of over 20 percent for 2025.

With the implementation of the IBU2025 strategy, the focus on green technologies – in particular, the growth driving battery materials and glass coating sectors – we are optimally positioned to achieve our mid-term goals. We have extensive know-how and many years of expertise in these areas, allowing us to reap the full benefits of these growth markets. Therefore, IBU-tec is strongly positioned to continue growth in the future.

Strategic Realignment – Becoming a Manufacturer of Our Own Products



Battery Materials from IBU-tec – Paving the Way for a Green Future



High-performance battery technology is prerequisite for the success of the energy and mobility transition in the near future. Electric vehicles and stationary energy storage systems must be equipped with powerful, durable and safe battery cells. This also applies to medical technology devices, telecommunications equipment and industrial tools. As a producer of one of the most important cathode materials, IBU-tec is an important part of the global energy revolution transition in the field of battery technologies.

Since 2014, we at IBU-tec have had the know-how and the necessary equipment to produce lithium iron phosphate (LFP) – one of the most widely used materials for cathode production – on a large scale. Following the expiry of an international patent in October 2021, we can now actively offer our own high-quality LFP battery materials under the name IBUvolt. Demand was already high before the official start of production, has continued to rise since then. Market researchers predict annual global growth (CAGR) of 5.9 percent for the LFP material by 2030 to a market volume of EUR 9.9 billion. With our many years of expertise and the

corresponding technology platform, we are able to supply LFP battery materials of the highest quality. Additionally, IBU-tec is currently the only European LFP manufacturer that produces locally.

At the same time, we are already working on the research and development of the battery materials of tomorrow. IBU-tec is involved in numerous research projects in which various battery concepts are investigated and further developed. In addition, we are setting up our own battery laboratory. With these joint and in-house development activities, IBU-tec is broadly positioning itself to play a leading role in the development of substances for new formulations and combinations of battery materials, to develop our own products and to rapidly respond to customer requirements as needed. A significant segment of our business investments in the coming years will be used for this purpose and to expand our corresponding capacities. The successful capital increase in 2021 has created a solid financial basis for realization.

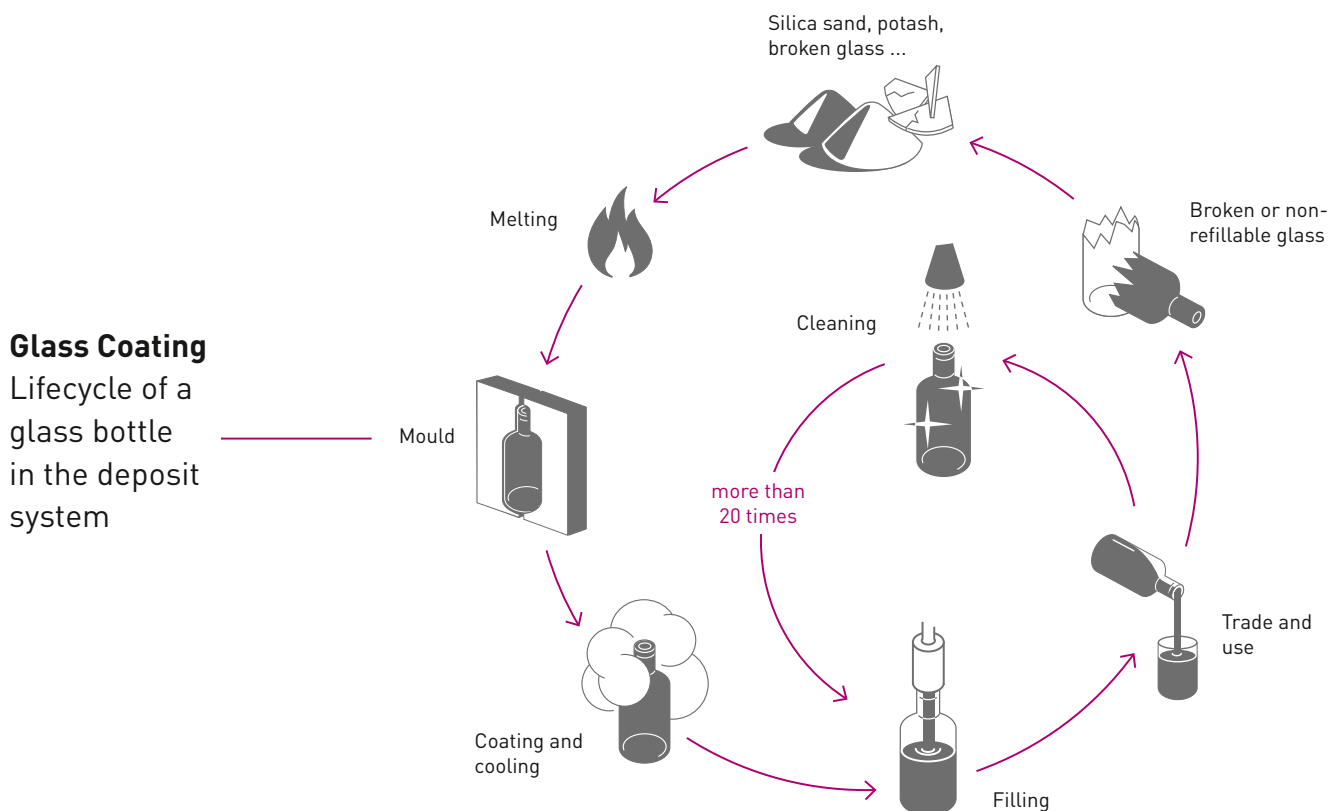
Glass Coating for an Efficient Reusable System and Avoidance of Plastic Waste

Reusable glass bottles are an important building block on the way to a more sustainable society and another key growth market for IBU-tec. Strict regulations on the use of plastic already apply throughout the EU; and governments have set the goal of further increasing the recycling rate.

IBU-tec occupies a key position in this area: As one of only four manufacturers worldwide – and the only one producing in Europe – the IBU-tec subsidiary BNT Chemicals produces the tin-based glass coating product MBTC. Applied to glass bottles or glasses during the red-hot state in the manufacturing process, the resistance of the material is strengthened. This protects the glass against abrasion and breakage. Only this process makes it possible to use returnable bottles 20 times and more before they must be recycled. In other areas such as the pharmaceutical industry, the demand for glass packaging is also increasing, which is causing continuous growth in the market.

The demand for MBTC is very high and currently exceeds our production capacity. That is why we are investing in the development of new, more efficient manufacturing processes and the expansion of our existing plants. By means of new processes, we are able to increase the material yield. In the future, fewer intermediates will be produced, saving expensive resources and energy. IBU-tec has already applied for a patent for this new process and has a significant competitive advantage due to its innovative lead.

We are planning the completion of the new glass coating production plant for the second half of 2022. This doubles the production capacity while at the same time increasing efficiency. With expected annual sales of around EUR 19 million from 2025 onwards, glass coating forms a key component of the IBU2025 strategy.



Recycling for a Climate-Neutral Circular Economy

In order to establish an ecologically sustainable circular economy, the recycling of valuable raw materials is indispensable. For example, costly and rare materials can be recovered and reused in numerous products and applications, e.g. batteries, catalysts or in the building materials industry. IBU-tec benefits from this growing market.

For example, we use thermal processes to support our customers in making reusable concrete, thus reducing the need for sand and other raw materials for cement production as well as saving CO₂. The production of concrete accounts for almost eight percent of man-made CO₂ emissions worldwide. Raw materials such as rare earths, which are used in everything from semiconductors to polishing agents, are expensive and inflict high ecological burdens in extraction and refinement. At IBU-tec, we help to recover

and reuse useful materials, separate them from impurities and return them to the product cycle.

An increasing focus of IBU-tec will be the recycling of used batteries. These contain high proportions of valuable raw materials such as lithium, manganese, cobalt, nickel and lithium iron phosphate. Together with partners from industry, we at IBU-tec develop processes for the recovery of these raw materials and bring them to market. In this way, we will benefit from an expanded future value chain – in no small part by incorporating part of the recovered raw materials into the production cycle of our own IBU-tec battery material.

Recycling is therefore an important third growth driver within the framework of IBU2025.



IBU-tec's largest rotary kiln located in Weimar

ESG: In Our IBU-tec DNA

Responsible and sustainable action is a fundamental element of the IBU-tec business model. With innovative technologies and products from the Greentech sector, we make an active contribution to environmental and climate protection. IBU-tec provides solutions and products for a more sustainable society. **E**nvironmental, **S**ocial, **G**overnance, **ESG** is part of our company DNA.



ENVIRONMENT – GREEN PRODUCTS AND CLIMATE-FRIENDLY PRODUCTION

The protection of nature and the careful use of valuable resources are very important to us at IBU-tec. We have engineered our production to minimize pollution and have among other things, implemented an integrated quality and environmental management system in accordance with ISO 9001 and ISO 14001, which is routinely checked and controlled.

With the development of its own products, IBU-tec is already strongly positioned in the Greentech market. This includes, among other things, our own LFP battery material IBUvolt. This can be used in batteries for electric vehicles and stationary electricity storage systems – both technolo-

gies that are indispensable for the global energy transition. The glass coating process for the reuse of glass bottles helps to reduce plastic waste in the long term and is therefore a catalyst for better environmental conditions. Recycling also makes an important contribution to CO₂ reduction: valuable and rare raw materials are returned to the circular economy through recycling processes in IBU-tec rotary kilns.

At IBU-tec, we also pay special attention to minimizing pollutants and CO₂ emissions in internal operations and manufacturing processes. The IBU-tec company headquarters as well as all plants and facilities are

supplied by climate-friendly natural gas and electricity. In the reporting period, 58 percent of the electricity came from renewable energy sources. From the 2022 financial year, we will exclusively use green electricity throughout the Group. In addition, we use a photovoltaic system at the Weimar site to generate electricity. At our subsidiary BNT in Bitterfeld, a combined heat and power plant is used. By means of combined heat and power, the energy for water heating and steam generation can be produced independently and in an environmentally friendly manner. Thanks to the PV system and the combined heat and power plant, we were able to save almost 582 tons of CO₂ in the entire Group in 2021 compared to traditional energy sources. More than a quarter of the IBU-tec vehicle fleet is equipped with a hybrid or electric drive. In this way, too, we are contributing to an improved CO₂ footprint.



- 58% of electricity comes from renewable energy
- PV system and combined heat and power plant yields 582 tons of CO₂ savings compared to conventional sources
- 27% electric and hybrid vehicles in the group
- Critical waste volume reduced to 586.9 tons (previous year: 659.8 tons)

As part of our sustainability strategy, we at IBU-tec increasingly want to reduce harmful waste generated during the production process. In the year under review, we were able to reduce waste volumes that are classified as critical and have to be disposed of by special service providers by 11 percent to 586.9 tons compared to the previous year.

SOCIAL SUSTAINABILITY, THE CORE OF THE COMPANY'S SUCCESS

For us at IBU-tec, acting sustainably means giving high priority to the needs of employees and society. Only with satisfied employees can a company be successful in the long term.

At IBU-tec, we actively promote the compatibility of family and career. In this way, we enable employees who do not work in fixed shifts to work flexible working hours. Full or partial work from home is also possible by arrangement. In addition, parents receive a kindergarten subsidy of EUR 75 per month for each child. In addition, we offer a one-week supervised Summer Camp for employees' children during the summer holidays.

As a modern Greentech company, IBU-tec supports diversity in the workplace. Regardless of gender, origin and cultural background, all employees have the same opportunities for advancement. The proportion of women in the Group increased by more than three percentage points to 22.4 percent in 2021 compared to the previous year. The wage ratio between men and women in the Group is balanced and stands at 1:1.

In order to retain qualified employees and to remain attractive as an employer in the long term, the individual advancements and personal achievements of employees is vital for us. This increases satisfaction and thus adds to the company's success. In the 2021 financial year, IBU-tec once again strongly promoted the vocational education



and training of employees, after the cancellation of many events and courses over the previous months due to the COVID-19 pandemic. Per employee, the total time for training and continuing education was over 9 hours, as opposed to just under 1.5 hours per the previous year.

With a 15.7 percent employee turnover rate within the IBU-tec Group, we again were below the Germany-wide average, which amounted to 29.8 percent in 2020 – this is further verification that IBU-tec employees enjoy working for the company and feel comfortable in the workplace. In the 2021 financial year, the number of occupational accidents in the Group was more than halved to 9 accidents per 1,000,000 working hours.¹



- Reduction of accidents at work to 9 per 1 million working hours (previous year: 19)
- Kindergarten subsidy and leisure time activities for employees' children
- Wage ratio 1:1 for women and men
- Turnover rate of 15.7%, well below the German average
- Encouragement of training and continuing education: Over 9 hours per employee in FY2021

GOVERNANCE – ETHICAL CORPORATE GOVERNANCE AS A FOUNDATIONAL PRINCIPLE

Ethical and moral corporate governance forms the core of IBU-tec's business activities. This applies not only to the IBU-tec board and employees. When purchasing raw materials and services, we oblige our suppliers to strictly follow our compliance rules. These include the prohibition of child and forced labor, fair remuneration and decent working conditions. In the event of violations, we reserve the right to terminate the business relationship.

In addition, corruption and bribery have no place in the working environment of the IBU-tec Group. Bribes, as well as the acceptance of and awarding of gifts are therefore strictly prohibited. The full disclosure of all possible conflicts of interest is mandated in our compliance regulations.

- Strict Code of Conduct that applies to employees, suppliers, and customers
- Rejection of child labor, inhumane working conditions, corruption, and bribery
- Protection of data is of paramount importance – external data protection officer



In the digital age, the protection of personal data is of great importance to the IBU-tec group, of course. As such, we work with DataCo, which ensures the protection of personal data in the company. In addition, all employees receive regular training in the field of data protection.

RATINGS UNDERPIN SUSTAINABILITY STRATEGY

The IBU-tec Group's strong focus on sustainability was evidenced by two external ratings in the reporting period. EcoVadis, which claims to be the world's largest provider of sustainability ratings for companies, has awarded us the "EcoVadis Silver" award. With an overall score of 59 points, the IBU-tec Group is among the top 25 percent of all companies evaluated by the platform and among the top 20 percent within its industry. The assessment was based on recognized standards such as the UN Global Compact and the Global Reporting Initiative (GRI). IBU-tec was well above the industry average in all areas, with the topics of the environment, labor and human rights being given particularly high weight in the overall assessment.

In addition, imug rating rated the sustainability efforts of the IBU-tec Group as "good" with an overall rating of 70 out of 100 possible points. Here, IBU-tec performed best especially in terms of social key figures. In this area, the numerous activities for employee training, occupational health and safety and social benefits were particularly important. imug rating also acknowledged the positive contributions of IBU-tec products to sustainability through LFP battery materials, recycling activities, services for the medical sector and catalysts for air purification. At the same time, IBU-tec is not active or involved in any business activities that are critical from a sustainable investor's point of view.

A more detailed presentation on the subject of ESG at IBU-tec with a list of corresponding key figures can also be found in the non-financial report from page 57 onwards.

IBU-tec on the Capital Market



IBU-tec shares continued its strong price performance in 2021. With an increase of 46.1 percent by the end of the year, the shares significantly outperformed the overall market and left indices such as the DAX (+15.79 percent), the MDAX (+14.05 percent), the SDAX (+11.17 percent) and the Scale 30 (+9.66 percent) as well as the Scale All Share (+29.46 percent) far behind.

Global equity markets continued to be shaped by COVID-19 pandemic fallout. In addition, there were rapidly rising inflation rates and epic global supply chain bottlenecks, which led to an overall slowdown in the global economic recovery. By the end of the year, global markets were nevertheless robust. In November, the DAX reached a new all-time high of 16,290 points.

In this challenging environment, IBU-tec successfully carried out a cash capital increase with subscription rights in March 2021. With partial use of the Authorized Capital, the Company's share capital increased from EUR 4,000,000 to EUR 4,750,000. At a fixed price of EUR 34 per share, the IBU-tec Group thus received around EUR 25.50 million in gross proceeds, which are primarily earmarked for the implementation of the IBU2025 strategy. New shares were placed with both institutional and private investors; the free

float increased to 51.89 percent after the capital increase. The Weitz family and the Executive Board as the main shareholders waived their subscription rights and made the remaining shares available to the free float shareholders. The Weitz family's and the Executive Board's share in IBU-tec shares thus fell from 69 percent to 48.11 percent. With the capital increase, IBU-tec has further opened to international investors.

The high demand for IBU-tec shares in the context of the capital increase as well as the strong performance of the shares have demonstrated investors' confidence in IBU-tec's strategy and its strong growth prospects.

The analysts at Hauck Aufhäuser Lampe Banking House see great potential for IBU-tec shares and rated it a "Buy" in their research report of 26 October 2021. The price target was set at 64.50 euros.

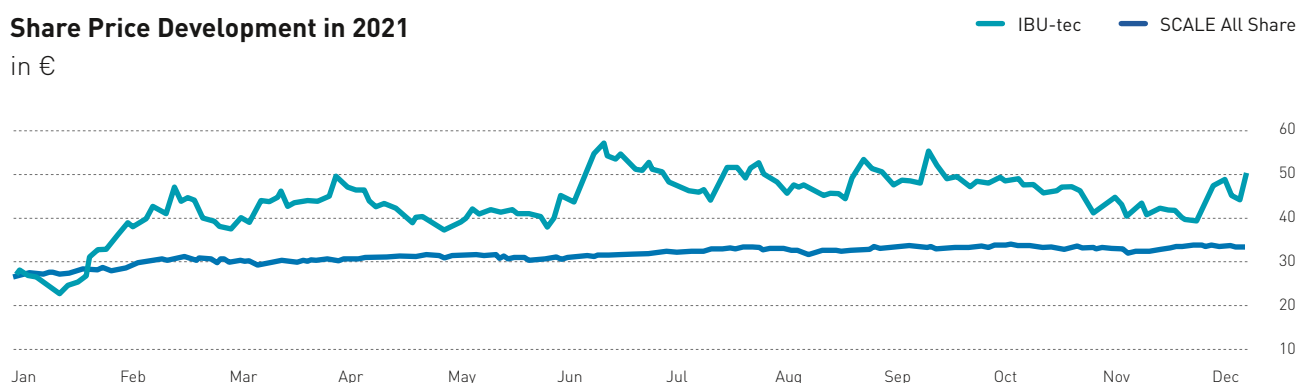
As in the previous year, the 2021 Annual General Meeting had to take place virtually due to the pandemic. Circa 64.03 percent of the share capital was represented at the Annual General Meeting. The shareholders approved all agenda items with a clear majority and resolved, among other things, to create a new Authorized Capital.

In order to provide investors with comprehensive information about our strategy and current developments, we participated in numerous investor conferences and roadshows in the 2021 financial year, which took place mainly virtually due to the pandemic. In addition, we held regular

one-on-one meetings with analysts, journalists and investors. In view of the growing interest in IBU-tec, we have further strengthened our capital market communications and hired an Investor Relations Manager as of August 2021.

Share Price Development in 2021

in €



Basic Share Data

ISIN / WKN	ISIN: DE000A0XYHT5 / A0XYHT
Stock exchange symbol	IBU
Stock exchange segment	Scale, Open Market of the Frankfurt Stock Exchange
Stock exchanges	Xetra, Frankfurt, Berlin, Düsseldorf, Hamburg, Munich, Stuttgart, Tradegate
Initial listing	30 March 2017
Current share capital	EUR 4,750,000
Total number of shares	4,750,000
Share type	No-par value bearer shares without nominal value (no-par shares)
Associated index	SCALE 30, SCALE All Share
Designated Sponsor	ICF Bank
Research	Hauck & Aufhäuser, Edison
Market capitalisation as at 31 December 2021	EUR 213.8 million
Shareholder structure	14.69 % Management Board (incl. Ulrich Weitz) 33.42 % Weitz family 51.89 % Free float



Independent Auditors' Report

To IBU-tec advanced materials AG, Weimar

Audit Assessments

We have audited the consolidated financial statements of IBU-tec advanced materials AG, Weimar, and its subsidiary (the Group) – consisting of the consolidated balance sheet as of 31 December 2021, the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement – for the fiscal year from 1 January to 31 December 2021, as well as the notes to the consolidated financial statements, including the presentation of the accounting and valuation methods. In addition, we audited the group management report of IBU-tec advanced materials AG for the financial year from 1 January to 31 December 2021.

In accordance with German legal requirements, we have not examined the content of the components of the group management report mentioned in the "Other information" section of our auditor's report.

According to our assessment on the basis of the findings of the audit

- the accompanying consolidated financial statements comply with German commercial law regulations in all material respects and, in compliance with the German principles of proper accounting, give a true and fair view of the Group's net assets and financial position as of 31 December 2021 and its results of operations for the financial year from 1 January to 31 December 2021, and
- overall, the attached group management report gives an accurate picture of the Group's position. In all material respects, this group management report is in line with the consolidated financial statements, complies with German legal requirements and accurately presents the opportunities and risks of future development. Our opinion on the group management report does not extend to the content of the components of the group management report mentioned in the "Other information" section.

In accordance with Section 322 (3) sentence 1 of the German Commercial Code (HGB), we declare that our audit did not lead to any objections to the regularity of the consolidated financial statements and the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and the group management report in accordance with Section 317 of the HGB in compliance with the German principles of proper auditing established by the Institute of Public Auditors (IDW). Our responsibility under these rules and principles is further described in the section "Responsibility of the Auditor for the Audit of the Consolidated Financial Statements and the Group Management Report" of our auditor's report. We are independent of the Group companies in accordance with German commercial and professional regulations and have fulfilled our other German professional obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to serve as a basis for our opinions on the consolidated financial statements and the group management report.

Other Information

The legal representatives or the Supervisory Board are responsible for the other information. The other information includes the following non-audited components of the group management report:

- voluntary non-financial disclosures contained in the group management report and marked as unaudited.

The other information also includes the annual report expected to be made available to us after the date of this audit report. Other information does not include the consolidated financial statements, the content-audited group management report disclosures and our related audit report.

Our opinions on the consolidated financial statements and the group management report do not extend to other information and, accordingly, we do not express an opinion or any other form of audit conclusion.

In connection with our audit, we have a responsibility to read the other information mentioned above and to assess whether the other information:

- has material inconsistencies with the consolidated financial statements, the content of the group management report disclosures audited or the knowledge we have acquired during the audit, or
- otherwise appear to be substantially misrepresented.

Responsibility of the Legal Representatives and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The legal representatives are responsible for the preparation of the consolidated financial statements, which comply with German commercial law regulations in all material respects, and for ensuring that the consolidated financial statements give a true and fair view of the Group's net assets, financial position and results of operations in compliance with the German principles of proper accounting. Furthermore, the legal representatives are responsible for the internal controls that they have determined necessary in accordance with the German principles of proper accounting to enable the preparation of consolidated financial statements that are free from material misstatements, whether intentional or unintentional.

When preparing the consolidated financial statements, the legal representatives are responsible for assessing the Group's ability to continue its activities. Furthermore, they have the responsibility to disclose facts related to the continuation of the company's activities, where relevant. In addition, they are responsible for accounting on the basis of the going concern accounting principles, unless there are factual or legal circumstances to the contrary.

In addition, the legal representatives are responsible for preparing the group management report, which as a whole gives an accurate picture of the Group's position and is in line with the consolidated financial statements in all material respects,

complies with German legal requirements and accurately presents the opportunities and future development risks. Furthermore, the legal representatives are responsible for the precautions and measures (systems) that they have deemed necessary to enable the preparation of a group management report in accordance with the applicable German legal regulations and to be able to provide sufficient appropriate evidence for the statements in the group management report.

The Supervisory Board is responsible for monitoring the Group's accounting process for the preparation of the consolidated financial statements and the group management report.

Responsibility of the Auditor for the Audit of the Consolidated Financial Statements and the Group Management Report

Our objective is to obtain sufficient certainty as to whether the consolidated financial statements as a whole are free from material misstatements – whether intentional or unintentional – and whether the group management report as a whole gives an accurate picture of the Group's position and, in all material respects with the consolidated financial statements, is in line with the findings, complies with German legal requirements and accurately presents the opportunities and future development, as well as to issue an audit opinion containing our opinions on the consolidated financial statements and the group management report.

Sufficient certainty is a high degree of certainty, but not a guarantee that an audit carried out in accordance with Section 317 HGB in compliance with the German principles of proper auditing established by the Institute of Public Auditors will always reveal a material misstatement. Misrepresentations may result from violations or inaccuracies and are considered material if it could reasonably be expected to affect, individually or altogether, the economic decisions of users made on the basis of these consolidated financial statements and group management report.

During the audit, we exercise due discretion and maintain a critical attitude. In addition

- identify and assess the risks of material misstatement, whether intentional or unintentional, in the consolidated financial statements and the group management report, plan and conduct audit procedures in response to these risks and obtain audit evidence that is sufficient and appropriate to serve as a basis for our opinions.
- the risk of material misrepresentations not being detected is higher for breaches than for inaccuracies, as breaches may involve fraudulent collaboration, falsification, intentional incompleteness, misleading representations or the suspension of internal controls.
- we gain an understanding of the internal control system relevant for the audit of the consolidated financial statements and the arrangements and measures relevant for the audit of the group management report in order to plan audit procedures that are appropriate in the circumstances, but not with the aim of expressing an opinion on the effectiveness of these systems.
- we assess the appropriateness of the accounting policies used by the legal representatives as well as the reasonableness of the estimated values presented by the legal representatives and related disclosures.
- we draw conclusions about the appropriateness of the accounting principle applied by the legal representatives of the continuation of the company's activities and, on the basis of the audit evidence obtained, whether there is a material uncertainty in connection with events or there are circumstances that may raise significant doubts about the Group's ability to continue its business activities. If we conclude that there is a material uncertainty, we are obliged to draw attention to the related disclosures in the consolidated financial statements and the group management report in the auditor's

report or, if these disclosures are inappropriate, to modify our respective opinions. We draw our conclusions on the basis of the audit evidence obtained up to the date of our audit report. However, future events or circumstances may mean that the Group will no longer be able to continue its business activities.

- we assess the overall presentation, structure and content of the consolidated financial statements, including the disclosures, as well as whether the consolidated financial statements present the underlying business transactions and events in such a way that the consolidated financial statements give a true and fair view of the Group's net assets, financial position and results of operations, in compliance with the German principles of proper accounting.
- we obtain sufficient appropriate audit evidence for the accounting information of the companies or business activities within the Group in order to deliver opinions on the consolidated financial statements and the group management report. We are responsible for the guidance, monitoring and execution of the audit of the consolidated financial statements. We are solely responsible for our audit opinions.
- we assess the consistency of the group management report with the consolidated financial statements, its compliance with the law and the image it conveys of the Group's position.
- we carry out audit procedures on the forward-looking disclosures presented by the legal representatives in the group management report. On the basis of sufficient suitable audit evidence, we in particular follow the significant assumptions on which the legal representatives base the forward-looking disclosures and assess the appropriate derivation of the forward-looking information from these assumptions. We do not give an independent opinion on the forward-looking disclosures or on the underlying assumptions. There is a significant unavoidable risk that future events will differ materially from the forward-looking statements.

We discuss with those responsible for monitoring, among other things, the planned scope and timing of the audit, as well as significant audit findings, including any deficiencies in the internal control system that we identify during our audit.

Jena, 11 March 2022

KPMG AG

Wirtschaftsprüfungsgesellschaft

Lauer
Auditor

Leser
Auditor

Consolidated Financial Statements

for the Fiscal Year from 1 January 2021 to 31 December 2021

Consolidated Balance Sheet

as of 31 December 2021

	31 December 2021	31 Dec 2020 Reported*	31 Dec 2020 Adjusted*
	€	€	€
ASSETS			
A. FIXED ASSETS			
I. Intangible assets			
1. Self-created industrial property rights and similar rights and values	110,579.25	93,515.25	93,515.25
2. Acquired concessions, industrial property rights and similar rights and assets and license to such rights and assets	287,735.00	180,742.00	180,742.00
3. Goodwill	3,347,923.31	3,862,841.67	3,862,841.67
4. Advance payments	32,330.00	13,000.00	13,000.00
	3,778,567.56	4,150,098.92	4,150,098.92
II. Tangible assets			
1. Land, leasehold rights to immovable property and buildings including buildings on third-party land	12,070,924.03	12,004,113.41	12,004,113.41
1. Technical equipment and machinery	16,096,617.50	16,981,306.72	16,981,306.72
2. Other equipment, factory and office equipment	2,177,264.17	2,488,955.33	2,488,955.33
3. Payments on account and assets under construction	3,210,183.33	1,779,555.92	1,779,555.92
	33,554,989.03	33,253,931.38	33,253,931.38
	37,333,556.59	37,404,030.30	37,404,030.30
B. CURRENT ASSETS			
I. Inventories			
1. Raw materials, auxiliary materials and operating materials	10,074,776.92	1,367,159.66	4,619,384.83
2. Works in progress, uncompleted services	400,447.36	274,675.69	274,675.69
3. Finished goods	3,472,145.91	5,705,139.82	2,452,914.65
	13,947,370.19	7,346,975.17	7,346,975.17
II. Receivables and other assets			
1. Accounts receivable trade	6,977,732.72	5,018,984.03	5,018,984.03
2. Other assets	730,524.13	582,806.70	582,806.70
	7,708,256.85	5,601,790.73	5,601,790.73
III. Securities			
Other securities	10,504,957.50	0.00	0.00
IV. Cash and bank balances	7,422,341.41	2,498,558.95	2,498,558.95
	39,582,925.95	15,447,324.85	15,447,324.85
C. DEFERRED EXPENSES	211,242.83	192,346.47	192,346.47
	77,127,725.37	53,043,701.62	53,043,701.62

* For the change in accounting treatment, see the comments on p. 36.

CONSOLIDATED FINANCIAL STATEMENTS

	31 December 2021	31 Dec 2020 Adjusted*
LIABILITIES	€	€
A. EQUITY CAPITAL		
I. Subscribed capital	4,750,000.00	4,000,000.00
II. Capital reserve	40,250,000.00	15,500,000.00
III. Retained earnings		
1. Statutory reserve	300,000.00	300,000.00
2. Other retained earnings	177,180.80	177,180.80
IV. Retained profit	12,624,969.23	12,859,600.84
	58,102,150.03	32,836,781.64
B. SPECIAL ITEM FOR INVESTMENT GRANTS TO FIXED ASSETS	1,743,915.52	1,991,366.85
C. ACCRUALS		
1. Tax provisions	484,532.10	320,401.34
2. Other provisions	1,289,266.83	1,210,647.13
	1,773,798.93	1,531,048.47
D. LIABILITIES		
1. Liabilities to credit institutions	8,130,426.82	13,837,334.59
2. Payments received	62,400.00	144,550.00
3. Liabilities from goods and services	4,474,006.50	2,144,099.69
4. Other liabilities	2,018,241.11	340,835.00
- thereof from taxes: EUR 129,281.66 (previous year: EUR 259,593.40)		
- of which within the framework of social security: EUR 374.88 (previous year: EUR 538.88)		
	14,685,074.43	16,466,819.28
E. DEFERRED EXPENSES	1,154.30	1,154.30
F. DEFERRED TAX LIABILITIES	821,632.16	216,531.08
	77,127,725.37	53,043,701.62

* For the change in accounting treatment, see the comments on p. 36.

Consolidated Income Statement

for the Fiscal Year from 1 January 2021 to 31 December 2021

	2021	2020 Reported*	2020 Adjusted*
	€	€	€
1. Revenues	44,088,979.16	32,960,214.22	32,960,214.22
2. Increase (previous year: decrease) in stock of finished and unfinished goods	1,145,002.93	-1,418,377.99	-4,670,603.16
3. Other own work capitalized	435,244.65	17,224.02	17,224.02
4. Other operating income - of which is from currency conversion: EUR 116,174.97 (previous year: EUR 40,964.78)	3,114,787.79	9,182,244.17	9,182,244.17
	48,784,014.53	40,741,304.42	37,489,079.25
5. Cost of materials			
a) Expenses for raw, auxiliary, and supplies and for purchased goods	-22,250,429.06	-15,462,781.38	-12,210,556.21
b) Expenses for purchased services	-1,051,365.11	-510,476.00	-510,476.00
	-23,301,794.17	-15,973,257.38	-12,721,032.21
6. Personnel expenses			
a) Wages and salaries	-10,103,280.19	-9,761,497.81	-9,761,497.81
b) Social charges and expenses for pension and for support - of that for pensions: EUR 126,805.24 (previous year: EUR 126,567.89)	-1,886,922.97	-1,781,164.23	-1,781,164.23
	-11,990,203.16	-11,542,662.04	-11,542,662.04
7. Amortization of intangibles Fixed assets and tangible assets	-4,593,178.25	-4,891,079.30	-4,891,079.30
8. Other operating expenses - of which is from currency conversion: EUR 128,856.45 (previous year: EUR 13,099.55)	-7,960,372.56	-6,250,712.95	-6,250,712.95
9. Other interest and similar income	26,641.96	888.03	888.03
10. Depreciation of financial assets and securities of current assets	-7,525.00	0.00	0.00
11. Interest and similar expenses - thereof from compounding of provisions: EUR 390.77 (previous year: EUR 3,650.56)	-475,740.65	-462,769.87	-462,769.87
	-456,623.69	-461,881.84	-461,881.84
12. Taxes on income and earnings - of which expenses from the change recognized deferred taxes EUR 605,101.08 (previous year: income EUR 33,872.04)	-687,819.70	-590,782.39	-590,782.39
13. Result after taxes	-205,977.00	1,030,928.52	1,030,928.52
14. Other taxes	-28,654.61	-29,085.05	-29,085.05
15. Consolidated net loss (prior year: consolidated net income)	-234,631.61	1,001,843.47	1,001,843.47
16. Profit carried forward from the previous year	12,859,600.84	11,857,757.37	11,857,757.37
17. Retained earnings	12,624,969.23	12,859,600.84	12,859,600.84

* For the change in accounting treatment, see the comments on p. 36.

Consolidated Cash Flow Statement

for the Fiscal Year from 1 January 2021 to 31 December 2021

	2021
	k€
1. Cash flow from operating activities	
Net income	-235
Depreciation of fixed assets	4,593
Depreciation of securities of current assets	8
Increase in provisions	79
Income from the release of the special item	-295
Extraordinary expenses in connection with the cash capital increase	1,998
Disbursements in connection with the cash capital increase	-1,998
Exceptional income from insurance benefits	-2,000
Deposit from insurance benefits	2,000
Losses from asset disposals	4
Increase in trade accounts receivable and other assets	-8,724
Increase in trade payables and other liabilities	2,223
Interest Expense/Interest Income	449
Income tax expense/income	687
Refunded Income Taxes	82
Cash flow from operating activities	-1,129
2. Cash flow from investing activities	
Proceeds from disposals of property, plant and equipment	17
Disbursements for investments in intangible assets	-233
Disbursements for investments in tangible assets	-4,312
Disbursements due to financial investments within the scope of short-term financial planning	-10,513
Interest Received	26
Cash flow from investing activities	-15,015
3. Cash flow from financing activities	
Proceeds for equity injections	25,500
Proceeds from investment grants	48
Proceeds from taking out financial loans	2,000
Disbursements from the repayment of financial loans	-6,006
Interest Paid	-475
Cash flow from financing activities	21,067
4. Cash funds at the end of the period	
Change in cash and cash equivalents (subtotals 1 – 3)	4,923
Cash funds at the beginning of the period	2,499
Cash funds at the end of the period	7,422
5. Composition of cash funds	
Cash and cash equivalents	7,422
Cash funds at the end of the period	7,422

Consolidated Statement of Changes in Equity

for the Fiscal Year from 1 January 2021 to 31 December 2021

in k€	Subscribed Capital	Capital Reserve	Legal Reserve	Other Retained Earnings	Retained Earnings	Equity Capital
As of 1 January 2020	4,000	15,500	300	177	11,858	31,835
Annual net profit					1,002	1,002
As of 31 December 2020	4,000	15,500	300	177	12,860	32,837
As of 1 January 2021	4,000	15,500	300	177	12,860	32,837
Capital increase	750					750
Transfer to the capital reserve		24,750				24,750
Annual shortfall					-235	-235
As of 31 December 2021	4,750	40,250	300	177	12,625	58,102

Notes

to the Consolidated Financial Statements 2021 of IBU-tec advanced materials AG

I. General Information

The consolidated financial statements of the IBU-tec Group for the period 1 January 2021 to 31 December 2021 were prepared in accordance with the provisions of the German Commercial Code (HGB).

For the consolidated financial statements, the statutory outline scheme of Section 290 HGB was followed.

There were no special circumstances that would prevent the financial statements from giving a true and fair view of the net assets, financial position and results of operations (Section 264 (2) sentence 2 HGB).

Use was made of permissible facilitations in accordance with the German Commercial Code (HGB).

IBU-tec AG ("Parent Company") has its registered office in Weimar and is registered in the commercial register at the Jena District Court under the number HRB 503021.

II. Scope of Consolidation

The consolidated financial statements include the wholly owned subsidiary, BNT Chemicals GmbH, Bitterfeld-Wolfen, ("BNT GmbH" or "Subsidiary"), over which IBU-tec AG exercises a direct or indirect controlling influence.

III. Consolidation Principles

When BNT GmbH was included for the first time on 30 June 2018, the assets, liabilities and deferred income included in the consolidated financial statements were revalued or recognized as part of the purchase price allocation. The hidden reserves on the properties led to a higher valuation compared to the annual financial statements of the subsidiary. On the basis of these hidden reserves, statutory taxes were determined and recognized in the consolidated balance sheet.

In addition, goodwill was recognized as an asset in the consolidated balance sheet. Existing tax loss carryforwards at BNT GmbH led to the recognition of external taxes, the formation of which took place as part of the first-time consolidation on 30 June 2018. In the following years, there was a gradual reversal as part of the subsequent consolidations on the balance sheet date, which were included in the income statement through profit or loss.

Receivables and liabilities between the Group companies were offset.

In the consolidated income statement, the income and expenses from the intra-group recalculations as well as the internal interest income or interest expenses from the shareholder loan granted by IBU-tec AG to BNT GmbH were eliminated in the course of consolidation.

Goodwill from the first-time consolidation is amortized on a straight-line basis over a period of 10 years.

IV. Accounting and Valuation Principles

Fixed assets

The following depreciation methods have been applied for the depreciation of fixed assets:

Asset Item	Depreciation Method	Service Life
Purchased and self-created intangible assets	linear	up to 11 years
Commercial buildings	linear	up to 40 years
Technical equipment and machines	linear	up to 30 years
Other equipment, operating and office equipment	linear	up to 33 years

Acquired intangible assets and property, plant and equipment were measured at cost and, if subject to wear and tear, less depreciation and amortization. In principle, the straight-line depreciation method was used. Depreciation was carried out pro rata temporis.

Movable fixed assets that are subject to wear and tear are fully depreciated in the year of receipt, provided that their respective acquisition costs do not exceed €0.8 thousand.

The capitalization option pursuant to Section 248 (2) sentence 1 HGB was exercised by IBU-tec AG in fiscal year 2021. Development costs of €22 thousand (previous year: €18 thousand) for the development of a new production process, which also correspond to the total amount of recorded research and development costs not incurred on behalf of customers, were capitalized under internally generated intangible assets. The capitalized development costs correspond to the production costs in accordance with the lower value limit under commercial law. They are capitalized from the date on which IBU-tec AG assumes that the project has been successfully completed and thus that an asset has been created. Disposals in the amount of €5 thousand were posted in the fiscal year (previous year: €0 thousand). Taking into account the deferred tax liabilities attributable to the capitalized amount, this results in a distribution-restricted amount of €76 thousand in accordance with Section 268 (8) HGB.

In the event of an expected permanent impairment, impairment losses on intangible assets and property, plant and equipment are incurred.

The development of fixed assets is shown in the asset history sheet.

Current assets

Within inventories, raw materials and supplies were valued at the lower of cost using the moving average price method or replacement cost at the balance sheet date.

Work in progress and finished goods are valued at manufacturing cost using the standard price method (previous year: valuation at moving average price). Appropriate proportions of the costs of general administration were included in the calculation of production cost. All identifiable storage and inventory risks were taken into account by means of sufficiently measured value adjustments.

The "MBTC intermediate" produced as part of the production process at BNT Chemicals is reported under the item "Raw materials and supplies" in the past fiscal year. It is measured at cost using the moving average price of the main ingredient, tin, or at the lower fair value at the balance sheet date. In the previous year, as the intermediate product was reported under the item "Finished goods and merchandise," it was valued at manufacturing cost. The manufacturing costs include the direct material costs of the main component interest, but no overheads, so that the change in the valuation method had no effect on earnings. For further details, please refer to the explanations provided in Section V.

Receivables and other assets were generally measured at par value. Sufficient account was taken of the default risk by means of a lump-sum value adjustment on receivables.

The securities were valued at cost or the lower market price on the balance sheet date.

Cash and cash equivalents are measured at par value.

The deferred income items include advance payments made, which represent expenses for future fiscal years.

Deferred taxes were determined due to temporary or quasi-permanent differences between the valuations of assets, liabilities and deferred income and their tax valuations or due to tax loss carryforwards. These are measured at the company-specific tax rates (29.83% and 30.875% respectively) at the time the differences are reduced. The amounts of the resulting tax relief and relief are not discounted. Deferred tax assets and liabilities are netted in accordance with Sections 306 and 274 of the German Commercial Code (HGB).

The subscribed capital is measured at par.

Liabilities have been created for public investment grants, which are to be released in accordance with the depreciation and amortization in accordance with the useful lives of the subsidized fixed assets.

Tax provisions and other provisions take into account all identifiable risks and uncertain obligations. The valuation is carried out in each case in the amount of the performance amount that is necessary according to a reasonable commercial assessment to cover future payment obligations. Future price and cost increases are taken into account, provided that sufficient objective evidence is available for their occurrence. Provisions with a residual maturity of more than one year are discounted at the average market interest rate of the Deutsche Bundesbank over the past seven financial year's corresponding to their remaining term.

The liabilities are recognized with their settlement amount.

Deferred income includes advance payments received that represent income for future fiscal years.

Assets and liabilities denominated in foreign currencies were generally translated at the foreign exchange mid-market rate at the balance sheet date. With a remaining term of more than one year, the implementation principle (Section 252 para. 1 no. 4 half sentence 2 HGB) and the acquisition cost principle (Section 253 para. 1 sentence 1 HGB) were observed.

V. Deviations from Accounting and Valuation Methods

The accounting and valuation methods presented in Section IV have been applied unchanged with the following exceptions.

Changes to the valuation method:

In 2021, the valuation of finished products at BNT Chemicals GmbH was changed from the moving average price to the standard price method. This step was a prerequisite for introducing a new production planning system. Due to a large number of production methods for some products, the valuation method of the moving average was too volatile and therefore difficult to plan. Thus, the changeover has made it easier to approach. Due to the change in the valuation method, there was an effect on earnings of €138 thousand in the 2021 financial year.

Due to the conversion of the valuation method, a standardization with the parent company, IBU-tec AG, also took place, which has been using the standard price method for its finished products since 2017.

For reasons of materiality, the previous year's financial statements have not been adjusted.

Changes in accounting:

In the past fiscal year, the Group changed its assessment with regard to the accounting presentation of the „MBTC intermediate“ and the unpackaged merchandise created at BNT Chemicals GmbH. Against the background of the lack of intention to sell and the fact that in both cases these are assets that are (re)fed into the production process, the Group no longer reports these assets as finished goods in the consolidated financial statements as of 31 December 2021, but under the item “Raw materials and supplies”. Correspondingly, the change in these inventories is now presented under the income statement item “Cost of raw materials, supplies and purchased merchandise”.

Due to the impact of this on the net assets and results of operations, the previous year's figures have been adjusted in these consolidated financial statements. The restated figures are shown in the balance sheet and income statement in the column “2020 restated”.

A third column (“2020 reported”) has been added to the balance sheet and income statement in order to present the effects of the restatement clearly and concisely to users of the financial statements and thus improve comparability with the previous year's financial statements.

In the course of the change in presentation, the valuation method was also changed. The reclassified assets are now measured at cost within the meaning of Section 255 (1) HGB in accordance with the principles applicable to raw materials and supplies. The manufacturing costs determined in the previous year and in the past fiscal year for the “MBTC intermediate” and the unpackaged merchandise correspond to the acquisition costs, so that no effect on the (previous year's) result results from the change in the valuation method.

VI. Information and Explanatory Notes on Individual Items of the Balance Sheet

Fixed assets

The development of fixed assets is shown in the investment index.

When BNT GmbH was included for the first time on 30 June 2018, the assets, liabilities and deferred income included in the consolidated financial statements were revalued or recognized as part of the purchase price allocation. The hidden reserves on the properties led to a higher valuation compared to the annual financial statements of the subsidiary. In addition, goodwill was recognized as an asset in the consolidated balance sheet. Goodwill is amortized on a straight-line basis over a period of ten years.

Supplies

in k€	31 Dec 2021	31 Dec 2020 adjusted
Raw materials, auxiliary materials and operating materials	10,075	4,619
Work in progress, unfinished services	400	275
Finished products	3,72	2,453
Total	13,947	7,347

Receivables and other assets

The total amount of receivables and other assets in the amount of €7,708 thousand (previous year: €5,602 thousand) consists of trade receivables in the amount of €6,978 thousand (previous year: €5,019 thousand) and other assets in the amount of €731 thousand (previous year: €583 thousand).

As in the previous year, all receivables and other assets have a remaining term of less than one year.

Cash on hand and balances with credit institutions

Balances with banks increased from €2,499 thousand in the previous year to €7,422 thousand in the year under review.

Further information is to be found in the cash flow statement in Appendix 1.3.

Accrual

Accruals and deferred income mainly includes prepaid business insurance –premiums and other cost accruals. At IBU-tec AG, the accrual of a non-performance-related front-up fee of €20 thousand (previous year: €25 thousand) is also included. The interest cap premium of €9 thousand still included in the previous year was reversed in the 2021 financial year.

Equity

Group equity developed in 2021 as follows:

in k€	31 Dec 2020	Capital Reserves	Capital Increase	Dividend	Consolidated Annual Result	31 Dec 2021
Subscribed capital	4,000		750	-	-	4,750
Capital reserves	15,500	24,750	-	-	-	40,250
Legal reserve	300		-	-	-	300
Other profit backlogs	177		-	-	-	177
Retained earnings	12,860		-	-	-235	12,625
Total	32,837	24,750	750	-	-235	58,102

The subscribed capital of IBU-tec AG increased from €4,000 thousand to €4,750 thousand (divided into 4,750,000 no-par value shares to bearers, which are fully paid up) as part of the cash capital increase completed in the financial year.

In this context, the capital reserve, which previously contained only the premium generated in the IPO, also increased from €15,500 thousand to €40,250 thousand.

Special offer

Special items have been created for all investment grants for fixed assets, which are released according to the term of the subsidized fixed assets.

in k€	31 Dec 2021	31 Dec 2020
Special item for investment grants	1,744	1,991

Accruals

Other provisions are as follows::

in k€	31 Dec 2021	31 Dec 2020
Samples & Archiving	90	117
Outstanding supplier invoices	216	291
Personnel	527	416
Other	456	387
Total	1,289	1,211

Other provisions include costs for the audit of the annual financial statements, for obligations arising from guarantees, for outstanding incoming invoices and for corporate and trade taxes for 2020.

Liabilities

The liabilities are composed as follows:

in k€	Total	Up to 1 Year	1 to 5 Years	More Than 5 Years
Liabilities to banks	8,130	1,765	6,065	300
<i>Previous year</i>	<i>13,837</i>	<i>3,164</i>	<i>9,546</i>	<i>1,127</i>
Liabilities from deposits received	62	62	0	0
<i>Previous year</i>	<i>145</i>	<i>145</i>	<i>0</i>	<i>0</i>
Trade accounts payable	4,474	4,474	0	0
<i>Previous year</i>	<i>2,144</i>	<i>2,144</i>	<i>0</i>	<i>0</i>
Other liabilities	2,018	2,018	0	0
<i>Previous year</i>	<i>341</i>	<i>2,464</i>	<i>42</i>	<i>0</i>
Total	14,684	8,319	6,065	300
<i>Previous year</i>	<i>16,467</i>	<i>7,917</i>	<i>9,588</i>	<i>1,127</i>

Liabilities to Commerzbank in the amount of €1,300 thousand are secured by a land charge of €2,000 thousand on the commercial premises in Bitterfeld-Wolfen.

Liabilities to Sparkasse are secured in the amount of €4,213 thousand with land charges of €2,033 thousand on the commercial premises and with a security transfer of the photovoltaic system.

Furthermore, there is an assignment of claims against the Sparkasse in the amount of €384 thousand from the feed-in tariff of the photovoltaic system, as well as assignments of rights and claims in the same amount from the system construction contract as well as from the maintenance and repair contract of the photovoltaic system. In addition, a global assignment of receivables from deliveries of goods and services against all customers or debtors was agreed with the Sparkasse.

There are two contracts with Deutsche Leasing GmbH for the transfer by way of security of assets over €4,200 thousand and €2,800 thousand.

Deferred tax liabilities

When BNT GmbH was included for the first time on 30 June 2018, the assets, liabilities and deferred income included in the consolidated financial statements were revalued or recognized as part of the purchase price allocation. The calculated hidden reserves on the properties in the amount of €612 thousand led to a higher valuation compared to the annual financial statements of the subsidiary. On the basis of these hidden reserves and on the basis of a tax rate (corporation tax and trade tax) of 29.8%, deferred tax liabilities amounting to €183 thousand were calculated and recognized in the consolidated balance sheet. As the land is not subject to scheduled depreciation, this deferred tax liability is also recognized in the same amount in subsequent consolidations.

Due to the reserve for replacement procurement in accordance with EStR 6.6. in the tax balance sheet established at BNT GmbH in 2020, there were deviations between the commercial and tax balance sheets. This resulted in deferred tax liabilities of €605 thousand in the 2021 financial year (previous year: €608 thousand).

Due to the use of the loss carryforward of €1,997 thousand in the 2021 financial year, it was necessary for BNT GmbH to release the deferred tax assets of €596 thousand formed in 2020.

The composition of deferred tax items is shown in the following table.

in k€	31 Dec 2021	31 Dec 2020	Change
Hidden reserves Land	-183	-183	0
Reserve for replacement according to EStR 6.6.	-605	-608	3
Loss carryforwards	0	596	-596
Self-created intangible assets	-34	-22	-12
Total	-822	-217	-605
Surplus (+) active / (-) passive deferred tax liabilities			

VII. Notes to the Income Statement

The income statement was prepared in accordance with § 275 HGB (German Commercial Code) according to the total cost procedure.

In 2020, the following revenue shares were generated from the individual areas of activity of the Group:

in k€	2021	2020
Production services	38,561	27,004
Process development	3,928	4,022
Materials development	558	1,350
Engineering	432	307
Other	610	278
Total	44,089	32,960

Sales revenues were generated in the following geographic markets:

in k€	2021	2020
Germany	19,067	16,381
Rest of the EU	10,086	13,097
Rest of the world	14,936	3,482
Total	44,089	32,960

Other revenues includes revenues from the operation of a photovoltaic system at IBU-tec AG, from which feed-in tariffs of around €45 thousand (previous year: €51 thousand) were generated.

Other operating income totaling €3,115 thousand includes extraordinary income from the remaining insurance reimbursements granted at BNT GmbH in the amount of €2,000 thousand, income from the reversal of special items for investment grants and income from the reversal of provisions.

The other operating expenses of €1,198 thousand incurred in connection with the capital increase represent extraordinary expenses within the meaning of Section 285 No. 31 of the German Commercial Code (HGB) due to the magnitude of the capital increase.

Interest and similar expenses include, among other things, interest expenses for non-current liabilities in the amount of €476 thousand (previous year: €463 thousand).

VIII. Other Information

The average number of employees employed in the financial year can be found in the following diagram.

Headcount (excluding managing directors/board members, trainees, employees in development cooperation)	2021	2020
Employees	211.75	234.25
as at 31 Dec 2021	214.00	215.00

Due to the existing internal reporting structures, the company does not break down employees bygroup.

In 2021, contributions of €61 thousand (previous year: €57 thousand) were made to management for existing and newly concluded indirect occupational pension obligations. For the promised benefits, appropriate reinsurance policies were taken out by the contracted insurance institutions.

As of the balance sheet date, IBU-tec AG had other financial obligations of €7,967 thousand (previous year: €669 thousand) in open orders and obligations from rents, leases and leasing in the amount of €608 thousand (previous year: €675 thousand). Obligations arising from maintenance contracts amounted to €45 thousand (previous year: €163 thousand).

In 2021 and subsequent years, BNT GmbH has annual payment obligations from leases in the amount of €69 thousand (previous year: €69 thousand). The main lease in the amount of €53 thousand per year was concluded with a term until 30 June 2023 and will be extended by a further 12 months. The lease for €16 thousand per year was concluded for an indefinite period.

Furthermore, BNT GmbH has financial obligations on the basis of a leasing contract for a forklift in the amount of €6 thousand p.a. up to and including April 2023 and a leasing contract for five containers until 13 May 2030 in the amount of €53 thousand p.a.

As of 31 December 2021, there are other financial obligations of €1,310 thousand from order commitments for major investments currently being implemented.

As of 31 December 2021, IBU-tec AG had mandatory contingencies in the amount of €35 thousand (previous year: €35 thousand) in the form of a contract performance guarantee to a customer and in the amount of €81 thousand (previous year: €102 thousand) in the form of a guarantee for waste shipments for BNT GmbH to the State Administration Office of Saxony-Anhalt. The down payment guarantees concluded in the 2020 financial year to a customer in the amount of €382 thousand and €229 thousand were returned in the 2021 financial year. In addition, there are two guarantees to secure investment credit agreements in the amount of €713 thousand (previous year: €713 thousand) and €1,250 thousand (previous year: €1,250 thousand).

There were no off-balance sheet transactions until the balance sheet date.

Due to existing insurance cover, we see no risk of claiming the guarantee in the amount of €35 thousand. For the guarantee in the amount of €81 thousand, there is no significant risk of utilization due to a significant reduction in the volumes to be transported.

Between IBU-tec AG and a former employee there is a consulting contract with service provision from 2018, which, however, is currently suspended, as well as a patent/know-how purchase agreement, which has now been challenged by IBU-tec AG due to a possible breach of contract by the other party, over which we are currently still in a legal dispute.

IX. Derivative Financial Instruments

An interest cap agreement to hedge a variable-rate loan and a hedging transaction (interest rate swap) were terminated in the 2021 financial year. There are no further agreements.

X. Related Party Transactions

The wife of the Chairman of the Board of Management is employed as an assistant to the Board of Management. The annual remuneration from this service contract amounts to €25 thousand (previous year: €26 thousand).

The daughter of the CEO worked as an intern at IBU-tec AG until 31 December 2021. The remuneration from this contractual relationship amounted to €0.4 thousand for the financial year.

Ulrich Weitz, Chairman of the Management Board, granted IBU-tec AG a loan of €2,000 thousand in the financial year. The agreed conditions correspond to customary market conditions. By 31 December 2021, repayments of €299 thousand had been made, so that the loan was still valued at €1,701 thousand as of the balance sheet date.

Consulting contracts have been concluded with the Supervisory Board members Ms. Cailleteau and Dr. Thau, which are currently on hold. The agreed conditions correspond to customary market conditions. In the financial year, as in the previous year, there were no liabilities from these activities and no fees were paid.

Both consulting contracts were submitted to the Supervisory Board and approved by ordinary resolutions.

XI. Other Mandatory Information

IBU-tec AG, based in Weimar, is the sole shareholder of BNT Chemicals GmbH.

The annual financial statements of BNT Chemicals GmbH are included in the consolidated annual financial statements of the IBU tec Group. IBU tec AG prepares the consolidated financial statements for both the largest group (Section 285 (14) HGB) and the smallest group of companies (Section 285 (14a) HGB).

The auditors' total fee of €83 thousand for the 2021 financial year (previous year: €120 thousand) is divided into fees for the following services:

in k€	31 Dec 2021	31 Dec 2020	Change
Final examination services	73	97	-14
Other confirmation services	10	23	-13
Total	83	120	-27

XII. Supplementary Report

After the balance sheet date, no transactions of particular importance occurred that have a significant financial impact.

XIII. Proposal for the Appropriation of Profits

The Management Board proposes that the parent company's net loss of €-1,785,441.86 be offset against the existing profit carried forward and that the remaining retained profit of €7,440,394.67 be carried forward to new account.

XIV. Legal and Economic Foundations of the Parent Company

Company:	IBU-tec advanced materials AG
Registered office:	Hainweg 9-11 99425 Weimar
Legal form:	Joint-stock company
Object of the company:	Amtsgericht Jena HRB 503021
Object of the company:	Research and development services as well as contract manufacturing in the field of inorganic chemistry by means of thermal process engineering. On the basis of a modern and innovative technology platform, IBU-tec generates special materials (advanced materials) from the product idea to industrial production. Through IBU-tec's complex offer, the customer acquires a coordinated and reproducible product specification and the know-how of the production process of the desired materials in the shortest possible time. Development risks of new products of the customer are thus significantly reduced, since IBU-tec closes the gap between the individual phases of experimental product development in the laboratory up to the secured production process.
Fiscal year:	Calendar year
Share capital:	€4,750,000.00 divided into 4,750,000 no-par value bearer shares.
Executive Board:	Ulrich Weitz, Dipl.-Ing., Berlin Jörg Leinenbach, Dipl.-Kfm., Püttlingen Dr. rer. nat. Arndt Schlosser, Dipl.-Chem., Stammham

Supervisory Board: Dr. Hans-Joachim Müller, CEO Azelis Group NV, Munich (Chairman)
Dr. Jens T. Thau, Lawyer THAU Rechtsanwälte, Berlin (Deputy Chairman)
Sandrine Cailleateau, Managing Director Bryan, Garnier & Co, Paris

Power of Attorney: at the time of drawing up the appendix:

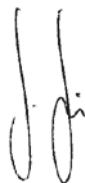
Käthe Buschtöns, Weimar OT Gelmeroda
Dr. Toralf Rensch, Weimar
Robert Süße, Weimar
Dr. Thomas Wocadlo, Dortmund
Christiane Bär, Weimar

in each case individual power of attorney

Weimar, 28 February 2022



Ulrich Weitz
(Vorstandsvorsitzender der IBU-tec AG)



Jörg Leinenbach
(stellv. Vorstandsvorsitzender
der IBU-tec AG)



Dr. Arndt Schlosser
(Vorstand der IBU-tec AG)

Consolidated Financial Statements

for the Fiscal Year from 1 January 2021 to 31 December 2021

Asset History Sheet

in €	Acquisition or Production Costs				As of 31 Dec 2021
	As of 1 Jan 2021	Additions	Disposals	Transfers	
I. Intangible assets					
1. Self-created industrial property rights and similar rights and values	93,515,25	22,383,50	5,319,50	0,00	110,579,25
2. Acquired concessions, industrial property rights and similar rights and values as well as licenses to such rights and values	1,315,270,80	212,800,68	0,00	0,00	1,528,071,48
3. Goodwill	5,149,183,60	0,00	0,00	0,00	5,149,183,60
4. Advance payments made	13,000,00	19,330,00	0,00	0,00	32,330,00
	6,570,969,65	254,514,18	5,319,50	0,00	6,820,164,33
II. Tangible assets					
1. Land, leasehold rights to immovable property and buildings including buildings on third-party land	18,193,999,89	116,704,15	0,00	720,610,15	19,031,314,19
2. Technical equipment and machinery	56,500,379,28	1,488,303,32	0,00	204,624,55	58,193,307,15
3. Other equipment, factory and office equipment	8,175,882,72	294,471,66	56,703,14	32,796,15	8,446,447,39
4. Payments on account and assets under construction	1,795,636,12	2,388,658,26	0,00	-958,030,85	3,226,263,53
	84,665,898,01	4,288,137,39	56,703,14	0,00	88,897,332,26
Total fixed assets	91,236,867,66	4,542,651,57	62,022,64	0,00	95,717,496,59

ASSET HISTORY SHEET

Depreciation				Book Values	
As of 1 Jan 2021	Additions	Disposals	As of 31 Dec 2021	As of 31 Dec 2021	As of 31 Dec 2020
0,00	0,00	0,00	0,00	110,579,25	93,515,25
1,134,528,80	105,807,68	0,00	1,240,336,48	287,735,00	180,742,00
1,286,341,93	514,918,36	0,00	1,801,260,29	3,347,923,31	3,862,841,67
0,00	0,00	0,00	0,00	32,330,00	13,000,00
2,420,870,73	620,726,04	0,00	3,041,596,77	3,778,567,56	4,150,098,92
6,189,886,48	770,503,68	0,00	6,960,390,16	12,070,924,03	12,004,113,41
39,519,072,56	2,577,617,09	0,00	42,096,689,65	16,096,617,50	16,981,306,72
5,686,927,39	624,331,44	42,075,61	6,269,183,22	2,177,264,17	2,488,955,33
16,080,20	0,00	0,00	16,080,20	3,210,183,33	1,779,555,92
51,411,966,63	3,972,452,21	42,075,61	55,342,343,23	33,554,989,03	33,253,931,38
53,832,837,36	4,593,178,25	42,075,61	58,383,940,00	37,333,556,59	37,404,030,30

Group Management Report

of IBU-tec advanced materials AG for the Financial Year 2021

1. Foundations of the Group

1.1 Business Model

The IBU-tec Group develops and produces quality materials for industry. Target markets include the chemical, pharmaceutical, plastics, coatings and automotive industries. The Group acts both as a service provider for development and production and as a manufacturer of its own materials. Their scope covers the entire value chain from wet chemistry to thermal process engineering. With its own products – such as battery materials and glass coating – the IBU-tec Group places a special focus on green technologies in global growth markets. While in the past the Group was primarily active as a development and production service provider, it fundamentally expanded its business model in the 2021 financial year to include the manufacture of its own products. With the market launch of its own LFP (lithium-iron-phosphate) battery material, which is used in electric vehicles, stationary energy storage and numerous industrial and medical applications, it significantly realigned itself in October and opened new sources of income in highly attractive growth markets. The Group has unique, partially patent-protected technologies that it combines with the extensive process and material know-how of its experienced employees to offer customers high-quality applications and products.

1.2 Structure

The IBU-tec Group is divided into two individual companies: the parent company IBU-tec advanced materials AG (IBU-tec AG), Weimar, and the operational subsidiary BNT Chemicals GmbH (BNT GmbH), Bitterfeld-Wolfen. Both companies are closely linked by organizational measures. As the parent company, IBU-tec AG takes strategic and operational management of the Group and the subsidiary. This was concluded 31 December 2021, mainly through the CEO of IBU-tec AG, who was also part of the management of the subsidiary. On 1 January 2022, the CSO of IBU-tec AG took over this task. In addition, IBU-tec AG coordinates sales, business development, research and development and provides central functions such as personnel support, preparation of financial statements, quality management, central purchasing and controlling for the Group.

1.2.1 IBU-tec advanced materials AG

As an industry development and production partner, from idea inception to full production, IBU-tec AG produces specialty chemicals with modified material properties via thermal processes which can significantly reduce the material and process risk for its customers over traditional methods. It now complements this portfolio with its own battery materials, with which it acts as a manufacturer on the market.

In addition to the automotive industry, the chemical industry, the building materials industry and electrical engineering, ceramics and the glass industry are important target markets for IBU-tec AG as well. These include, in particular, the greentech future areas of electromobility, energy storage, recycling and life science. Through its customer base, it addresses global megatrends such as green mobility (e-mobility and car catalysts), green economy (including CO₂-reduced building materials, rare earths, stationary energy storage) and medical technology (including artificial joints and dentures). The basis of IBU-tec AG's market success is its own flexible technology platform, patent-protected processes, and the know-how of its employees.

1.2.2 BNT Chemicals GmbH

As a manufacturer of organometallic compounds, with a focus on organotin products and wet chemical processes, BNT GmbH serves a variety of different applications mainly in the glass, automotive, plastics, chemical and pharmaceutical industries. With BNT GmbH, the group has additional know-how in wet chemistry, which mainly concerns the process stages of precipitation, synthesis and distillation, which are upstream of the thermal processes of IBU-tec. This enables the Group to map a consistent value chain and place a comprehensive range of services on the market. Sales are global.

1.3 Objectives and Strategy

The framework for the Group's strategic orientation and the Group's objectives is provided by the strategy paper "IBU2025", which was presented in January 2021. The Executive Board is thus driving forward the transformation of the Group from a company that primarily acts as a development and production service provider to an independent manufacturer of high-quality products. This step is intended to generate growth, reduce the sometimes-high dependence on large individual customers in the service business and increase the long-term stability and predictability of sales.

The "IBU2025" strategy focuses on expanding the portfolio with products and services for global megatrends. With the marketing of its own LFP battery material since the fourth quarter of 2021, IBU-tec has positioned itself as a manufacturer of powder materials in the growing market of high-performance batteries for the automotive industry, industrial applications, and stationary energy storage systems. In addition, the focus is on expanding capacity in the glass coating sector and developing the service and recycling business, which are further key growth drivers for the Group's future business. In this way, we occupy important, promising, and high-margin sectors that fall under the term Greentech.

Furthermore, the process development and contract manufacturing of special catalysts for the chemical industry, the production of additives to reduce nitrogen oxides in the air, the development of processes for the regeneration of rare earths, the development of new areas of application for tin or organometallic catalysts and the production of catalytically active powders for the automotive industry, together with specifically marketed engineering services, define the strategic orientation of the IBU-tec Group.

The "IBU2025" strategy thus forms the cornerstone for the accelerated growth of the IBU-tec Group in the coming years. By 2025, sales are expected to increase three to four times to a volume of €80 million to over 100 million. The battery materials business alone is expected to account for around one third of Group sales.

1.4 Control System

With the strategy paper "IBU2025" published on 25 January 2021, the IBU-tec Group has laid the foundations for sustainable profitable growth. Despite the necessary investments, the operating result (EBITDA) is to be increased in the long term.

In accordance with this, the Group is managed on the basis of the two key performance indicators, revenue and EBITDA margin. In addition, other variables such as gross profit margin, EBITDA, EBIT, EBT, cash flow and investments are considered for operational and strategic management. Monthly reporting with target/actual comparisons and deviation analyses forms the basis for the commercial management of the Group.

2. Economic Report

2.1 Macroeconomic Conditions

As expected in the annual report 2021/22 of the German Council of Economic Experts – and confirmed by the Federal Ministry of Economic Affairs and Climate Protection in the Annual Economic Report 2022, the German economy has recovered in 2021. However, this upward trend was dampened by the rise in raw material and energy prices as well as supply chain bottlenecks. At 2.7%, growth was therefore lower than forecast by the Council in the previous year.¹

2.1.1 Chemical Industry

The chemical industry also felt the effects of skyrocketing prices for energy and raw materials in 2021. Nevertheless, the chemical-pharmaceutical industry reported strong numbers, as the industry association VCI (Association of the Chemical Industry) noted in its annual report. Production increased by 4.5% compared to the crisis year 2020. Sales even grew by 15.5% to around €220 billion, which was due to the sharp rise in producer prices (+8.5%).²

2.1.2 Automotive Industry

After the already extremely weak previous year, the Federal Motor Transport Authority reported a decline in new car registrations in Germany of a further 10.1% for 2021. The trend towards electric vehicles continued in the previous year: the number of registrations for vehicles with diesel and petrol engines continued to decline. In contrast, the number of newly registered vehicles with pure battery-electric drive increased by 83.3% compared to the previous year, which corresponds to a share of 13.6% of all newly registered passenger cars.³ The proportion of battery-powered vehicles equipped with LFP batteries rose significantly worldwide to 24.1% in the first half of 2021 (previous year: 14.8%).⁴

¹ <https://www.sachverstaendigenrat-wirtschaft.de/jahresgutachten-2021.html> (25.01.2022);

Federal Ministry of Economic Affairs and Climate Protection (BMWK): Annual Economic Report 2022, p. 103, para. 279.

² <https://www.vci.de/presse/pressemitteilungen/heftigem-gegenwind-erfolgreich-standgehalten-bilanz-der-chemisch-pharmazeutischen-industrie-2021.jsp> (25.01.2022)

³ https://www.kba.de/DE/Presse/Pressemitteilungen/Fahrzeugzulassungen/2022/pm01_2022_n_12_21_pm_komplett.html (25.01.2022)

⁴ <https://www.kedglobal.com/newsView/ked202110220007> (25.01.2022)

2.2 Important Events in the 2021 Financial Year

The IBU-tec Group has a two-part picture for the 2021 financial year: While BNT GmbH benefited particularly from strong developments in the chemical industry, IBU-tec AG had to struggle with the effects of the corona pandemic, especially hard at the beginning, but consistently difficult through the course of the year. Special milestones in the financial year were the completion of a new pilot plant for MBTC glass coating at BNT GmbH and the market launch for IBU-tec AG's own LFP battery material in October, with which we associate high growth expectations.

In order to take advantage of these prospects in the field of battery materials, we successfully carried out a capital increase in March 2021, which increased the company's subscribed capital from €4.0 million to €4.75 million and the capital reserve from €15.50 million to €40.25 million. Adjusted for the costs of the capital increase, we are using the proceeds of €24,302 thousand to finance investments in order to expand our capacities in the battery sector and optimize our production processes.

Our own research and development resulted in four further patent applications in the area of product and process development in the past financial year. Currently, the portfolio of the IBU-tec Group comprises 44 granted patents.

2.2.1 IBU-tec AG

At IBU-tec AG, the 2021 financial year was dominated by battery materials: After the expiry of an international patent, we began producing and marketing our own LFP battery material in October. The areas of application of the material are diverse and range from use for batteries in electric cars, stationary energy storage, industrial trucks and boat engines to industrial and medical applications. We have thus laid an important foundation for the further successful development of IBU-tec AG. The successful market launch marks a fundamental change in our business model away from a pure service provider to an independent manufacturer of our own products. We are particularly impacted by the trend in the automotive industry to increasingly rely on inexpensive and safe batteries with LFP cathodes, although there is already a large market for these batteries outside the automotive industry. In order to be able to adequately meet the expected demand in the first half of 2022 and to be able to deliver at short notice, at the end of the year we stocked our inventories accordingly.

In terms of the balance sheet, IBU-tec AG was robust and was able to significantly increase its sales again. However, due to our continued focus on payroll and development services, we were still severely affected by the effects of the pandemic and the associated uncertainties on the customer side. While the situation for contract manufacturing orders had fortunately improved by the middle of the year, we were hit by the logistics crisis at the end of the year. Due to raw material supply difficulties and a lack of logistics capacities, many of our customers had to postpone orders to the 2022 financial year. Nevertheless, the contract manufacturing business developed positively in 2021 thanks to the production of new customer products.

The business with trials has remained largely constant year-on-year. Among other things, we were able to win orders for trials in the field of concrete and cement recycling as well as in the future market of battery recycling. For this purpose, we have carried out tests in our labs to recycle the so-called "black mass", which consists of the shredded material of used batteries and contains high proportions of valuable metals such as lithium, manganese, cobalt, nickel, and iron phosphate. Together with partners, we are working on developing processes for the recovery of these raw materials and returning them to market, benefiting from an extended value chain within the framework of a sustainable circular economy in the future.

On the product side, sales revenues in the area of catalytic powder materials for the automotive industry in particular developed very positively and were also above our expectations for the year as a whole. We also recorded high demand in the field of chemical catalysts. In addition to a major order for a new catalyst, we carried out several projects for the recycling of catalysts for the chemical industry. Product approvals were also achieved with customers in the food additives and thermal insulation sectors.

The sales activities of the 2021 financial year were significantly influenced by the marketing of our own battery material. In the first half of the year, a sales partnership with a globally active Asian group and in August, a letter-of-intent was signed with German-Swiss cathode manufacturer Blackstone Technology. Only a few weeks after the start of production, we were able to place an order for a significant quantity of our LFP battery material in the six-digit range for the first time in December and deliver it before the end of the year.

The research and development of IBU-tec AG focuses on two areas: research and development orders from customers and the development of in-house products and processes, some of which we carry out within the framework of publicly funded projects. In the area of service projects in the past fiscal year, in addition to numerous projects in the rotary kiln, we also implemented and further advanced new developments and scaling on the pulsation reactor. In 2021, the publicly funded projects focused on three research topics from the field of battery technology in the field of cathode active materials.

For example, we are involved in the "KeNaB-ART" project, in which ceramic-based sodium batteries with beta-aluminate are being developed for applications above room temperature. IBU-tec AG takes over the process development and scaling for the active materials.

The "ProLit" project faces the challenge of implementing the process and material development of lithium-ion battery cathodes for large-scale dry coating. The aim is to transfer highly scalable and competitive processes and products to research production and industry in a timely manner. IBU-tec AG defines and researches suitable LFP particle systems in cooperation with the partners and makes them available to the project partners for application investigations. In addition, the LFP particles are to be optimized for the dry coating process and, in principle, further developed. Subsequently, solutions for scaling the process are developed. Our goal is to build up know-how for these specific particle systems and to further develop the basic process steps for the production of such particles.

In the "BISSFest" project, the focus is on the solid-state battery (SSB). As a further development of the conventional lithium-ion battery, this will represent a particularly promising technology in the future, both in terms of performance and safety. The overarching goal of this project is to develop scalable process technologies for the various process steps along the process chain. We contribute our expertise in the field of large-scale coatings of powder materials in order to coat suitable active materials with various materials. In this way, we want to gain expertise for this special type of coating of active materials and the development of basic process steps for the coating of such material systems. The knowledge gained will also form the basis for future product developments and enable us to achieve significant sales growth in the medium term by opening up new markets.

In addition to the battery projects, we were finally able to successfully set up and publish our portfolio of our own metal oxide products. For this purpose, we tested the substances in various test series and verified the reproducibility of the treatment in the pulsation reactor. The applications of the materials range from UV absorbers, abrasives and polishing agents for 3D printing.

2.2.2 BNT GmbH

BNT GmbH can look back on a strong financial year 2021, in which the corona effects on sales were only marginally felt, as in the previous year.

Our growth product MBTC (monobutyltin trichloride) glass coating continued to be in high demand last year. And although frost damage at the beginning of the year affected MBTC production for some time, the volumes produced, and deliveries carried out for the full year exceeded our expectations. In order to leverage further potential, we have started to expand the capacity of our production plant for MBTC, which we expect to be commissioned in the second half of 2022, so that we will significantly increase our production capacity in the coming year. This fills a supply gap left by the exit of a competitor from MBTC production at the end of 2021.

A highlight last year was the successful marketing of a by-product in the chemical industry. As a result, we have succeeded in closing a production cycle and optimizing the use of raw materials, which leads to positive margin and liquidity effects. Also successful were the continued activities with our pharmaceutical precursor, which we not only continued, but expanded to a broader customer base. In addition, we were able to record a success in the adhesive and sealant market, where we developed and sampled customer-specific products that were released last year. This underlines the visibility and performance of BNT GmbH in the field of catalysts for this industry. Our paint additives also made a good start to the year and held up well despite the decline in automotive engineering. Here we have particularly benefited from the advantages of a newly developed manufacturing method.

As for the entire industry, the logistics crisis posed a special challenge for BNT GmbH last year. Due to tight availability, the purchase of delivery capacities has increased significantly compared to previous years. We also felt the effects of the

sharp rise in raw material prices, especially tin. However, these developments had only a minor negative impact on our business. Due to corresponding contractual provisions, we were able to pass on the price increases for our products to our customers as far as possible, which was reflected in a corresponding increase in sales.

In research and development, BNT GmbH has carried out various successful development projects in the field of organo-tin alternatives and catalysts. With the resulting new products, we have already sampled the first customers. In addition, we were able to use the results from the successful completion of the process development for an in-house process in a first patent filing. In addition, we have developed process optimizations for various in-house processes and successfully implemented various BNT service projects.

2.3 Turnover by Activity Sector

Overall, the IBU-tec Group generated sales of €44,089 thousand in the 2021 financial year (previous year: €32,960 thousand). The individual areas of activity contributed to total sales as follows:

Breakdown of sales by sector (in k€)	2021	2020	Change
Production services (incl. contract manufacturing)	38,561	27,004	11,557
Process development	3,928	4,022	-94
Material development	558	1,350	-792
Engineering	432	307	125
Other	610	278	332
Total	44,089	32,960	11,129

2.4 Net assets, Financial Position and Results of Operations

2.4.1 Financial Situation

Consolidated total assets increased by €24,084 thousand year-on-year (€53,044 thousand) to €77,128 thousand.

Net assets (in k€)	31 Dec 2021	31 Dec 2020	Change
Balance sheet total	77,128	53,044	45%
Equity	58,102	32,837	77%

As of 31 December 2021, the equity of the IBU-tec Group amounted to a total of €58,102 thousand.

The equity ratio is 75% (previous year: 62%).⁵

Fixed assets amounted to €37,334 thousand in the current financial year and are thus around €70 thousand below the previous year's figure. The planned investments of around 4,545 k€ are offset by scheduled depreciation of €4,593 thousand. The intangible assets include goodwill of around €3,348 thousand resulting from the acquisition of BNT GmbH, the amortization of which is also included in the aforementioned value. The Group's current assets were around €24,136 thousand higher than in the previous year (€15,447 thousand), mainly due to higher inventories (€6,600 thousand), higher receivables and other assets (€2,106 thousand), securities investments (€10,505 thousand) and higher cash and cash equivalents (€4,923 thousand). The increase in inventories is mainly due to a production campaign carried out at IBU-tec AG for battery materials that have been pre-produced for potential customer orders. The increase in securities and cash holdings was due to the cash capital increase carried out in the financial year and the associated cash inflows.

On the liabilities side of the balance sheet, in addition to the equity shown above, the funds received from the cash capital increase were partly used for an additional repayment of the existing loans at IBU-tec AG, which, together with the planned and regular loan repayments, led to a decrease in liabilities to banks of around €5,707 thousand compared to the previous year (€13,837 thousand).

Deferred tax liabilities of €822 thousand include deferred tax liabilities on the uncovered hidden reserves as part of the first-time consolidation. Due to the reserve for replacement procurement in accordance with EStR 6.6. in the tax balance sheet established at BNT GmbH in 2020, there were deviations between the commercial and tax balance sheets. This resulted in further deferred tax liabilities in the amount of €605 thousand.

2.4.2 Financial Situation

Taking into account the annual result and the depreciation and amortization recorded, cash flow from operating activities amounts to the decrease in special items for investment grants (-€295 thousand), the increase in trade payables and other liabilities (€2,223 thousand) with comparatively higher trade receivables and other assets (€2,124 thousand) and higher inventories (€6,600 thousand), €-1,129 thousand.

The investments in the reporting period, including the securities purchases made (€10,513 thousand), amounted to €15,015 thousand and include, in the operational area, amongst others the construction of a hazardous materials warehouse at the IBU-tec AG site in Bitterfeld, the conversion of a rotary kiln plant (IDO 5E) and the beginning of the construction of an E-Chem laboratory at the Weimar site. The main focus of the investment activities at BNT GmbH was the capacity expansion of the planned MBTC production plant, general optimization measures in the production area and renovation of the existing production infrastructure.

The cash flow from financing activities in the amount of €21,067 thousand is also significantly influenced in the Group by the inflow from the cash capital increase that took place in the financial year. The funds raised from the cash capital increase were also used for the repayment of the KfW loan taken out at IBU-tec AG on the previous year and for the special repayment of existing further loans.

⁵ Equity ratio=Balance sheet equity/total capital

2.4.3 Earnings

Group sales in 2021 increased by €11,129 thousand to €44,089 thousand compared to the previous year. The planned value of €37 million to €39 million could thus be significantly exceeded.

Due to the growing contract manufacturing business and the increased production in the area of new customer products, the total sales of IBU-tec AG increased significantly compared to the previous year. Due to the further positive sales development in the field of glass coating, BNT GmbH was also able to significantly increase its annual sales in 2021 compared to the previous year.

The increase in material costs is mainly due to the changed product mix and the significantly more material-intensive production of LFP battery material. In addition to scheduled salary adjustments and special payments, the increase in personnel costs in the 2021 financial year is mainly due to the elimination of the use of short time working allowances.

In addition, one-off expenses of €1,198 thousand not included in the corporate planning for the 2021 financial year were incurred for the capital measure, which led to an increase in other operating expenses. The result is an EBITDA of €5,531 thousand and an EBITDA margin of 12.5%. EBITDA adjusted for the one-off and unplanned expenses for the capital measure amounted to €6,728 thousand. Compared to the previous year, it should be noted that EBITDA in 2020 of €6,974 thousand still included income from the insurance reimbursements granted to BNT GmbH in the amount of €8,148 thousand (2021: €2,000 thousand). The inflow of funds received in the 2021 financial year was planned as part of corporate planning. On the basis of adjusted EBITDA, the IBU-tec Group thus closes the 2021 financial year roughly at the level forecast in the previous year. The adjusted EBITDA margin amounted to 15.2% and is therefore slightly below the planned value of 17% to 19%. The unadjusted EBITDA and the margin determined on the basis thereof are significantly below the planned value, mainly due to the unplanned expenses in connection with the capital measure.

Depreciation and amortization of €4,593 thousand were at a lower level than in the previous year (€4,891 thousand) and led to EBIT of €938 thousand or adjusted €2,135 thousand (previous year: €2,084 thousand).

As in the previous year, the financial result of €-457 thousand (previous year: €-462 thousand) mainly consists of interest expenses for existing liabilities to banks and the shareholder loan granted in the year under review.

Adjusted earnings before taxes (EBT) of €1,679 thousand were roughly at the previous year's level (€1,622 thousand). The consolidated net loss of €235 thousand results primarily from the deferred tax liabilities incurred by BNT GmbH in the amount of €605 thousand. Consolidated net income adjusted for the expenses of the capital measure amounted to €963 thousand and thus almost reached the previous year's level (€1,002 thousand).

Earnings in k€	31 Dec 2021	31 Dec 2021 adjusted*	31 Dec 2020	Change
EBITDA	5,531	6,728	6,975	-4%
EBT	482	1,679	1,22	4%
Consolidated annual result	-235	963	1,002	-7%

*adjusted for the unplanned expenses incurred for the implementation of the cash capital increase, but including the insurance compensation planned and received for the 2021 financial year

2.5 Personnel

The average number of employees employed in accordance with the German Commercial Code (HGB) for the Group was 207 (previous year: 215). As of 31 December 2021, the IBU-tec Group employed 13 trainees in various training occupations (mechatronics technician, chemical laboratory technician, chemical technician, office management clerk and industrial mechanic).

Headcount (Excluding the Executive Board, apprentices, and employees on parental leave)	2021	2020	Change
Annual average according to HGB	207	215	-5.36%
to 31 December	214	205	+4.39%

Due to the sales growth achieved, especially at BNT Chemicals GmbH, the 2021 financial year was in line with our expectations overall. Against this backdrop, we consider the Group's net assets, financial position and results of operations to be good, mainly due to the cash capital increase successfully carried out in the past financial year.

3. Non-financial Statement

3.1 Focus on Sustainability

Responsible and sustainable practices are at the core of the IBU-tec Group. With its two companies IBU-tec AG and BNT GmbH, it is a Greentech provider positioned well for future market developments in the chemical, pharmaceutical and automotive industries, whether as a service provider and development partner or as a manufacturer of innovative products. Among other things, the IBU-tec Group is involved in the development of electromobility, energy storage technology, high-tech materials and pharmaceuticals. In cooperation with its customers, it makes a significant contribution to sustainably improving the material, energy and raw material efficiency of products and production processes.

The non-financial declaration is voluntary and reports in accordance with the provisions of Section 289c (2) of the German Commercial Code (HGB) regarding the activities of the IBU-tec Group in the 2021 financial year in the areas of environmental, employee and social issues, respect for human rights and the fight against corruption and bribery. The material risks associated with the Group's business activities are presented in the chapter "Opportunities and Risk Report". The business model of the IBU-tec Group is described in the chapter "Foundations of the Group".

With this non-financial declaration, we would like to inform our investors and interested stakeholders about the extensive activities, measures and processes of the IBU-tec Group in the field of sustainability. Even if we are currently not obliged to publish a corresponding report, it is important for us as a company in the chemical industry to show that we think sustainability and live it at all levels. The non-financial statement is not an audit component in the context of the audit of the consolidated financial statements.

3.2 Management System and Corporate Policy

Sustainability aspects are the focus of the IBU-tec Group's management system. We have an integrated management system (IMS) and are certified according to ISO 9001 for quality and ISO 14001 for the environment. The Executive Board of IBU-tec AG and the Board of Directors of BNT GmbH are responsible for the integrated management system for the entire Group. To support them, a quality and environmental management officer has been appointed at IBU-tec AG and a quality management officer and an environmental management officer at BNT GmbH. This ensures that sustainability plays a central role in the formulation of corporate policy.

The Group-wide management manual identifies the following internal and external topics as particularly relevant:

- Customers and their requirements
- Employees in the company, including their level of qualifications
- Legal and regulatory requirements or changes
- Occupational safety-related requirements
- Environmental protection and environmental law requirements
- Energy law requirements
- Technological requirements and changes
- Banks and insurance companies
- Location aspects
- Supplier selection
- Neighborhood relationships

This results in the main stakeholder groups, in particular customers, employees, authorities, shareholders and society, the direct neighborhood and residents being of particular importance to the IBU-tec Group. Last but not least, company policy aims to take into account the demands and expectations of interested parties. Its principles include the maintenance of quality across all production and process steps, the protection of the environment and the safety of employees. The

Group's processes are designed in such a way to maximize energy and resource efficiency with as environmentally friendly technologies as possible. Neighbors, the authorities and the population of the adjacent districts are regularly informed about production characteristics, the associated risks, and emergency measures to be taken in the event of a malfunction.

Accordingly, the IBU-tec Group has formulated the following strategic sustainability goals:

- Satisfied customers due to agreed and punctual services
- Optimally trained and continuously educated, comprehensively informed and motivated employees
- Workplaces that comply with the standard and the requirements of occupational health and safety
- Internal control and continuous improvement of processes in the company
- Avoidance of errors
- Protection of the environment
- Conservation and careful use of resources (especially energy)
- Pollution reduction and or avoidance

The IBU-tec Group undergoes regular internal and external audits in order to check the effectiveness of its sustainability activities and, if necessary, to adapt them. In addition, it regularly undergoes CSR ratings as part of its customers' supply chain management. In October 2021, we received the "EcoVadis Silver" award from EcoVadis, the world's largest provider of sustainability ratings for companies. With an overall result of 59 points, the IBU-tec Group is among the top 25 percent of all companies evaluated by the platform and among the top 20 percent within its industry. This positive assessment is supported by an appraisal from the German rating agency imug:rating, which specializes in the financial market and rated our sustainability activities as "good" at the end of 2021 (70 out of 100 points). The evaluation was based on publicly available information as well as information provided by us.

3.3 Environmental Concerns

The protection of the environment is a central principle of the IBU-tec Group's corporate policy. With our Group-wide environmental management system and certification according to ISO 14001, we have set ourselves strict requirements in order to minimize the impact of our production processes on the environment, climate and to implement a continuous improvement process within the Group. The environmental management system is checked as part of an annual audit and – if all requirements are met – confirmed. In accordance with the requirements of ISO 14001, the environmental management officers and energy management officers regularly report to the Executive Board and Management on measures and results, which are then evaluated and documented in the management review.

3.3.1 Sustainable Products and Services

With its products and services, the IBU-tec Group contributes to a more sustainable economy. For example, we have been working as a supplier to the automotive industry for around 20 years, where our powder materials for catalysts make a significant contribution to reducing pollutant emissions from combustion engines. At the same time, we support the trans-

portation revolution and transition to sustainable electromobility with our products: Our own LFP battery material, which we have been producing and offering on the market since October 2021, is a central component of the cathode of a battery. LFP (lithium iron phosphate) has an additional advantage over other material mixtures such as nickel-manganese-cobalt, as it can be extracted and processed in a much more climate-friendly manner.

BNT GmbH also contributes to strengthening a sustainable circular economy with the glass coating material monobutyltin trichloride (MBTC). MBTC plays an important role in the production of container glass, e.g. for returnable bottles. During the production of the bottles, it is applied to the glass as a thin layer to increase its resistance. With the coating process completed, the bottles are protected against abrasion and breakage and can therefore be used much more frequently in the deposit/bottle return system.

Finally, another growing line of business of the IBU-tec Group is the recycling and service business. With our systems, we support our customers in cleaning and reprocessing a wide range of materials, including building materials and sewage sludge. For example, we can separate rare earths, which are used, among other things, in polishing processes, from impurities so that they can be reused. We are also active in the recycling of LFP batteries: We are currently working on optimizing our processes in order to recover as much of the original raw material as possible in order to use it in the production of new LFP batteries.

3.3.2 Energy Consumption

The IBU-tec Group attaches particular importance to minimizing the energy requirements for its processes. This is all the more important to us because the processes in thermal process engineering at IBU-tec AG as well as in wet chemistry at BNT GmbH are very energy-intensive. For the operation of our plants, buildings and facilities, we use natural gas and electricity as primary energy sources.

Energy consumption (in MWh)	2021	2020	Change
Electricity	2,656	2,218	+19,7%
Natural gas	7,872	6,668	+18,1%

The central control instrument is the reports of the energy management officers in both sub-companies, which continuously record energy consumption and propose measures for possible reductions to the management. BNT GmbH is certified according to ISO 50001. Since we as a contract and development service provider process and manufacture many products on behalf of our customers, the ratio of consumption to manufactured quantity serves as the central control parameter for the IBU-tec Group.

While the total energy consumption of the IBU-tec Group increased in absolute terms in the 2021 financial year, the conversion to the volume produced shows that the growth is almost exclusively due to significantly increased business activity as compared to the previous year.

Energy/kilogram of product (in kWh)	2021	2020	Change
Electricity	1.13	1.12	+0.9%
Natural gas	4.34	4.44	-2.3%

In 2021, 58% of our demand for electricity was supplied from renewable energies. From 2022, we will exclusively use green electricity throughout the IBU-tec Group.

At IBU-tec AG in Weimer, we operate a photovoltaic system whose electricity yield we feed completely into the public grid. At BNT GmbH in Bitterfeld, we use a combined heat and power plant to generate the necessary energy for water heating and steam generation ourselves with low emissions by means of combined heat and power. This enabled us to provide around 39% of BNT GmbH's total electricity requirements last year.

Own energy production (in MWh)	2021	2020	Change
PV system	122	137	-10.9%
CHP plant	1,555	1,556	-0.01%

In addition, we continuously invest in the optimization of our processes and the technology of our plants in order to further improve the energy efficiency of our production. We are also implementing measures in the administrative areas and logistics buildings to reduce energy consumption, for example by converting lighting systems to energy-saving LED lamps.

3.3.3 Greenhouse Gas Emissions

The greenhouse gas emissions of the IBU-tec Group are mainly based on the energy requirements of the plants, buildings and other facilities. The use of the photovoltaic system and the combined heat and power plant have a correspondingly positive effect. As a result, we saved almost 582 t of CO₂ equivalents throughout the Group in the 2021 financial year. We do not currently record the emission of further greenhouse gases.

Greenhouse gas emissions/kilogram of product (in kg)	2021	2020	Change
CO ₂	1.24	1.11	+11.7%

The slight increase in product-related CO₂ emissions can be attributed to thermal processes related to the processing of different materials. Depending on the material, temperature, dwell time and type of modifications, higher CO₂ emissions can occur even with a reduced natural gas supply.

A smaller share of the IBU-tec Group's greenhouse gas emissions is also accounted for by the Group's own vehicle fleet. Here we have already started with the successive conversion to hybrid or electric. As of 31 December 2021, their share of the entire fleet was 27%.

3.3.4 Water Consumption

Water plays an important role in our production processes, be it in the processing of materials, for cleaning or in the cooling circuits of our plants. We use closed water circuits throughout the group for system cooling. We obtain the required fresh water from the public water supply.

Water consumption (in m ³)	2021	2020	Change
Raw water	29,285	10,490	+179.2 %
Drinking water	3,524	3,502	+0.6 %

The sharp increase in the demand for water can primarily be attributed to damage to two plants at the IBU-tec site in Bitterfeld and at BNT GmbH, where water leaked over a short period of time. In addition, the use of water at BNT GmbH was significantly reduced in the first three months of 2020 due to the fire of a production plant at the end of 2019 and only then levelled off at a normal level. In general, as part of our environmental management, we pay attention to the development of water consumption and try to minimize overall water consumption through continuous process optimization.

3.3.5 Sewage

We attach great importance to not discharging polluted wastewater into public sewage systems or the environment. At BNT GmbH, where water is also used in production, all surface water is collected, treated and disposed of as dirty water. In order to prevent contaminated water from cleaning processes from entering the environment, we have established appropriate processes within the framework of occupational safety. The car wash for our production facilities is approved and monitored by TÜV and the Environment Agency.

3.3.6 Refuse

As part of our efforts to minimize our consumption of resources, we attach great importance to largely avoiding waste. Nevertheless, the production and processing of certain materials generates waste, including those that are classified as hazardous and are disposed of by certified service providers.

Waste quantities (in tonnes)	2021	2020	Change
Hazardous	586.9	659.8	-11.0%

3.4 Employee Concerns

Employees are of particular importance to the IBU-tec Group. We want our employees to feel comfortable regardless of their position and role in the company, that they can develop according to their ideas and goals and that occupational safety is guaranteed at all times. To achieve these goals, we have implemented various measures, including a Group-wide personnel development concept and extensive social benefits. The three locations of IBU-tec AG are also certified according to ISO 45001 for occupational safety.

In principle, all our employees receive an employment contract. This also applies to part-time employees, students and interns. We reject any form of informal employment and try to use temporary workers only for a limited period of time or to use this opportunity to support personnel acquisition. Of the temporary workers employed, three people were able to be taken on as employees in the IBU-tec Group.

3.4.1 Occupational Safety

The safety of all employees is our top priority. In both sub-companies of the IBU-tec Group, we have appointed an occupational safety specialist who reports directly to the Executive Board and the Management. The safety specialists work full-time to implement safety-relevant standards, to evaluate processes and systems from a safety point of view and to introduce measures to continuously improve the safety of all employees. They also conduct employee training on a regular basis, but at least once a year, and document safety-critical events.

In the 2021 financial year, we counted 9.1 reportable accidents at work (RIR) in the entire IBU-tec Group. None of the accidents occurred at IBU-tec AG in connection with the processing of chemical materials. At BNT GmbH, the vast majority of occupational accidents and registered events result from the handling of hazardous substances such as organotin substances, acids, alkalis and solvents as well as from the possibilities of contact with these substances in the production area and in maintenance.

Accidents at work / absenteeism	2021	2020	Change
Reportable accidents at work (RIR)	9.1	18.9	-51.9%
Reportable accidents at work with lost days (LTIR)	9.1	28.4	-68.0%
Illness-related absenteeism rate	6.1	5.5	
Fatal accidents at work	0	0	

3.4.2 Corporate Culture

We attach great importance to a collegial dialogue and cross-departmental exchange on important topics. The corporate culture in the IBU-tec Group is therefore significantly shaped by the commitment of its employees. On their initiative, we conducted a series of workshops at IBU-tec AG in the 2021 financial year in order to work out the wishes of employees in all areas for their everyday work in cooperation with the company.

General company co-determination is organized differently in the two companies of the Group. At IBU-tec AG, there is an ombudswoman who is available as a contact person for the employees and represents their interests to the management. BNT GmbH has a works council in accordance with the Works Constitution Act.

In connection with corporate culture, the topic of diversity also plays a role. Our focus is on gender distribution. As of 31 December 2021, the proportion of women in accordance with the German Commercial Code (HGB) was 22.4% across the Group, which can be attributed primarily to the high proportion of technical employees and plant operators in production. In the upper management level of the Executive Board and Management, a woman is our Head of Human Resources, Ms. Bär, which corresponds to 9%. In middle management, the proportion of women was 21.4%.

Women	2021	2020	Change
Total group	22.4%	18.5%	+3.9
Upper management level	9%	9%	0
Middle management level	21.4%	24%	-2.6

It is important to us that our employees can combine work and family life well. For example, all employees of the IBU-tec Group who do not work in fixed shifts generally work flexitime and can plan their presence largely flexibly in coordination with their superiors. Where the tasks allow, it is also possible to work partially or completely from home on request.

At IBU-tec AG in particular, we have a long tradition of family-friendly support services. For example, parents receive a fixed kindergarten subsidy of €75 per month for each child. In addition, every year at the beginning of the summer holidays in Thuringia, we organize and finance a one-week, supervised children's Day Camp for families belonging to the company.

3.4.3 Staff Development

Employees should be able to develop further in the IBU-tec Group. Depending on their needs, we enable our employees to undergo further training within their current position or in preparation for additional management tasks. For this purpose, we use a personnel development concept in which the various qualification measures are recorded. These range from skilled worker instruction to master craftsman or technician training and apprentice training with a dual course of study as well as targeted specialist and management training to the promotion of high-potential young talent for management tasks.

In addition, the IBU-tec Group offers several trainees the opportunity to enter various professions every year. As of 31 December 2021, a total of 13 trainees were employed at IBU-tec AG and BNT GmbH. Our goal is to continue to employ the trainees as permanent employees after graduation.

Staff development	2021	2020	Change
Education and training (hours/head)	9.17	1.43	+541.3%
Proportion of trainees (in %)	6	5.7	+0.3
Proportion of trainees taken on (in %)	100	66.67	+33.3

New employees in the IBU-tec Group generally undergo a systematic and documented employee introduction that contains both general and department-specific aspects. The training needs and training courses carried out are determined and documented within a qualification software.

3.4.4 Social Security Benefits

The employees of the IBU-tec Group benefit from an extensive package of social benefits. At IBU-tec AG, for example, we have set up a health fund that fully covers the costs of certain medical check-ups. In addition, employees of IBU-tec AG can receive a subsidy for dentures and visual aids if necessary. To promote general health, our Weimar location also offers regular fitness and running training, in which all employees can participate free of charge.

At IBU-tec AG, we offer a company pension scheme in the form of deferred compensation, which we subsidize. A works agreement applies to the employees of BNT GmbH, in which the details of the employment relationships are regulated. Throughout the Group, we have a company integration management system for people with long illnesses or disabilities. Where practically possible and feasible, we also offer barrier-free workplaces.

We try to support workers who come to us from abroad in the best possible way with their integration, for example with language courses and in the preparation of naturalization applications. To this end, we also work closely with the Chamber of Industry and Commerce.

Finally, all employees of the IBU-tec Group receive monthly voucher cards within the framework of the statutory tax allowances for private use as well as special payments upon reaching a certain period of service. At the Weimar location, we operate a canteen that offers free breakfast and lunch.

3.5 Social Concerns

The IBU-tec Group sees itself as part of society and assumes responsibility for the community. That is why we maintain dialogue at local and regional levels. In Weimar, for example, we regularly take part as a guest at the district council meetings in order to answer the residents and municipal stakeholders directly. In addition, we want to build trust through the greatest possible transparency by conducting company tours for the neighborhood or organizing an open day. At the Bitterfeld site, we are in regular contact with municipal structures at the management level.

We are also actively involved locally and provide financial support for non-profit associations and social institutions in Weimar and Bitterfeld. A major focus is on local sports clubs with a focus on youth work. Despite the difficult economic situation, we also stood by our commitment to civil society in the 2021 financial year and continued to provide donations to non-profit associations to the extent customary for us.

3.6 Responsible Corporate Governance

The IBU-tec Group is committed to the universal human rights of the United Nations and fundamentally rejects any violation of these elementary fundamental values. Our locations are located exclusively in Germany, where we are subject to national and European laws and guidelines that ensure the protection of these rights.

We fulfill our responsibility to enforce these principles with our suppliers. Where possible and economically sensible, we try to source raw materials and materials from European sources in central purchasing for the entire group. In principle, we oblige our suppliers in our terms and conditions of purchase to comply with essential compliance requirements. These include obligations to protect the environment, to ban child and forced labor and to comply with fairer wages and working conditions. We regularly query these specifications in a supplier self-assessment and check them in individual cases with our own audits. We reserve the right to terminate the business relationship in the event of a violation of these conditions.

We expressly oppose bribery and corruption in any form and have given ourselves a corresponding compliance guideline that applies to all employees of the IBU-tec Group. Among other things, it regulates the acceptance and awarding of gifts, donations and catering. As a matter of principle, we do not make any donations to political parties and do not exert any political influence. As a company in the chemical industry, the IBU-tec Group is a member of the VCI industry association, which represents the interests of the chemical industry vis-à-vis politicians.

Compliance with the applicable data protection regulations is a matter of course for the IBU-tec Group. In cooperation with the service provider DataCo GmbH, we have implemented various technical and organizational measures to protect personal data within the group. All employees receive regular training on data protection. DataCo is available at the e-mail address datenschutz@dataguard.de for all persons inside and outside the company for questions and suggestions on data protection as a contact person. Overall responsibility lies with the Chairman of the Board of Management.

4. Opportunity and Risk Report

4.1 Risk Management

Clear responsibilities, an organization appropriate to the business model and a professional meeting structure continue to ensure direct information about any risks to the Executive Board. In addition to regular board meetings, we hold a management meeting every month in which the top management is presented with key performance indicators relevant to controls, e.g. for measuring productivity, sales performance and budget compliance. In addition, one strategy and one planning meeting per financial year, round out the company's planning and controlling structures. The Supervisory Board meets at least four times a year.

Significant individual risks are:

- dependence on individual major customers,
- the lack of acquisition of new projects,
- intensification of competition,
- the loss of know-how due to the generation of patents by customers,
- the default risk of receivables,
- liquidity risk,
- the risk of calculation errors,
- the risk of non-contractual provision of services,
- the insufficient acquisition of skilled workers and
- the risk resulting from the enormous investment.

Overall, we have a balanced risk structure. With our risk management, we see ourselves very well positioned to identify imminent risks in good time, to actively tackle them and to limit them effectively.

4.2 Corona Pandemic

The economic consequences of the corona pandemic result in various risks for us, which have occurred to varying degrees in recent years. There is a high risk due to the simultaneous absence of numerous employees due to illness. With regular on-site tests, extensive separation of work areas, home office opportunities for administrative employees and vaccination offers, we help to minimize the probability of occurrence. We continue to classify the effects of a cancellation of orders in the service business due to the pandemic situation or official restrictions as high, and we consider the probability of occurrence to be low to medium in view of the current situation. We also try to contain the economic impact as much as possible with forward-looking project and order planning. We also consider downstream risks such as raw material shortages and logistics problems due to interrupted supply chains to be a high risk that affects us directly. From our point of view, the probability of occurrence is currently medium to high. Until now, we have been able to purchase production-relevant raw materials and products as required and to procure delivery capacities. Due to the contract structure, we were able to pass on price increases to our customers to a large extent.

4.3 Cluster Risk

We classify the potential impact of the default of individual major customers as high and the probability of occurrence as low to medium. Overall, IBU-tec AG realized the overall performance of the 2021 financial year with around 402 (previous year: 311) individual projects. Around 68% (previous year: around 60%) of sales were generated with the top 5 customers,

which only partially overlap with the five largest customers of the previous year. Although a significant share of the company's sales is still made with a few major customers, which undeniably creates a certain relationship of dependency, we are increasingly succeeding in diversifying the customer base and minimizing the risk. Nevertheless, we are still pursuing the sales goal of significantly reducing our dependence on major customers in the medium term. In addition, last year, with the IBU2025 strategy project, we laid the foundations for appearing on the market with our own products and becoming active in sales in order to broaden the business model of IBU-tec AG and open up new target markets.

4.4 Project Risk

Further risks exist in the acquisition and realization of projects. In particular, it is inherent in the service-oriented business model of IBU-tec AG that customer-specific development and production orders are often awarded on a project-by-project basis and are planned for the following financial year on the basis of non-contractually fixed forecasts of the customers. This can have a negative impact, especially with increasing competition, increasing complexity and higher price sensitivity of customers. The effects of the risk would be high, and we currently consider the probability of occurrence to be low to medium.

4.5 Procurement Risk

We need our own supply chains to manufacture our own non-customer products, such as our LFP battery material. Wherever possible, we rely on long-term supply contracts and active supplier management in order to minimize procurement risks. In connection with LFP, which we launched as a product on the market in October 2021, the supply chain is currently still under construction. At the same time, we strive for a forward-looking stockpiling of strategically important raw materials in order to compensate for short-term supply bottlenecks and ensure our production capability. We classify the effects of procurement risks as very high, the probability of occurrence currently as medium to high.

4.6 Credit Risk

In order to ensure timely receipt of payment, we practice structured receivables management with regular payment reminders, reminders and credit checks. Risks from bad debts, related to international projects or customers who place orders with IBU-tec AG for the first time, are in principle cushioned by down payment invoices. Despite the corona pandemic, there were no significant outages in 2021 either. In our opinion, the default risk is therefore low, the probability of occurrence low to medium.

4.7 Imputed Risks

Imputed risks generally consist in the miscalculation of actual expenses in relation to the calculated selling prices. The many years of experience of the sales department, which is responsible for the price calculation, and the highly specialized production know-how of the project areas should ensure that the effort is realistically estimated and thus miscalculations are avoided. Post-calculations of individual projects are carried out regularly. In addition, regular training courses are held to improve the business understanding for the responsible project managers. The effects of incorrect calculations are medium, the probability of occurrence low to medium.

4.8 Other Risks

In the case of complex production or test orders in which the reaction behavior of the starting materials used cannot be predicted, there is always the risk of unsuccessful service provision. The delivery and service conditions listed in the offers and the highly specialized production know-how of the IBU-tec employees help to minimize this risk. In addition, IBU-tec AG only assumes a financial risk within the material and process development for the customer in exceptional cases, as in this case billing and invoicing is always based on the service provided. We rate the potential impact of these risks as high. Their probability of occurrence is low to medium due to the measures described.

For BNT GmbH, there is a risk of an operation incident of the lower class resulting from the handling of hazardous substances. With our integrated quality and environmental management system in accordance with ISO 9001/14001 and extensive occupational safety requirements, we have taken measures to minimize this risk. We rate the effects associated with this risk as high, but estimate the probability of occurrence as low to medium due to our measures.

The start of the Ukraine war on 24 February 2022 and the associated economic effects may entail risks for the IBU-tec Group, especially with regard to the overall economic situation, the full scope of which cannot be estimated due to the fluid situation at the time of reporting. However, due to the overall low share of sales with customers from the two conflict states, we see only a low risk for the IBU-tec Group on the sales side. On the procurement side, we currently see a medium risk, as supply chains for individual raw materials can potentially be interrupted. In order to minimize this risk, we strive to find alternative sources of supply for the affected raw materials, in coordination with our suppliers. At the time of reporting, however, we do not expect any material impact in the short term.

In addition, no special risk potentials are recognizable that go beyond the general risk of entrepreneurial activity.

4.9 Opportunities Report

The traditional core business of IBU-tec AG is development and production services for customers from the chemical industry and related areas. Over the years, we have established a successful business model here, with which we will continue to have good opportunities on the market in the future. We offer our customers many years of experience in thermal process engineering as well as the high flexibility and agility required for service providers in order processing, which makes us recognized as a reliable partner of our customers. This results in potential for us to generate regularly recurring orders with existing customers as well as to win new customers.

As a service provider in the field of recycling concrete and cement for the building materials industry, we also already have firmly established customer relationships. We see the increased demand for corresponding services due to rising raw material prices and growing demands on the sustainability of our customers as a very good opportunity to further expand our market position. In addition, we want to exploit further potential in other recycling areas, including the processing of raw materials from used batteries.

We have identified the production and marketing of our own battery materials as a key growth area for the coming years. With the high demand for batteries both for electromobility and for other applications such as stationary battery storage and industrial or medical applications, the demand for cathode materials is growing. The market for LFP material is expected to grow to \$9.9 billion worldwide from 2020 to 2030, almost doubling.⁶ IBU-tec AG has the expertise and systems to supply appropriate products for the various applications. We therefore see very good opportunities to position IBU-tec as a leading European provider here. Our sales focus is currently on opening up this market for us, winning initial orders and establishing long-term customer relationships.

With our know-how in the construction and operation of rotary kilns, we also see good opportunities for us in the field of engineering. With an independent department, we support our customers in planning rotary kilns and adapting them to their individual requirements.

Overall, the chances for IBU-tec AG can be rated as very good. We benefit in particular from the current trend towards ecological sustainability and the associated impulses for electromobility and recycling. Our many years of experience and positioning as a Greentech company make us a sought-after partner and strengthen our general position in the market.

We see very good opportunities for future growth at BNT GmbH for the glass coating product MBTC. We already have an established customer base and stable demand that regularly exceeds our production capacity. With the withdrawal of the last European competitor from MBTC production at the end of 2021, our position on the European market has further improved. In anticipation of a significant jump in demand, we have already initiated investments in expanding our production capacity. In addition to increasing our existing production capacities, this also involves a significant increase in material yield. The future production plant represents a self-sufficient MBTC manufacturing process. In the future, there will no

⁶ <https://www.prnewswire.com/news-releases/lithium-iron-phosphate-batteries-market-to-reach-usd-9-9-billion-by-2030-at-a-cagr-of-5-9---valuates-reports-301377315.html>
(25.01.2022)

longer be any intermediate products that have to be used as raw materials in other tin containing BNT products. We have applied for a patent for this new process. It enables us to significantly reduce our capital commitment. We therefore expect that this leap in innovation will enable us to clearly differentiate ourselves from the competition in the future.

We also see good opportunities for our pharmaceutical precursor, which is currently preferred in the manufacturing process of our customers for a certain antihypertensive agent. Although an important European customer is about to discontinue its own production, we have succeeded in gaining alternative customers. Our sales focus is currently on acquiring additional customers from the Asian region in order to further exploit the potential of the product.

We also see good opportunities on the market for a by-product of our production processes. We have achieved several sales successes here in the past year and expect a further improvement in the demand situation on the part of the chemical industry in the future.

After all, the close cooperation between BNT GmbH and IBU-tec AG results in good opportunities for our service business both in the research and development of materials and in the field of raw material recycling. We can build up a consistent value chain here in order to offer customers comprehensive services in the sense of a „one-stop shop“.

5. Outlook

5.1 Future Economic and Industry Development

While the German Council of Economic Experts in November 2021 expected a further recovery of the German economy in 2022 with 4.6% growth compared to 2021⁷, the Federal Ministry for Economic Affairs and Climate Protection (BMWK) in its Annual Economic Report 2022 assumes an increase in price-adjusted gross domestic product of only 3.6%.⁸ The background is the increased infection rate in the first quarter of 2022, which the Council has not yet been able to take into account.⁹ According to the BMWK, economic output in the first quarter is expected to be affected by the corona pandemic and the corresponding restrictions. With the flattening of the infection rate, however, the economy will recover quickly in the further course. The BMWK also assumes that the existing supply bottlenecks will be resolved in the course of the year, which should allow industrial production to expand again.¹⁰

5.1.1 Chemical Industry

With regard to the chemical industry, the Association of the Chemical-Pharmaceutical Industry (VCI) also expects further positive development, which, however, falls behind the strong upswing in 2021. In 2022, for example, despite various negative factors at home and abroad, an increase in production of 2% and an increase in sales of 5% to €231 billion is conceivable. In general, the mood of the member companies has deteriorated. This is due, among other things, to bottlenecks in primary products and supply chain problems. The rise in the price of gas and electricity also caused problems for the industry.¹¹

⁷ <https://www.sachverstaendigenrat-wirtschaft.de/jahresgutachten-2021.html> [25.01.2022]

⁸ Federal Ministry for Economic Affairs and Climate Protection (BMWK): Annual Economic Report 2022, p. 103, paragraph 279.

⁹ Ibid., p. 106, para. 281.

¹⁰ Ibid., p. 103 et seq., para. 279.

¹¹ <https://www.vci.de/presse/pressemitteilungen/heftigem-gegenwind-erfolgreich-standgehalten-bilanz-der-chemisch-pharmazeutischen-industrie-2021.jsp> [25.01.2022]

5.1.2 Automotive Industry

For the automotive industry, the Central Association of the German Motor Vehicle Industry (ZDK) expects a slight recovery in new registrations in 2022 as a whole to around 2.9 million, which corresponds to around 2020. However, the semiconductor crisis is weighing on the supply situation, which is why the backlog of orders for new vehicles will only resolve from the middle of the year.¹² The share of purely battery-electric vehicles in the overall market will continue to grow. For example, the Center of Automotive Management (CAM) at the University of Applied Sciences (FH DW) in Bergisch Gladbach expects new registrations of around BEV 450,000 in 2022¹³, which would correspond to a share of around 16%.

5.2 Future Development of the IBU-tec Group

For the IBU-tec Group, we expect growth in the 2022 financial year that will be significantly higher than the overall economic development. As envisaged in our IBU2025 strategy, we will increase Group sales by around 29 percent from €44.1 million to €55-57 million. Growth is driven by all business areas, but above all by our own battery materials and glass coating.

In the field of battery materials, three-digit growth rates are already emerging. IBU-tec AG will continue to increase its stock of battery materials in 2022 in order to be able to meet demand in the context of the steep growth curve of the coming years. Accordingly, in 2022, the Group's total output will increase disproportionately compared to sales, from around €45 million to €62-64 million. This figure includes around €8 million in battery materials – almost tripling the previous year's figure. The costs for building up inventory will already be fully recognized in the cost of materials in the 2022 financial year. Nevertheless, we assume that all key earnings figures for 2022 will be above the previous year's level.

Adjusted for earnings-enhancing insurance compensation and the one-off expenses for the capital increase in 2021, we expect a slight increase in the EBITDA margin. We therefore see ourselves in an excellent position to achieve the growth targets of the IBU2025 strategy.

As in previous years, IBU-tec AG has also derived its corporate planning for the 2022 financial year essentially from the customer forecasts received at the end of 2021. The sales forecast continues to be characterized by cautious assessments by customers, which is mainly due to the continuing uncertainties caused by the corona pandemic as well as the ongoing raw material bottlenecks and supply chain problems. However, we are optimistic about the expected easing of the corona situation and the continued noticeable demand for our products and services. We assume that projects that were postponed at the end of the year due to corona will be taken up again in the course of 2022.

¹² <https://www.kfzgewerbe.de/zdk-prognose-2022-rund-29-mio-neuzulassungen> [25.01.2022]

¹³ <https://auto-institut.de/automotiveinnovations/emobility/e-mobilitaet-in-deutschland-2021/> [25.01.2022]

A key growth driver will be the business with our own battery material, which we have been producing under our own name and offering on the market since the expiry of international patent protection in October 2021. The current market situation with an international boom in demand offers an optimal environment for our product. Since the beginning of 2021, we have been experiencing high demand and have since held numerous positive discussions with potential customers, which have resulted in initial agreements and several promising approval processes, which are a prerequisite for the qualification of our material and subsequent orders. In view of this very good starting position, we expect to further serve new customers with significant volumes in the 2022 financial year in addition to the ongoing inventory build-up and existing supply agreements, which will have a significant impact on the development of IBU-tec AG's overall performance.

Given the prospect of an end to the pandemic and the overall positive macroeconomic forecasts, we are optimistic about the future. Despite the continuing possible corona effects, we expect significant growth in the 2022 financial year compared to previous years. With our proven business model and the growth driver battery materials, we see ourselves well positioned in the important future areas of greentech, electromobility, energy storage and life science and are therefore very confident that we will further expand our market shares, especially in the field of battery materials, in the coming years. In addition, as the corona pandemic subsides, we will continue to strengthen IBU-tec AG's traditional business as a contract manufacturer.

On this basis, we currently expect IBU-tec AG to achieve sales growth of more than 25% in 2022 compared to the 2021 financial year. If necessary, we will make and publish a concretization of the forecast in the further course of the year.

At BNT GmbH, we expect sales and earnings to continue to develop positively in the 2022 financial year. Having made initial investments in a new production plant for MBTC glass coating last year, the focus is now on the completion of the plant, which we expect in the second half of the year. This will significantly improve the yield of our raw material input, which will immediately reduce our capital commitment and have a significant positive effect on the company's liquidity and margin.

The main growth driver in the 2022 financial year will therefore continue to be MBTC glass coating. With the exit of the last European competitor, we are feeling a continued strong demand for our product and therefore expect to fully utilize our existing production capacities. Depending on the commissioning of our new plant, we are already planning to increase overall production in the current year by further optimizing existing production facilities, with the full effect expected to occur with the commissioning of the new production plant in 2023. The total investment volume amounts to approx. €4.1 million. Part of the investments are to be financed by GRW subsidies, the rest from our own resources. The capacity in the glass coating sector will then be twice as high as in 2020, which will have a corresponding impact on sales.

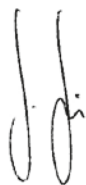
We also expect the expanded market opportunities for our pharmaceutical precursor to materialize for the first time in 2022 and that we will be able to supply new customers in Asia. In addition, the business started in 2021 with a by-product for the chemical industry can be expanded in 2022. For example, we are presenting new formulations to the market for use with catalysts for adhesives and sealants. In addition, we plan and expect significant shares of sales with merchandise in the coming years. Here we can record first successes in sales, which confirm our decision to expand the business with these products. In this context, the further refinement of procured basic to specialty chemicals is also planned in order to be able to serve more profitable market niches and at the same time to integrate a further value-added step at BNT GmbH. In the 2021 reporting year, BNT GmbH was also able to process further cross-Group service contracts. For the coming financial year, there are already concrete inquiries from customers, which will enable us to further expand our service business.

Based on these positive developments, we expect sales growth for BNT GmbH in the clear double-digit percentage range. Based on our plans, we therefore expect an EBITDA margin in the low double-digit range for the year as a whole with sales of around €35-37 million (2021: €28.9 million). Sales growth will also depend in part on the further development of raw material prices.

Weimar, 28 February 2022



Ulrich Weitz
CEO



Jörg Leinenbach
Co-CEO/CFO



Dr. Arndt Schlosser
CSO

Financial Calendar

Financial Dates of IBU-tec advanced materials AG

4 May 2022	Annual General Meeting 2022
23-25 May 2022	Spring Conference (Frankfurt)
31 August 2022	Semi-Annual Report 2022
15 September 2022	12 th ZKK – Zurich Capital Markets Conference (Zurich)
15-16 November 2022	34 th MKK – Munich Capital Markets Conference (Munich)
28-30 November 2022	German Equity Forum 2022 (Frankfurt)

You can also open up the current financial calendar of IBU-tec AG via the following link:

www.ibu-tec.com/investor-relations/financial-calendar/

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