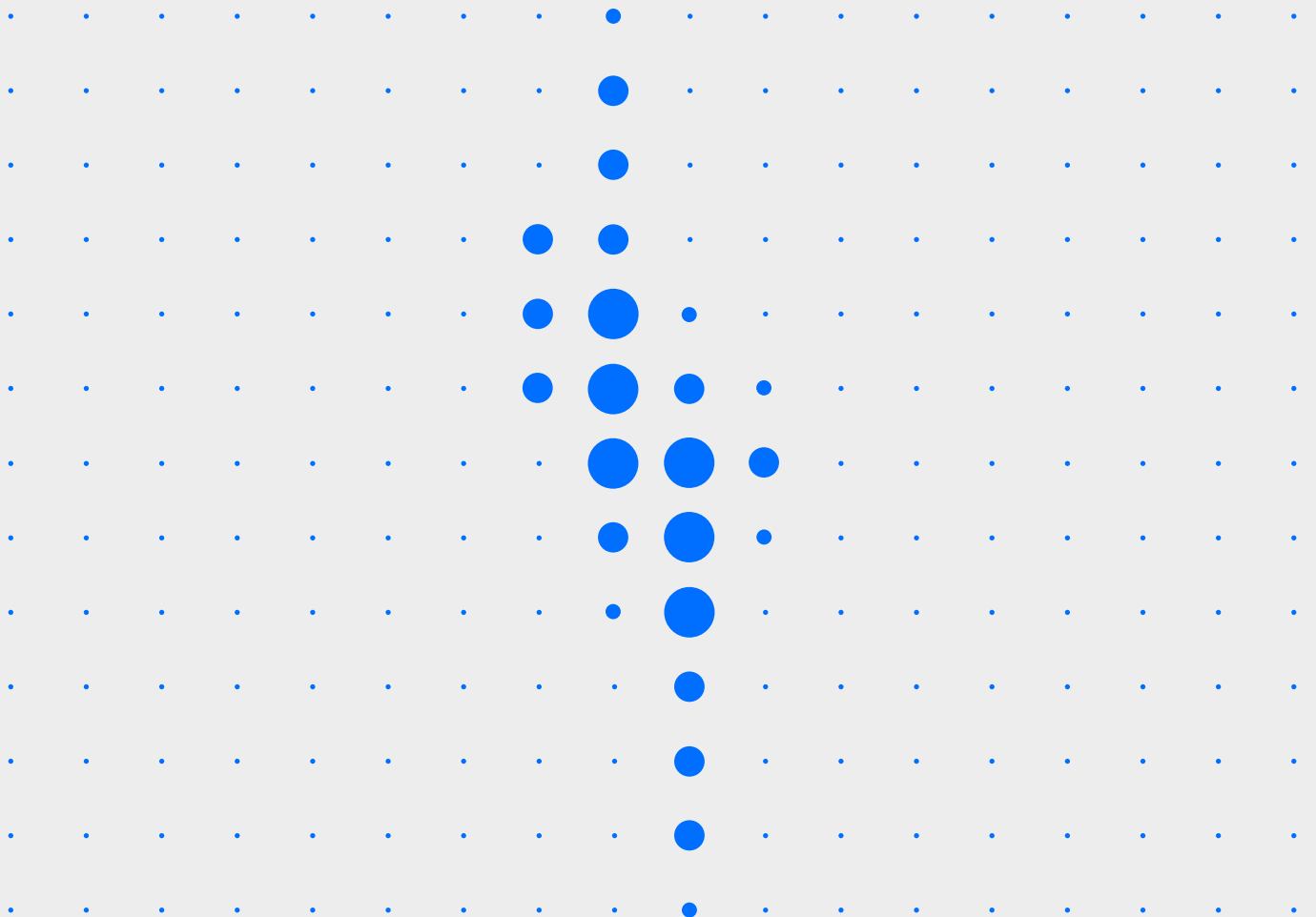


# Annual Report 2021

Future Ready -  
transforming strategy into results



# Key data of the technotrans- group (IFRS)



**211.1 m €**

(+10.8%)

Group revenue

Technology 156.9 m € (+10.6%)  
Services 54.2 m € (+11.7%)



**11.0 m €**

(+62.7%)

EBIT

Technology 3.1 m € (> +100%)  
Services 7.9 m € (+18.3%)



**5.2%**

(+1.6% points)

EBIT margin

Technology 2.0% (+2.0% points)  
Services 14.7% (+0.9% points)



**10.0 m €**

(+154.3%)

Free cash flow



**12.5%**

(+4.7% points)

ROCE



**57.6%**

(+4,0% points)

Equity ratio



**0.51 €**

(+41.7%)

Dividend proposal



**1.02 €**

(+41.7%)

Earnings per share



**1,433**

(+24)

Employees as of  
Dec 31, 2021



# Future Ready

# Content

## To our shareholders

- \_ Letter from the Board of Management  
Page 7
- \_ Success Story  
Page 10
- \_ Report of the Supervisory Board  
Page 15
- \_ Corporate Bodies  
Page 23
- \_ technotrans on the Capital Market - shares  
Page 26

## Combined Management Report

- \_ Principles of the Group  
Page 34
- \_ Economic Report  
Page 50
- \_ Overall statement of the Board of Management  
on the financial year 2021  
Page 67
- \_ Remuneration report  
Page 69
- \_ Takeover-relevant information  
Page 86
- \_ Combined non-financial statement  
Page 48
- \_ Corporate Governance Declaration  
Page 122
- \_ Opportunities and Risks Report  
Page 141
- \_ Forecast Report  
Page 154

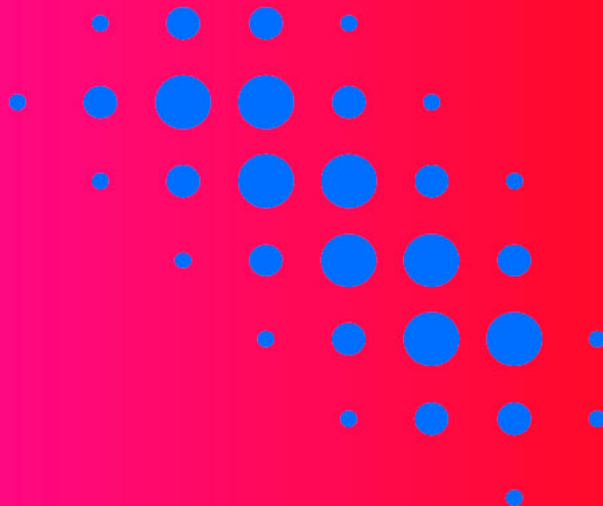


## Consolidated Financial Statements

- \_ Consolidated Balance Sheet  
Page 168
  
- \_ Consolidated Income Statement  
Page 170
  
- \_ Consolidated Statement of  
other Comprehensive Income  
Page 171
  
- \_ Consolidated Cash Flow Statement  
Page 172
  
  
- \_ Consolidated Statement of Changes in Equity  
Page 174
  
  
- \_ Notes  
Page 176
  
  
- \_ Proposal of the Appropriation of Profit  
Page 235
  
  
- \_ Responsibility Statement by the Management  
Page 236
  
  
- \_ Independent Auditor's Report  
Page 237

## Further information

- \_ Glossary  
Page 246
  
- \_ Financial Calendar  
Page 248
  
  
- \_ Contact  
Page 249
  
  
- \_ Key Data of the technotrans Group (IFRS)  
Page 250





»technotrans achieved all strategic and operational targets in the first year of the Future Ready 2025 strategy.«

power to transform – strategy into results

## Dear Shareholders,

Under its [power to transform](#) claim, technotrans achieved all strategic and operational targets in the first year of its Future Ready 2025 strategy. The transformation process launched is beginning to bear fruit, despite a challenging environment that continues to be dominated by the COVID-19 pandemic and the upheaval this has caused on worldwide procurement markets.

### Our employees' health

The wellbeing, health and safety of our employees and business partners are our overriding priority. We have implemented far-reaching hygiene concepts at our locations to hold the COVID-19 pandemic in check. Thanks to extensive testing and the Group's own vaccination drives, we managed to get through a year of the pandemic with consistently low infection figures. Our new arrangements for working from home moreover mean we have established a safe and agile form of working that is fit for the post-pandemic period.

### Financial result

Despite the many challenges, we are able to report a highly satisfactory financial result. Our core skill of thermal management continues to grow in significance worldwide. This is the critical success factor in configuring highly complex technological processes and products that find use in our target markets Plastics, Energy Management, Healthcare & Analytics and Print. Our diversified market orientation is an important factor in our success: the focus on our growth-oriented target markets has given us extra stability. This is also reflected in our revenue: the figure of € 211.1 million means we even exceeded the forecast last updated in November and recorded the second-highest revenue total in the history of the company. After just two years, we are therefore back at the pre-pandemic level. We were also able to significantly improve the operating result with a rise of 62.7 % to € 11.0 million, representing an EBIT margin of 5.2 %. The newly adopted key figure ROCE consequently improved from 7.8 % to 12.5 %.

### Strategy

In the first year of our Future Ready 2025 strategy the focus was on stabilising the organisation and on the related mergers of the companies gwK Wärme Kältetechnik mbH and Reisner Cooling Solutions GmbH as well as technotrans SE and KLH Kältetechnik GmbH. These changes created a key basis for unlocking potential synergy benefits and expanding the technotrans brand as a strong umbrella brand. In organisational terms the companies were already merged in the course of the year, with the result that all component subgoals were achieved by the end of the year. gwK was already renamed technotrans solutions GmbH in October 2021. The new brand was presented at the international industry exhibition Fakuma in October to a very positive response.

### Markets

The focus markets Plastics, Energy Management, Healthcare & Analytics and Print exceeded the growth planned for the period under review and, along with the selectively served Laser & Machine Tools market (which puts an emphasis on EUV and high-tech laser applications), was a major factor in the successful business performance. Revenue for the Technology segment climbed to € 156.9 million, underlining the relevance of our products for the markets they target.

To our shareholders

### Investing in sustainability

In 2021 we calculated the carbon footprint of the technotrans Group and created the new Sustainability Management area. This represents the basis for our pathway to climate neutrality. We are already helping to reduce carbon emissions with our energy-efficient products. Investment in a sustainable energy supply involving photovoltaics and hydro power, for example, at our locations in Baden-Baden and Holzwickede are indicative of the direction we are taking. Another milestone is our membership of the UN Global Compact, the world's biggest and most important initiative for sustainable and responsible corporate management.

### Outlook

Our results make a strong statement: they demonstrate that technotrans is very well equipped for the present and the future. To keep our company on track for long-term success, we will continue systematically rolling out our Future Ready 2025 strategy and will resolutely tackle the challenges that lie in our path.

The coronavirus pandemic is not yet over and will continue to make demands of us. The same applies to the substantial bottlenecks in global supply and logistics chains. During the past financial year we already had to contend with growing shortages in the semiconductor market and for various other components. These bottlenecks are having a massive effect on material prices and will again be an issue for us this year. Systematic cost management will again be a key lever for us in the new financial year of 2022. If we take on the challenges that lie ahead with the same drive and resolve as in 2021, we will keep heading in the right direction in the second year of our Future Ready 2025 strategy, achieve profitable growth as planned in all market areas, improve our profitability and therefore successfully continue with our strategy.

We want you, our shareholders, to share appropriately in this successful development and will therefore propose to the Annual General Meeting on May 13, 2021 that a dividend of € 0.51 per share be distributed, in keeping with our customary dividend policy.

### Thank you

The 2021 financial year brought countless challenges and placed many demands on us. Only by working together as a team has it been possible to handle such a year. Our 1,433 employees are therefore due our most sincere thanks. Throughout this unprecedented time they demonstrated resilience and huge dedication.

The confidence of our customers, business partners and shareholders is equally important to us. For that, too, we are sincerely thankful. We will do everything in our power to reward that confidence.

The worldwide drive to decarbonise and the related shift to electrification are closely related to our focus technology of thermal management. We are confident that based on our distinct market position and the relevant competitive advantages our products give us in our target markets, we will continue to create attractive future prospects. As such, everything is in place for us to profit from future trends. As a leading player in the field of thermal management with a strong strategy, we view technotrans as very well equipped for the years ahead.

## Letter from the Board of Management

As you can see, Dear Shareholders, technotrans has the energy to turn the transformation process that is under way into profitable growth, fittingly reflecting our claim [power to transform – strategy into results](#)



Michael Finger



Peter Hirsch

# Success story

Commissioning of the energy-efficient site in Holzwickede

Umbrella brand strategy: gwk becomes technotrans solutions GmbH

technotrans becomes systems supplier to leading rail vehicle manufacturers

Commissioning of the energy-efficient site in Baden-Baden

Foundation of technotrans Grundstücksverwaltungs GmbH

2021

2019

2017

2022

2020

2018

Strategic mergers: technotrans SE and klh as well as technotrans solutions and Reisner

Umbrella brand strategy: termotek GmbH becomes technotrans systems GmbH

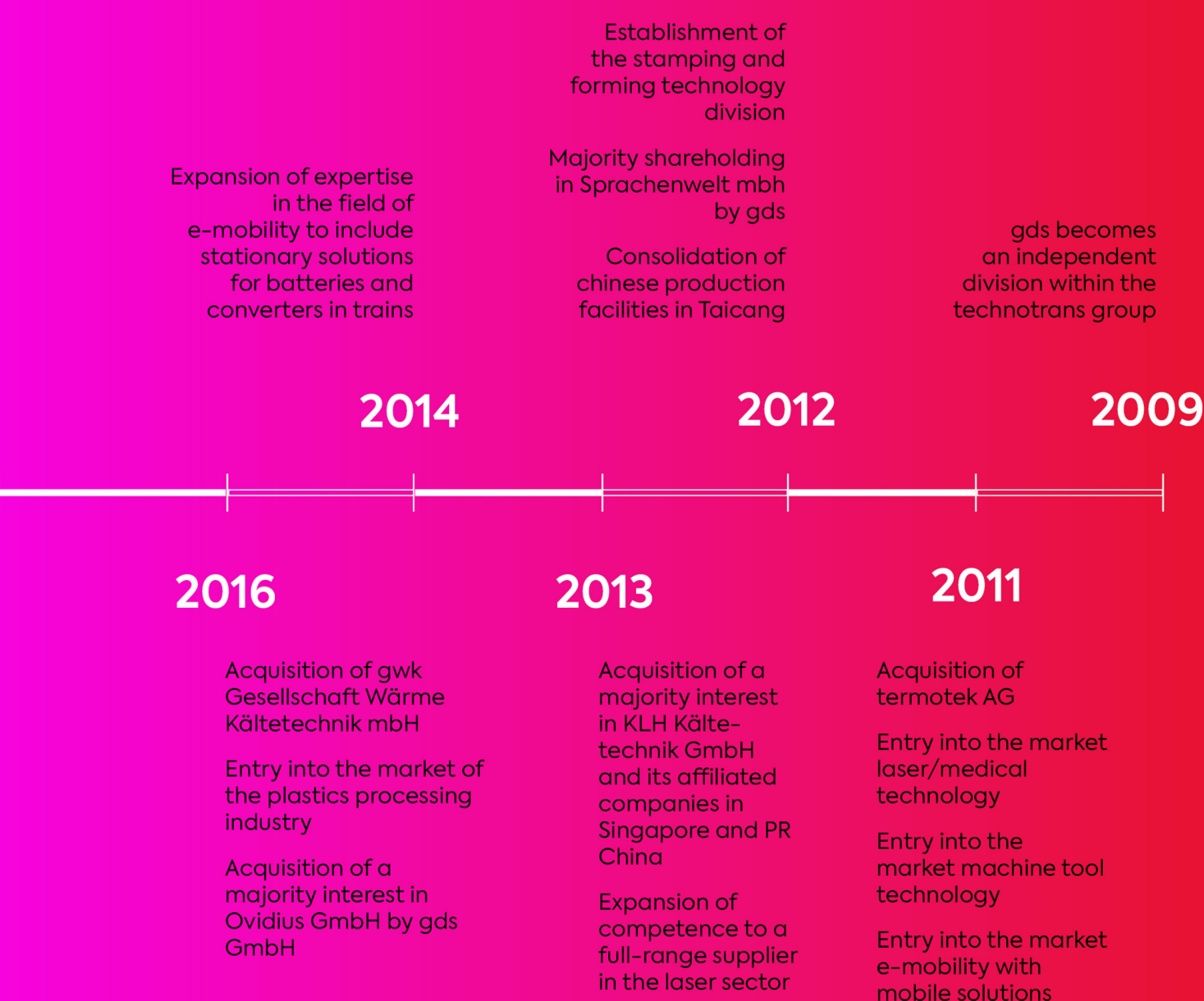
New strategy "Future Ready 2025": technotrans sets course for the future

50th anniversary of the company

Transformation: technotrans AG becomes technotrans SE

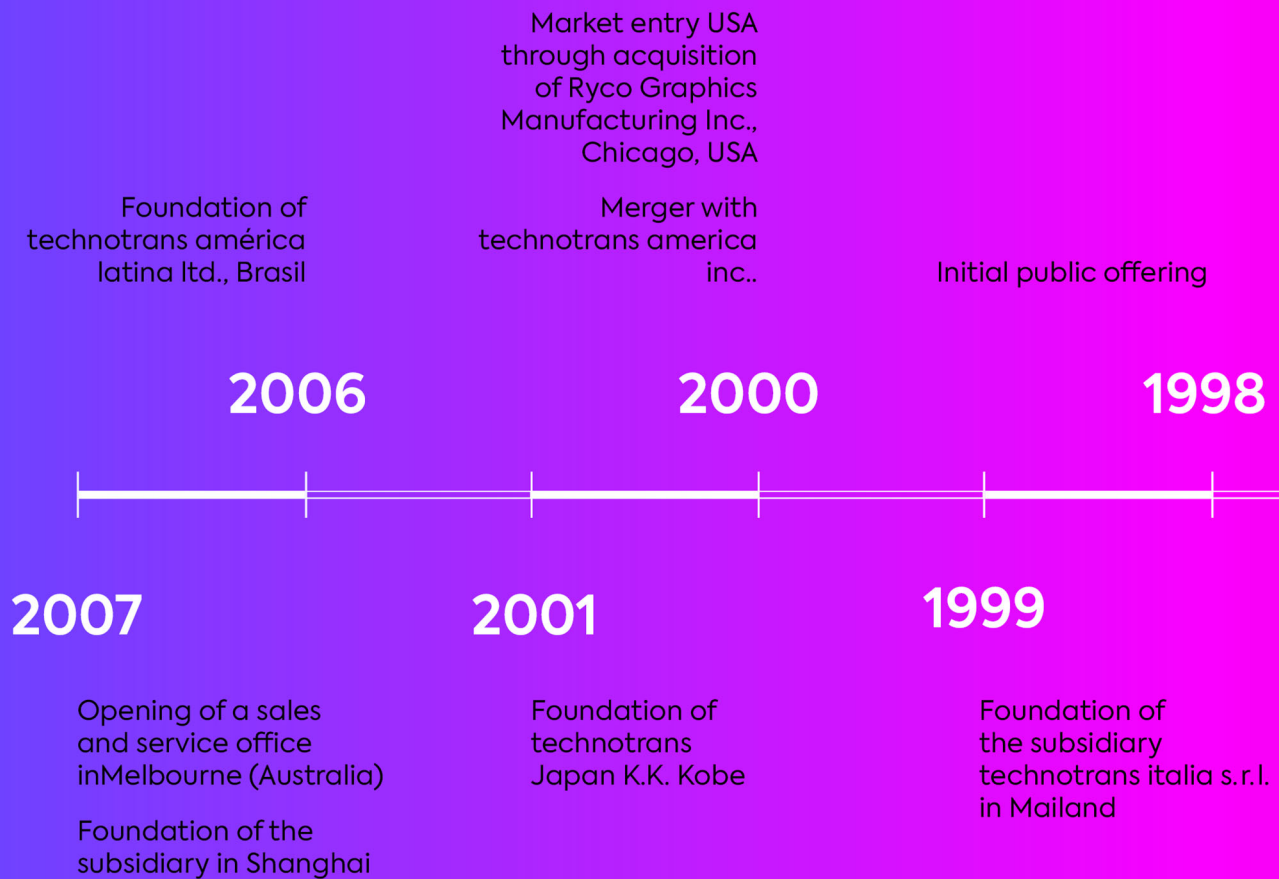
Acquisition of Reisner Cooling Solutions GmbH

Expansion of competence to a full-range supplier in the plastics processing sector

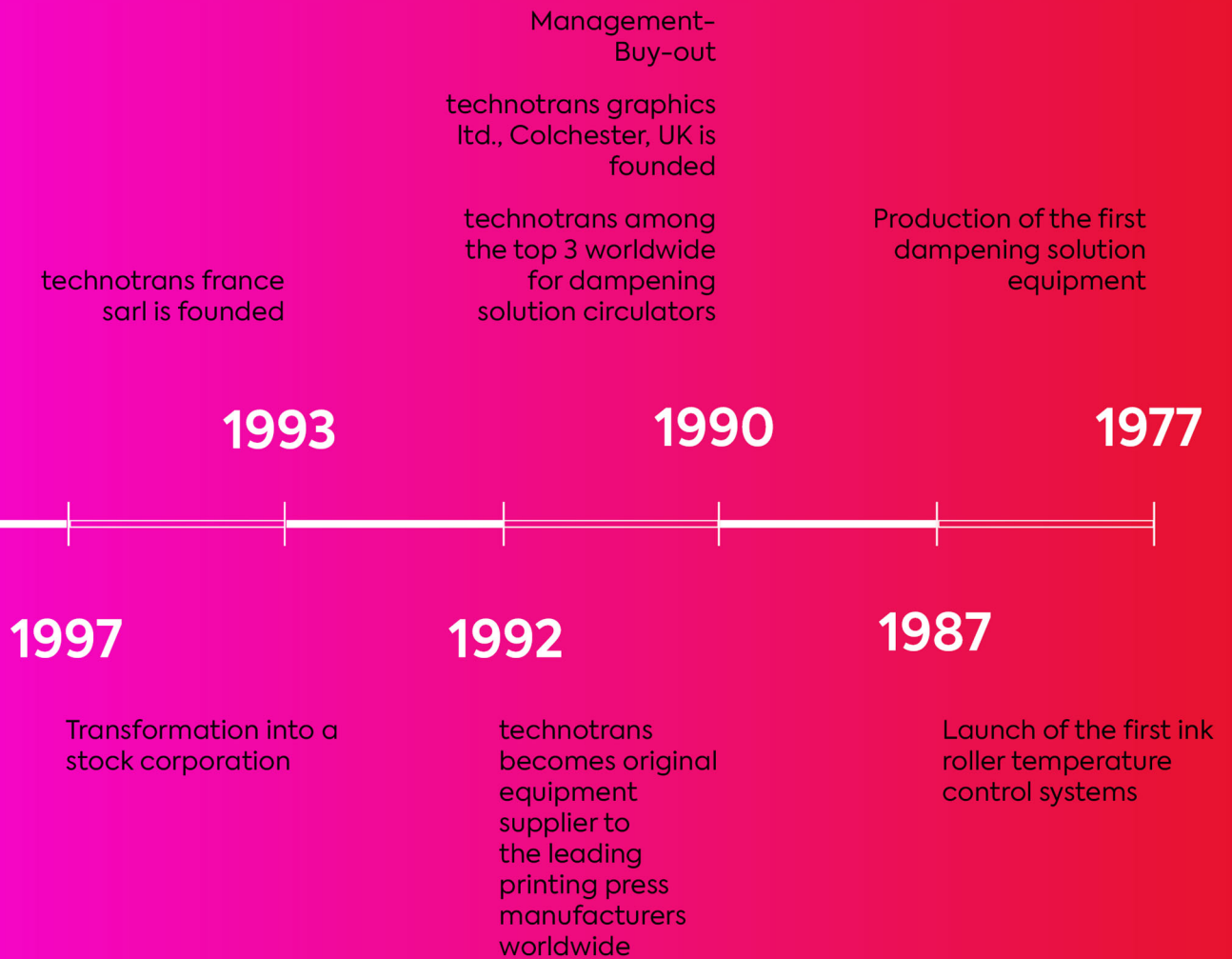




# Success story







1970 – Foundation of the company and start of the success story.

» The strength and performance of technotrans SE was more apparent than ever in the 2021 financial year.«



### Dear Shareholders,

The 2021 financial year made the strength and effectiveness of technotrans SE more apparent than ever. In this second year of the coronavirus pandemic, the Group was able to impress its customers as a dependable partner with forward-looking technologies, and it steadily improved its market position. technotrans was able to defy the increasing difficulties on procurement markets as the year progressed thanks to the exceptional commitment of all its employees, and in lockstep with suppliers and customers its production operations and ability to deliver were maintained throughout. The revenue total realised by the end of the year easily exceeded our expectations and the operating result (EBIT) achieved impressively bears testimony to the company's positive development. Our particular thanks are therefore due to all employees and the Board of Management of technotrans SE for their outstanding work and the very successful 2021 financial year.

A priority task for us, the Supervisory Board, throughout the year was to monitor the progress of the Future Ready 2025 strategy and to focus on the reinforcement of the Group's stability and profitability. Three levers were of particular significance here: the continuing expansion of the core skill of thermal management, concentrating our sales activities on the four focus markets, and continuing with efforts to keep costs always under control.

In keeping with its function the Supervisory Board unreservedly supports the Board of Management with consistently achieving these defined strategic milestones. We are convinced the measures taken will make the Group better equipped for the future.

The Supervisory Board of technotrans SE performed the duties incumbent upon it under the law and in accordance with the Articles of Association and the Rules of Procedure in full and with great care in the 2021 financial year. We continuously oversaw and advised on the activities of the Board of Management in running the company based on detailed written and oral reports submitted, and were involved directly and promptly in all decisions of fundamental significance. In view of the special situation arising from the COVID-19 pandemic, the Supervisory Board and Board of Management intensified their collaboration and information-sharing in the 2021 financial year. The Chairs of the Supervisory Board and its committees also maintained a close, regular exchange of information with the Board of Management in between the committee meetings.

The Board of Management at all times fulfilled its duties to report and inform under the statutory requirements and the Articles of Association as well as its duties in accordance with the German Corporate Governance Code as amended on December 16, 2019 and informed the Supervisory Board regularly, promptly and comprehensively of the current status of transactions, the intended business policy and the economic position of the company and the Group, the prevailing risks, risk management as well as relevant questions of compliance, strategy and corporate planning. Significant business transactions were discussed in the committees and the plenary meetings on the basis of reports. Deviations in the business performance from the plans and targets were explained individually and discussed at length by the Supervisory Board.

## To our shareholders

One particular priority of our activities this year was the global impact of the COVID-19 pandemic on the revenue and earnings performance of the technotrans Group. A further priority of our activities was the strategic development of the Group up until 2025. We continued to discuss with the Board of Management how to implement the market and technology strategy, the business goals and priorities including from a sustainability viewpoint as well as the human resources strategy.

The Supervisory Board met in the presence of the Board of Management for four regular meetings in 2021, which took place on March 8, 2021, May 6, 2021, September 30, 2021 and December 14, 2021. In addition, the Supervisory Board held discussions at a constituent meeting after the Annual General Meeting on May 7, 2021 and in one extraordinary meeting on February 2, 2021, as well as in telephone conferences and by e-mail. The Supervisory Board also met without the presence of the Board of Management. This was to address agenda items that either related to the Board of Management itself or were internal Supervisory Board matters.

The recurring subject matters of the ordinary meetings were the written and oral reports of the Board of Management on the business situation of technotrans SE and the Group, in particular the current development in revenue, earnings and employment as well as the results of operations and net assets.

The members of the Supervisory Board and Board of Management were present in full at all meetings, with the exception of the Supervisory Board meeting on December 14, 2021, which the Supervisory Board member Andrea Bauer did not attend. As nominated candidates for the Supervisory Board of technotrans SE, Peter Baumgartner and Dr Gottfried H Dutiné attended the Supervisory Board meeting on May 6 as guests. Board of Management member Dirk Engel did not attend the meeting of the Audit Committee on June 30, 2021.

### Key themes of the Supervisory Board meetings in 2021

A defining feature of the past financial year was the further development of the business activities of technotrans SE and the operational implementation of the Future Ready 2025 strategy across the Group. The economic effects of the COVID-19 pandemic were given particular attention in the Supervisory Board meetings. Other recurring agenda items included the general acquisitions strategy and the strategic position of the Group. At its regular meetings the Supervisory Board also considered the reports by the Board of Management on aspects of risk management, preventive compliance work, significant litigation and corporate governance.

The focus of the **extraordinary meeting on February 2, 2021**, which took place virtually, was on revising the employment contracts of the members of the Board of Management of technotrans SE to take account of new statutory requirements and regulations. The new Board of Management remuneration system resolved by the Supervisory Board at this meeting meets every requirement and creates a basis for appropriately remunerating the individual Board of Management members in line with their duties, areas of responsibility, their individual performance and the performance of the company as a whole; it also places a sustainable and long-term focus on ESG targets. The Board of Management also detailed the plans up to that point for holding the second virtual Annual General Meeting of the company on May 7, 2021.

## Report of the Supervisory Board

The main topic of the **first ordinary meeting on March 8, 2021** was the annual financial statements of technotrans SE for 2020 and the 2020 Consolidated Financial Statements. The Supervisory Board discussed the submissions and, following intensive dialogue with the auditors PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Osnabrück, and on the recommendation of the Audit Committee, approved the annual financial statements and Consolidated Financial Statements for the 2020 financial year. The Supervisory Board also approved the dividend proposal by the Board of Management and the proposed agenda for the 2021 Annual General Meeting with the resolution proposals set forth therein. These concerned such matters as the appointment of PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Osnabrück, as auditors of the annual financial statements and Consolidated Financial Statements for the 2021 financial year, and new elections for the Supervisory Board. The period of office of the Supervisory Board members Heinz Harling and Dr Wolfgang Höper ended with the close of the Annual General Meeting on May 7, 2021. Both gentlemen were not available for re-election. On the basis of the proposal of the Nominating Committee and Supervisory Board, the Annual General Meeting on May 7, 2021 elected Dr Gottfried H Dutiné and myself to the Supervisory Board of technotrans SE. Other items on the agenda for this Supervisory Board meeting were the Combined Non-Financial Statement of technotrans SE and the technotrans Group, the draft amended Rules of Procedure for the Supervisory Board, the strategic repositioning of the Group and status reports on ongoing M&A projects.

On **March 15, 2021** the Chair of the Supervisory Board arranged a Supervisory Board resolution by circulation procedure. The subject of the resolution was the resolution proposals of the Supervisory Board on the individual agenda items of the Annual General Meeting on May 7, 2021.

On the day before the Annual General Meeting, on **May 6, 2021**, the Supervisory Board met for its **second ordinary meeting**. It used that opportunity to consider in detail the report on the business performance over the months January to April 2021 as well as the outlook for the 2021 financial year and the measures to safeguard revenue and earnings for the Group as a whole in light of the COVID-19 pandemic. In addition, the Board of Management provided information on the preparations for the virtual Annual General Meeting held the next day. Based on the changed legal situation to reflect the coronavirus pandemic, the event was held without the physical presence of shareholders or their proxies. After the meeting, which was chaired for the last time by Supervisory Board Chair Heinz Harling, the departing Supervisory Board members were given a send-off internally.

At the constituent meeting held after the Annual General Meeting on **May 7, 2021** I was elected as Chair and Dr Norbert Bröcker as Deputy Chair of the Supervisory Board. The members and chairs of the Audit Committee and of the Strategy & Innovation and Personnel & Organisation Development Committees were also elected.

## Corporate Governance Code

After examining the recommendations and suggestions of the German Corporate Governance Code (the “Code”) taking account of the version as amended on December 16, 2019, based on two written circulation procedures in the 2021 financial year, on June 10, 2021 and December 14, 2021, the Supervisory Board resolved updated Declarations of Compliance pursuant to Section 161 of the German Stock Corporation Act (AktG). The Declarations of Compliance were made permanently available to shareholders on the website of the company. In these, the Board of Management and Supervisory Board report on corporate governance at technotrans SE in the Corporate Governance Declaration.

The **third ordinary Supervisory Board meeting** took place on **September 30, 2021** in Holzwickede at the location of Reisner Cooling Solutions GmbH. Alongside the business progress of the Group at August 31, 2021 the Supervisory Board was presented with the basic features of the evolved HR & talent management system and of the compliance & risk management approach.

Much of the report on the strategic positioning of the company was given over to the focus markets as well as to the aspects of operational excellence, performance management and sustainability. The Board of Management also reported on progress with the plant structural plan of technotrans SE at the Sassenberg location. In addition the Supervisory Board Chair provided an update on negotiations involving the recruitment of a new CFO.

The **final ordinary meeting** of the Supervisory Board on **December 14, 2021**, which adopted a virtual format, looked at the forecast for 2021 and the budgeting for the 2022 financial year including revenue, cost, profit, investment and human resources planning, the strategic five-year plan as well as the concluding of new target agreements for the Board of Management for the 2022 financial year. The Board of Management confirmed the recently published guidance for the full year of 2021. After full discussions and consultations, the Supervisory Board approved the annual plans submitted by the Board of Management for the 2022 financial year.

The Supervisory Board’s self-evaluation was conducted on the basis of extensive questionnaires. The evaluation focuses especially on the Supervisory Board’s organisational and operational procedures and the flow of information. The Board of Management provided information on the technotrans Group’s innovations roadmap. It set out key steps for further extending and reinforcing the leading technological position.

## The work of the Supervisory Board committees in 2021

To enable it to fulfil its duties more efficiently, the Supervisory Board has formed three committees. Up until the close of the Annual General Meeting on May 7, 2021 these comprised: Audit Committee (members: Andrea Bauer [Chair], Heinz Harling and Dr Wolfgang Höper), Committee for Board of Management Affairs (Members: Heinz Harling [Chair], Andrea Bauer and Dr Norbert Bröcker) and a Nominating Committee (members: Heinz Harling [Chair], Andrea Bauer, Dr Norbert Bröcker and Dr Wolfgang Höper).

## Report of the Supervisory Board

The constituent meeting of the Supervisory Board on May 7 elected three new committees with changed priorities: Audit Committee (members: Andrea Bauer [Chair], Peter Baumgartner and Dr Norbert Bröcker), Strategy & Innovation Committee (Members: Dr Gottfried H Dutiné [Chair], Peter Baumgartner and Andre Peckruhn) and Personnel & Organisation Development Committee (members: Peter Baumgartner [Chair], Andrea Bauer, Dr Norbert Bröcker and Thorbjørn Ringkamp).

The Audit Committee met five times in 2021 on **March 1, 2021, April 26, 2021, June 30, 2021** (in part virtually), **November 19, 2021** (in part virtually) and **December 13, 2021** (virtually). All committee meetings took place in the presence of the Board of Management members; Mr Engel did not attend the meeting on June 30, 2021. In March, November and December 2021, in each case the committee moreover met in the presence of representatives of the auditors and addressed matters concerning the annual financial statements for the 2020/2021 financial years, the presentation of the accounts and International Financial Reporting Standards (IFRS) accounting, the internal control system and the effectiveness of the compliance and risk management system. The presentation of the accounts and IFRS accounting covered primarily the Consolidated Financial Statements and the Combined Management Report of the parent company and Group (including CSR reporting), intra-year financial information and the separate financial statements according to the German Commercial Code. Other aspects included fiscal matters, the statement of independence required of the auditors, the recommendation of the Audit Committee to award the audit mandate, the concluding of a fee agreement and the decision on the audit priority for the auditors for 2021, as well as the audit of the 2021 annual financial statements. At the meetings in June and November 2021 the Board of Management reported on the current business and financial position after the end of the first/third quarters, and especially on risk exposure and the appropriate response to the impact of the COVID-19 pandemic. The Audit Committee also discussed the Interim Financial Report with the Board of Management. The December meeting focused on a discussion of the forecast for the 2021 financial year, progress with the audit of the annual financial statements and budget planning for the coming 2022 financial year including possible financial targets. Within the year, the committee looked into monthly financial reporting to the Supervisory Board, the system and content of controlling, the personnel situation in the Finance/Controlling area and capital market communications. The Chair of the Supervisory Board and the Chair of the Audit Committee also maintained an intensive dialogue with the Board of Management in between the committee meetings.

The Nominating Committee met in connection with the ordinary Supervisory Board meeting on **March 8, 2021**. Consultations focused on preparations for the Supervisory Board elections at the Annual General Meeting on May 7, 2021. On the same day the Supervisory Board accepted the recommendation of the Nominating Committee to elect Dr Gottfried H Dutiné and myself to the Supervisory Board of technotrans SE and submitted an election proposal to that effect to the Annual General Meeting.

In the past financial year the Committee for Board of Management Affairs held five meetings, on **January 18, 2021, February 26, 2021, March 19, 2021, March 25, 2021 and April 24, 2021**. Where necessary resolutions were passed or recommendations for the passing of resolutions were made to the Supervisory Board. Particularly in the first few months of the year, its work focused on the restructuring of the Board of Management remuneration system. At its meetings it also dealt with personnel decisions and contractual matters, including the expiry of Dirk Engel's contract to the Board of Management at the close of July 31, 2021 and the resulting need to fill the vacancy, as well as the revision of the employment contracts of the Board of Management members of technotrans SE.



## To our shareholders

The newly created Committee for Personnel and Organisation Development met for the first time on **June 8, 2021** and covered the tasks handled by the former Committee for Board of Management Affairs. A further meeting was held on **July 5, 2021**. The committee meetings, attended by the members of the Board of Management, discussed especially organisation development matters and the necessary strategic expansion of the management organisation. Excluding the Board of Management members, the committee members also discussed the approach for and status of recruiting the next CFO. All members attended all meetings of the committee. In the second half of the year the committee members along with other Supervisory Board members also discussed the search for a new CFO outside of meetings and in particular held interviews with a large number of candidates.

The Committee for Strategy & Innovation met three times, on **May 26, 2021, July 8, 2021 and December 1, 2021**. The purpose of the individual meetings was to advise the Board of Management on the further development of strategy and on how to boost innovation. All members as well as the Board of Management members attended all meetings of the committee.

The members of the Supervisory Board were sufficiently independent and had sufficient time to serve as non-executive directors. They had ample opportunity to assess the reports and resolution proposals of the Board of Management constructively in the committees and plenary meetings, and also to contribute their own suggestions. In accordance with the recommendation in the German Corporate Governance Code, the Supervisory Board members of technotrans SE disclosed any conflicts of interest to the Supervisory Board without delay. The Deputy Chair of the Supervisory Board Dr Norbert Bröcker is partner in the law firm Hoffmann Liebs, Düsseldorf. The firm provided legal advice for technotrans SE on a variety of topics in the past financial year. The Supervisory Board of technotrans SE approved the individual activities of Hoffmann Liebs as well as the consultancy fees arising, in each case in the context of its Supervisory Board meetings. To avoid any conflicts of interest, Dr Bröcker abstained from those votes. No other potential conflicts of interest that should be disclosed to the Supervisory Board and would need to be reported to the Annual General Meeting arose in the year under review.

The members of the Supervisory Board are to stay informed by intensive reading of relevant trade media, publications by the public auditors and sharing insights with representatives of other listed companies. Furthermore, independent firms of consultants are brought in to advise on specific matters on an ad hoc basis. Such a case arose in 2021 for expertise on how to structure the new remuneration system for Board of Management members of technotrans SE. In addition, an onboarding programme gave the new members of the Board of Management an opportunity to meet the members of the Board of Management and specialist managers for bilateral discussions of fundamental and topical issues in each area of the Board of Management, in order to obtain an overview of the relevant issues for the company and its governance structure. Detailed training on capital market law was also provided.

As a fundamental rule Supervisory Board members were individually responsible for obtaining the additional training and professional development required for their duties and were supported in this by the company.



### Approval of the annual financial statements and approval of the Consolidated Financial Statements at December 31, 2021

The annual financial statements of technotrans SE and the Combined Management Report for technotrans SE and the Group for the 2021 financial year have been prepared in accordance with the requirements of German law. The Consolidated Financial Statements have been prepared according to the International Financial Reporting Standards (IFRS) as adopted in the European Union (EU). In accordance with the audit mandate of the Supervisory Board, the auditors Pricewaterhouse Coopers GmbH Wirtschaftsprüfungsgesellschaft, Osnabrück, appointed by the Annual General Meeting for the annual financial statements and Consolidated Financial Statements, audited the annual financial statements of technotrans SE for the 2021 financial year, the 2021 Consolidated Financial Statements and the Combined Management Report for 2021 of technotrans SE and the Group and in each case granted an unqualified audit certificate. The auditors established that the risk management system complies with the legal requirements and that no risks to the company as a going concern exist. As planned, no reviews of interim financial reports were carried out. The audit reports and accounting records for the 2021 financial year as well as the Board of Management's proposal on the appropriation of profit for the 2021 financial year were sent to all Supervisory Board members in good time. These were discussed in detail both by the Audit Committee at its meeting on March 7, 2022 and by the Supervisory Board at its meeting on March 14, 2022. The committee addressed in particular the key audit matters described in the respective audit certificate. The examination by the Supervisory Board also comprised the non-financial disclosures for technotrans SE and the Group incorporated into the Combined Management Report. At the meetings, the representatives of the auditors of the accounts reported on the key findings of the examinations and were available for questions. The Chair of the Audit Committee, too, reported to the Supervisory Board on the examinations of the Audit Committee. Following examination of the annual financial statements, the Consolidated Financial Statements and the Combined Management Report, the Supervisory Board raised no objections to the findings of the audit and on March 14, 2022 signed off the 2021 annual financial statements and Consolidated Financial Statements prepared by the Board of Management. The examination of the Combined Non-Financial Statement equally gave rise to no objections. The annual financial statements for the 2021 financial year are thus established pursuant to Section 172 first sentence AktG. Based on its own examination the Supervisory Board supports the proposal of the Board of Management on the appropriation of profit.

At its meeting on March 14, 2022, taking into account the recommendation and preference of the Audit Committee on the election of the auditors, the Supervisory Board adopted the resolution proposal to the Annual General Meeting. This decision was based on the declaration of the Audit Committee that its recommendation was free from any improper influence by third parties and that no clauses restricting choice within the meaning of Art. 16 (6) of the EU Audit Regulation were imposed on it.

## To our shareholders

The 2021 financial year brought various changes. Important groundwork was done in the first year of implementing the Future Ready 2025 strategy. The revenue and operating result (EBIT) supply impressive proof that the chosen path is the right one for making technotrans sustainably successful. The impact of the COVID-19 pandemic and the associated upheaval on procurement markets have taught us that even established supply chains can be subject to change that demands an entirely new approach.

On the personnel side, too, the year marked the start of a new era. The close of the Annual General Meeting on May 7, 2021 marked the end of Heinz Harling's term of office, who left the Supervisory Board after serving technotrans for 40 years in a variety of functions, including twelve years as Supervisory Board Chair. The Supervisory Board, Board of Management and workforce would like to thank him for his many years of dedicated service. Heinz Harling will retain a connection to the company as Honorary Chair of the Supervisory Board.

We would equally like to extend our special thanks to Dirk Engel, technotrans SE's long-standing Chief Financial Officer, who in his greatly valued way made his mark on technotrans over a period of 17 years, including 15 as CFO, and left technotrans with effect from July 31, 2021.

On behalf of the Supervisory Board I would again like to thank the members of the Board of Management, the employees and the employee representatives of technotrans SE and of all Group companies for their committed and effective work and their constructive partnership over the past year. Your huge efforts helped steer technotrans through a financial year of exceptional challenges during the COVID-19 pandemic. Allow me to expressly thank you, Dear Shareholders, for your often long-standing involvement in technotrans SE and your confidence in our company. The Supervisory Board approved this report on March 14, 2022 pursuant to Section 171 (2) AktG.

On behalf of the Supervisory Board



Peter Baumgartner

Chairman

# Board of Management



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**Michael Finger**  
**Board Spokesman - CEO**

- Engineering graduate
  - Member of the Board of technotrans SE since May 2020, Spokesman since August 2020
  - Michael Finger ist responsible for Markets (Sales, Service, Marketing, QM) as well as interim for the resorts Finance and IR
- 



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**Peter Hirsch**  
**Member of the Board - CTO/COO**

- Engineering graduate
  - Joined technotrans in 2013 as Managing Director of the subsidiary termotek GmbH in Baden-Baden, since July 2018 Member of the Board of technotrans SE
  - Peter Hirsch is responsible for Technology & Operations (Research & Development, Engineering, Production, Purchasing and Logistics) sowie ad interim for the resorts HR, IT and Legal & Compliance
- 

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**Dirk Engel**  
**Member of the Board (until July 31, 2021)**

- Business Administration graduate
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**Hendirk Niestert**  
**Member of the Board (until January 31, 2021)**

- Engineering graduate
-

# Supervisory Board



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**Peter Baumgartner**  
**Chairman of the Supervisory Board**

- Engineering graduate
  - Independent management consultant
  - CEO of RKW SE, Mannheim, Germany
- 



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**Dr. Norbert Bröcker**  
**Deputy Chairman of the Supervisory Board**

- Dr. jur.
  - Partner of Law Firm Hoffmann Liebs Partnerschaft von Rechtsanwälten mbB, Düsseldorf, Germany
- 



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**Andrea Bauer**  
**Chairwoman of the Audit Committee**

- Graduate in economics
  - CFO of Nobian Industrial Chemicals BV, Amersfoort, Netherlands
  - Member of the Supervisory Board of Aurubis AG, Hamburg, Germany
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**Dr. Gottfried H. Dutiné**  
**Member**

- Engineering graduate
  - Independent management consultant
- 



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**Andre Peckruhn**  
**Employee representative**

- Operational purchaser of technotrans SE, Sassenberg, Germany
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**Thorbjørn Ringkamp**  
**Employee representative**

- Senior Sales Manager Global at gds GmbH, Sassenberg, Germany
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**Heinz Harling**  
**Honorary Chairman**

- Engineering graduate
  - Lecturer at Hamm-Lippstadt University of Applied Sciences
-

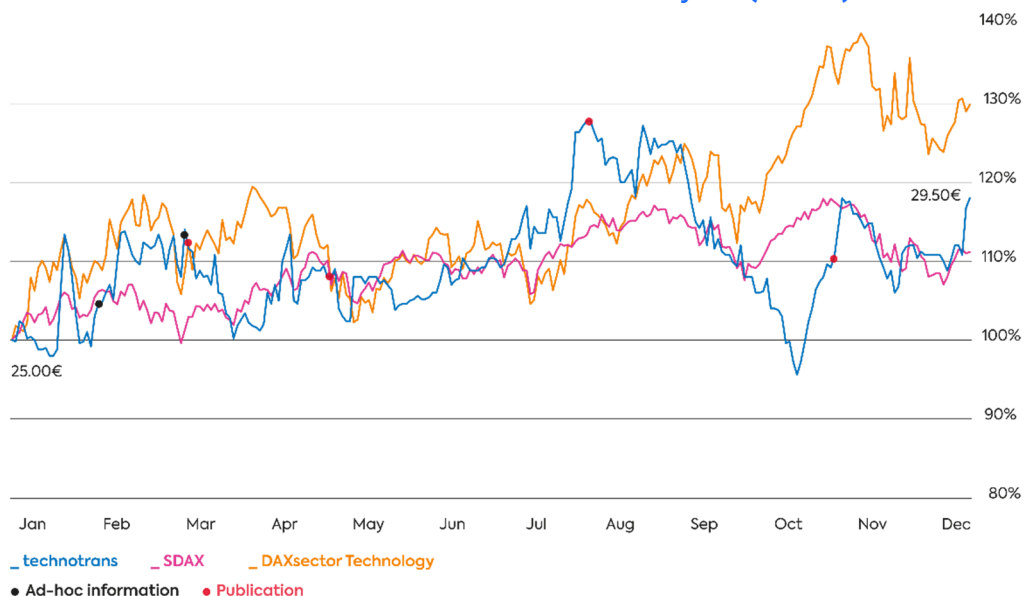


# technotrans on the capital market – shares

technotrans shares  
achieved a price gain of  
18 % in the 2021 financial  
year.

The stock market year of 2021 was a turbulent one for financial markets, but as a whole it turned out positive from the investor's perspective. The key factors were rising corporate profits especially in the tech, biotech, logistics and food sectors. The fact that interest rates remained low also encouraged continuing investment in the stock markets. Despite the continuing coronavirus pandemic and the upheaval it is causing in procurement markets, sentiment among investors consequently remains fundamentally positive. There was high volatility to the upward trend. Reports of setbacks in tackling the pandemic, increased commodity and energy prices and accelerating inflation rates worldwide coupled with expected interest rate rises triggered corrections. The DAX started the year 2021 on 13,718 points. In September the shares of ten further MDAX companies were promoted to this lead index, which reached an all-time high of 16,251 points on November 17, 2021. After the shock emergence of the new Omicron coronavirus variant, at least a degree of optimism returned towards the end of the financial year, enabling the lead index to end the year up 15.8 % on 15,884 points.

## Performance of technotrans shares in 2021 financial year (XETRA)



In this challenging economic environment technotrans successfully carried out all its planned measures under the Future Ready 2025 strategy and significantly increased revenue and profitability. In the discussions held, current and potential investors commented very positively on the new strategic emphasis and the company's successful development in the first year of its implementation.

Despite volatility technotrans shares recorded a pleasing price gain in the period under review. Having opened 2021 on € 25.00, the shares reached € 29.50 (XETRA closing price) on December 30, 2021 with a gain of 18.0 %. This meant they outperformed the DAX itself (+15.8 %), the MDAX (+14.1 %) and the SDAX (+11.2 %), though the DAXsector Technology climbed 29.8 % in the period under review.

Market capitalisation increased markedly by € 31.1 million to € 203.8 million. The XETRA closing prices ranged between € 23.90 and € 31.95. XETRA trading accounted for the majority of trades, or around 71 %. The daily XETRA trading volume of the shares fell to 5,901 units (previous year: 11,077 units).

In the Deutsche Börse index ranking, technotrans ranked 195th at the close of the year (previous year: 208th).

### Performance indicators for technotrans shares

		2021	2020	2019	2018	2017
<b>Trading price (XETRA closing price)</b>						
High	in €	31.95	28.65	30.00	47.90	50.75
Low	in €	23.90	10.14	15.52	24.00	22.17
End of financial year	in €	29.50	25.00	18.70	24.50	44.30
Number of share at the end of the period	shares	6,907,665	6,907,665	6,907,665	6,907,665	6,907,665
Market capitalisation	in k€	203,776	172,692	129,183	169,238	306,010
Net profit per share (basic, IFRS)	in €	1.02	0.72	0.88	1.79	1.76
Dividend per share (2021: Proposal to the Annual General Meeting)	in €	0.51	0.36	0.00	0.88	0.88

### Analyst assessments

Following the changes in the previous year, research coverage of technotrans shares in the 2021 financial year was widened to include Landesbank Baden-Württemberg (LBBW) and Kepler Cheuvreux. Hauck & Aufhäuser and M.M. Warburg continued their long-standing coverage of technotrans shares. The assessments as of December 31, 2021 are as follows:

Institution	Recommendation	Price target
Hauck & Aufhäuser	buy	€ 38.00
Kepler Cheuvreux	buy	€ 33.00
LBBW	buy	€ 33.00
Warburg Research	hold	€ 33.80

## To our shareholders

### Investor Relations work

Our Investor Relations activities continued to focus on maintaining a regular and open dialogue with all existing and potential investors. In view of the ongoing coronavirus-related restrictions meetings, virtual forms of communication have become increasingly established in the market. In this new normal technotrans has stepped up its investor relations work and significantly increased its supply of information.

The members of the Board of Management and the Investor Relations team were available extensively and personally to answer questions and queries. technotrans was again a welcome guest at conferences in the 2021 financial year. Such highlights included the ODDO BHF Digital Forum in January, the CIC Market Forum in May, the Warburg Highlights in June, the Berenberg & Goldman Sachs German Corporate Conference in September and the German Equity Forum in November. The good reception was welcomed by all involved.

Increased interest in dialogue was also evidenced by the high demand for virtual roadshows and the many bilateral talks that were held with shareholders and potential investors.

The Board of Management presented the business figures on the publication dates exclusively in the form of analyst webcasts, which reflected growing professionalism.

In addition, quarterly communication featured regular Börsenradio interviews with CEO Michael Finger. This medium enabled technotrans to introduce an extra, external vantage point into the business performance commentary for current and potential investors.

The analyst webcasts followed by a questions-and-answers session with the Board of Management and the Börsenradio interviews are available to download from our website at <https://www.technotrans.com/investor-relations/presentations>.

### Ad hoc information

In addition to regular financial reporting, we supplied our shareholders with information on current developments in the period under review through two ad hoc information bulletins.

The information on February 3, 2021 concerned the exceeded earnings forecast for the 2020 financial year, based on preliminary figures. The information sent out on March 8 communicated the decision of Supervisory Board Chair Heinz Harling to step down at the end of the 2021 Annual General Meeting.

### Annual General Meeting

The Annual General Meeting of technotrans SE on May 7, 2021 adopted a virtual format for the second time due to the coronavirus. As in the previous year, registered shareholders were able to follow the entire meeting live on the shareholder portal. A large number of shareholders took the opportunity to submit questions in advance of the event. The Board of Management and Supervisory Board without exception answered these at length.

The votes of 3,648,743 shares were represented at the meeting. This constitutes around 53 % of the share capital eligible to vote. The shareholders voted in favour of all agenda items. These included the resolutions on the distribution of a dividend of € 0.36 per share, on the remuneration systems for the Board of Management and Supervisory Board and on the election of Peter Baumgartner and Dr Gottfried H Dutiné as new shareholder representatives on the Supervisory Board.



### Investor Relations information

Comprehensive, up-to-date information is available to investors on the company’s own website <https://www.technotrans.com>.

The information includes current analyst assessments, the analysts’ consensus, the equity story, the fact sheet, financial reports, information on the Annual General Meeting, mandatory announcements, presentations, video and audio recordings as well as extensive information on sustainability.

The Financial Calendar indicates upcoming financial dates. Users can easily import these into their own calendar.

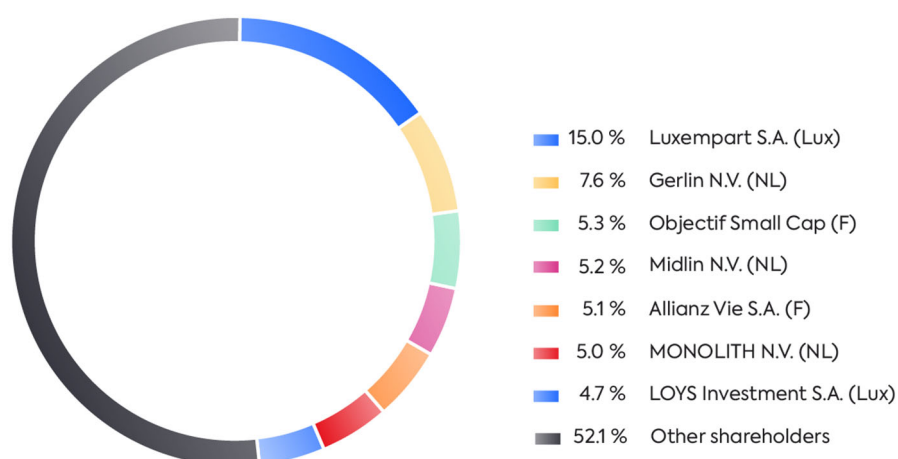
In the IR Newsletter, technotrans proactively provides information on important developments. A subscription to the newsletter can be set up using our IR service function. Printed versions of the financial reports can also be requested there.

### Composition of shareholders

The composition of shareholders is, as before, dominated by institutional investors from Germany and other European countries who take a long-term view. Shareholders with voting rights obligations of more than 3 % hold a total of 47.9 %. The remaining 52.1 % of shares are held by shareholders whose shareholding is below this threshold (previous year: 53.9 %). At the close of the year on December 30, 2021 Deutsche Börse calculated a free float market capitalisation of 74.89 % for technotrans shares.

The shareholders Gerlin NV, Midlin NV and Luxempart S.A. gave notice in voting rights notifications on May 28, 2021 that the existing acting in concert agreement was terminated with effect from May 21, 2021.

### Shareholder structure as of December 31, 2021



## To our shareholders

### The Board of Management and Supervisory Board propose a dividend of € 0.51

The Board of Management and Supervisory Board propose to the Annual General Meeting on May 13, 2022 that a dividend of € 0.51 per share be distributed for the past financial year of 2021.

The dividend yield based on the XETRA closing price of € 29.50 on December 30, 2021 is 1.73 %.

Our dividend policy envisages the distribution of up to 50 % of consolidated net profit. The distribution rate, based on the dividend proposal of € 0.51, is 50 %.

The dividend proposal expresses a consistent dividend policy under which technotrans SE shareholders participate appropriately in the company's profits.

The payment of a dividend is subject to the annual financial statements of technotrans SE showing an accumulated profit. This condition was met for the 2021 financial year.

Financial Year		2021	2020	2019	2018	2016
Dividend per share	in €	0,51	0,36	0	0,88	0,88
Payout Ratio	in %	50	50	0	49	50
Amount Distributed <sup>1</sup>	in k€	3,523	2,487	0	6,079	6,079
Dividend yield <sup>2</sup>	in %	1,7	1,4	0	3,8	2,1

2021: proposal to Annual General Meeting

<sup>1</sup> Based on the number of dividend-bearing shares for the past financial year on the day of the Annual General Meeting

<sup>2</sup> Dividend payment / Xetra closing price of technotrans shares on day of Annual General Meeting  
For 2021 financial year: dividend proposal / Xetra closing price of technotrans shares as of December 30, 2021



Annual General Meeting on May 7, 2021

# Combined Management Report

## Principles of the Group

\_ Group structure  
Page 34

\_ Business model  
Page 36

\_ Goals and strategies  
Page 42

\_ Control system  
Page 48

## Economic Report

\_ Development of the  
economic environment  
Page 50

\_ Business Performance  
Page 52

\_ Results of operations, net assets  
and financial position  
Page 54

\_ Economic development  
of technotrans SE  
Page 62

## Overall statement of the Board of Management on the financial year 2021

Page 67

## Remuneration Report

Page 69

## Takeover-relevant information

Page 86

## Combined non-financial statement

Page 89

## Corporate Governance Declaration

Page 122

## Opportunities and Risks Report

\_ Risk management and internal control system  
Page 141

\_ Opportunity and risk profile  
Page 145

\_ Overall statement of the Board of Management on the risk situation  
Page 153

## Forecast Report

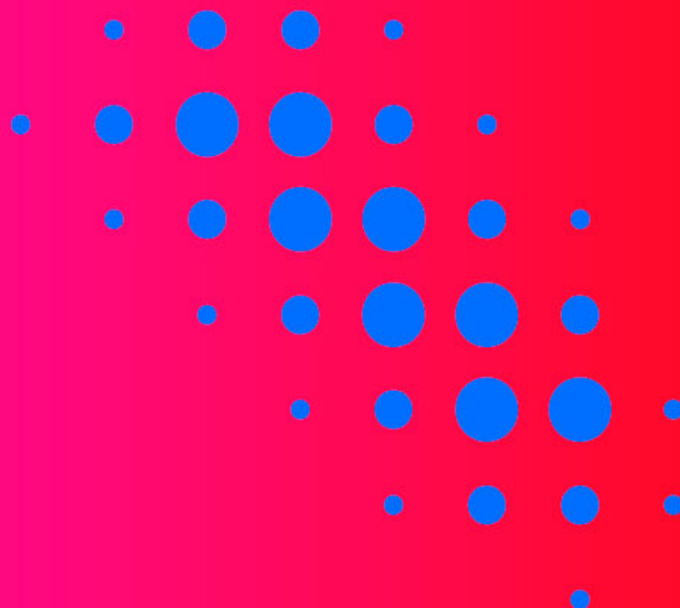
\_ Future general conditions  
Page 154

\_ Expected development of the markets of relevance for technotrans  
Page 156

\_ Expected development of the technotrans Group in the 2022 financial year  
Page 160

\_ Expected development of the technotrans SE in the 2022 financial year  
Page 164

\_ Overall statement of the Board of Management on future business performance 2022  
Page 165



# Group structure

## Organisational and legal corporate structure

technotrans SE is a technology and services group with worldwide operations. The company's core skill focuses on application-specific solutions in the area of thermal management. This comprises energy optimisation and management of the temperatures encountered in liquid and gaseous media in sophisticated technological applications.

From individual concept design and engineering through production to service with 24/7 on-call service arrangements and technical documentation, technotrans offers its customers a comprehensive range of services as a one-stop shop, available worldwide.

The technotrans portfolio includes high-end cooling systems with cooling performances ranging from 0.1 kW to 5,000 kW, for managing temperatures from -80 °C to +400 °C with the highest possible precision and reliability. As well as these systems, technotrans possesses high technological expertise in pumping, spraying, filtering and separating liquids.

Based on the Future Ready 2025 strategy published in December 2020, technotrans has defined the four focus markets Plastics, Energy Management (including electric mobility, high power charging stations and data centres), Healthcare & Analytics and Print. The technology company also develops highly specific solutions for applications in the area of Laser & Machine Tools.

The Group parent is technotrans SE, with its registered office in Sassenberg in the state of North Rhine-Westphalia. The Consolidated Financial Statements cover a total of 17 companies.

technotrans SE has a dual control setup. This comprises the Board of Management and Supervisory Board. The Board of Management of at least two members is responsible for the operational management of the company. The Supervisory Board appoints, advises and oversees the Board of Management. It comprises six members. Of these six, four are representatives of the shareholders and two are employee representatives.

technotrans SE has been a listed company since 1998 and its reporting satisfies the transparency requirements of the Prime Standard, the segment of the Frankfurt Stock Exchange that is regulated by law.

## Principles of the Group

With a total of 1,433 employees as at December 31, 2021 at seven German and ten international locations as well as a large number of partnerships, the technotrans Group has a presence in all relevant markets worldwide.



Production sites		Sales and Services sites	
A.1	(DE)   Sassenberg HQ	1	(GB)   Colchester
A.2	Meinerzhagen	2	(FR)   Saint Maximin
A.3	Holzwickede	3	(DE)   Berlin
A.4	Bad Doberan	4	(DE)   Hünfeld
A.5	Baden-Baden	5	(IT)   Legnano
B	(US)   Chicago	6	(BR)   Indaiatuba
C	(CN)   Taicang	7	(JP)   Kobe
		8	(IN)   Chennai
		9	(SG)   Singapur
		10	(AU)   Melbourne

The technotrans Group has seven production plants and ten sales and service locations. The production plants specialise in the development and manufacture of customer-specific one-off and series production units. The sales and service companies are responsible for direct sales, installation and service of the products in their designated regions. Major international key accounts are supported by key account managers who are based at the individual production plants.

technotrans SE does not have any financial holdings. An overview of shareholdings is provided in the Notes to the Consolidated Financial Statements, in the “Consolidated companies” section. The reporting entity has been reduced by one company compared with the previous year. The Swedish company technotrans scandinavia AB, Åkersberga, which had long ceased to be operationally active, was disposed of on March 10, 2021. It is therefore no longer included in the Consolidated Financial Statements as of December 31, 2021.

# Business model

## Thermal management by technotrans contributes to our customers' success.

### Positioned as a leading technology company

As a specialist for thermal management, technotrans positions itself for its customers as a partner for technologically sophisticated, custom cooling and temperature control solutions. Its state-of-the-art products are of the highest calibre with regard to energy efficiency, precision and quality. Thermal management by technotrans is a fundamental aspect of the functionality of our products for customers. This enables technotrans to demarcate itself clearly from out-and-out component suppliers or manufacturers of standard cooling systems. Together with its own worldwide sales and service network and the Group's financial strength, it consequently enjoys big market advantages over potential competitors. technotrans targets a leading market position in each of its focus markets.

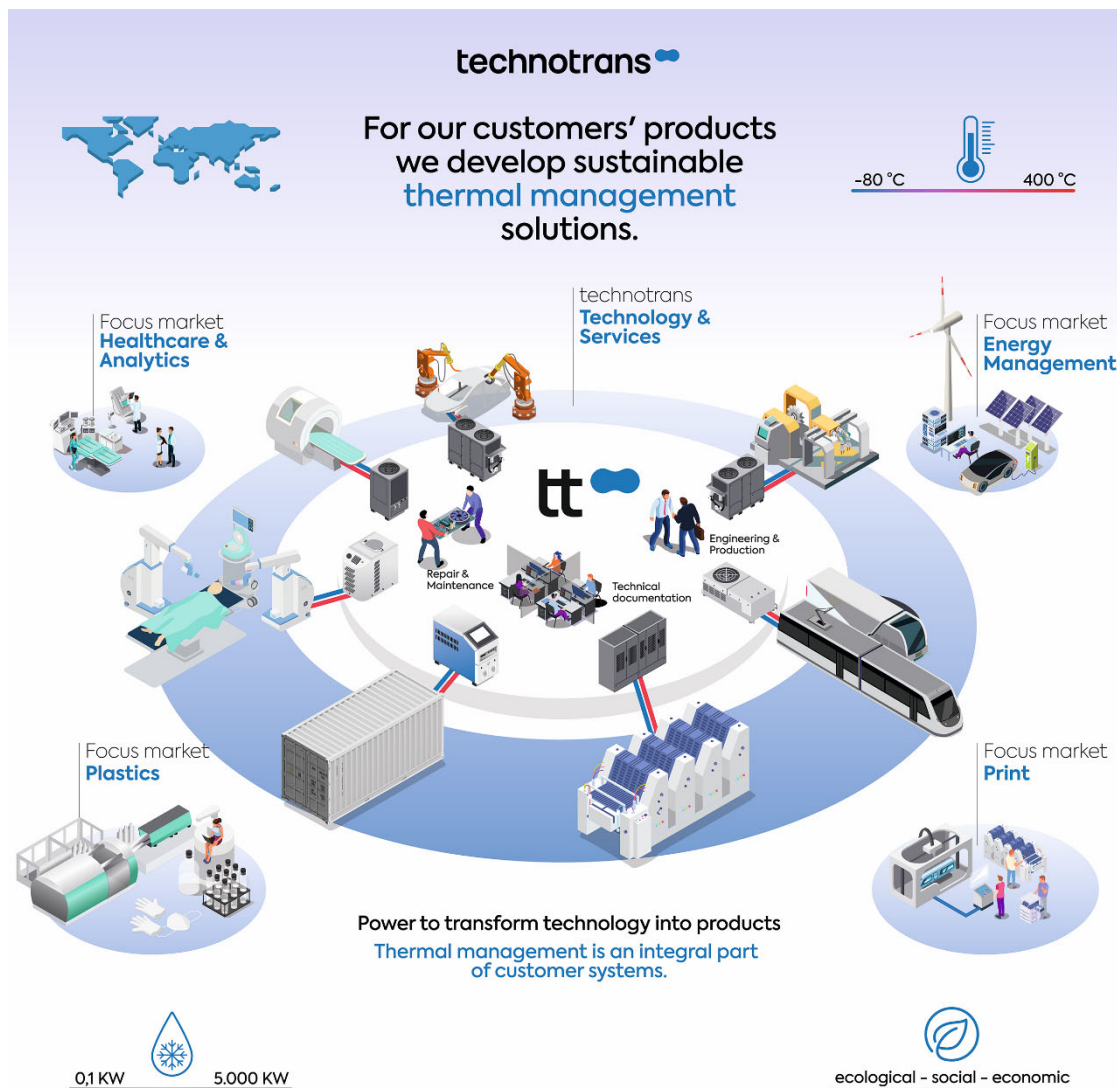
### Segments

The business activities of the technotrans Group comprise the Technology and Services segments. These are also the basis of segment reporting in accordance with IFRS.

The **Technology segment** generated around 74.3 % of consolidated revenue in the 2021 financial year. Activities include the development and manufacturing of technical plant and systems. For the greater part, technotrans solutions are created with individual customer requirements as the starting point. Its systems feature high standards of quality, control accuracy, failsafe performance and energy efficiency. Sales teams with extensive technical and industry-specific expertise help to determine the customer's exact needs. The Group pursues the goal of sustainably profitable growth. To achieve this the Group is steadily broadening its portfolio of products and services for existing and potential customers, and unlocking new application areas and sales markets. The customer structure is well diversified. A large number of notable industrial enterprises have been working with technotrans for many years now.

The **Services segment** brought in around 25.7 % of consolidated revenue in the period under review. The services on offer seamlessly complement the products of the Technology segment. Alongside a round-the-clock worldwide supply of parts as well as comprehensive repair and refurbishment services, technotrans offers its customers 360-degree support for the installation, commissioning and maintenance of systems. This segment also includes the business activities of gds GmbH; this company is a full-service provider of technical documentation and translation services in all major languages and also markets its own authoring and content delivery systems.





### Markets and customers

Based on the Future Ready 2025 strategy published in December 2020, technotrans has defined the **four focus markets Plastics** (plastics manufacturing and processing), **Energy Management** (electric mobility for rail and road transport as well as data centres), **Healthcare & Analytics** (lab and medical technology including the pharmaceutical, chemical and biology sectors) and **Print** (offset, digital and flexo printing). The technology company also develops highly specific solutions for applications in the **Laser & Machine Tools** area.

technotrans earned around 72.8 % of consolidated revenue in the focus markets in the period under review.

In the **Plastics focus market**, the Group company that was renamed technotrans solutions GmbH in the 2021 financial year brings together under one roof the comprehensive expertise of the previously separate entities gwk Gesellschaft Wärme Kältetechnik mbH, Meinerzhagen, and Reisner Cooling Solutions GmbH, Holzwickede. technotrans supplies custom, energy-efficient cooling and temperature control solutions mainly to machinery manufacturers, mould makers and plastics processors, with a strong marketing focus and a performance range that is unique in the market. Its systems provide optimum, precise temperature control of machinery and tools in such applications as injection moulding or plastic and rubber extrusion. Fully integrated, turnkey large-scale cooling systems for producing process refrigeration and equipment for water treatment and tool cleaning complete the product range. The market is characterised by a large number of specialised competitors that are mostly smaller and have a more limited performance range than technotrans. technotrans has a well-diversified customer base and is steadily gaining market shares. The Plastics focus market brought in around 25.4 % of consolidated revenue in the 2021 financial year.

Based on its many years of experience in the field of thermal management, technotrans makes an important contribution to cutting carbon emissions by the transport and IT sectors in its **Energy Management focus market**. To electrify passenger and freight transport, technotrans develops and manufactures custom system solutions for mobile and stationary applications. Battery thermal management systems (BTMS) keep electrically powered buses, trams, trains, AGVs (automated guided vehicles) and a wide range of special vehicles running smoothly. technotrans technology maintains constantly optimum temperatures in drive batteries during recharging at the charging station, during recuperation and also during travel. This assures consistently high performance and a lengthy operating life. For stationary applications, thermal management is required in high-power charging stations (HPC) with a charging power of 150 kWh or higher for road transport and also in inverter stations for rail vehicles. In the IT sector, technotrans also supplies all-in solutions for energy-efficient, liquid-based cooling of data centres. Custom requirements are a hallmark of both the transport and IT sectors. technotrans is able to satisfy these thanks to its high level of technological expertise. technotrans has the role of tier 1 supplier (systems supplier) to leading train manufacturers and is steadily broadening its portfolio of customers and products. technotrans now works closely with all leading train manufacturers in Europe as a development partner and considers itself the European market leader. This market's share of consolidated revenue in the 2021 financial year was 4.7 %.

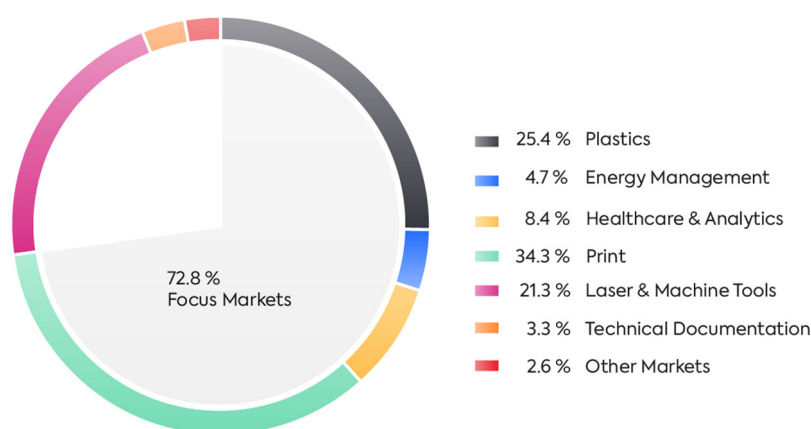
The **Healthcare & Analytics focus market** brackets together cutting-edge temperature control solutions for the healthcare sector, lab diagnostics and analytics. technotrans systems GmbH in Baden-Baden, which previously operated as termotek GmbH, is the competence centre for this field. Customers include manufacturers of medical appliances, diagnostic systems, pharmaceutical products as well as biological and chemical process systems. technotrans' expertise in high-precision temperature control is an important module in systems for dermatology and ophthalmology, modern laser-based surgical techniques, cancer treatment, computer tomography (CT), magnetic resonance therapy (MRT) and analytics, for example. Cooling for baggage scanners also comes under this market as it is technologically related to imaging medical diagnostic systems. technotrans continues to increase its diverse customer base thanks to its ability to innovate and the high quality of its systems. The Healthcare & Analytics focus market brought in around 8.4 % of consolidated revenue in the period under review.

The **Print focus market** is where technotrans has its roots. This is the area in which the company has been involved the longest and is now global market leader. Its market share in Print has been well over

## Principles of the Group

50 % for many years now. technotrans works with all leading printing press manufacturers worldwide. The Sassenberg location is its competence centre. As a technological leader for temperature control, filtration and spraying systems, technotrans is a one-stop shop that supplies exclusively state-of-the-art components for all mainstream printing processes. From offset to digital or flexo, technotrans has the right technology for every printing method. As well as possessing expertise in process technology and systems, its extensive worldwide sales and service network is a particular advantage. A substantial portion of service business comes from modernisation and retrofit projects at end customers. technotrans generated around 34.3 % of consolidated revenue through customers in the Print area in the 2021 financial year.

### Revenue shares by market



The **Laser & Machine Tools** market is served selectively. technotrans changed its emphasis in this market area in the 2021 financial year on the basis of the Future Ready 2025 strategy. Since the start of the financial year, technotrans has focused here exclusively on technologically sophisticated, customer-specific thermal management solutions. Its technical and operational expertise has been pooled with the merger of KLH Kältetechnik GmbH and technotrans SE. technotrans covers a comprehensive performance range and supplies systems that exhibit very high temperature stability and control dynamics. These feature in such areas as cutting-edge lithography processes that use extreme ultraviolet (EUV) laser light in the manufacturing of compact integrated circuits for the semiconductor industry. The laser and machine tool market made up around 21.3 % of consolidated revenue in the 2021 financial year.

The **technical documentation** and translations that are required by law for all technical plant and systems are produced by the Group company gds GmbH. Its business with third-party customers accounted for 3.3 % of consolidated revenue in the 2021 financial year. Other activities that do not factually come under any of the markets outlined above or have not reached the critical mass to merit separate treatment are summarised under **Other Markets**. Their share of consolidated revenue was 2.6 %.

## Cyclical nature of markets

The propensity of end customers to invest regularly is a key determinant of the technotrans Group's business performance. This propensity is highly influenced by the present and anticipated economic situation. In view of its focus on the German mechanical and plant engineering sector, cyclical fluctuations in that area of industry have a strong influence on technotrans' business performance. In recent years there has been a targeted effort to diversify business activities across a range of industries with different dynamics.

## Research & development

As a technology leader, technotrans engages in intensive research and development work. The expenditure arising is reported under development costs and – for order-based activities – under cost of sales.

In line with the Future Ready 2025 strategy, the focus of technotrans' research and development activities in the 2021 financial year was especially on how to improve the energy and resource efficiency of its own products.

The greater part of product developments in the 2021 financial year came in response to specific customer orders. The development costs for these are recognised as cost of sales. As practised in previous years, technotrans fundamentally recognises development spending in the Income Statement. If the appropriate requirements are satisfied, development costs are treated as an intangible asset pursuant to IAS 38 and recognised as such on the Balance Sheet. The development costs recognised as an intangible asset in the 2021 financial year amounting to € 0.7 million (previous year: € 1.1 million) contrasted with depreciation and amortisation of € 0.7 million (previous year: € 0.4 million).

Further comments are provided in the Notes to the Consolidated Financial Statements, in section 4 "Intangible assets".

		2021	2020	2019	2018	2017
R&D spending <sup>1</sup>	in k€	4,959	7,347	7,575	7,946	7,528
Capitalisation ratio <sup>2</sup>	in %	11.8	13.4	12.8	9.6	4.6
Capitalised development costs <sup>3</sup>	in k€	2,619	2,675	1,977	1,234	836

<sup>1</sup> Development costs according to Consolidated Income Statement

<sup>2</sup> Development costs in relation to revenue for the Technology segment

<sup>3</sup> Residual carrying amounts on Consolidated Balance Sheet

## Purchasing, production and quality

Always maintaining an adequate supply of input materials and commodities for production operations is a top priority for technotrans. Unforeseen external factors, such as the upheaval in procurement markets that occurred in the 2021 financial year as an indirect consequence of the coronavirus pandemic, place high demands on supply chain management. Then there are strategic and operational considerations, such as how to secure purchasing synergies for the Group while preserving high flexibility for the individual production locations.

## Principles of the Group

Based on the Future Ready 2025 strategy, production processes across the Group have been further optimised. They achieve cutting-edge standards of lean production and high efficiency for all

relevant lot sizes. Processes undergo ongoing development as part of a Group-wide continuous improvement process. The production locations each have their own area of expertise. They are set up such that they serve the requirements of the respective markets as effectively as possible, and together create an effective, balanced Group. While vertical integration varies from one location to another, overall plant intensity across the Group is low. This enables technotrans to realise individual customer requirements swiftly, flexibly and cost-effectively.

As a significant strategic milestone, the mergers of the companies KLH Kältetechnik GmbH with technotrans SE and Reisner Cooling Solutions GmbH with technotrans solutions GmbH were prepared in the 2021 financial year. This will reduce the complexity of the organisational structure and take the integration of production and sales operations to the next level.

Maximum quality, sustainability, failsafe performance and efficiency are key attributes of technotrans solutions. A Group-wide quality management system ensures that these attributes are always achieved and that customers receive the required standard of quality according to schedule, despite the often tight development times. The system is accredited to DIN EN ISO 9001:2015 and designed using a multi-site management approach. Harmonised processes across all Group locations have a positive impact on the effectiveness of quality management, while keeping auditing work low.

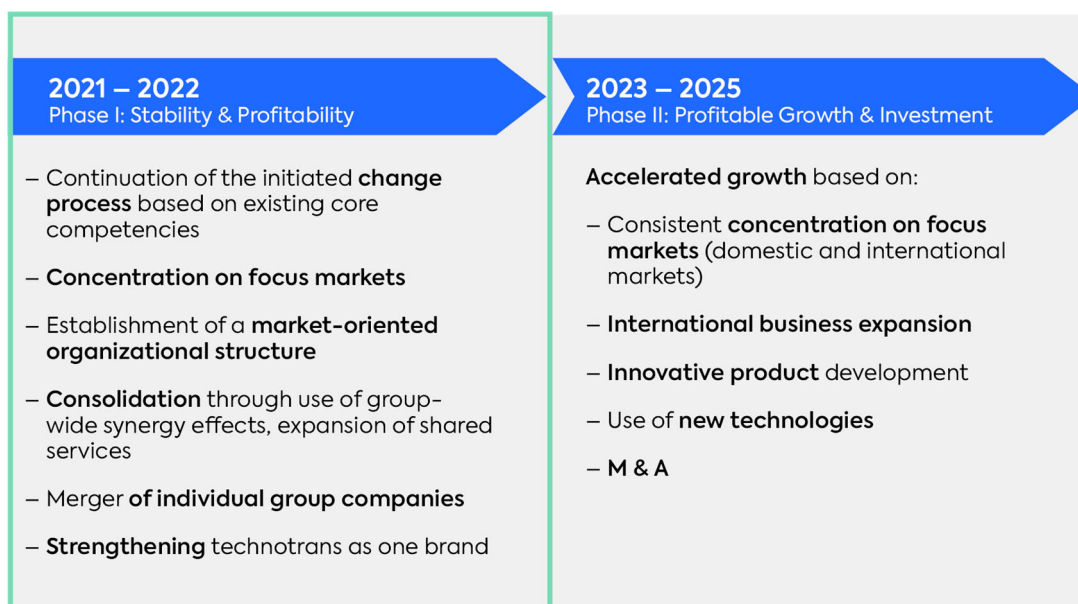
# Goals and strategies

Beginning with the 2021 financial year, technotrans has been systematically and effectively implementing the Future Ready 2025 strategy. All milestones for the period under review were achieved.

The Future Ready 2025 corporate strategy aims to permanently improve the revenue and profitability of the technotrans Group and steadily expand its market position based on the core skill of thermal management.

## Two-phase strategy

The strategy is being implemented in two phases. **Phase 1** spans the 2021 and 2022 financial years, and involves stabilising the business performance and improving the profitability of the Group. Building on this, the focus for **Phase 2** in the years 2023 to 2025 is on accelerating profitable growth through targeted investments and innovations. Detailed mileposts have been defined for each phase.

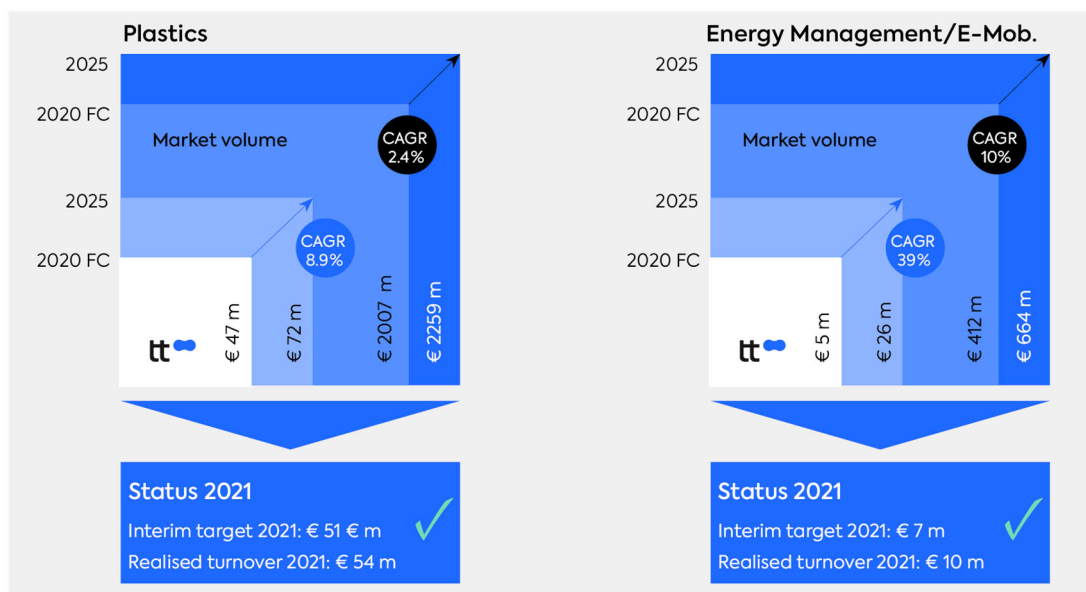


technotrans implemented the Future Ready 2025 strategy systematically and effectively in the 2021 financial year. All goals for the period under review were achieved, in some cases sooner than envisaged. Selected elements of the strategy are described below:

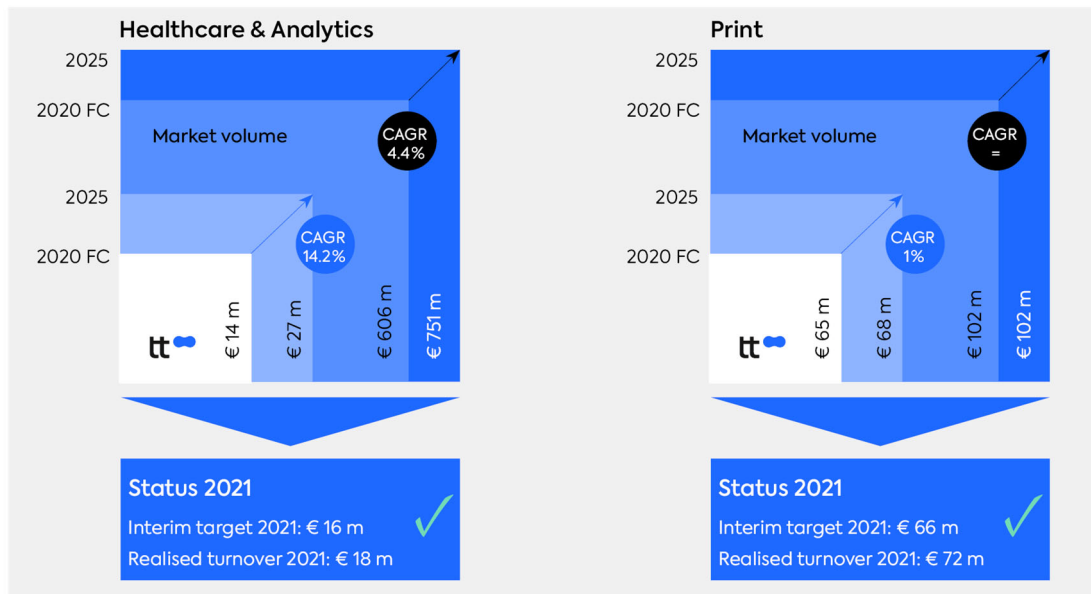
## Focus on target markets

One major foundation for growth is specifically a continued, targeted positioning as a development and system partner for globally active industrial original equipment manufacturers (OEM).

To give sales activities a clear direction, the four **focus markets** **Plastics**, **Energy Management**, **Healthcare & Analytics** and **Print** were defined. Key criteria in selecting the first three of these markets were a sustained need for technically adapted, high-precision thermal management as well as the expectation of very dynamic growth. For the Print market, the criteria included especially our long-established position as market leader and close customer relationships with the top global players in the industry, along with the extensive medium-term potential for innovation, which was key to its classification as a focus market.







In all the target markets, we achieved the growth targets we had set ourselves for 2021, in some cases going much further. Together with improved profitability for both segments, this performance demonstrates impressively how sustainable, profitable growth can be achieved with a focused market approach.

Other core elements of the strategy include comprehensive pre- and after-sales services. These encompass the full-service offering of **Technical Documentation** and technical translations.

The diversified focus on the target markets makes the Group less heavily dependent on the business cycles of individual industrial sectors. This makes it easier to compensate for cyclical fluctuations, decisively supporting the stability of the business model. technotrans will continue to follow this strategy in the future and will steadily broaden its business base. This entails both achieving further penetration of established markets and entering new industries and application fields, especially in the core area of thermal management.

## Synergies through integration

The technotrans Group's economic, technological and sales clout will be appreciably increased through the preparations made in the 2021 financial year for the merger of KLH Kältetechnik GmbH with technotrans SE, and of Reisner Cooling Solutions GmbH with technotrans solutions GmbH (formerly gwk Gesellschaft Wärme Kältetechnik mbH). The reorganisation creates the requisite basis to unlock further synergies. All production locations will remain in operation. The changes will be effected legally in the first quarter of 2022.

The merger of the Group companies will reorganise and integrate capacities and potential across the Group, allowing them to be used more efficiently. The aim is for this synergy potential to create long-term value added in every area of the Group, increase efficiency and boost competitiveness.

## Principles of the Group

Another relevant component of the technotrans Group strategy is to systematically expand shared infrastructures and cross-disciplinary functions under a shared services approach, for instance in Procurement, Human Relations, Accounts/Controlling or within the international sales and service network.

### technotrans as umbrella brand

The pooling of skills across the Group is also reflected in the market by the rollout of the shared umbrella brand technotrans and the new, uniform signet. As part of the merger projects, most technotrans companies will be renamed over the period 2021 to 2022. The long-established brands gwk, reisner, KLH and termotek are the starting point for the technotrans umbrella brand.

gds will retain its existing name in a reflection of its non-technology-specific, broadly diversified client base as a full-service provider of technical documentation and translations.

### Sustainability

Sustainability has been a matter of course for all technotrans employees for many years. It is also an integral component of the Future Ready 2025 corporate strategy. This strategy includes five quantifiable sustainability goals. For example, by 2025 technotrans aims to source 100 % of its power from renewables and to use only packaging materials that can be recycled as single grades. The position of Sustainability Manager was newly created in the 2021 financial year, underscoring the significance of sustainability. In addition, technotrans is a partner in the Blue Competence sustainability initiative of the VDMA and a member of the UN Global Compact.

Sustainability is also a core aspect of all research and development activities. Developing new, sustainable and energy-efficient products with low global warming potential (GWP) based on technological innovation and providing customer-specific solutions that use modular standard platforms are core elements of the strategy.

### Generating added value

The product portfolio and also the operating processes are continually being revised, systematically streamlined and adapted to changing customer requirements. As a systems supplier, technotrans has long ranked as a preferred supplier for its products. This status is based on our close collaboration with machinery manufacturers (OEMs) and our clear interdisciplinary expertise in thermal management. technotrans will use this basis to consolidate and build on its position as a major technology partner to its customers.

Implementation of the growth strategy is supported to a high degree by the international sales and service locations. A local level, they guarantee high customer satisfaction right across the world. The expertise of these important units continues to be specifically expanded.

Digitalisation is becoming an increasingly important part of developing solutions that bring our customers added value. For technotrans, creating digital solutions is a key aspect of the strategic agenda. The positive impact of digitalisation has been confirmed for example by the self-developed digital service app, which has been in operation successfully since 2020 and emerged as a vital service tool during the pandemic. The app's range of service features is steadily evolving.

### M&A criteria

The quantitative strategic goals were defined based on organic growth. There may also be non-organic growth in the form of corporate acquisitions. With that in mind, technotrans is constantly exploring possible opportunities to acquire profitable mid-cap industrial enterprises. As part of its internationalisation strategy it also expressly considers acquisition targets outside Germany. technotrans concentrates on companies that support a technological or market-focused expansion of the technotrans Group's business model. Acquisitions are fundamentally structured in such a way that they directly deliver increased value added. Where possible and helpful, expertise carriers at acquired businesses are bound into the technotrans Group long-term.

### Internationalisation

technotrans' customers for the most part have global operations. That is reflected in how technotrans is set up. For customers, its own international sales and service network is an important factor in striking up a successful, international partnership with technotrans.

Moreover, internationalisation is also a vital aspect of the growth strategy, which defines America/the USA and Asia/China as regional priorities. The main strategic directions within this are to build up local expertise, expand local production capacities, acquire local customers and increase sales efficiency, for example by creating and developing sales expertise among sales and service employees.

As outlined under M&A, technotrans' growth strategy also includes the acquisition of companies in the target regions.

### Strategic financial targets for 2025

The following strategic financial indicators were defined in Future Ready 2025:

**Consolidated revenue** is to be grown organically to € 265–285 million by 2025. This scenario does not include acquisitions. The **consolidated EBIT margin** should then reach a range of 9 to 12 %. A **return on capital employed (ROCE)** of 15 % is targeted for 2025. In addition, the financial circumstances are to be kept permanently sound, reflected in the form of a **sustained ability to distribute dividends** and a **solid equity ratio**.

### Goals of financial and liquidity management

On the basis of its healthy liquidity base in combination with corresponding financing commitments by major banks, technotrans is always in a position to invest. The task of financial management for the Group as a whole is handled centrally by technotrans SE.

Financial and liquidity management involves managing liquidity, securing borrowed capital and managing interest and foreign currency risks. The Group constitutes a financial entity and is thus able to optimise its raising of capital and the investment options. The overriding goal of financial management at technotrans is always to assure a balance between growth, return on equity and financing security.

In its financial management, technotrans strives to generate internally both the financial resources required to fund the organic growth of its operations, and the investments this involves.

## Principles of the Group

The most important source of financing is therefore the cash inflow from operating activities (operating cash flow). The optimisation of net working capital releases liquid funds, keeps debt low and thus improves the indicators relating to balance sheet structure (such as equity ratio) and return on investment. Ad hoc operational requirements (e.g. temporary buffer stock to safeguard supplies) are taken into account.

Limiting risks encompasses all financial risks that could threaten technotrans' continuation as a going concern. technotrans makes use of derivative financial instruments exclusively for the hedging of interest rate risks for borrowings that incur interest at variable rates.

The Group meets capital requirements from operating cash flow and by raising medium and long-term financing. The company in addition steers the financing required within the group by way of the short-term credit facilities available. Bank borrowings amounted to € 31.5 million (previous year: € 44.0 million) at the balance sheet date. The significant drop is attributable to high scheduled, regular repayments of loans and also the full scheduled repayment of short-term loans taken out to guard against consequences of the pandemic.

Financing with borrowed capital is based on long-established business relationships with various German banks with good credit standing. Non-current borrowings reveal a balanced maturities structure and are spread across several banks.

There are no exchange-rate factors affecting external borrowings. Within the Group, short-term and long-term lending between the Group companies is practised in order to maintain adequate liquidity at all times. In this case technotrans SE acts as the central lending institution for the Group. At the reporting date there were liquidity holdings in EUR, USD and GBP. Instruments for the hedging of foreign currency positions were not used beyond the reporting date of December 31, 2021. Other forms of financing used by technotrans include above all tenancy and operating leases, mainly for IT equipment and company vehicles.

### Capital structure

technotrans' capital structure comprises a sound equity base and a demand-led level of borrowing. With an equity ratio of 57.6 % at December 31, 2021 (previous year: 53.6 %) and total borrowing arrangements comprising loans utilised and available credit facilities amounting to € 49.1 million (previous year: € 58.1 million), technotrans continues to have a well organised financing structure.

Cash and cash equivalents at the balance sheet date totalled € 18.7 million (previous year: € 25.7 million). There were also available but unused credit facilities amounting to € 17.6 million. The terms to maturity of the Group's financial liabilities averaged 4.9 years as of December 31, 2021 (previous year: 4.9 years). Wherever economically advisable, technotrans supplements financing with operating lease agreements. Other off-balance-sheet financial instruments are of only minor significance. In the 2021 financial year there were no restrictions on the availability of the loans provided. The financial and liquidity planning of technotrans SE consistently always assures adequate liquidity including for business operations in 2022, enabling it to meet all payment obligations at all times.

# Control system

The technotrans Group's internal control system has the purpose of assuring and overseeing implementation of the corporate strategy. The control system basically comprises regular strategic meetings within the Board of Management and in-year planning discussions, including investment and personnel planning aspects, with the respective managing directors of the companies, as well as a monthly analysis of their respective business performance.

The technotrans Group has a comprehensive set of instruments for managing the strategic corporate targets. The control system was evolved structurally in the 2021 financial year.

To complement the control system the Board of Management maintains a regular dialogue with the management bodies. The corporate function Group Controlling is responsible for monitoring the performance of the Group overall and the segments. In addition the Group companies, which fundamentally operate in the market independently, have their own non-central plant controllers.

The figures for the overarching management of the Group and segments are shown and summarised in corporate Group reporting. Over and above this, the individual managing directors monitor and analyse their respective markets and the specific competitive environment of their business units and report to the Board of Management on material changes to it, as well as on the opportunities and risks arising from this for the Group or segment. The Board of Management submits regular reports to the Supervisory Board.

## FINANCIAL PERFORMANCE INDICATORS

The central target and control parameters of the technotrans Group are the indicators **revenue**, **EBIT margin** and **ROCE** determined on the basis of the International Financial Reporting Standards (IFRS) and agreed with the Supervisory Board. These performance indicators are planned and continuously monitored for the Group and for the **Technology and Services reporting segments**.

For the steering of the Group, technotrans in addition uses the secondary financial indicators **equity ratio**, **gearing ratio**, **free cash flow** (determined from the cash flows from operating activities less the cash payments for investing activities), as well as the **net working capital ratio** (current assets less current liabilities to revenue).

For the 2021 financial year, consolidated revenue in the range of € 195 to 205 million and an EBIT margin of between 4.5 and 5.5 % were originally forecast. An updated forecast was published on November 9, 2021. This envisaged revenue of € 207 million and an identical range for the EBIT margin. The updated forecast was ultimately exceeded for the 2021 financial year.

## Target attainment of main control parameters:

		Actual 2020	1st forecast 2021 valid until 08/11/2021	2nd fore- cast 2021 valid since 09/11/2021	Actual 2021	Level of achievement 2nd forecast
<b>Group</b>						
Revenue	in m€	190.5	195,0 - 205,0	207.0	211,1	better than expected
EBIT	in m€	6.8	8,8 - 11,3	8,8 - 11,3	11.0	upper end of guidance
EBIT-Margin	in %	3,6	4,5 - 5,5	4,5 - 5,5	5,2	upper end of guidance
ROCE	in %	7,8	9,0 - 12,0	9,0 - 12,0	12,5	better than expected

EBIT in the table is the figure derived from the limit points of the forecast for revenue and EBIT margin.

Given the continuing coronavirus pandemic and extensive upheaval in procurement markets, the Board of Management is very satisfied with the business performance in the 2021 financial year.

## NON-FINANCIAL PERFORMANCE INDICATORS (ESG KPIs)

Alongside financial performance indicators, all business units of the technotrans Group pursue secondary non-financial goals. These cover environmental, employee and social matters, respect for human rights as well as combating corruption and bribery.

Based on the Future Ready 2025 strategy, strategic key performance indicators of sustainability (ESG KPIs) that relate to the environmental, social and governance areas of responsibility were defined for the first time in the 2021 financial year. Benchmarks were correspondingly defined for the priority topics electricity, vehicle fleet, diversity, personnel development and reduced packaging waste. For the targets for reducing fuel requirements as well as for personnel development, 2019 was taken as the base year to exclude pandemic-related effects on the target figure. The degree of target attainment of the ESG KPIs for the 2021 financial year is as follows:

ESG-criteria	We preserve and promote	Our targets / KPIs	Status 2021
1. <b>Electricity</b>	Use of renewable energies	share 2025: 100 % „green power“	41 % renewable power
2. <b>Vehicle fleet</b>	Reduced fuel consumption	Reduction of 5% p.a. on average	8 % reduction compared to base year
3. <b>Diversity</b>	Continuous upholding of the group wide share of female / diverse employees	min. 20%	share constant at 20.2 %
4. <b>Personnel de- velopment</b>	Increase of expenses	Increase of 5% p.a.	18 % increase, KPI signifi- cantly exceeded
5. <b>Reduction of packaging waste</b>	Sole use of single-origin recyclable packaging material	share 2025: 100%	2 out of 7 sites converted

Details of material aspects of sustainability at technotrans can be found in the Non-Financial Group Statement pursuant to Section 315b ff. HGB, which forms part of this Management Report.

For further information on the topic of sustainability, please refer to the technotrans website at: <https://www.technotrans.com/sustainability>

# Development of the economic environment

Upheaval in procurement markets as an indirect consequence of the coronavirus pandemic presented major challenges to businesses in the 2021 financial year.

The coronavirus pandemic was again the defining factor of the economic environment in the 2021 financial year. The repeated emergence of new variants of the virus prevented a breakthrough in combating the coronavirus pandemic. The infection came in waves with fluctuating numbers of cases, hand in hand with restrictions on gatherings and travel. The 2021 calendar year ended with the spread of the highly contagious Omicron variant, which caused an unprecedented rise in infection cases.

As an indirect consequence of the coronavirus pandemic, upheaval in international procurement markets emerged from the start of the second quarter. This presented manufacturing businesses with substantial challenges to the purchase and sourcing of materials, stock management and production planning. The restricted supply of commodities and input materials triggered substantial price rises and correspondingly high inflation rates. As a result, the anticipated post-pandemic upswing was unable to take off fully. At the end of the year, growing geopolitical tension between Russia and the West over activities on the border with Ukraine brought increased uncertainty.

Despite the extra economic challenges described, the global economy returned to a course of growth in the 2021 calendar year. In its World Economic Outlook published in January 2022, the International Monetary Fund forecasts a rise in global gross domestic product (GDP) of 5.9 % for the past year of 2021 (previous year: -3.1 %).

The regional picture is more differentiated. According to an International Monetary Fund (IMF) estimate, India's economy recovered the fastest with a growth rate of 9.0 % (previous year: -7.3 %). It was followed by China on 8.1 % (previous year: 2.3 %) and the USA on 5.6 % (previous year: -3.4 %). The eurozone growth rate of 5.2 % (previous year: -6.4 %) was driven mainly by France, Italy and Spain.



The German economy was comparatively subdued with growth of 2.7 % (previous year: -4.6 %). One major factor was the supply chain problems referred to above. For example, businesses in Germany's export-oriented mechanical engineering sector were unable to grow as fast as their order books. In an assessment made in December for 2021 overall, the German Engineering Federation (VDMA) anticipates real growth in output of 7 %. The federation had expected 10 % as recently as September.

### CHANGE IN GROSS DOMESTIC PRODUCT (GDP IN %)

	2021E	2020
World	5,9	-3,1
USA	5,6	-3,4
Euro-Zone	5,2	-6,4
Germany	2,7	-4,6
China	8,1	2,3
India	9,0	-7,3
Emerging Economies	6,5	-2,0

Source: IMF, World Economic Outlook, January 2022

The change in mood due to the disruptions on procurement markets was reflected in the trend in the ifo Business Climate Index. After climbing to 100.7 points in July 2021, the mood increasingly deteriorated, falling to 94.8 points in December with the growing spread of the Omicron virus. Business expectations showed an identical trend. Merely the business situation was regarded more positively. With the figure rising to 100.2 points between January and October, businesses maintained a positive view of their own business development. Rising capacity utilisation in manufacturing industry to 85.6 %, which was above the long-term average of 83.5 %, reflected growing dynamism (source: ifo press release dated January 25, 2022).

# The 2021 business performance at a glance

Implementation of Future Ready 2025 successful – revenue and earnings up significantly

- Consolidated revenue of € 211.1 million exceeds updated forecast and is up 10.8 % on previous year.
- Operating result (EBIT) of € 11.0 million is 62.7 % above previous year.
- EBIT margin reaches 5.2 % (previous year: 3.6 %) and is therefore in the upper range of the forecast targets.
- ROCE increases to 12.5 % (previous year: 7.8 %).
- Free cash flow improved significantly to € 10.0 million (previous year: € 3.9 million).
- Technology segment's revenue for year climbs to € 156.9 million, with clear rise in result for segment to € 3.1 million (previous year: € 0.1 million). Revenue for Services segment of € 54.2 million up 11.7 % on prior-year level. Result for segment came to € 7.9 million (previous year: € 6.7 million).
- All focus markets growing as planned.
- Energy-efficient new building in Holzwickede opens according to schedule in February 2021 and becomes competence centre for cooling systems.
- Supply bottlenecks and price rises in the procurement market more pronounced in second half of the year, impacting efficiency and delivery dates.
- Synergy effects: internal mergers of gwk with Reisner and technotrans SE with KLH proceed according to plan.
- The umbrella brand technotrans receives further boost from renaming of the individual subsidiaries.

### Key events for the technotrans Group in the 2021 financial year

The Board of Management of technotrans SE is very satisfied with the business performance in 2021!

In the first year of implementing the Future Ready 2025 strategy, all operational and strategic targets were achieved, and in some cases exceeded, despite the continuing COVID-19 pandemic and the turbulence in procurement markets worldwide.

The plans had envisaged consolidated revenue of between € 195 and € 205 million. The operating result (EBIT) was expected to be within a range of 4.5 % to 5.5 %. With the publication of the Q3 Report and the market's positive response to our products, the revenue target was raised beyond this range to € 207 million, with an unchanged earnings forecast range. From revenue of € 211.1 million, the Group ultimately achieved earnings of € 11.0 million, which equates to an EBIT margin of 5.2 %. In realising this consolidated revenue and profit performance, technotrans therefore confirms or exceeds the most recent forecasts. The newly adopted indicator ROCE also developed positively in the 2021 financial year. At 12.5 %, it showed a clear rise on the previous year (7.8 %).

The net assets and financial position of the technotrans Group likewise showed a positive change thanks to investing and financing activities. Free cash flow rose significantly to € 10.0 million (previous year: € 3.9 million), loans were repaid ahead of schedule and the equity ratio improved to 57.6 % (53.6 %).

On the operations side, the 2021 financial year started as planned in February with the commissioning of the new energy-efficient production location in Holzwickede, which is being expanded into the competence centre for cooling systems.

In the first year of implementing the Future Ready 2025 strategy, the focus was on stabilising the organisation, with the internal merger of the companies gwK Wärme Kältetechnik mbH and Reisner, as well as technotrans SE and KLH, on the resulting synergy effects and on expanding technotrans as a strong umbrella brand. In organisational terms the companies were already merged in the course of the year, with all subgoals thus achieved by the end of the year. In October 2021 gwK Gesellschaft Wärme Kältetechnik mbH was renamed technotrans solutions GmbH. The change of name was presented to the market in October at the international industry exhibition Fakuma to a positive response.

The focus markets Plastics, Energy Management, Healthcare & Analytics and Print exceeded the growth planned for the period under review and, along with the selectively served Laser & Machine Tools market (with an emphasis on EUV and high-tech laser applications) were a major factor in the successful business performance.

Defining features of the second half of the year were supply bottlenecks and price increases in the procurement market, which noticeably affected efficiency and delivery dates in the technotrans Group. Despite these challenges, revenue for the Technology segment climbed to € 156.9 million, underlining the relevance of our markets and products.

# Financial performance, net worth and financial position

## REVENUE AND PROFITABILITY PERFORMANCE

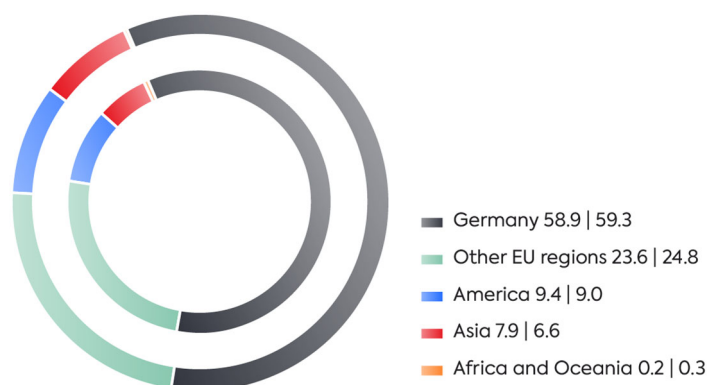
The 10.8 % rise in consolidated revenue to € 211.1 million confirms the chosen direction of the Future Ready 2025 strategy. The Technology segment earned revenue of € 156.9 million in the past financial year (previous year: € 141.9 million). The Services segment posted revenue of € 54.2 million (previous year: € 48.5 million). Both segments contributed equally to the growth of the technotrans Group and each achieved growth rates above 10 %.

The technotrans Group's strategic emphasis on the focus markets Plastics, Energy Management, Healthcare & Analytics and Print, representing € 153.6 million of revenue, accounted for 72.8 % of consolidated revenue. The highest growth rates were achieved in the Healthcare & Analytics market on 19.0 % followed by Plastics on 14.2 %, Energy Management on 7.5 % and Print on 7.3 %. With a growth rate of 14.8 %, revenue for the Laser & Machine Tools market was also highly satisfactory.

The book-to-bill ratio rose across all markets to reach a level of 1.2 at the end of the financial year (previous year: 1.0), indicating further growth. The order backlog at year end was 65 % up on the previous year and hit the highest value in the history of the company at more than € 77.6 million.

The regional revenue breakdown in the 2021 financial year remains dominated by Germany's high direct share of deliveries and revenue. In 2021 the share accounted for by customers based in Germany declined marginally to 58.9 % (previous year: 59.3 %). Europe's share also was lower at 23.6 % (previous year: 24.8 %). North and South America accounted for an increased share of 9.4 % (previous year: 9.0 %). The highest revenue growth came in Asia. That region's revenue share climbed 1.3 percentage points in the year under review, from 6.6 % to 7.9 %.

## Revenue breakdown by region, 2021/2020, based on invoices (%)



	2021		2020		Change
	m€	in %	m€	in %	in %
Gross Income	60.5	28.7	53.4	28.1	13.2
EBIT	11.0	5.2	6.8	3.6	62.7
Net Profit	7.0	3.3	5.0	2.6	41.5

technotrans conducts both standard and project business. In standard business, technotrans works with OEMs predominantly on the basis of release orders that are fundamentally agreed for periods of several years. They normally cover the equipping of certain machine models with technotrans systems. The period between the release order and delivery is typically no more than four to six weeks. Information on order intake and order backlogs is not particularly meaningful here.

In project business, the specialist companies of the technotrans Group develop and build individual customer solutions. The lead times for project orders are usually much higher than those for standard business. The level of project business is becoming increasingly important for the Group. Steadily rising market penetration in the focus markets Plastics, Energy Management and Healthcare & Analytics coupled with an adjusted product mix confirm this development.

### Results of operations

Gross profit rose by € 7.1 million to € 60.5 million (previous year: € 53.4 million). The cost of sales, which comprises the cost of materials and personnel costs as well as other allocable costs, rose more slowly than consolidated revenue to € 150.6 million. The gross margin improved correspondingly by 0.6 percentage points to 28.7 % (previous year: 28.1 %).

The consolidated operating result (EBIT) rose sharply by 62.7 % to € 11.0 million (previous year: 6.8 million). The operating profit margin grew from 3.6 % to 5.2 % and was higher up the forecast range.

### Development in margins of the technotrans Group

In the second half of the year the cost of purchased materials of € 83.8 million (previous year: € 75.5 million) was shaped by upheaval in the commodity and procurement markets. The material categories steel, electronic components, fans and packaging materials were especially affected.

The personnel expenses ratio showed a marked decline to 37.3 % (previous year: 39.8 %). The corresponding personnel expenses came to € 78.8 million (previous year: € 75.9 million). The 2.5 percentage point reduction in personnel costs was achieved thanks to greater production efficiency overall. There was a moderate increase of 1.7 % in the workforce at December 31, 2021 to 1,433 employees (previous year: 1,409 persons).

Distribution costs as a proportion of consolidated revenue showed a rise of € 3.1 million compared with the previous year to € 24.4 million. The increase is mainly due to the expansion of the sales teams in the course of implementing the Future Ready 2025 strategy, price increases for transport services and packaging material, as well as a rise in trade show and marketing expenses as in-person events restart.

Administrative expenses increased by € 1.9 million to € 20.3 million. The rise was driven mainly by the expansion of corporate functions in connection with the Future Ready 2025 strategy, higher outlay for temporary personnel to cover vacancies during personnel recruitment, and increased IT expenses. However as a share of consolidated revenue it remained virtually steady at 9.6 %.

EBITDA came to € 18.1 million (previous year: € 13.9 million). Depreciation and amortisation of € 7.0 million was moderately down on the prior-year figure of € 7.1 million. It reflects the general investing activities of the Group, which predominantly comprise replacement investment.

The positive development in the cost structure produced a substantial rise in EBIT to € 11.0 million (previous year: € 6.8 million) and ROCE of 12.5 % (previous year: 7.8 %).

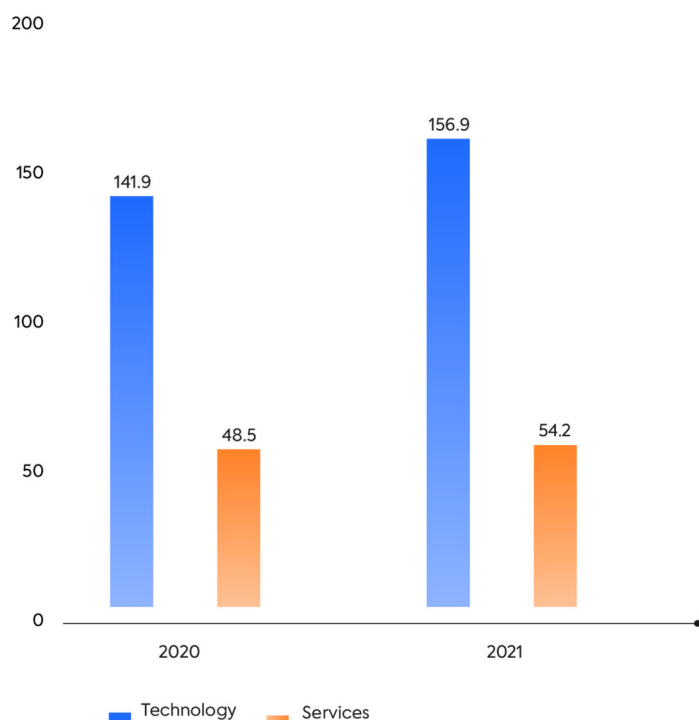
The technotrans Group achieved a clear increase in its consolidated result after tax (net profit) for the 2021 financial year to € 7.0 million (previous year: € 5.0 million). Earnings per share outstanding rose correspondingly by 41.7 % to € 1.02 (previous year: € 0.72).

### SEGMENT REPORT

The technology segment accounted for 74.3 % of revenue (previous year: 74.5 %). The Services segment generated 25.7 % of revenue (previous year: 25.5 %).

Starting with the 2021 financial year, revenue from initial installations that was previously allocated to the Services segment is now reported under the Technology segment. The reallocation was made to reflect the economic link between the sale of a new machine and its installation, with the customer perceiving the value of the two as inseparable. For ease of comparison the prior-year revenues of both segments were adjusted accordingly by € 4.2 million. The reallocation also affects the segment results. For the previous year, this means EBIT of € 0.3 million is reallocated from Services to Technology. The following charts accordingly show the prior-year figures after reallocation.

## Revenue by segment (m€)



### Technology segment

Revenue for the **Technology segment** was increased by 10.5 % to € 156.9 million (previous year: 141.9 million after reallocation) despite the challenging environment due to the continuing COVID-19 outbreaks and the upheaval in the commodity and procurement markets.

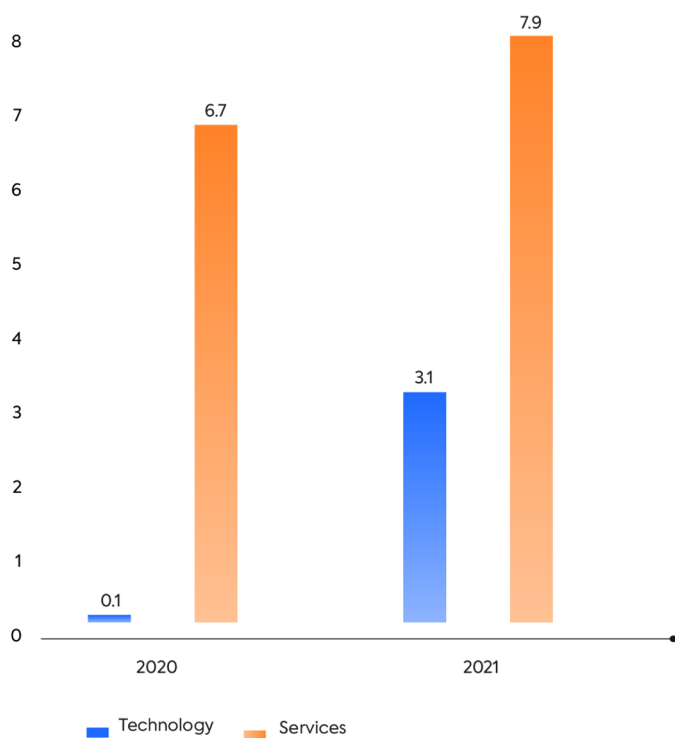
Thanks to focused sales activities and systematic cost management as well as a platform and common parts strategy, the EBIT operating result for the segment was increased significantly. EBIT for the segment rose to € 3.1 million (previous year: € 0.1 million). The EBIT return for the segment climbed correspondingly to 2.0 %. The workforce total for the Technology segment was 1,061 employees at the balance sheet date (previous year: 1,033).

### Services segment

The **Services segment** likewise saw a clearly positive development in revenue, which was up 11.7% at € 54,2 million (previous year: € 48.5 million after reallocation). The principal factors were the relaxation of coronavirus-related travel restrictions and accelerating parts business. The operating EBIT for the segment was up 18.3 % at € 7.9 million (previous year: € 6.7 million). The EBIT return for the segment rose to 14.7 % (previous year: 13.8 %). The workforce total for the Services segment was 372 employees at the balance sheet date (previous year: 376).



### EBIT by segment (m€)



### NET ASSETS

The balance sheet total at December 31, 2021 was € 147.2 million. This was € 0.9 million down on the prior-year figure of € 148.1 million.

### Asset and capital structure (m€)

<b>Assets</b>	<b>2021</b>	<b>2020</b>
Long-term assets	69.6	71,8
Inventories	33.7	26,7
Receivables	21.6	21,1
Other short-term assets	3.6	2,8
Cash and cash equivalents	18.7	25,7
	<b>147.2</b>	<b>148.1</b>
<b>Equity and liabilities</b>	<b>2021</b>	<b>2020</b>
Equity	84.8	79.4
Long-term debts	27.8	33.9
Short-term debts	34.6	34.8
	<b>147.2</b>	<b>148.1</b>

### Assets

Non-current assets amounting to € 69.6 million (previous year: € 71.8 million) decreased by 3.1 %. The carrying amount for intangible assets declined from € 7.0 million to € 6.0 million following the amortisation of hidden reserves disclosed during purchase price allocation for previous acquisitions. Goodwill was reported unchanged at € 23.5 million.

Investment spending amounted to € 4.9 million (previous year: € 9.6 million). The total includes € 1.2 million from the addition of assets arising from leases (rights of use in accordance with IFRS 16).

Working capital (inventories and trade receivables) rose substantially by € 7.5 million to € 55.3 million (previous year: € 47.8 million). Of the increase, € 7.0 was in connection with a deliberate buildup of inventories due to the upheaval in commodity and procurement markets. Especially in the categories steel, microelectronics and electronic components, packaging materials, fans and heat exchangers, stock levels were increased to protect production operations. The rise in revenue in the 2021 financial year led to a rise of € 0.5 million in trade receivables.

Cash and cash equivalents declined from € 25.8 million to € 18.7 million as a result of increased repayments and the financing of the higher inventory levels.

### Equity and liabilities

Equity as reported at December 31, 2021 amounted to € 84.8 million (previous year: € 79.4 million). The positive overall result of € 7.6 million was a major factor in this rise. A dividend of € 2.5 million was distributed to shareholders in the 2021 financial year. The equity ratio increased to 57.6 % (previous year: 53.6 %). This was again above the target level of higher than 50 %. The return on equity (net income as a proportion of equity) climbed to 8.3 % (previous year: 6.2 %).

Long-term debt amounted to € 27.8 million at the balance sheet date. The clear fall compared with the previous year is the result of € 6.3 million in scheduled repayments of financial debt. No new non-current financial liabilities were entered into in the financial year. Details of the structure of financial liabilities are provided in the Notes to the Consolidated Financial Statements, within the Notes to the Balance Sheet under section 12 "Financial liabilities".

Current liabilities of € 34.6 million at December 31, 2021 were on a level with the previous year. Current financial liabilities were reduced by € 6.2 million to € 6.7 million in the 2021 financial year. The change includes the full repayment of short-term loans of € 5.0 million taken out to guard against consequences of the pandemic. Current trade payables increased by € 1.4 million at the balance sheet date to € 6.0 million (previous year: € 4.6 million). There was a comparable development in advances received from customers, which rose by € 2.5 million to € 5.7 million at the balance sheet date (previous year: € 3.2 million). The increase reflects the positive development in orders for project business. The employee benefits contained within liabilities were on a par with the previous year.

The short-term provisions amounting to € 4.0 million (previous year: € 3.5 million) consist of payments to be made under warranty in the amount of € 2.4 million (previous year: € 2.2 million) and other provisions of € 1.6 million (previous year: € 1.3 million).

**Net working capital**, calculated from current assets (inventories and trade receivables) less current liabilities (trade payables and advances received), increased to € 43.6 million mainly because of the higher inventories (previous year: € 40.0 million). The net working capital ratio (relative to consolidated revenue) declined moderately from 21.0 % to 20.6 % thanks to the positive effect of the higher revenue.

The Group's **net debt**, calculated as the difference between current plus non-current interest-bearing borrowings and cash and cash equivalents, fell to € 15.3 million at the balance sheet date (previous year: € 21.5 million). The reduction is mainly attributable to the high repayments and the strong operating cash flow. The ratio of net debt to equity (gearing) has improved markedly since the previous year, from 27.1 % to 18.0 % at December 31, 2021.

### FINANCIAL POSITION

With a comfortable liquidity base, in conjunction with financing commitments by the banks, technotrans is able to invest flexibly at any time. For financing, technotrans calls on long-standing, partnership-based relationships with German banks. Stabilising factors in long-term financing include a broadly spread credit volume as well as a balanced repayment structure.

Financial and liquidity management work pursues three goals: to safeguard adequate liquidity reserves, to limit risks and to optimise earnings and costs.

technotrans has not obtained a creditworthiness assessment from rating agencies because external ratings are currently not relevant for the technotrans Group's lenders. The assessments made by technotrans' core banks without exception confirm an "Investment Grade" classification for technotrans SE.

Capital requirements in the 2021 financial year were met in full from operating cash flow. As such, no new loans were raised. Bank borrowings were reduced by 28.5 % to € 31.5 million (previous year: € 44.0 million) as a result of the high repayments in the financial year. Pledged but unused borrowing facilities amounting to € 17.6 million were available at the balance sheet date (previous year: € 9.8 million).

Based on the positive business performance in the 2021 financial year, the cash flow from operating activities before working capital changes (cash inflow) showed a marked climb to € 18.4 million (previous year: € 13.3 million). This corresponds to an increase of 38.8 %.

## Cash flow (k€)

	2021	2020
Cash flow from operating activities	18,432	13,278
Net cash flow from operating activities	13,434	12,227
Cash flow from investing activities	-3,479	-8,312
Free cash flow	9,955	3,915
Cash and cash equivalents at end of period	18,651	25,749

Net cash from operating activities was up € 1.2 million on the previous year at € 13.4 million (previous year: € 12.2 million).

The € 2.6 million working capital change is attributable to the marked rise in working capital. In response to the upheaval in commodity and procurement markets, inventories were increased to protect production operations. The increased revenue volume led to outflows of liquidity in the form of higher trade receivables and other assets amounting to € -1.0 million (previous year: € +2.9 million). The outflows of liquidity from increased tied-up capital were reciprocally financed by the change in trade payables and the advances received, especially for project business.

The 2021 financial year saw an outflow of cash from financing activities in the amount of € -17.0 million (previous year: € +1.2 million). The outflows of liquidity comprised loan repayments, the payment of the dividend to shareholders and cash payments for repayments of lease liabilities. In a change from the previous year, no raising of loans was necessary thanks to the high operating cash inflow.

Based on the strong operating cash flow, the free cash flow also more than doubled in the period under review and reached € 10.0 million (previous year: € 3.9 million). As a result, the goal of generating a positive free cash flow was achieved in full.

Within its overall financing, the technotrans Group had a very good liquidity base at December 31, 2021. Cash and cash equivalents came to € 18.7 million (previous year: € 25.7 million).

From a capital management perspective the Group's liquidity can be considered comfortable. technotrans therefore remains in a position to meet all its payment obligations at all times in the 2022 financial year.

# Economic development of technotrans SE

The annual financial statements of technotrans SE are prepared in accordance with the German Commercial Code (HGB) and published in the Federal Gazette. The Management Report of technotrans SE and the Group Management Report are combined in accordance with the requirements of Section 315 (5) HGB in conjunction with Section 298 (2) HGB. The development of technotrans SE as outlined below is based on its annual financial statements.

## BUSINESS MODEL OF TECHNOTRANS SE AND ECONOMIC ENVIRONMENT

technotrans SE is a listed technology and services enterprise with worldwide operations, with its head office in Sassenberg, in North Rhine–Westphalia. Its core skill involves application-specific solutions in the area of thermal management. This comprises energy optimisation and management of the temperatures encountered in sophisticated technological applications. In addition technotrans SE develops, manufactures and sells plant and systems for industrial applications in the areas of filtering and separating as well as pumping and spraying liquids. It uses its own employees and subsidiaries for its sales operations. It directly and indirectly holds interests in 17 companies and also covers the central functions of the group. The economic environment for technotrans SE is essentially the same as for the technotrans Group. The management approach for the group parent is based on revenue and operating profit (EBIT)-margin.

## RESULTS OF OPERATIONS

The first half of the year was dominated by the effects of the COVID-19 pandemic. In the second half, commodity and procurement markets experienced upheaval as an indirect consequence of the coronavirus pandemic. This led to the restricted availability of materials and in some cases to massive price rises for important commodities and input materials.

Amid this business environment technotrans SE increased its revenue by € 4.0 million to € 78.2 million (previous year: € 74.2 million) and achieved the upper end of the forecast revenue range of € 74 to € 79 million.

## Economic development of technotrans SE

k€	2021	2020
<b>Revenue</b>	<b>78,235</b>	<b>74,205</b>
Inventory change	895	-1,118
Other own work capitalised	341	625
<b>Total output</b>	<b>79,471</b>	<b>73,712</b>
Other operating income	1,394	2,239
Cost of material	33,606	30,771
Personal expenses	29,212	29,061
Depreciation and amortisation	1,708	1,452
Other operating expenses	12,485	11,496
Net finance costs	4,484	3,129
<b>Result on ordinary activities</b>	<b>8,338</b>	<b>6,300</b>
Taxes	2,224	1,412
<b>Annual net profit</b>	<b>6,114</b>	<b>4,888</b>
Profit carried forward	9,328	6,841
Dividend distribution	2,486	0
Transfer to retained earnings	0	2,400
<b>Net profit</b>	<b>12,956</b>	<b>9,328</b>

The cost of purchased materials for technotrans SE of € 33.6 million (previous year: € 30.8 million) increased by 9.2 %. The rise of € 2.8 million is attributable to increased revenue, but also to the upheaval in commodity and procurement markets, which in some cases also brought massive price increases. Thanks to transparent and open communication with customers, it was possible to pass on the bulk of these price increases, though not always without a delay. The cost of purchased materials ratio rose correspondingly to 43.0 % (previous year: 41.5 %).

Personnel costs were on a par with the previous year at € 29.2 million (previous year: € 29.1 million). The prior-year figure included termination indemnities amounting to € 1.5 million whereas the same item for this financial year merely came to € 0.1 million. Short-time was used periodically between the months of January and June. The effect here of € 0.4 million was well down on the prior-year figure of € 1.8 million. The average number of employees declined from 493 in the previous year to 472.

Other operating expenses increased by € 1.0 million to € 12.5 million (previous year: € 11.5 million). Guarantee and goodwill costs climbed € 0.2 million to € 0.5 million. There was also additional expenditure for temporary work amounting to € 0.4 million, the purpose of which was to maintain high production flexibility at a time of disrupted supply chains.

The financial result improved in by € 1.4 million to € 4.5 million (previous year: € 3.1 million). It comprises income from profit and loss transfer agreements (PLTAs) with technotrans systems GmbH (formerly: Termotek GmbH) and gds GmbH amounting to € 3.1 million (previous year: € 1.9 million) as well as distributions by subsidiaries totalling € 1.3 million (previous year: € 1.2 million). The interest result showed a moderate improvement to € 0.1 million (previous year: € 0.0 million).

## RECONCILIATION OF NET INCOME FOR THE YEAR WITH EARNINGS BEFORE THE FINANCIAL RESULT AND INCOME TAXES (EBIT)

k€	2021	2020
<b>Net profit for the period (Income Statement)</b>	<b>6,114</b>	<b>4,888</b>
Income from investments (-)	1,326	1,212
Income from profit transfer agreements (-)	3,067	1,939
Interest and similar income (-)	471	409
Income from loans held as financial assets (-)	40	52
Interest and similar expenses (+)	421	482
Income tax expense (+)	2,154	1,341
<b>Earnings before interest and taxes (EBIT)</b>	<b>3,785</b>	<b>3,099</b>

The operating result before interest and taxes (EBIT) rose by 22.1 % to € 3.8 million (previous year: € 3.1 million). The EBIT margin rose correspondingly to 4.8 % (previous year: 4.2 %). The target defined by the Board of Management for the 2021 financial year of achieving EBIT in the range of € 1.5 million to € 3.2 million (2 % to 4%) was easily exceeded thanks to systematic cost management and lower costs for planned personnel measures. **Net income for the year** of € 6.1 million is reported for the 2021 financial year (previous year: € 4.9 million).

## NET ASSETS AND FINANCIAL POSITION

The balance sheet total for technotrans SE at December 31, 2021 was down € 4.0 million on the previous year at € 111.3 million (previous year: € 115.3 million). This corresponds to a decline of 3.4 %.

### Assets

k€	31/12/2021	31/12/2020
<b>Fixed assets</b>	<b>52,454</b>	<b>53,065</b>
Inventories	12,898	9,858
Receivables and other assets	37,371	35,721
Cash and cash equivalents	7,852	16,034
<b>Current assets</b>	<b>58,121</b>	<b>61,613</b>
<b>Deferred items</b>	<b>567</b>	<b>578</b>
<b>Deferred tax assets</b>	<b>179</b>	<b>0</b>
<b>Total assets</b>	<b>111,321</b>	<b>115,256</b>



### Equity and liabilities

k€	31/12/2021	31/12/2020
Issued capital	6,908	6,908
Capital reserve	19,096	19,096
Retained earnings	41,106	41,106
Accumulated profit	12,956	9,328
<b>Equity</b>	<b>80,066</b>	<b>76,438</b>
<b>Provisions</b>	<b>6,668</b>	<b>5,312</b>
<b>Liabilities</b>	<b>23,712</b>	<b>33,276</b>
<b>Deferred items</b>	<b>177</b>	<b>30</b>
<b>Deferred tax liabilities</b>	<b>698</b>	<b>200</b>
<b>Total equity and liabilities</b>	<b>111,321</b>	<b>115,256</b>

The buildup of inventories to € 12.9 million occurred as a result of the upheaval in commodity and procurement markets. There was restricted availability of materials especially in the material categories steel, packaging material, semiconductors, electronic parts and components. Safety stock levels were adjusted correspondingly in the 2021 financial year.

Receivables and other assets climbed by € 1.7 million from € 35.7 million to € 37.4 million. Thanks to process refinements in receivables management, it was possible to reduce trade receivables in the year under review. Receivables from affiliated companies climbed to € 30.9 million as a result of intra-Group loans extended (previous year: € 27.9 million). High repayments and the stock level buildup meant cash declined from € 16.0 million to € 7.9 million at the balance sheet date.

Equity grew to € 80.1 million on the basis of the increased accumulated profit (previous year: € 76.4 million). The equity ratio was 71.9 % (previous year: 66.3 %).

The company's marked improvement in earnings led to an increase in tax provisions of € 1.2 million. Bank borrowings were brought down by scheduled repayments by € 10.2 million to € 19.0 million (previous year: € 29.2 million).

The buildup of inventories and loan receivables from affiliated companies in each case by € 3.0 million reduced the company's liquidity. Liquidity was improved by the buildup of trade payables and the reduction in trade receivables.

Cash payments for investments in fixed assets amounted to € 1.4 million (previous year: € 2.1 million). The investment spending concerns mainly capitalised development costs as well as office and IT equipment.

Loans from banks totalling € 10.3 million were repaid in the 2021 financial year. These included short-term loans of € 5.0 million taken out to guard against consequences of the pandemic. Interest expense remained at the prior-year level of € 0.4 million. Following the resolution of the Annual General Meeting on May 7, 2021 a dividend of € 2.5 million was paid out to the shareholders of technotrans SE (previous year: € 0.0 million).

Cash and cash equivalents as of December 31, 2021 were reduced to € 7.9 million as a result of the development presented (previous year: € 16.0 million).

### EMPLOYEES

At December 31, 2021 technotrans SE had a total of 480 employees (previous year: 475). The number of employees receiving vocational training was 43 (previous year: 45).

### OPPORTUNITIES AND RISKS

The business performance of technotrans SE is essentially subject to the same opportunities and risks as that of the technotrans Group. Merely in the two risk categories “General and Industry-Specific Risks” and “Corporate Strategy Risks” does technotrans SE exhibit certain higher risks than the Group in view of its lower target earnings.

If the expected economic or industry-specific developments or expectations for newly developed products should prove to be inaccurate, the revenue and therefore also the earnings target could be missed. The Board of Management currently assesses this risk as low. The opportunities and risks for the group are presented in the Combined Management Report (chapter: Opportunities and risks profile).

### OUTLOOK

In view of technotrans SE's ties with the group companies as well as its importance within the group, the Board of Management refers to its comments in the Report on Expected Developments, which in particular reflect our expectations for the parent company.

# Overall statement by the Board of Management on the 2021 financial year

technotrans increases  
financial indicators and  
systematically implements  
Future Ready 2025  
strategy.

In the past financial year, technotrans achieved a significant improvement in all financial indicators despite the continuing COVID-19 pandemic and the turbulence this caused on procurement markets worldwide, and reached important milestones of the transformation process launched under the Future Ready 2025 strategy. Based on the positive results, in conjunction with a cautious outlook, the Board of Management of technotrans SE is very satisfied with the 2021 financial year.

The commissioning of the new production location for cooling systems in Holzwickede went according to plan, as did the internal mergers of the companies gwk with Reisner and technotrans SE with KLH. The organisational improvements and synergy benefits generated by these developments had a positive impact on the overall result. Also, the renaming of gwk as technotrans solutions drove forward the expansion of the technotrans brand into a strong umbrella brand.

The focus placed on the target markets Plastics, Energy Management, Healthcare & Analytics and Print as well as high-tech laser applications in the 2021 financial year paved the way for differentiated, sustainable growth. Both the prior-year level and the planned revenue performance were easily exceeded in every market segment. The year ended with the highest order backlog in the company's history and a book-to-bill ratio of 1.2 for the main technotrans Group plants. Both aspects are clear indications of further growth.

## Combined Management Report

As well as its strategic progress, technotrans recorded a marked improvement in all financial indicators. The results for the 2021 financial year are all in the upper part of or above the forecast range indicated in the Combined Management Report. With consolidated revenue of € 211.1 million, the pre-coronavirus level of 2019 (€ 208 million) was actually exceeded and the operating result increased to 5.2 % (previous year 3.6 %).

The newly adopted indicator ROCE came in at 12.5 % (previous year 7.8 %) and free cash flow improved very substantially from € 3.9 million to € 10.0 million. The solid asset structure and a high equity ratio provide the basis for financing further growth.

The Board of Management also confirms the medium-term target figures for 2025 announced in December 2020. These include consolidated revenue of € 265 to 285 million (organic, without acquisitions) and a margin range of 9.0 to 12.0 % for the consolidated operating result (EBIT margin). The target for ROCE is a double-digit percentage of > 15 %.

In view of these positive results, the Board of Management and Supervisory Board of technotrans SE will propose to the Annual General Meeting on May 13, 2021 that a dividend of € 0.51 (previous year: € 0.36) per no par value share be paid out for the 2021 financial year. This would mean a total distributed amount of € 3.5 million, representing the upper end of our target distribution rate of 50 %.

# Remuneration Report

The Remuneration Report explains the remuneration of the members of the Board of Management and Supervisory Board of technotrans SE. In terms of its content the Remuneration Report is based in particular on the recommendations of the German Corporate Governance Code (the “Code”) and the statutory requirements of the German Commercial Code (HGB) and German Stock Corporation Act (AktG).

Pursuant to Section 162 AktG, the company reports on the remuneration granted to and accrued by the members of the Board of Management and Supervisory Board in the 2021 financial year. The principles applied from the remuneration systems for the 2021 financial year are also presented.

Further particulars of the remuneration of governing bodies of technotrans SE can be found in the Notes to the Consolidated Financial Statements and in the Notes section of the annual financial statements of technotrans SE.

The annual preparation of the Remuneration Report in accordance with Section 162 AktG is the responsibility of the Board of Management and Supervisory Board. The Remuneration Report and the Independent Auditor’s Report on the formal audit conducted can be accessed on the website of technotrans SE at <https://www.technotrans.com/company/corporate-governance/remuneration-board-of-management-supervisory-board>.

## Remuneration of the Board of Management

### Resolution of the Annual General Meeting

Pursuant to Section 120a (1) AktG in the version in force since January 1, 2020, after the entry into force of the Shareholder Rights Directive Implementation Act (ARUG II) dated December 12, 2019, the Annual General Meeting of a listed company is to decide on the approval of the remuneration system for the Board of Management members each time the system undergoes material changes, but at least every four years.

On February 2, 2021 the Supervisory Board resolved a new remuneration system for the Board of Management members that meets the requirements of ARUG II and takes account of the recommendations of the Code.

The Supervisory Board presented the remuneration system of the Board of Management described below to the Annual General Meeting on May 7, 2021 under agenda item 6, for its approval.

The Annual General Meeting approved this remuneration system by a majority of 83.18 %.

### Fundamentals of the Board of Management remuneration system

The aim of the remuneration system for the Board of Management agreed by the Supervisory Board of technotrans SE in February 2021 is to remunerate the individual Board of Management members appropriately in line with their duties and areas of responsibility and to reflect the performance of each Board of Management member as well as the success of the company as a whole. It seeks to incentivise a sustainable increase in the corporate value of technotrans SE and successful, performance-led corporate governance. It also aims to support attainment of the corporate targets through the defined parameters. The Board of Management remuneration system thus contributes to the promotion of the evolved Group strategy Future Ready 2025. Under the umbrella brand technotrans, the Group aims to further increase profitability and revenue in the coming years, with particular focus on four target markets. The strategic goals of the company constitute the basis on which the performance criteria for the variable remuneration are selected. In accordance with the interests of technotrans SE's stakeholders in long-term, sustainable corporate development, the company has set itself both financial and non-financial goals. For the financial goals, the Supervisory Board looked to the principal earnings indicators of technotrans SE, consolidated EBIT determined in accordance with the International Finance Reporting Standards (IFRS) and return on capital employed (ROCE), and drew up target agreements for these for the Board of Management. The target agreements are sub-divided into short-term and long-term targets. There are also three short-term non-financial goals, each of which is defined based on the categories individual performance, collective performance and stakeholders/ESG (environmental, social, governance). By considering ESG criteria, sustainable corporate development is also assured in terms of environmental aspects and social matters.

To that end, the contractually embedded remuneration system of the Board of Management uses a variety of parameters, including the size of technotrans SE and the technotrans Group, the economic environment in both regional and competitive terms, the complexity of the Board of Management activities and the current economic position of the company and its subsidiaries, as well as the performance of the overall Board of Management and the experience and performance of the individual Board member. To take appropriate account of these factors, the remuneration policy is continuously examined by the Supervisory Board.

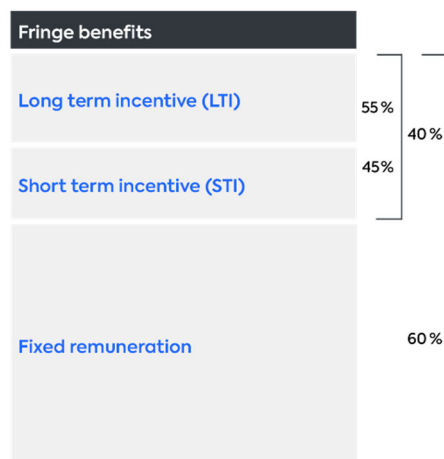
The remuneration of the Board of Management members comprises the following elements:

- \_ Fixed remuneration that is assessed for the full business year and is payable pro rata monthly,
- \_ Variable, performance-related remuneration that comprises:
  - a short-term, variable remuneration component (short term incentive – STI) that is linked to an EBIT target and is modified by attainment of individual, collective and ESG targets (environmental, social, responsible corporate governance criteria), and
  - a long-term, variable remuneration component (long term incentive – LTI) based on an ROCE target, as well as
  - fringe benefits, in particular a company car, accident and D&O insurance cover, as well as contributions to the personal pension scheme (up to € 30,000.00 p.a.) of the individual Board of Management member.

## Remuneration Report

The precise objectives for the individual Board of Management members for the short-term and long-term remuneration components are fixed on the basis of resolutions by the whole Supervisory Board in target agreements reached between the company, represented by the Supervisory Board Chair, and the respective Board of Management member.

### Board of Management remuneration components



For full target attainment, disregarding the fringe benefits the split between fixed remuneration and variable remuneration is 60:40. The split between short-term and long-term performance-related pay where targets are fully attained is the ratio of 45:55. Depending on the actual level of attainment of personal targets and the attainment of targets for financial ratios, there may naturally be departures from these splits.

The following aspects in particular were heeded in determining the composition of the target remuneration for the Board of Management:

- The fixed remuneration is a central component of Board of Management remuneration. Its level in each case reflects the areas of responsibility and duties of the individual Board of Management members. When the target remuneration is achieved, it should still exhibit a ratio of 60:40 to variable remuneration and constitute over half of all remuneration components, including fringe benefits.
- In the case of variable remuneration, which provides additional incentives that depend on the overall success of the company and rewards individual performance, the balance is skewed towards long-term performance-related pay in preference to short-term performance-related remuneration components. The aim here is to reinforce long-term sustainable corporate development. This also reflects the Group strategy for the coming years. The short-term performance-related remuneration components consider both the success of the company and individual targets of the recipient, for example by way of incentivising outstanding success in one-off projects. It is also possible to specify targets that support sustainability and ESG aspects.

## Combined Management Report

- In addition to fixed remuneration and variable remuneration the Board of Management members receive fringe benefits that are of secondary monetary importance compared with the other remuneration components. They are granted independently of performance and are intended to usefully complement the other remuneration components.
- For the individual level of Board of Management remuneration, a differentiated view is taken for each Board of Management member depending on their task area and function.

The Supervisory Board has called upon outside support in developing the remuneration model. Information on the remuneration level of the workforce and on remuneration of management boards in the market environment was also obtained.

Target-remuneration for the financial year 2021 (remuneration component)	Michael Finger Speaker of the Board of Man.	Peter Hirsch Member of the Board of Man.	Dirk Engel Member of the Board of Man. (until 07/31/2021)	Hendrik Niestert Member of the Board of Man. (until 01/31/2021)
Fixed remuneration	270,000 €	225,000 €	149,333 €	12,500 €
Short-term-incentive (STI)	80,000 €	67,000 €	-	-
Long-term-incentive (LTI)	100,000 €	83,000 €	-	-
Retirement benefits (defined contribution plans)	30,000 €	30,000 €	15,000 €	-
Sustainability oriented bonus - based on previous contracts -	-	-	110,800 €	8,000 €
<b>Total</b>	<b>480,000 €</b>	<b>405,000 €</b>	<b>275,133 €</b>	<b>20,500 €</b>

The target remuneration shown includes the variable remuneration components with 100 % target attainment. The long-term variable remuneration component (LTI) refers here to the amount to be paid out in each case for the financial year upon attainment of the long-term financial interim target, so that the actual level of this remuneration component can only be determined from the Board of Management's perspective after the end of the performance period (2022 to 2026) because of the obligation to invest this amount in shares in the company.

### Pension scheme

The pension scheme is part of the fixed remuneration and represents an important fundamental of corporate policy because it offers Board of Management members a corresponding level of pension even in retirement; this increases the attractiveness of the company to potential Board of Management members. The retirement benefits for Board of Management members are provided from a defined contribution pension scheme. The expense of the defined contribution pension scheme for the Board of Management members amounted to € 75 thousand in the 2021 financial year (previous year: € 120 thousand).



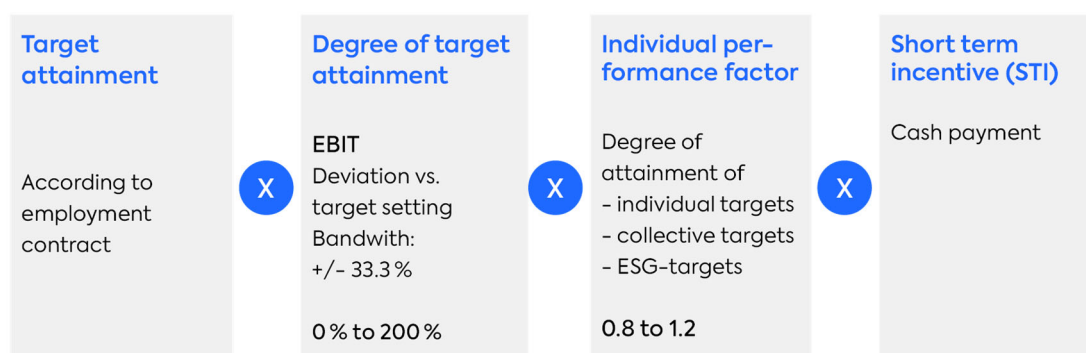
## Remuneration Report

### Setting target attainment for variable remuneration

For the remuneration system of the Board of Management, two fundamentally distinct target-setting approaches are adopted:

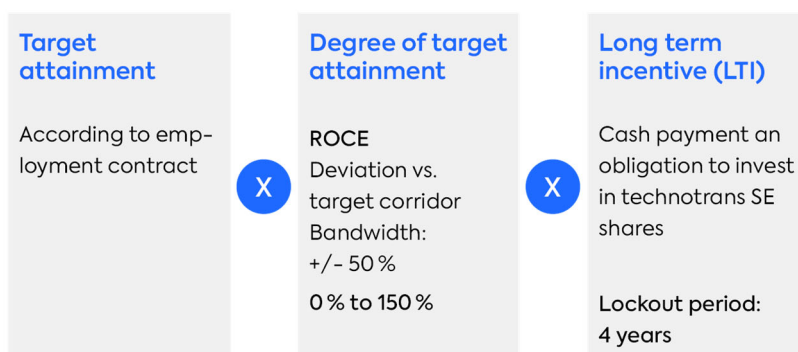
- For short-term variable remuneration (STI), the starting point is annual target-setting based on the EBIT amount in €. Every 1 % above or below the target amount results in a 3 % decrease/increase in the target amount with the result that a negative target difference of more than 33.33 % means the remuneration component lapses altogether, and a positive target difference of more than 33.33 % (equivalent to a doubling of the target amount) leads to no further increase in the remuneration component. The annually fixed personal targets, collective targets and ESG targets act as modifiers. Depending on how far these targets are deemed to have been attained, the target amount from the EBIT achieved is multiplied by 0.8 to 1.2. The targets are set annually between the Board of Management member and the Supervisory Board. Target attainment is established by the Supervisory Board after the end of the financial year, for example by reference to the financial ratios determined. The amount earned falls due and is payable at the end of the month in which the Supervisory Board approves the annual and Consolidated Financial Statements for the respective preceding year.

### Calculation of short term incentive



- Long-term variable remuneration is determined based on a planning-oriented ROCE target. The ROCE target is set with a +/- range of 1.5% points. Attainment of the lower limit (-1.5 % points ROCE compared with ROCE target) corresponds to falling short by -50 %, and attainment of the upper limit (+1.5 % ROCE compared with ROCE target) to exceeding the target by +50 %. If the ROCE figure achieved is below this range the remuneration component lapses, and if the range is exceeded there is no further increase in the remuneration component. The amount assessed from target attainment is payable after the relevant financial statements for the financial year in question have been established/approved. The Board of Management member is then to invest the paid-out amount in shares in the company within three months; these must be held for at least four years, after which they may then be freely sold in accordance with the statutory provisions. The company/Group does not share in the opportunities or risks from the development in value of the shares acquired by the individual Board of Management member.

## Calculation of long term incentive



The performance criteria and set targets for 2021 as well as the degree of target attainment are shown in the following table. This refers to the remuneration granted for the year 2021, which is paid out in the following year 2022. Payable at the end of the month in which the Supervisory Board approves the annual and Consolidated Financial Statements.

## Presentation of the performance criteria for remuneration in the 2021 financial year

### 1. Short term incentive (STI)

	performance criterion	targets 2021	IST-Wert GJ 2021	level of achievement
Michael Finger	EBIT-amount in k€	10,630	11,029	111 %
	individual target	production	achieved	
	collective target	team	achieved	Modifier of 1,2
	collective ESG-Target	enviroment	achieved	
Peter Hirsch	EBIT-amount in k€	10,630	11,029	111 %
	individual target	production	achieved	
	collective target	team	achieved	Modifier of 1,2
	collective ESG-Target	enviroment	achieved	

### 2. Long term incentive (LTI)

	performance criterion	targets 2021	IST-Wert GJ 2021	level of achievement
Michael Finger	ROCE in %	12.1 %	12.5 %	113 %
Peter Hirsch	ROCE in %	12.1 %	12.5 %	113 %

The individual and collective targets are qualitative targets. The brand target includes the introduction of the umbrella brand technotrans, the production target includes the optimisation of the manufacturing structure of a German production location, the team target addresses cooperation within the Board of Management and the ESG category reflects the Group's carbon footprint.

## Remuneration Report

### Maximum remuneration

Taking all remuneration components into account, the Supervisory Board has specified a remuneration structure for each individual Board of Management member that reflects their specific duties. The maximum remuneration for Mr Finger is set at € 850 thousand and for Mr Hirsch at € 650 thousand. This figure refers to the entitlements accrued during a calendar year, not to the payments actually made. If the cap is arithmetically exceeded, entitlements of the Board of Management member lapse (in whole or part) initially in respect of the short-term portion of the variable remuneration, and then if necessary in respect of the fixed remuneration. These amounts lapse without replacement, but only down to the point where the maximum remuneration is reached.

Mr Finger was granted total remuneration of € 547 thousand in 2021 and Mr Hirsch was granted total remuneration of € 456 thousand. The maximum remuneration totalling € 850 thousand for Mr Finger and € 650 thousand for Mr Hirsch was not achieved in the 2021 financial year. The reference figure remuneration granted comprises all remuneration entitlements acquired by Board of Management members in 2021: the fixed remuneration, pension scheme, other fringe benefits as well as the short-term and long-term variable remuneration, which is not paid out until the following year of 2022.

### Deferral periods and scope for clawback

As referred to above, deferral periods apply in respect of the sale of the shares acquired based on the long-term variable remuneration. The sale of these shares is only permissible after four years have elapsed.

In addition, the Board of Management employment contracts contain provisions under which, for material derelictions of duty, breaches of contractual obligations or breached of material principles of action, remuneration granted but not yet paid out for the financial year in which the breach occurs may be reduced in part or whole to zero (penalty). In addition, there is contractual scope under which variable remuneration components (STI and LTI) that have already been paid out can be clawed back.

There is also scope for clawback if the variable remuneration was incorrectly calculated due to defective Consolidated Financial Statements and corrected, audited company financial statements indicate a different payout amount.

### Share-based remuneration

As already indicated, remuneration components are not paid out in the form of shares. However the amount of long-term variable remuneration calculated according to the above principles and paid out must be – demonstrably – invested by the Board of Management member in question in shares in the company. These shares must be held by the Board of Management member for at least four years. The Board of Management member may thereafter dispose freely of the shares, subject to the statutory provisions. We refer in this connection to the further disclosures made in the Notes.

Under their contractual agreements Mr Finger and Mr Hirsch have undertaken to invest half of the variable sustainability-oriented management bonus for the previous year of 2020 (net amount after deduction of taxes) in shares in technotrans SE. This remuneration component was paid out in 2021. Mr Finger received a management bonus of € 55 thousand gross and acquired 1,000 shares. Mr Hirsch received a management bonus of € 82 thousand and acquired 838 shares. The former Board of Management member Mr Engel received a management bonus of € 120 thousand gross for 2020 as well

## Combined Management Report

as a management bonus of € 111 thousand gross for 2021 and acquired 2,600 shares. The former Board of Management member Mr Niestert received a management bonus of € 63 thousand gross for 2020 and a management bonus of € 8 thousand gross for 2021 and acquired 700 shares.

The contractual agreement for the 2020 management bonus differs from the current arrangements under the employment contracts for the LTI. In essence the Board of Management members have contractually undertaken to hold these shares for at least two years after acquisition.

### Remuneration-based transactions and their termination

The Board of Management remuneration system is implemented through corresponding agreements with the individual Board of Management members in their employment contracts, in addition to the target agreements and the Supervisory Board's findings on attainment of the respective targets.

For this purpose the fundamental term of the corresponding remuneration arrangements in the employment contracts corresponds to the term of the contracts or the term of office.

The contract with Mr Finger runs until December 31, 2023.

The contract with Mr Hirsch runs until December 31, 2022.

The contract with Mr Engel, which was still concluded on the basis of the previous remuneration system, ended on July 31, 2021.

The contract with Mr Niestert, which was equally concluded based on the previous remuneration system, ended on January 31, 2021.

However it is possible to adjust the remuneration agreements by mutual agreement within the respective periods, for example to reflect changes in the law. The Board of Management employment contracts with Mr Hirsch and Mr Finger were thus recently adjusted with an eye to implementing the new remuneration system described above.

There is also scope for terminating the employment contracts for cause.

The contracts do not envisage pension or early retirement arrangements under the current remuneration system.

### Special arrangements for the termination of Board of Management mandates

The Board of Management employment contracts have fixed terms but may be terminated for cause. If the employment contract is ended by termination for cause, all entitlements to payment of variable remuneration lapse where they were not already due and payable at the time that termination takes effect. If appointment as a member of the Board of Management is revoked and the company does not give effective notice to terminate the contract for cause, the continuing entitlements for the remainder of the term are replaced with an entitlement to a one-off severance payment (severance payment cap). The severance payment amounts to no more than the total remuneration actually accrued by the Board of Management member in the past financial year. Special arrangements apply in cases where the Board of Management member has not yet completed a full financial year in office or the remaining term of the Board of Management employment contract is less than one year.

## Remuneration Report

Equally, special arrangements are agreed with the Board of Management members if the appointment is revoked due to illness or being prevented from carrying out duties due to other reasons.

The above special arrangements were not used in the 2021 financial year.

### Determination of the remuneration system and individual remuneration of Board of Management members

The Board of Management remuneration system is determined by the Supervisory Board based on the proposal of the Personnel Committee.

Equally, the features and level of the remuneration of individual Board of Management members are determined by the Supervisory Board – on the proposal of the Personnel Committee – in individual contracts with the Board of Management members and through target agreements.

The Supervisory Board reviews the remuneration system and individual contractual agreements on a regular basis. The Supervisory Board will call on remuneration consultants or legal advisors for support to the extent that it deems necessary. The Supervisory Board has drawn on relevant outside expertise in determining the current remuneration of the Board of Management. Where data from the company is required, e.g. with regard to the financial ratios or employee remuneration, the information in question is prepared and presented to the Supervisory Board by the Board of Management.

Where conflicts of interest arise, they are to be disclosed in accordance with the fundamental requirements for the Board of Management and Supervisory Board. No such conflicts can currently be identified with regard to how the remuneration system, the individual Board of Management employment contracts and the target agreements are determined. The general supervisory duties of the Supervisory Board include reviewing any risks and responding where conflicts arise.

## Combined Management Report

### Granted remuneration of the Board of Management members

The members of the Board of Management received the following remuneration in the past financial year (figures in €k):

	Michael Finger		Peter Hirsch		Dirk Engel (until 07/31/2021)		Hendirk Niestert (until 01/31/2021)		Total
	Granted	Share	Granted	Share	Granted	Share	Granted	Share	
<b>Fixed remuneration 2021</b>	270	49 %	225	49 %	149	52 %	13	59 %	657
<b>Short-term incentive (STI) 2021</b>	107	20 %	89	20 %	0	0 %	0	0 %	196
<b>Long-term incentive (LTI) 2021</b>	113	21 %	94	21 %	0	0 %	0	0 %	207
<b>Bonus based on the old management contract</b>	0	0 %	0	0 %	111	39 %	8	36 %	119
<b>Pension (defined contribution plans)</b>	30	5 %	30	7 %	15	5 %	0	0 %	75
<b>Fringe benefits 2021</b>	27	5 %	18	4 %	11	4 %	1	5 %	57
<b>Total remuneration</b>	547	100 %	456	100 %	286	100 %	22	100 %	1,311
<b>Total remuneration 2020</b>	231	100 %	288	100 %	366	100 %	229	100 %	1,114
<b>Total remuneration 2019</b>	-	-	244	100 %	297	100 %	187	100 %	728
<b>Total remuneration 2018</b>	-	-	96	100 %	437	100 %	196	100 %	729
<b>Total remuneration 2017</b>	-	-	-	-	432	-	-	-	432

	Michael Finger		Peter Hirsch		Dirk Engel (until 07/31/2021)		Hendirk Niestert (until 01/31/2021)		Total
	Paid	Share	Paid	Share	Paid	Share	Paid	Share	
<b>Fixed remuneration 2021</b>	270	71 %	225	63 %	149	37 %	13	15 %	657
<b>Short-term incentive (STI) 2021</b>	0	0 %	0	0 %	0	0 %	0	0 %	-
<b>Long-term incentive (LTI) 2021</b>	0	0 %	0	0 %	0	0 %	0	0 %	-
<b>Bonus 2021 (old management contract)</b>	0	0 %	0	0 %	111	27 %	8	9 %	119
<b>Bonus 2020 (old management contract)</b>	55	14 %	82	23 %	120	30 %	63	74 %	320
<b>Pension (defined contribution plans)</b>	30	8 %	30	8 %	15	4 %	0	0 %	75
<b>Fringe benefits 2021</b>	27	7 %	18	5 %	11	3 %	1	1 %	57
<b>Total remuneration</b>	382	100 %	355	100 %	406	100 %	85	100 %	1,228

The remuneration of Mr Finger in the 2020 financial year relates to the period May 1 to December 31.

In view of the chronology for preparing the Consolidated Financial Statements, for purposes of calculating the reportable Board of Management remuneration, preliminary interim values applying a ROCE of 12.7 % (= 120 % target attainment) and an EBIT figure of € 11,180 thousand (= 116 % target attainment) were assumed. The STI and LTI remuneration commented on in this report is based on the final EBIT figure of € 11,030 thousand and a ROCE of 12.5 %. Use of the final indicators for the reporting of the short term and long term incentive programme would have led to a reduction in the personnel expenses of € 20 thousand (Mr Finger € 11 thousand and Mr Hirsch € 9 thousand).

# Remuneration Report

## Development of average remuneration of technotrans SE employees

Financial Year	Group-EBIT	Average employee remuneration (paid)
2021	11,030	49
2020	6,780	47

The basis of comparison is the average remuneration (accrued) of technotrans SE employees in full-time employment. No further remuneration components (other than provision of a company car also available for private use, as well as accident and D&O insurance cover) were granted to the Board of Management members.

The remuneration granted comprises the contractually agreed remuneration components that the Board of Management member acquired through their work performance in the 2021 financial year. Pursuant to Section 162 (1) second sentence No. 1 AktG, remuneration is reported in the financial year in which the activity underlying the remuneration was performed in full (interpretation 2 pursuant to IDW definition "IDW 2021, Questions and Answers: Preparation of a Remuneration Report pursuant to Section 162 AktG"). The personnel expenses reported in the Consolidated Financial Statements for Board of Management remuneration (including expense under IFRS 2) amount to € 1,356 thousand (previous year € 1,114 thousand) and differ from the remuneration granted as stated here due to application of IFRS 2. The remuneration paid comprises the remuneration paid out to the Board of Management in 2021, notwithstanding the year to which the work performance related.

## Year-on-year comparison of Board of Management remuneration granted in 2021 financial year

Member of the Board of Management	Change in total remuneration (paid) 2021 compared with previous year 2020
Michael Finger	137 %
Peter Hirsch	58 %
Dirk Engel (until July 31, 2021)	-22 %
Hendirk Niestert (until January 31, 2021)	-90 %

Development of Earnings	Change compared with previous year
EBIT	63 %

Average remuneration of full-time-employees	Change compared with previous year
Employee of the company	4 %

The change figures for Michael Finger, Dirk Engel and Hendirk Niestert are distorted as a result of their in-year entry or exit.

## Clawback of variable remuneration

The option to claw back variable remuneration had not been exercised in the 2021 financial year, in the previous year or in the year in progress up to the time of preparing the Remuneration Report.

## Combined Management Report

### Departures from the remuneration system of the Board of Management

There were no departures from the remuneration system of the Board of Management in the 2021 financial year.

### Notes to the Consolidated Financial Statements and annual financial statements of technotrans SE

We refer to the further explanations in the Notes to the Consolidated Financial Statements and annual financial statements of technotrans SE. The terms of the LTI satisfy the criteria of IFRS 2 on share-based payment transactions. The amounts recognised for such share-based payment transactions in the Consolidated Financial Statements are based on a mathematical model and are not comparable to the remuneration granted or accrued as presented in this Remuneration Report for reasons that are specific to IFRS 2.

## Remuneration of the Supervisory Board

### Resolution of the Annual General Meeting

Pursuant to Section 113 (3) AktG in the version in force since January 1, 2020, the Annual General Meeting of a listed company must decide on the remuneration as well as the remuneration system for the members of the Supervisory Board at least every four years. The initial resolution is to be passed by the end of the first Annual General Meeting after December 31, 2020.

The remuneration arrangements for the members of the Supervisory Board of technotrans SE have been thoroughly revised on the basis of a corresponding resolution of the Annual General Meeting on May 20, 2020. The provisions of the amended German Corporate Governance Code 2019 and the requirements of ARUG II were also taken into account here. The arrangements on the remuneration of the Supervisory Board are set forth in Article 17 of the Articles of Association of technotrans SE.

The Board of Management and Supervisory Board presented the remuneration system of the Supervisory Board described below to the Annual General Meeting on May 7, 2021 under agenda item 7 for its approval.

The Annual General Meeting approved this remuneration system by a majority of 96.60 percent.

### Basic features, goals and components of the remuneration system for the Supervisory Board

The Supervisory Board of technotrans SE oversees and advises the Board of Management of the company and is closely involved in core operational and strategic matters of corporate governance. For it to act effectively as a governing body, the Supervisory Board needs to meet its adopted skills profile and composition objectives to the best possible degree. The Supervisory Board remuneration also plays a significant role in this. According to Principle 24 of the current German Corporate Governance Code, it should be commensurate with the duties of the Supervisory Board members and the situation of the company, while also ensuring that the Supervisory Board is attractive for suitable candidates. In light of this, at the proposal of the management the Annual General Meeting in 2020 resolved a thorough review of the Supervisory Board remuneration system by amending Article 17 of the Articles of Association.

In accordance with the suggestion of the Code in item G.18 first sentence and taking up the recommendation of many investors and voting rights consultants, the Supervisory Board remuneration at technotrans SE consists exclusively of fixed remuneration.



## Remuneration Report

No variable remuneration is granted. However pursuant to Article 17 (5) of the Articles of Association the Annual General Meeting may resolve it, while setting a maximum remuneration for the Supervisory Board members.

Again following the recommendation in item G.17 of the current Code, the remuneration of the Supervisory Board members comprises basic remuneration combined with attendance fees and supplements for particular functions. This is in line with the function of the board as an independent advisory and supervisory body. This fixed remuneration guarantees the basis and incentive for the Supervisory Board to continuously supervise and perform its duties in the interests of the company, without making this dependent on external factors or specific economic developments of the technotrans Group.

### Procedure for determining, reviewing and implementing the remuneration system

The Annual General Meeting will resolve the remuneration of the Supervisory Board members at least every four years on the proposal of the Board of Management and Supervisory Board pursuant to Section 113 (3) first sentence AktG as amended. The Annual General Meeting can then either merely confirm the remuneration of the Supervisory Board or amend the provisions of the Articles of Association on the Supervisory Board remuneration.

The remuneration of the Supervisory Board of technotrans SE is currently regulated by corresponding resolutions of the Annual General Meeting in 2021 in Article 17 of the Articles of Association.

### Overview of the individual components of Supervisory Board remuneration

As described below, the remuneration of Supervisory Board members comprises basic remuneration and supplements for particular functions. This combination is intended to take appropriate consideration of the individual duties of the Supervisory Board members.

#### a. Basic remuneration

The annual basic remuneration for a Supervisory Board member is € 30,000.

#### b. Function supplements

The function supplements determined in the Articles of Association reflect the particular responsibility and increased amount of time required for individual functions, and simultaneously implements the recommendation in item G.17 of the Code.

##### (1) Supervisory Board Chair and Deputy

The annual function supplement for the Supervisory Board Chair is 100% and for the Deputy 50% of the basic remuneration. This reflects the prominent position of the Supervisory Board Chair as the point of contact for the Board of Management. The Chair moreover has the specific task of coordinating the Supervisory Board's work. The Supervisory Board Chair is supported substantially in this by the Deputy.

##### (2) Committee members

The members of the Audit Committee receive a function supplement in the amount of € 7,500 in a reflection of the special function and duties of that committee. A function supplement of € 5,000 is envisaged for membership of other committees.

##### (3) Committee chairs

The committee chairs in each case receive double the amount that an ordinary committee member receives, in a reflection of the special duties their committee work entails.

### c. Attendance fees

In addition to the remuneration described above, the Supervisory Board members receive attendance fees for Supervisory Board meetings in the amount of € 1,500 per meeting. Members of committees receive an attendance fee of € 500 for committee meetings. The committee chair receives € 1,000 for committee meetings. If a Supervisory Board member takes part in multiple meetings on one day, they are entitled to only one attendance fee.

No further remuneration components are granted.

### Cap

The remuneration of members of the Supervisory Board currently comprises exclusively fixed components. There is consequently no need to specify a maximum total remuneration for the members of the Supervisory Board.

### Due date

The remuneration is due and payable after the end of the Annual General Meeting that gives discharge of the Supervisory Board members for the respective preceding financial year (Article 17 (4) of Articles of Association).

### Pro rata membership

Supervisory Board members who have belonged to the Supervisory Board for only part of the financial year receive the Supervisory Board remuneration pro rata temporis in accordance with their period of office (Article 17 (6) of the Articles of Association).

### Reimbursement of expenses

The company reimburses members of the Supervisory Board for expenses incurred in the course of exercising their office as well as for any VAT due on the remuneration and reimbursed expenses (Article 17 (7) of Articles of Association).

### D&O insurance

An additional fringe benefits component is defrayal of the arithmetical per capita share of the third party financial loss insurance (D&O policy) taken out by the company, in which the Supervisory Board members are included (Section 17 (8) of Articles of Association).

### Remuneration-based transactions

No remuneration-based transactions according to Section 87a (1) second sentence No. 8 AktG are concluded between the company and the members of the Supervisory Board.

### Granted and accrued remuneration of the Supervisory Board members in detail

The remuneration of the individual members of the Supervisory Board was as follows for the 2021 financial year. The variable remuneration is based on the former provision in the Articles of Association up until May 31, 2020 and was granted for the year 2020 and paid out in the year 2021 on the basis of a resolution of the Annual General Meeting.

## Remuneration Report

### Remunerations granted to the members of the Supervisory Board in financial years 2021 and 2020

The members of the Supervisory Board received the following remuneration in the past financial year (figures in €k):

	2021							
	Fixed remuneration		functional allowances		attendance fee		Total	
		in %		in %		in %		in %
Peter Baumgartner (Chairman, since May 7, 2021)	35	16 %	13	16 %	8	11 %	56	15 %
Dr. Norbert Bröcker (Deputy Chairman)	45	20 %	15	18 %	12	17 %	72	19 %
Andrea Bauer	30	13 %	25	30 %	15	21 %	70	18 %
Dr.-Ing. Gottfried H. Dutiné (since May 7, 2021)	17	8 %	6	7 %	6	8 %	29	8 %
Andre Peckruhn	30	13 %	3	4 %	8	11 %	41	11 %
Thorbjørn Ringkamp	30	13 %	3	4 %	8	11 %	41	11 %
Heinz Harling (until May 7, 2021)	25	11 %	12	15 %	10	14 %	47	12 %
Dr. Wolfgang Höper (until May 7, 2021)	13	6 %	5	6 %	5	7 %	23	6 %
Dieter Schäfer (until May 20, 2020)	0	0 %	0	0 %	0	0 %	0	0 %
<b>total remuneration</b>	<b>225</b>	<b>100 %</b>	<b>82</b>	<b>100 %</b>	<b>72</b>	<b>100 %</b>	<b>379</b>	<b>100 %</b>

\* granted remuneration without expendables

## Combined Management Report

	2020							
	Fixed remuneration		functional allowances		attendance fee		Total	in %
		in %		in %		in %		
Peter Baumgartner (Chairman, since May 7, 2021)	0	0 %	0	0 %	0	0 %	0	0 %
Dr. Norbert Bröcker (Deputy Chairman)	38	20 %	8	14 %	9	19 %	55	19 %
Andrea Bauer	18	9 %	15	27 %	11	23 %	44	15 %
Dr.-Ing. Gottfried H. Dutiné (since May 7, 2021)	0	0 %	0	0 %	0	0 %	0	0 %
Andre Peckruhn	26	13 %	0	0 %	3	6 %	29	10 %
Thorbjørn Ringkamp	26	13 %	0	0 %	3	6 %	29	10 %
Heinz Harling (until May 7, 2021)	51	26 %	20	36 %	17	35 %	88	30 %
Dr. Wolfgang Höper (until May 7, 2021)	26	13 %	11	20 %	5	10 %	42	14 %
Dieter Schäfer (until May 20, 2020)	8	4 %	2	4 %	0	0 %	10	3 %
<b>total remuneration</b>	<b>193</b>	<b>100 %</b>	<b>56</b>	<b>100 %</b>	<b>48</b>	<b>100 %</b>	<b>297</b>	<b>100 %</b>

\* granted remuneration without expendables

### Remunerations accrued by the members of the Supervisory Board in the 2021 financial year

The members of the Supervisory Board received the following remuneration in the past financial year (figures in €k):

	Fixed remuneration	in %	Expendables	in %	Total	in %
Peter Baumgartner (Chairman, since May 7, 2021)	0	0 %	2	15 %	2	1 %
Dr. Norbert Bröcker (Deputy Chairman)	0	0 %	1	8 %	1	0 %
Andrea Bauer	52	19 %	2	15 %	54	19 %
Dr.-Ing. Gottfried H. Dutiné (since May 7, 2021)	0	0 %	1	8 %	1	0 %
Andre Peckruhn	29	11 %	0	0 %	29	10 %
Thorbjørn Ringkamp	29	11 %	0	0 %	29	10 %
Heinz Harling (until May 7, 2021)	105	38 %	6	46 %	111	38 %
Dr. Wolfgang Höper (until May 7, 2021)	49	18 %	1	0 %	49	17 %
Dieter Schäfer (until May 20, 2020)	12	4 %	0	8 %	13	4 %
<b>Total remuneration</b>	<b>276</b>	<b>100 %</b>	<b>13</b>	<b>100 %</b>	<b>289</b>	<b>100 %</b>

## Remuneration Report

### Year-on-year comparison of Supervisory Board remuneration granted in 2021 financial year (pursuant to Section 162 (1) No. 2 AktG)

Member of the Supervisory Board	Change in total remuneration (inflow) compared with previous year
Peter Baumgartner (Chairman; since May 7, 2021)	n.a.
Dr. Norbert Bröcker (Deputy Chairman)	22 %
Andrea Bauer	48 %
Dr.-Ing. Gottfried H. Dutiné (since May 7, 2021)	n.a.
Andre Peckruhn	45 %
Thorbjørn Ringkamp	45 %
Heinz Harling (until May 7, 2021)	-47 %
Dr. Wolfgang Höper (until May 7, 2021)	-45 %

Development of Earnings	
EBIT	63 %

Average remuneration of full-time-employees	
Employee of the company	4 %

<sup>1</sup> No details because newly appointed to Supervisory Board in 2021 financial year.

The change figures for Andrea Bauer, Heinz Harling and Dr Wolfgang Höper are distorted as a result of their intrayear entry or exit.

# Takeover-relevant disclosures

The following disclosures satisfy the requirements pursuant to Section 289a (1) HGB and Section 315a (1) HGB.

## 1

The issued capital (share capital) at December 31, 2021 comprises 6,907,665 fully paid no par value shares each representing a nominal amount of € 1.00 of the share capital. The shares of technotrans SE are registered shares. Exclusively ordinary shares have been issued. The rights and obligations they carry are in line with the relevant statutory requirements, taking account of the requirements under the Articles of Association of technotrans SE. The Board of Management has not been notified of any voting trust agreements between shareholders.

## 2

As of December 31, 2021 the funds Gerlin NV and Midlin NV managed by Teslin Capital Management BV on the one hand and Luxempart S.A. on the other hold interests in the share capital of technotrans SE in each case exceeding 10 %. Pursuant to the voting rights notification published on October 12, 2021 Luxempart S.A. has a shareholding of 15.03 %. Teslin Capital Management BV reported a shareholding of 12.74 % on May 28, 2021. Of this, Gerlin NV accounts for 7.56 % and Midlin NV for 5.19 %.

No other direct or indirect interests in the capital amounting to more than ten percent of the voting rights are known.

## 3

All shares carry identical rights. No shares are equipped with special rights, in particular none imparting authority to control.

## 4

Employees participating in the capital exercise their voting rights directly.

## 5

The statutory requirements pursuant to Articles 39, 40 of the SE Regulation on the appointment and dismissal of the members of the Board of Management are applied. Over and above these, the provisions of the Articles of Association are to be observed. Over and above the requirement of Article 46 of the SE Regulation the Supervisory Board appoints the members of the Board of Management, as specified in the Articles of Association and Section 84 AktG, for a maximum of five years. To amend this point in the Articles of Association, pursuant to Section 179 AktG in conjunction with Section 21 (2) of the Articles of Association the Annual General Meeting must pass a resolution by a simple majority.

### 6

The Board of Management is, with the consent of the Supervisory Board, authorised to increase the share capital on one or more occasions by up to a total of € 3,450,000 until May 17, 2023, through the issue of new shares against contributions in cash or in kind. No use was made of this authorisation in 2021. The subscription right of the shareholders may be excluded insofar as the requirements of Section 186 (3) fourth sentence AktG are met or insofar as the purpose is the acquisition of companies or participating interests in companies or other assets, if the acquisition or participating interest is in the properly understood interests of the company. Other than that, the subscription right may only be excluded for the purpose of compensating for fractional amounts. In addition the Board of Management of the company is authorised until May 14, 2023 to acquire treasury shares up to 10 % overall of the share capital existing at the time of the resolution, or at the time of this authorisation being exercised if the latter figure is lower. If acquired by stock exchange dealings, the purchase price per share shall not exceed or undercut by more than 10 % the average XETRA closing price (or, insofar as the XETRA closing price serves as the basis for this authorisation, the closing price determined by a successor system taking the place of the XETRA system) on the Frankfurt Stock Exchange on the five trading days preceding the acquisition. If acquired on the basis of a public offer to buy, the acquisition price per share (excluding incidental acquisition costs) shall not exceed or undercut by more than 10 % the average XETRA closing price on the Frankfurt Stock Exchange on the eighth to fourth trading day (in each case inclusive) before disclosure of the offer to buy.

The Board of Management is authorised to retire all or some of the treasury shares acquired on the basis of the authorisation, without the need for a further resolution of the Annual General Meeting.

The Board of Management is furthermore authorised to dispose of the acquired shares via the stock market or to third parties, by cash sale. In these cases the selling price shall not undercut the average XETRA closing price on the Frankfurt Stock Exchange on the five trading days prior to sale by more than 5 %.

The Board of Management is, with the consent of the Supervisory Board, moreover authorised to dispose of the acquired treasury shares in a manner other than by sale on the stock market or by offer to all shareholders if they are offered to and transferred to third parties in exchange for contributions in kind, especially for the acquisition of businesses or of participating interests in businesses or of other assets. The price at which the acquired treasury shares are surrendered to a third party shall not significantly undercut the average XETRA closing price on the Frankfurt Stock Exchange on the last five trading days before the concluding of the agreement on the acquisition of the contribution in kind in question. The acquired treasury shares may also be used in fulfilment of obligations in respect of conversion options granted as a result of the issuing of convertible bonds.

The subscription right of the shareholders is excluded for the use of treasury shares in the last three cases.

The Board of Management is in addition authorised, in accordance with the resolution of the Annual General Meeting of May 18, 2018 and with the consent of the Supervisory Board, to issue bonds with a term of a maximum of 20 years and an aggregate nominal amount of up to € 100 million on one or more occasions up until May 17, 2023 and to grant the bearers of bonds conversion options on a total of up to 3,450,000 no par value registered shares of the company.

**7**

There are no material agreements of the parent company that are conditional on a change of control following a takeover bid.

**8**

No compensation has been agreed with the members of the Board of Management or with employees in the event of a takeover bid.



# Combined Non-Financial Statement of technotrans SE and the technotrans Group in accordance with Sections 289b ff., 315b ff. HGB

The Future Ready 2025 Group strategy focuses on sustained growth led by long-term profit. Taking on economic, environmental and social and societal responsibility is the basis of long-term successful business activity. Sustainability is therefore an integral component of the corporate strategy. The Board of Management sees sustainability as fundamental to acquiring new customers, unlocking additional markets, always having access to sufficient financial resources and positioning the company as an attractive employer.

Through this separate non-financial report, technotrans meets its obligation to disclose non-financial information for the 2021 financial year in accordance with the regulations of Sections 289b–e HGB on the Non-Financial Statement, and of Sections 315b–c HGB on the Non-Financial Group Statement and Non-Financial Group Report. Pursuant to Section 315b (1) sentence 1 HGB, this report applies to both technotrans SE and the technotrans Group. Its purpose is to inform all stakeholders of the current level to which technotrans SE and the technotrans Group have implemented sustainability and to expand on the aspects that are relevant in this context.

By way of a guide, in preparing the Non-Financial Statement we made reference to recognised frameworks such as the German Sustainability Code (DNK) and the guidelines of the United Nations Global Compact (UDGC), as well as the EFFAS (European Federation of Financial Analyst Societies) performance indicators.

Pursuant to Article 8 of the EU Taxonomy Regulation (EU TR), technotrans reports for the first time for the 2021 financial year on the proportion of environmentally sustainable business activities relative to revenue, operating expenses and investment spending.

The Non-Financial Statement for the 2021 financial year was reviewed by the Supervisory Board of technotrans SE.

## **BUSINESS MODEL**

The technotrans Group is a technology and services group with worldwide operations, with its head office in Sassenberg. The company's core skill focuses on application-specific solutions in the area of thermal management. The Group parent is technotrans SE. A detailed description of the business model can be found in the Combined Management Report in the section "Basic profile of the Group".

### SUSTAINABILITY MANAGEMENT

As a globally active group, technotrans exists in a constantly changing environment. That also includes sustainable corporate governance requirements in respect of our stakeholders. We respond by maintaining a transparent, constructive dialogue and by handling opportunities and risks responsibly. This enables us to assure the long-term success of our entrepreneurial activities.

An effective compliance and risk management system as well as an effective internal control system (ICS) not only comply with the legal requirements, but also help assure strategic target attainment and therefore the long-term viability and competitiveness of the technotrans Group.

For us, it is a matter of course that all entrepreneurial decisions throughout the Group conform to the applicable laws as well as internal rules and voluntary commitments. Among other things we support the UNGC, of which we are a member. This is a strategic initiative that seeks to promote socially responsible practices (corporate social responsibility) and sustainability in organisations and enterprises. It revolves around ten principles spanning human rights, labour standards, environmental protection and anti-corruption measures. The initiative pursues the overriding goal of consistently shaping the social and ecological aspects of globalisation in accordance with these principles.

We also want to see our employees actively model sustainability in their everyday work. The principles of the UNGC are reflected in the content of our globally applicable Code of Conduct. This document also constitutes the corporate compliance guideline for all employees of the technotrans Group. This code defines standards on how our employees should deal with each other and on how to behave towards our stakeholders, such as customers, suppliers, government agencies and business partners. It also contains important regulations on the issues of occupational safety, data protection, IT security, anti-corruption, competition law, money laundering regulations and environmental protection. As such, it constitutes an important tool for implementing our sustainability strategy.

Every new employee receives a written copy of the code together with their employment contract. Employees are also given training on the technotrans Code of Conduct and current compliance regulations via the e-learning platform “technotrans Campus” introduced Group-wide in the 2021 financial year.

The current version of the technotrans Code of Conduct can be accessed on our website under the following link: <https://www.technotrans.com/company/corporate-governance/compliance>

To ensure compliance with statutory requirements and voluntarily adopted principles, the technotrans Group implements an effective compliance management system according to DIN ISO 19600. The Board of Management holds overall responsibility for it. The managing directors/general managers of the national and international Group companies have likewise committed to uphold it. They are supported in their efforts by local compliance officers. This guarantees management and control of Group regulations as well as compliance with statutory requirements and voluntary commitments at all locations. The compliance officers coordinate, train and monitor Group-wide application of the compliance regulations and arrange updates as necessary, e.g. by revising specific organisational guidelines.

One important component of the Group-wide compliance management system is a whistleblower system that is designed not merely to help pre-empt breaches of international law and internal corporate guidelines at an early stage, but also to guarantee protection for the whistleblower so that

## Combined Non-Financial Statement

the latter need not fear any negative civil-law, criminal-law or internal consequences/reprisals as a result of their actions.

Within their respective responsibilities for compliance and supervision, the Board of Management and Supervisory Board are informed regularly of current compliance topics through an annual compliance report, and also directly if necessary. In addition, the above governing bodies regularly check the status of compliance activities proactively.

A further major component of our sustainability strategy is the Group-wide risk management system based on DIN ISO 31000. This helps technotrans' management to identify and respond to potential opportunities and risks early on. It involves regular, prompt reporting to the Board of Management, among other things. For further information on this topic, please refer to the "Risk management and internal control system" section in the Combined Management Report of this Annual Report.

technotrans has acquired various companies in recent years. The newly added employees were promptly informed about the Group strategy and the applicable compliance regulations, and sensitised to these. The same applies to updates. In this connection, most recently the Board of Management supplied all employees with information about the new Future Ready 2025 strategy in December 2020.

A consistently thorough awareness of sustainability and ongoing efforts to improve our expertise in that regard shape the day-to-day work of all employees. Sustainability aspects are in addition built into our targets.

### STAKEHOLDER DIALOGUE

We regard the requirements of our stakeholders as always highly relevant and we therefore identify their individual needs through a regular dialogue with the key stakeholders in order to meet their expectations of us as a company. We use a variety of information sources and dialogue formats to that end, differentiating between internal communications within the Group and external communications that are aimed at the outside world. The latter comprise communications with customers, press relations (PR) and investor relations (IR) activities.

The technotrans website is a central information medium. Since the update to our web presence at the turn of 2020/2021, the sustainability aspect has enjoyed the status of a separate heading, highlighting its special status. From the third quarter of 2021, we also created the position of Sustainability Manager for the technotrans Group to keep the topic under scrutiny and help it develop. Going forward, we will present all key information and aspects relating to the topic of sustainability at technotrans in summary form on our website.

Internal communications with employees are handled mainly through performance reviews, the Group-wide intranet, e-mails, discussions as well as physical and virtual employee and works meetings. Our employees receive regular briefings and training on relevant matters, including across multiple locations. Suggestions and ideas from employees to stimulate dialogue or consider other topics of interest are expressly welcomed and added to the debate.

The dialogue with existing and potential customers focuses on how technotrans can deliver added value as an expert system partner. The aim is to establish a long-term partnership. Initial contact is

frequently established in person or virtually at trade shows, but face-to-face talks also play an important role.

Open-handed communications with private and institutional shareholders, investors and analysts are handled by the Investor Relations area at technotrans. A contact person is always available there to comment on financial reports and answer supplementary questions. Our Sustainability Manager is also an expert point of contact who can provide answers on relevant topics. In addition, the dialogue with institutional investors, shareholders and analysts is conducted in the form of conferences and roadshows. However as in 2020, in the 2021 financial year these mostly took place without physical contact due to the coronavirus pandemic. The same was true of the year's Annual General Meeting, the event that provides our main opportunity for dialogue especially with our private shareholders.

technotrans pursues a transparent and open information policy. Its hallmark is a relationship of trust with all stakeholders that is based on mutual respect. The findings obtained through these dialogues shape our business activities, the development of new products and services and our sustainability management work.

### MATERIALITY

Relevant sustainability-related topics include those that are important for the business success of the technotrans Group and where technotrans can contribute to a sustainable development. technotrans' activities are also relevant where they have a material impact on sustainability aspects such as the use of resources and impact on the environment and climate. Equally, social aspects for example in relation to our employees, regard for human rights and also anti-corruption measures are key aspects and integral to how we do things.

In the following, we outline the material non-financial aspects for the technotrans Group and technotrans SE for the purposes of this report. In addition, we address aspects that do not fully meet the statutory principle of materiality. However because these issues are likewise regularly raised by and discussed with our stakeholders, here again we regard materiality as a given and would like to provide transparent information on them.

Quantitative reporting takes the EFFAS performance indicators as its basis, in essence in the same way as in the 2020 financial year. Taking account of the principle of materiality, we currently report on ten out of 16 EFFAS performance indicators. The overview of key figures is supplemented with our own key figures – not envisaged by EFFAS – which we nevertheless rate as material in the case of the technotrans Group. The set of relevant key figures is regularly reviewed and will be gradually refined. The changes are also shown on a year-to-year basis, in order to identify positive developments. At the same time, this brings undesirable trends to light and thus enables us to counteract them. A table showing all key figures can be found at the end of this report.

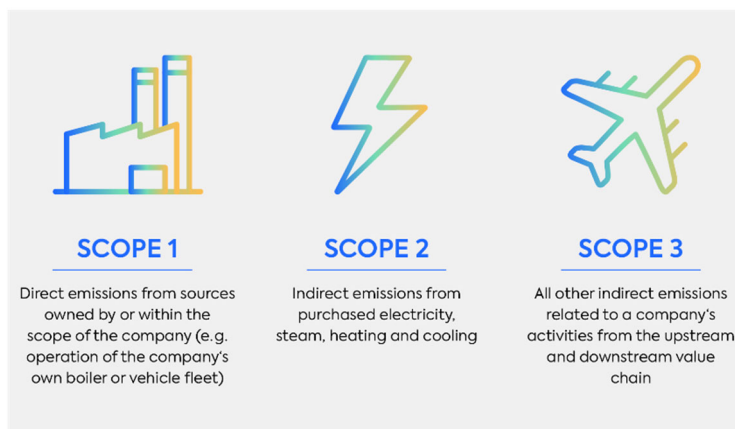
Applying the principle of materiality, we report selected key figures such as energy consumption for the domestic production locations Sassenberg, Bad Doberan, Baden-Baden, Holzwickede and Meinerzhagen, as well as for the locations Taicang in China and Mt Prospect in the USA.

For the first time for the past year, we also report on progress with the five sustainability goals defined at the end of 2020 under the Future Ready 2025 strategy; these can also be found on the technotrans website under the Sustainability heading.

## Combined Non-Financial Statement

- ESG target for renewable energy: use of 100 % renewable power by 2025
- ESG target for fuel consumption: reduction in fuel consumption averaging 5 % per year by 2025
- ESG target for packaging material: increasing the proportion of single-grade-recyclable packaging materials to 100 % by 2025
- ESG target for diversity: achieving a minimum proportion of 20 % female and diverse employees
- ESG target for personnel development: increasing spending on personnel development by an average of 5 % per year until 2025

technotrans also considered its corporate carbon footprint in 2021 and calculated it for 2020 with a focus on Scope 1 and Scope 2 according to the Greenhouse Gas Protocol; it also surveyed initial aspects from Scope 3. To create transparency for our stakeholders and enable technotrans to exert direct influence on the results, starting with this Annual Report the results for Scopes 1 and 2 from 2020 plus the updated data for 2021 will be reported for all German production locations as well as for the Taicang and Mt Prospect locations. Further notes and the results are contained in the section on greenhouse gas performance. These activities, along with our ESG targets on renewable power and reduced fuel consumption, are to be viewed in the context of man-made climate change. technotrans supports the 2015 Paris Climate Agreement and the targets of the EU and Germany to reduce the carbon equivalent (CO<sub>2e</sub>) to limit global warming to no more than 1.5 °C. To that end, we will specifically develop and implement additional measures based on our corporate carbon footprint as well as ensure we meet the targets we have already set.



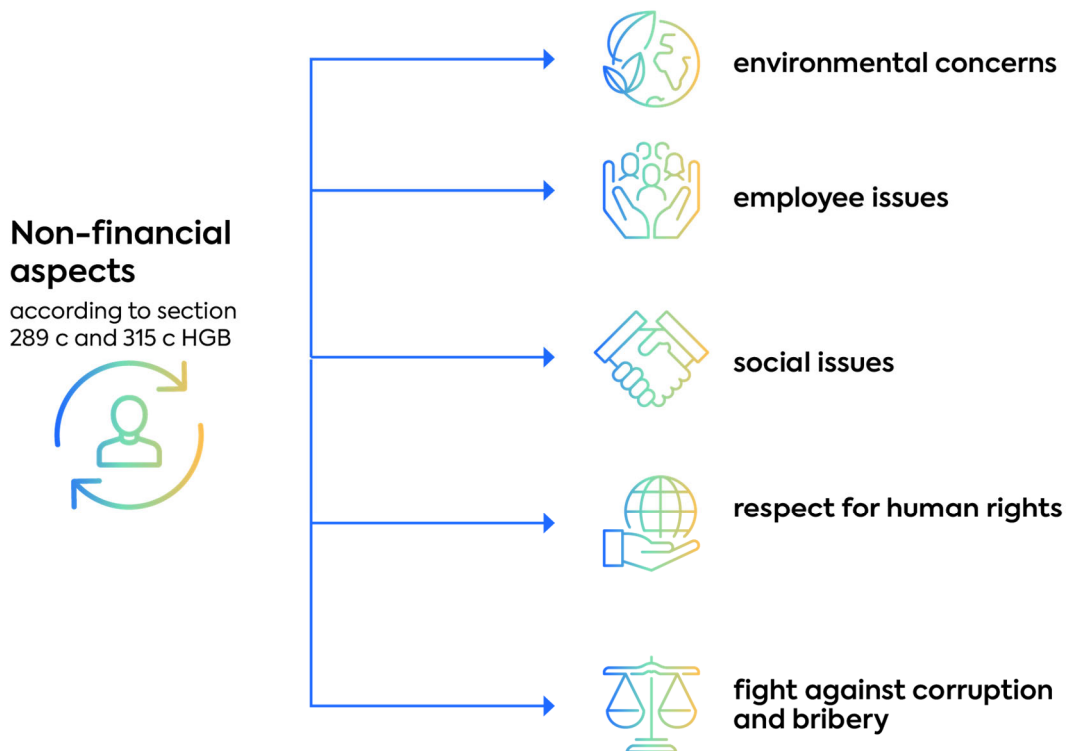
In this report, technotrans will also address the reporting obligations under the EU Taxonomy.

## NON-FINANCIAL ASPECTS

### a) Environmental matters

Growth in economic output worldwide will lead to increasing demand for resources. Based on its long-standing experience and extensive expertise in sustainable business practices, technotrans pursues the goal of developing innovative, resource-light solutions for and with its customers in order to reduce the consumption of resources and the release of CO<sub>2e</sub> emissions, and with that its impact on the environment and climate.

Our own aim to reduce our environmental impact and the growing level of regulation have a significant effect on product development work, for example. One form this takes is the need to comply with the statutory requirements of the EU Ecodesign Directive. This has been transposed into German law in the German Act on Energy-Related products (EVPG). These regulations seek to reduce the environmental impacts of energy-related products. Environmental priorities are becoming increasingly important among customers and suppliers, too, which is why we are also steadily improving our products' energy efficiency over and above what is required by law. These efforts are expressed through the eco and xtend product lines, for example, which systematically feature power-regulated compressors, fans and pumps. They are aimed especially at customers who want to products that are kind on the climate and environment. Our products and solutions consequently help our customers to manage energy and resources, and also to reduce their individual CO<sub>2e</sub> footprint effectively.



Sustainable environmental, energy and resource management is a very important aspect of our entrepreneurial activity and competitiveness. It chimes with our strategic goals of steadily improving the Group's efficiency and is also firmly embedded in our compliance culture.

## Combined Non-Financial Statement

technotrans' joining of the UNGC in 2021 should also be seen in this context because it underscores our clear commitment to sustainability and human rights. The UNGC is the world's biggest and most important initiative for sustainable and responsible corporate governance. It requires participants to operate in accordance with defined ethical standards that are expressed in ten principles spanning human rights, labour standards, environmental protection and anti-corruption measures. The participants must report yearly on progress in these areas.

We also proactively present our own activities in the context of sustainability. For example, at the Sassenberg location we are a TÜV-certified specialist in accordance with the German Water Resources Act. We extensively use refillable systems and collective packaging, and we seek to avoid and gradually reduce waste as part of our waste management concept.

### Packaging material

The first sustainability goal from the Future Ready 2025 strategy should be seen in this context. technotrans has undertaken to steadily increase the proportion of recyclable packaging material used for shipping goods to 100 % by 2025. The change involved to the previous systems is substantial, especially because of the padding used to prevent damage in transit. In addition to assuring damage-free shipping, which involves new packaging materials meeting certain technical requirements, it is also necessary to invest in new packaging machinery to achieve this target. technotrans has already achieved initial results with the ESG target. It has now invested in new packaging machinery for the Baden-Baden and Sassenberg locations and extensively adjusted the packaging concept.

At technotrans in Baden-Baden, the PE foam sheets for shipments of equipment, for example, were replaced with eco PE foam plates made from recycled material, cutting emissions by almost 95 %, from 2.51 kg CO<sub>2e</sub> per kg of packaging material to 0.13 kg CO<sub>2e</sub> per kg. In addition, both locations – Baden-Baden and Sassenberg – had previously used a two-component foam for padding shipped equipment and parts; this material cannot be recycled after use and needs to be disposed of as special waste. This material, too, has now been almost entirely replaced. At Baden-Baden, technotrans now uses a padding system based on recycled paper that achieves the same protective effect but cuts emissions by the packaging material by more than 99 % from approximately 125 kg CO<sub>2e</sub> per kg to 0.2 kg CO<sub>2e</sub> per kg. At technotrans in Sassenberg, the two-component foam was replaced by switching the packaging to card tray inserts and wrapping in PE stretch film; this means both materials can be recycled as separate grades. The Sassenberg location's previous CO<sub>2e</sub> emissions of 840 t per year from the use of CO<sub>2e</sub>-intensive foam are consequently now avoided. In a further improvement, plastic adhesive tapes have been replaced with tapes made from kraft paper. Very heavy products for the shipping of components are the only items for which no alternative to two-component foam has yet been found with an equivalent protective function. In the 2022 financial year we will continue to look for alternative padding materials for such pack items that allow single-grade recycling.

This change has meant that since revising the packaging concept at the Sassenberg location 92 % of all packages have gone out with single-grade-recyclable packaging material. The rate for Baden-Baden is even slightly higher at 97 %. We will apply the experience gleaned from these measures to our other locations in the next few years and bring them in line with changing requirements in order to achieve our ESG target of using exclusively single-grade-recyclable packaging material by 2025.

### Resource-light product development

technotrans develops technologies and methods that make industrial processes more efficient and environmentally friendly. There are various benefits for our customers, for example in the form of reduced consumption of energy and media such as water, oil and additives. The effectiveness and efficiency of these concepts are reflected in the many projects realised in the financial year.

Customer-related development work is done mainly at the domestic production locations, though since the 2020 financial year all Group-wide development activities have been agreed and coordinated centrally under uniform control. This helps to avoid parallel developments, saving human and material resources.

The product development process is governed Group-internally by local and cross-location procedural instructions. technotrans positions itself as a development partner for its customers. To ensure that all customer requirements can be met optimally when developing new and adapting existing solutions, the technical units often collaborate closely with the customer right the way from generating the idea to realising it.

Despite the highly individual nature of projects and the resulting solutions, the approach is represented by a standardised product development process. This internal development process comprises defined stages known as quality gates. It ensures for example that any given project always achieves a satisfactory level of cost effectiveness. The project manager's permission, based on defined criteria that form a checklist, is required to pass through a gate. For very high-importance projects in terms of cost, risk and strategic direction, for example, the consent of the Board of Management is also necessary.

We also use feasibility studies, technology monitoring, internal qualification and ongoing field tests for the process to ensure the defined development targets are achieved. The aim is to avoid wrong developments. The residual risk of miscalculating market potential or customer acceptance, for example, is limited by maintaining a constant, close dialogue with our customers, supplemented with market observations.

For our customers, we develop products that reflect the state of the art. To maintain this expertise going forward and build on it, the Group companies also work with universities and research establishments in the Research & Development area and support students with project, bachelor and masters theses. We also extend this arrangement to include our former apprentices.

In the 2021 financial year we worked on a total of 45 projects in product development, of which 18 have now been successfully completed. 27 other projects are at various stages of implementation. The aim of many development projects from the 2021 financial year was again to reduce the impact on the environment and climate, as well as consumption of materials. These goals were achieved for example by using ultra-high-efficiency fans, pumps and power-regulated compressors in our products, helping to cut energy consumption for the customer. Where possible, the required fill volumes of the refrigerants used were also reduced. Research & development spending is fundamentally shown in the Consolidated Income Statement. However research & development expenditure may additionally be reflected in the cost of sales. That is the case if product development takes place in connection with a revenue-generating customer project.



## Combined Non-Financial Statement

For further details, see sections 4 (Intangible assets) and 24 (Development costs) in the Notes to the Consolidated Financial Statements.

### Resource-saving products

technotrans develops solutions that deliver added value for its customers through their high quality, efficiency and performance. In line with recent years, progress was made especially in the area of electric mobility but we also improved the energy efficiency of our products and made greater use of natural refrigerants.

**Electric mobility** – The decarbonisation of the mobility sector is one of the biggest challenges of our time. It is absolutely essential to electrify the transport sector in order to achieve climate protection targets and create sustainable mobility.

technotrans has long-standing expertise and an extensive portfolio in this field of activity. In a wide range of electrification concepts, our thermal management solutions are a core aspect of the overall system that is required to switch to an alternative drive solution. technotrans supplies such systems as cooling for temperature control of batteries, inverters and charging cables. Very many projects revolve around tailor-made, customer-specific design with a focus on energy efficiency. The product range comprises cooling and temperature control systems for lithium-ion batteries for road and rail vehicles as well as for stationary energy storage devices. In addition, technotrans develops and manufactures cooling solutions for HPC (ultra-fast charging points) stations, e-bus charging areas and rail inverters. We are supporting the electrification of local public transport through the use of our systems in e-buses, trams and local trains.

As well as the established drive concepts based on battery technology, we are already developing solutions for drive concepts that use hydrogen as the fuel. This is especially relevant for increasing the range and uptimes of rail and commercial vehicles.

**Environmentally friendly refrigerants** – We are dependent on refrigerants for our cooling systems. As these substances often exhibit high global warming potential, or GWP, the EU specified in its F-Gas Regulation brought in on January 1, 2015 that the use of partially fluorinated hydrocarbons (HFC) must be cut significantly between 2015 and 2030. Over this period, the GWP of refrigerants brought into circulation in the EU is to be reduced to as little as 21 % of the 2015 figure. To act responsibly and meet the EU requirements even though we are only indirectly implicated, technotrans continues to develop solutions for reducing the impact of the refrigerants used in our products on climate change. Aspects that play an important role here include reducing the required fill volumes in the equipment sold, substituting high-GWP refrigerants with ones with low GWP, and testing all our equipment for hermetically sealed refrigerant circuits in order to prevent refrigerants from escaping into the atmosphere. technotrans also offers its customers a conversion service to switch from existing systems to lower-GWP refrigerants. With these measures, we are seeking to apply the EU targets to our own products and design new cooling systems that meet the customer's requirements while using refrigerant with the lowest possible GWP. We were able to keep the GWP steady at 933 in 2021. Nevertheless, thanks to our efforts in 2021 we reduced the aggregate GWP of our purchased refrigerant by almost 16 % despite a 10.8 % increase in our revenue.<sup>1</sup> From 2022, we also aim to meet the GWP reference figure of

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<sup>1</sup> Refrigerant requirements in 2020 and 2021, in each case only for production locations and service operations in Germany

840 in order to keep undercutting the EU rules' tough reference limits. The next stage of the EU Regulation's quota system takes effect in 2024 and envisages a cut in average GWP to around 651. We would like to achieve this figure across our product portfolio from the outset.

Such considerations are bringing the use of environmentally acceptable, efficient natural refrigerants increasingly into focus for the technotrans Group. One example from 2021 is that systems containing propane refrigerant with a total cooling performance of around 0.5 MW were sold to customers in the metal finishing and plastics injection moulding sectors. Whereas comparable systems previously used the refrigerants R513A (GWP = 631) or in some cases still R134a (GWP = 1430), the GWP figure for propane is just 3 and in both cases is equivalent to a reduction of > 99 %. In parallel, series production equipment with the natural refrigerant isobutane, which also has a GWP figure of 3, is already being delivered in high numbers to customers in the lab and medical technology area.

**Efficient cooling solutions** – technotrans brought the ECOtec.chiller, the successor product line to the previous omega.line, onto the market in the 2021 financial year. This new-design, modular product line is used in a wide range of areas such as the printing industry, plastics processing, medical technology and machine tools. In a typical load profile in machine tool engineering, the ECOtec.chiller standard version pure already cuts annual electricity consumption by about 16 % compared to the equivalent omega unit that would have been used for the same task. The xtend version, which is equipped with power-regulated compressors, pumps and fans, can bring an approximately 35 % saving in annual electricity consumption, without even taking the associated saving in CO<sub>2e</sub> emissions and costs into account. In the digital printing area, the savings based on the typical load profile for this sector are even higher: here, the pure version of the unit can cut energy requirements by up to 40 % and the xtend units bring an energy saving of up to 57 % compared with the omega product line. The efficiency gain from the xtend units is similarly high when used for cooling baggage scanners, for example.

### Resource-light production

In terms of its own production operations, technotrans is constantly seeking to use finite resources such as energy and other input materials as efficiently as possible. The aim is to avoid any wastage. This approach is especially relevant at our production locations that exhibit higher vertical integration and therefore use more materials and energy (e.g. in the form of painted sheet metal and welded structures). It is our declared aim to reduce consumption of materials and energy and also to minimise waste. Where possible, the latter is sorted by type and sent for recycling. Employees are given training on the resource-light use of working equipment and input materials. They are also encouraged to contribute their own ideas on how to preserve resources; regular use is made of this opportunity.

Environmentally hazardous substances are only used in products if they are unavoidable. The quantities of such substances used are constantly recorded, regularly examined and substitutes are found, where possible. We also strictly adhere to the latest statutory requirements. These are monitored by suitably qualified personnel. We always promptly update the work instructions that are based on these.

The technotrans Group in the first instance manufactures equipment that conforms to the REACH regulation, the RoHS II Directive and CE identification requirements. We also implement customer requirements that in some cases call for conformity to the RoHS II Directive including for products that are not actually covered by the statutory requirements.

## Combined Non-Financial Statement

We in addition obtain contractual undertakings from our suppliers not to use any environmentally hazardous substances as defined by the REACH regulation. Furthermore, we expect them to comply strictly with the RoHS II Directive. We request all major suppliers of the production locations to confirm compliance with REACH and RoHS-II once a year. We record the REACH and RoHS II conformity of each input material in our ERP systems. We can therefore document from an end product's bill of materials whether a device meets the directive's requirements and to what extent it achieves EC conformity. These processes are gradually being implemented at all production locations.

Another major aspect of resource-light production is avoiding waste and recycling reusable materials. technotrans ensures that waste is collected separately from reusable materials in order to maximise or further increase the proportion of residual material that goes on to be recycled. Starting with this Annual Report, we will report on the amounts of waste arising at our production locations in Germany and at the Taicang and Mt Prospect locations. In future years we will include in our reporting the proportion of waste that is recycled, to provide a clear picture of the quantities in question and the ways in which they are utilised. The total amount of waste generated in 2021 came to 893 t, of which 765 t was generated in essence at the German production locations. Compared to the previous year, the volume of waste therefore increased by 91 t or 11.3 %, which almost exactly tracks revenue growth of 10.8 %.

Consumption of water is another aspect of resource-light production. technotrans used 8,884 m<sup>3</sup> of water at the above locations in 2021, 60 % of which was used roughly equally by the two biggest production locations Sassenberg and Meinerzhagen. However overall consumption compared with the previous year was cut by over 3,300 m<sup>3</sup>. This sharp reduction of 27 % is mainly attributable to one-off effects: in the 2020 financial year two technotrans Group locations experienced damage to their water supply, which was repaired as swiftly as possible. Water consumption by the canteen at Sassenberg was also lower in 2021 due to the periodic switch to takeaway packed lunches because of the pandemic.

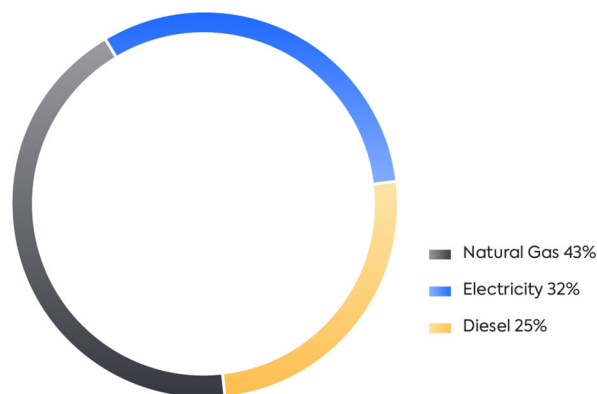
### Energy consumption

The efficient use of energy and the eco-friendly handling of resources are high priorities for us. We are therefore always looking for scope to improve the energy efficiency of our operating processes and products, and conduct the statutorily required energy audits according to DIN EN 16247-1 on a four-year cycle. We welcome the proposed optimisation measures. In 2021, for instance, the hall lighting in our production zone at Sassenberg was replaced with an LED version, which brought the added benefit of an increase of up to 400 lumens in illumination levels, rendering additional lighting at the workstations obsolete; in addition to the LED version being more efficient compared to the previous lighting, this improved working conditions for our employees. We also made further progress with changing over from desktop PCs to notebooks, NUCs and Thin Clients, which generally use less than one-quarter the energy of a PC. Now only 14 percent of newly purchased computers are PCs, which are basically only used for CPU-intensive simulation and graphic applications. The next energy audit will take place in 2023.

In the 2021 financial year, we calculated the energy consumption of each location ourselves from the invoices, as in the previous year. For reasons of materiality, we focused on the domestic production locations Sassenberg, Bad Doberan, Baden-Baden, Holzwickede and Meinerzhagen as well as on the locations Taicang in China and Mt Prospect in the USA. The analysis covers the three energy sources that are by far the most used: electricity, natural gas and fuels.

Whereas our energy consumption for the above locations totalled 14.7 GWh in 2020, consumption came to around 15.2 GWh in 2021. The total is therefore up around 4 % on the previous year, bearing in mind that the company's revenue rose by 10.8 %. When considering these figures it should be noted that the energy consumption of the two production locations Taicang and Mt Prospect of 0.7 GWh was not yet included in the 2020 Annual Report. In a direct comparison merely of the domestic production locations based on the 2020 Annual Report, energy consumption rose from 14<sup>2</sup> GWh in 2020 to 14.5 GWh in the 2021 financial year. The composition of the energy mix for the seven locations named changed only minimally year on year. Natural gas thus accounted for 43 % of the total in the period under review, up from 42 % in the 2020 financial year. Electricity consumption accounted for 32 % of the total (33 %) and fuel consumption for a constant 25 %.

### Aggregate energy mix across the locations



Our two locations Sassenberg and Meinerzhagen had the highest energy consumption, at 4.6 GWh and 6.8 GWh respectively. By contrast the energy consumption of the other locations was comparatively low, at a total of 3.8 GWh. The difference is partly because Sassenberg and Meinerzhagen are the two biggest locations, and partly because aspects such as the standard of the buildings and the level of vertical integration influence energy consumption.

It is important to technotrans to handle finite resources responsibly; as well as the raw materials needed for our products, these include especially the energy resources we use. In light of this, at the end of 2020 – as previously mentioned – we defined the sustainability targets for our energy consumption for the period up until 2025:

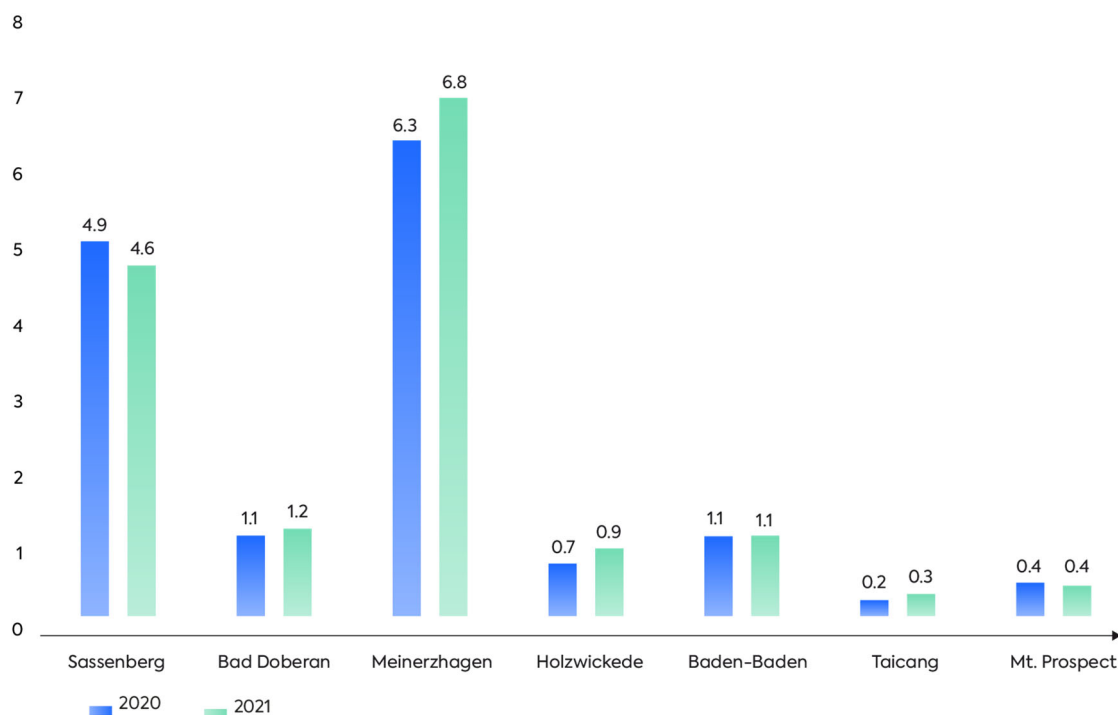
- Electricity: increasing the share from renewable resources to 100 %.
- Fuel consumption of the vehicle fleet: reducing the Group-wide fuel consumption by an average of 5 % annually.

**Electricity consumption** – To make progress towards our target from the Future Ready 2025 strategy of using renewable energy for 100 % of our electricity in the very first year of implementing the strategy, we looked in great detail at ways of generating and sourcing renewable power.

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<sup>2</sup> Figure corrected subsequently

Energy consumption of the locations in GWh



In terms of where we source renewable power, we at technotrans want to bring on the energy transition. For that reason, we have decided not to include German electricity supported under the German Renewable Energies Act (EEG) in our attainment of the target, because the relevant facilities have been and will be built even without our efforts. The position is similar for certificates of origin (COO) for hydro power plants that have in some cases been running economically for decades and account for some 90 % of the total volume of decommissioned COOs in Germany. Conversely we will include COOs from other renewable energy producers, noting that former EEG plants that lose financial support after 20 years are an interesting option for supporting the continued operation of such wind and PV systems.

In line with this strategy, in 2021 technotrans obtained COOs for European wind farms for almost 40 % of our total electricity requirements at the production locations in Germany and the Taicang and Mt Prospect locations. The COOs we selected also include a levy for sustainable energy projects that would not have been realised without this form of support; this brings a further positive benefit for the climate by conserving energy or making use of renewable energies in poorer regions.

In addition, at technotrans we would like to cover part of our electricity consumption directly from renewable generating plants installed at the production locations. The renewable power from these self-constructed generating plants will count towards our target.

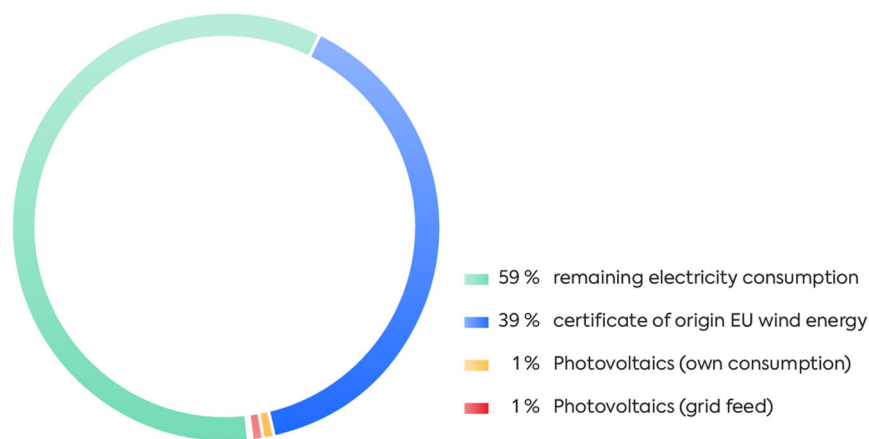
We have already installed an initial PV system with the construction of the new building at Holzwickede. The system has an output of 99 kW<sub>p</sub> and generates around 81 MWh of solar power annually. 50 % of the power it generated was used directly in situ in 2021, with the surplus fed into the local grid. The solar energy component for the location was therefore 40 % or, in terms of overall footprint after feeding into the grid, actually 80 %.

technotrans will install a second PV system in 2022 at Baden-Baden. The system will have a total output of around 400 kW<sub>p</sub> and will supply around 350 MWh of solar power per year with an internal consumption rate of approx. 75 %. This will enable us to cover approx. 35 % of the location's electricity requirements directly and also feed about 87 MWh of PV power into the local grid.

Looking to the future, we will investigate installing renewable power generators at other locations too and gradually realise such systems.

As matters stand, based on our target of using renewable energies for 100 % of our electricity requirements in line with the above definition, we have achieved the interim position illustrated below of 41 %. We will report regularly on our further progress in future Annual Reports.

### Status of ESG target: 100 % renewable power



**Fuel consumption** – Another target defined at the end of 2020 in the context of the Future Ready 2025 strategy involves cutting the fuel consumption of the vehicle fleet by an average 5 % annually, with the result that it is reduced by at least 25 % by 2025. A high proportion of fuel consumption is currently by vehicles used for service and sales activities, but company cars also account for quite a significant proportion. In 2021 fuel consumption, of which diesel vehicles accounted for over 95 %, came to 385,442 litres with an energy content of 3.8 GWh.<sup>3</sup> Compared to 2020 as the defined base year for our target, we therefore achieved an 8 % reduction in fuel consumption. Since this outcome is substantially due to the effects of the coronavirus pandemic, for example as a result of increased working from home, we will adjust our car policy in future years to ensure we continue to achieve the target going forward. We will also continue to offer our employees scope to perform their jobs from home. To that end, we drew up and approved a Group agreement in the 2021 financial year according to which every employee may spend between zero and five days a week **working from home** depending on their role.

When revising the car policy, important aspects will include enabling electric mobility by providing the requisite infrastructure especially for company cars, as well as using increasingly economical diesel vehicles which, given the current state of the technology, remain indispensable for the time being in service and sales, for example, given the sometimes very long distances that need to be travelled.

<sup>3</sup> Diesel: 9.96 kWh/l, petrol: 9.02 kWh/l

Over the coming years we will monitor market developments and gradually switch to sustainable drive wherever technically possible and economically justifiable.

**Gas consumption** – The use of natural gas at our locations is a further aspect that needs to be considered in the light of climate protection and the finite nature of fossil fuels. Gas consumption rose year on year by 7.4 % to 6.6 GWh, a rate of growth that was below the revenue growth of 10.8 %. A further consideration is that the mean annual temperature for 2020 (Germany) of 10.4 °C was 2.2 K above the long-term average, whereas 2021 was 0.9 K above the long-term average of 8.2 °C<sup>4</sup>. Specifically in the winter months, when the bulk of our gas consumption occurs, the long-term mean temperatures were exceeded by 4.2 K in 2020 and by 1.8 K in 2021, and on that basis a steeper rise in consumption for 2021 would have been expected. The reasons for the only slight rise include the modernisation of a boiler and ventilation system at the Sassenberg location.

Although this is already a positive trend, we would like to perform even better in the future and gradually reduce the use of fossil fuels through energy efficiency measures and the use of renewable energy at our locations. Especially the following aspects will be relevant in that regard:

- Whenever our heat supply facilities are due for modernisation, wherever possible we will make sure they use a high proportion of renewable energy.
- In addition, we will always look for potential efficiency savings from heat generation, distribution and storage in any maintenance, repair and conversion work.
- In any plans for new buildings and refurbishment projects we will use energy-efficient building methods or corresponding elements in refurbishment, as we did at our production locations in Baden-Baden and Holzwickede, both of which were constructed according to the KfW 55 standard.

By incorporating the above aspects we will steadily improve the energy efficiency of our locations over time and present progress in our annual reporting.

At the Meinerzhagen location, which has the highest specific energy consumption because of its higher vertical integration, we have moreover been implementing an energy management system according to DIN 50001 for a number of years now; this helps us to continuously improve our energy-related performance by providing a transparent overview of the main energy consumers.

### Greenhouse gas performance of the technotrans Group

One important aspect that goes hand in hand with the use of fossil fuels and is of growing relevance for society as a whole and for us the technotrans Group is the CO<sub>2e</sub> emitted as a result of our economic activities. We, too, want to act responsibly and play our part in limiting climate change by creating transparency and, on that basis, reducing our share of anthropogenic CO<sub>2e</sub> emissions; we have already started to do this with our targets to reduce fuel consumption and switch to renewable power, for example.

To continue to be able to take targeted action in the future, we will need to know how far our economic activity causes CO<sub>2e</sub> emissions and what the main sources of these are. To create this vital

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<sup>4</sup> Internationally valid reference period from 1961-1990



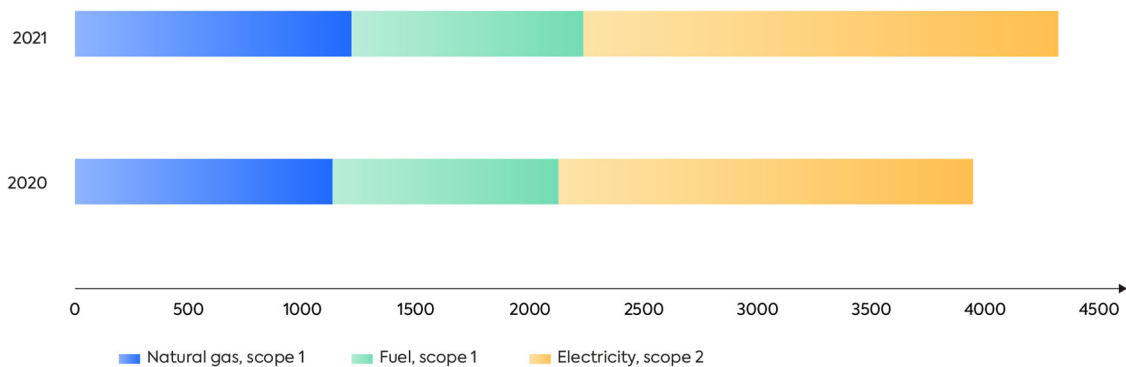
knowledge base, in 2021 technotrans calculated its corporate carbon footprint for 2020 for the first time in partnership with the company First Climate. The focus of this analysis was still on CO<sub>2e</sub> emissions that we can influence directly, from Scopes 1 and 2 as defined in the GHG protocol. Put simply, Scope 1 covers all direct CO<sub>2e</sub> emissions that occur internally within the company, for example from the use of fuels, while Scope 2 covers the indirect CO<sub>2e</sub> emissions that occur as a result of taking energy from a utility company over the grid. At technotrans, the relevant aspects resulting from this are gas and fuel consumption (Scope 1) and purchased electricity (Scope 2). We wish to provide regular information on these aspects starting with this Annual Report, to create transparency and present our progress.

We have also started to record indirect emissions from Scope 3). However this scope is very extensive and includes all indirect CO<sub>2e</sub> emissions that arise in the upstream and downstream value chain, during product use and from the recycling or disposal of our products. Because of its scale and the much greater difficulty in calculating reliable data compared to the first two scopes, we have decided first to create a reliable data basis over the next few years before we also start reporting on these indirect CO<sub>2e</sub> emissions.

In the Group-wide calculation of the corporate carbon footprint for 2020, the Sassenberg, Meinerzhagen, Bad Doberan, Holzwickede, Baden-Baden, Taicang and Mt Prospect locations were responsible for over 94 % of total Scope 1 and Scope 2 emissions; the following comments therefore refer to those locations, applying the principle of materiality.

In terms of Scope 1, our consumption of natural gas and fuel at our locations caused 2,232 t of CO<sub>2e</sub> emissions in 2021. In a location-based view pursuant to the GHG Protocol, in other words taking into consideration the CO<sub>2e</sub> emission factors for the electricity mix in Germany (424 kg/MWh), at Taicang (598 kg/MWh) and at Mt Prospect (484 kg/MWh), the greater part of CO<sub>2e</sub> emissions arose from procured electricity. In this view, 2,088 t CO<sub>2e</sub> were emitted in Scope 2 in 2021, representing 48 % of total emissions under both scopes. The next-largest share of 1,215 t CO<sub>2e</sub> or 28 % was caused by consumption of natural gas for the heating supply at our locations, followed by the CO<sub>2e</sub> emissions from fuel consumption totalling 1,018 t CO<sub>2e</sub> or 24 %. Overall CO<sub>2e</sub> emissions compared to the previous year rose by 9.5 % or 375 t to 4,320 t, a development that is attributable to higher gas consumption and the poorer emission factor for the German electricity mix in 2021<sup>5</sup>.

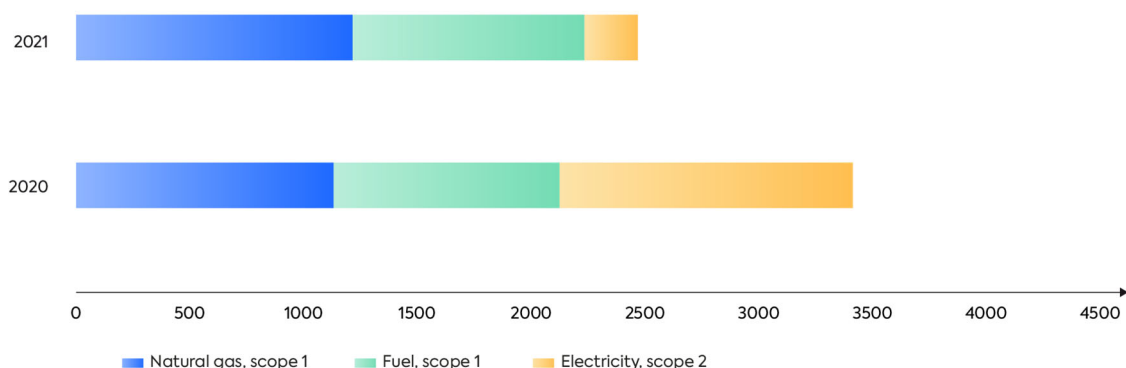
### Comparison of CO<sub>2e</sub> emissions in t, location-based



<sup>5</sup> Emission factor for electricity mix DE in 2020: 366 kg CO<sub>2e</sub>/MWh



### Comparison of CO<sub>2e</sub> emissions in t, market-based



Here at technotrans we have decided to purchase certificates of origin, as explained above, and we purchase a high proportion of renewable energy under our electricity supply contracts; this breakdown therefore changes considerably in a market-based view. From purchases of electricity this leaves merely the emissions from the Taicang and Mt Prospect locations of 235 t CO<sub>2e</sub>, for which no contract-specific emission factors are available. This amounts to 10 % of the total remaining CO<sub>2e</sub> emissions. Natural gas and fuels, which indicate no change in emissions under the market-based view, are responsible for 49 % and 41 % of CO<sub>2e</sub> emissions respectively.

It is not possible to draw a direct comparison of emissions with the figures in the previous Annual Report because the two locations in China and the United States were not yet included, and the 2020 emission factor for the electricity mix in Germany has been adjusted to the current estimate.

### EU Taxonomy Regulation 2020/852

In December 2019 the European Commission unveiled the European Green Deal, which pursues the goal of cutting net greenhouse gas emissions in the European Union to zero by 2050. A major instrument of achieving that goal is the EU Taxonomy, which is based on the conviction of EU member states that steering funding towards sustainable investment is a major lever in achieving climate targets.

The EU Taxonomy is structured as a classification system with uniform definitions of environmentally sustainable business activities. Its goal is to classify economic activities across the EU in terms of how they contribute to six defined environmental objectives, based on defined requirements. These environmental objectives are: (1) climate change mitigation, (2) climate change adaptation, (3) sustainable use and protection of water and marine resources, (4) transition to a circular economy, waste avoidance and recycling, (5) pollution prevention and control, and (6) protection of ecosystems.

Against the backdrop of climate change, the destruction of natural habitats and dwindling biodiversity, technotrans unreservedly supports these efforts by the European Commission.

Pursuant to Article 8 of the EU Taxonomy Regulation, technotrans reports indicators on the proportion of environmentally sustainable business activities in its revenue, operating expenses (OpEx) and capital expenditure (CapEx) for the first time for the 2021 financial year.

With the first-time adoption of the EU Taxonomy Regulation this year, for ease of reporting we report on environmentally sustainable business activities that make a material contribution to the first two environmental objectives climate change mitigation and climate change adaptation and are taxonomy-eligible. Taxonomy-eligible means that the environmentally sustainable activities are described in the Annex to the EU Taxonomy Regulation.

To calculate the three indicators, the environmentally sustainable economic activities carried out were identified from the Annexes to the EU Taxonomy Regulation and the taxonomy eligibility of those activities for the above two environmental objectives was evaluated.

Whereas the economic activities of many greenhouse-gas-intensive industries are explicitly mentioned in the EU Taxonomy and specific, practical requirements have been defined for subsequent years, unfortunately many businesses in the mechanical and plant engineering sector, for example, are given scant consideration. That is the case for technotrans as a technology and services group focusing on application-specific solutions in the area of liquid and thermal management. technotrans products find their way into downstream economic sectors in the form of enabling technologies; our systems for thermal management of battery packs in electric mobility are one such example. technotrans thus to some extent covers the economic activities identified.

With regard to revenue, technotrans has therefore decided to include in its reporting those economic activities as listed in the EU Taxonomy that incorporate our products as an indispensable component. All the following disclosures on taxonomy-eligible revenue, CapEx and OpEx refer to environmental objective (1) climate change mitigation; double reporting is therefore ruled out.

### Taxonomy-eligible revenue, operating expenses and capital expenditure Pursuant to EU Taxonomy Regulation

		Revenue	Operating Expenses	Capital Expenditure
<b>Total</b>	<b>m€</b>	211.1	7.4	4.9
<b>of which taxonomy-eligible acc. to Art. 8 EU Taxonomy Regulation</b>	<b>m€</b>	13.4	0.6	0.6
<b>Share</b>	<b>%</b>	6.4	8.6	12.2

**Proportion of taxonomy-eligible revenue** – The basis for the revenue to be analysed (€ 211.1 million) is the revenue as explained in the Consolidated Financial Statements of technotrans, especially under V. Notes to the Segment Report. An internal work group analysed the economic activities described in the Annex to the EU Taxonomy Regulation and identified seven relevant economic activities to which technotrans activities can be allocated. A material influence of our activities on the economic activities described in the Taxonomy Regulation was evaluated using the question of whether the economic activity – such as the manufacture of low-CO<sub>2e</sub> transport technologies – would be functional without the component supplied by technotrans (e.g. thermal management system for battery packs). If functionality can only be assured with our products, they are assumed to make a material contribution to the primary economic activity, in this example the manufacture of low-CO<sub>2e</sub> transport technologies. Together with the managing directors of the locations, the Technical, Development and Sales departments and the Board of Management, we established which products or product-specific revenue share can be allocated to the seven economic activities from the Taxonomy Regulation in order to calculate the taxonomy-eligible revenue from each of these.

## Combined Non-Financial Statement

The taxonomy-eligible revenue at technotrans is allocable to the product range for cooling and temperature control solutions; the numbering from the Annex to the EU Taxonomy Regulation is used in the following. The taxonomy-eligible product solutions are cooling units for transformer stations of off-shore and on-shore wind farms (3.1), temperature control systems for battery systems in battery electric rail vehicles and buses (3.2) and cooling solutions for laser tools used in electrode welding for battery production (3.4). In addition, technotrans supplies a number of highly efficient product variants for cooling and temperature control involving power-regulated compressors, pumps and fans, which produce significant efficiency gains and therefore CO<sub>2e</sub> savings compared to the basic products for each area of application (3.6). technotrans has equally planned and sold various refrigeration systems that use the waste heat given off during refrigeration for such purposes as space heating, hot drinking water supply or process heat supply (4.25). It also supplies various temperature control solutions for the charging infrastructure for battery electric vehicles (6.13) and systems for cooling rail inverter stations (6.14).

**Proportion of taxonomy-eligible operating expenses (OpEx)** – In terms of OpEx, in accordance with the recommendations of the ESMA (European Securities and Markets Authority) only the following potentially relevant operating expenses were included: operating expenses for maintenance and repair (incl. building renovation measures and maintenance of property, plant and equipment), research and development costs as well as expenses for short-term leases, provided the activities contribute to the two environmental objectives climate change mitigation and climate change adaptation. The maintenance and repair costs and lease expenses from some areas of distribution costs and administrative expenses in the Income Statement are calculated as the basis for determining operating expenses under the EU Taxonomy, No direct reference to the Income Statement is therefore possible.

Taxonomy-eligible expenses include spending on an LED lighting concept to upgrade the lighting system for the production line that previously used fluorescent tubes (7.3). This area also includes the leasing of an electric vehicle for employees to test in the course of their business activities, to overcome any reservations regarding electric mobility (6.3). In the Research and Development area (see Notes to the Consolidated Financial Statements under III. Notes to the Balance Sheet; 4. Intangible Assets. € 5 million in development costs were taken as the basis for analysing taxonomy eligibility) various projects were processed, and in some cases completed in the 2021 financial year, in connection with new, ultra-efficient product lines that are allocable to the area of the development of solutions for battery electric bus and rail transport or come under the area of electric truck transport and therefore all contribute towards reducing greenhouse gas emissions (9.1). Also, various R&D projects for the energy optimisation of existing products were carried out; the products' lower energy consumption reduces greenhouse gases over the life cycle. For example, customer-specific cooling solutions were developed for the charging infrastructure for road transport, development work was carried out on solid-state cooling systems and the integration of solar thermal systems into adsorption chillers was investigated (9.1).

**Proportion of taxonomy-eligible capital expenditure (CapEx)** – The basis of the economic activities to be analysed under capital expenditure comprises additions to both property, plant and equipment and to intangible assets in the amount of € 4.9 million (see also III. Notes to the Balance Sheet, Consolidated Statement of Changes in Fixed Assets). The taxonomy-eligible investment includes primarily capital expenditure on a newly erected KfW 55 building at the Holzwickede production location (7.1). In 2021 technotrans also invested in the installation of a PV system with 99 kW peak power (kWp) (7.6).

Furthermore, we invested in high-efficiency supply systems for the compressed air supply and for air-conditioning buildings at our production locations (7.3).

**Concluding note** – In the absence of any final, generally accepted international standards to date on reporting in line with EU Taxonomy and of corresponding methods of identifying the economic activities concerned, the disclosures in future years may differ potentially substantially from those provided here once the final regulations have appeared and been adopted.

### Highlights of 2021 and outlook

**UN Global Compact** – In December 2021 we joined the UN Global Compact, the world's largest and most important initiative on ethical and responsible corporate governance, in a reaffirmation of our commitment to sustainability and human rights. technotrans has already been supporting the ten principles on human rights, labour standards, environmental protection and anti-corruption measures for many years, but now does so with international visibility. We will report annually on our progress with the principles.

**Corporate carbon footprint** – technotrans considered how to calculate its corporate carbon footprint for 2020 at great length in the past year. The focus was previously on the CO<sub>2e</sub> emissions from Scopes 1 and 2, which were therefore also incorporated into the Annual Report for the first time in the form of the data for 2021. We will systematically continue with this reporting in future years. In addition, we were already able to obtain initial findings with regard to Scope 3 and will work on improving the corresponding data available, in anticipation of also being able to include Scope 3 emissions in reporting.

**Photovoltaic systems** – technotrans installed a first PV system at the Holzwickede location in the 2021 financial year; with an output of 99 kW<sub>p</sub> and an annual yield of 81 MWh, it covers 80 % of its overall local electricity requirements. The internal consumption rate for the system is 41 MWh, or 50 %.

At our location in Baden-Baden, we already embarked on the installation of a second approx. 400 kW<sub>p</sub> PV system at the end of 2021; once completed, it will supply around 350 MWh of renewable power annually with an internal consumption rate of 75 %. We will be able to cover around 45 % of our overall consumption there. We will also investigate installing renewable energy generating plants at the other locations over the coming years and gradually realise them.

**Renewable power** – technotrans has taken its first major step towards achieving the target of 100 % renewable power by 2025. By purchasing certificates of origin for European wind power and thanks to our PV system, we already achieved 41 % of our target from the Future Ready 2025 strategy in 2021. We will steadily increase the proportion of renewable power by sourcing renewable power and generating renewable power internally at our own locations.

**Energy-efficient buildings** – For technotrans, energy efficiency is also a key decision-making criterion when building new locations. Following on from our Baden-Baden location, which was designed to KfW 55 standard, we have now also built a second new location. This production building at the Holzwickede location likewise meets the tough energy efficiency requirements of the KfW 55 standard and went into operation in the first quarter of 2021. The various measures needed to satisfy the tough requirements of this efficient building standard included a central ventilation system with heat recovery and a heat pump to supply heat in combination with panel heating systems in the hall. A gas condensing boiler covers peaks in demand.

**Use of hydrogen** – In the first half of 2022 we will moreover complete all the preparatory building work at the Holzwickedede location to be able to run the peak load boiler on pure hydrogen, instead of on natural gas as previously. It will be made possible for example because the local grid operator Westnetz GmbH will convert its existing natural gas pipeline to pure hydrogen under the “H2HoWi” research project, in order to test the storage capability of upgraded natural gas pipelines and enable customers to use renewable gases. This is an important element of the energy transition because with the spread of wind power and photovoltaic systems, it will become increasingly necessary to convert surplus renewable power into hydrogen and other renewable gases, and then store these.

**Natural refrigerants** – For lower cooling performances of up to 3.5 kW, in 2022 technotrans will switch largely to natural refrigerants, which exhibit a very low GWP so that even in the unlikely event that the refrigerants escape into the atmosphere from our products’ hermetically tight circuits, they would cause only very low CO<sub>2e</sub> emissions. This represents a further move in our strategic initiative to use natural refrigerants. To pave the way for the production changeover, we will invest in a further filling plant for natural refrigerants at the Baden-Baden location in the second quarter of 2022.

**Sustainability Management** – technotrans created this new area in 2021 and recruited the personnel at the start of the fourth quarter. From now on, we will be in a position to identify and implement energy efficiency measures even more intensively and purposefully, and to work on methods of generating renewable energies in order to reach our target of gradually reducing the CO<sub>2e</sub> emissions caused by ourselves. In addition, the newly created area will make it possible to regularly record and process our CO<sub>2e</sub> emissions for transparent reporting.

### b) Employee matters, training and qualification

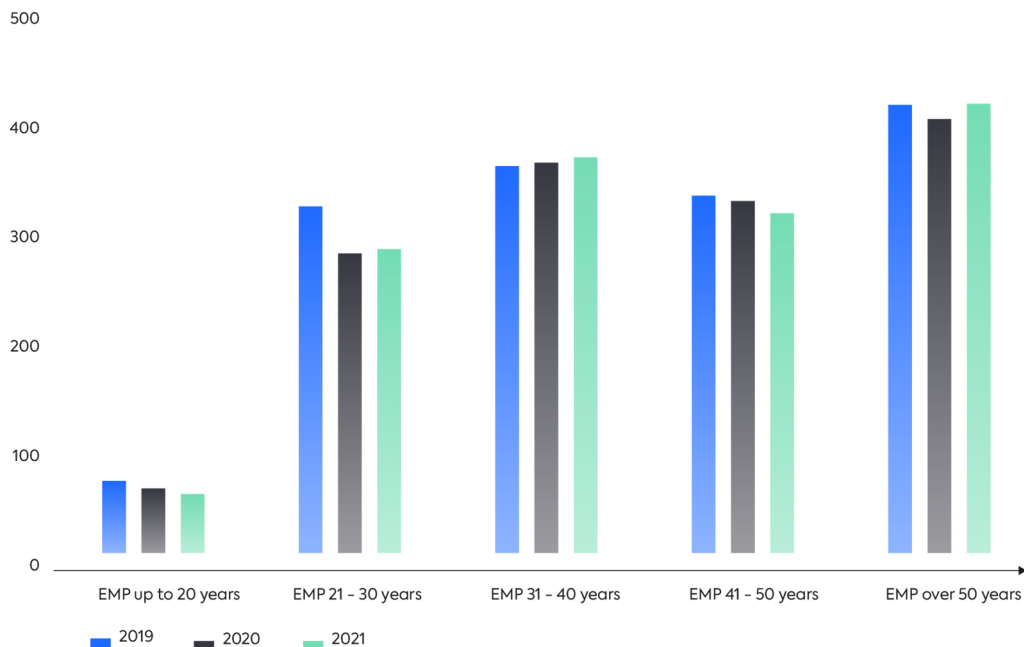
Committed employees with outstanding personal and professional skills are the bedrock of our success. Changes to structures or processes create the risk that employees and their expertise could be lost if they are unable to identify with the measures taken and therefore feel prompted to look elsewhere. To limit personnel turnover, in addition to selecting personnel with care we believe it is very important to specifically promote our employees and provide them with appropriate further training. We attach high importance especially to improving personal and specialist skills, and to maintaining the professional capabilities of our specialists and managers over the long term. Only by offering our employees suitable prospects and by modelling a positive corporate culture can we be sure we will continue to evolve as an organisation and be perceived as an attractive employer by our employees.

We have been treating vocational training as a high priority for many years and therefore make a particular effort across the entire Group to provide training for juniors. We consider this on the one hand as a social responsibility that we are glad to honour. On the other hand training juniors represents an important investment in the future of our business. Apprentices and those on a dual course of study make an important contribution to the further development of our technology company, both as individuals and as specialists.

### Employee structure of the technotrans Group

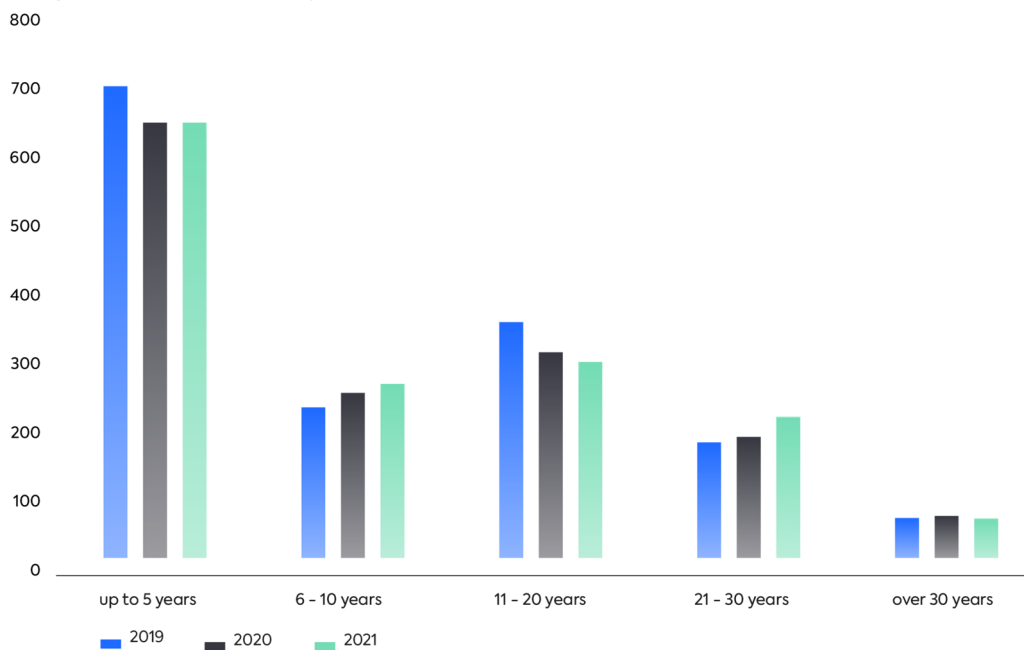
The employee structure of the technotrans Group by age has developed as follows:

#### Age structure of employees at December 31



technotrans offers its employees long-term prospects. We are delighted that growing numbers of employees stay with the Group long-term after joining technotrans.

#### Length of service of employees at December 31

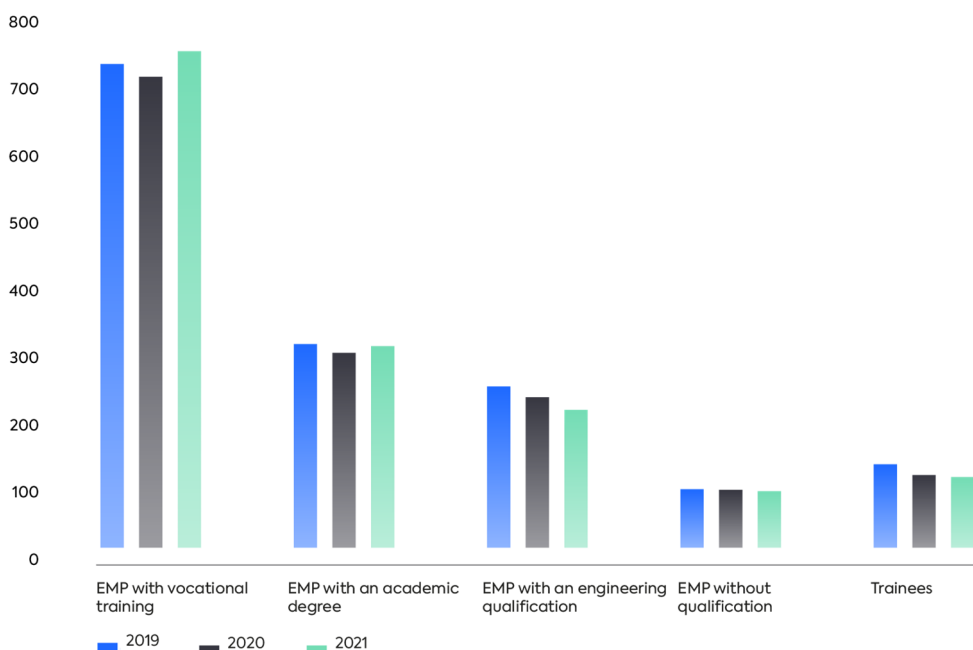


## Combined Non-Financial Statement

Demographic change in society and the increasing shortage of skilled workers are major challenges in this regard. We tackle potential negative consequences for the technotrans Group in the form of unfilled positions, for instance, by maintaining a correspondingly high proportion of apprentices.

We offer our employees and juniors excellent prospects. We give preference to the recruitment of specialists and management employees from our own ranks and from our Group companies' home regions.

### Employees by qualification at December 31



At December 31, 2021 the number of apprentices in the Group was 104 (previous year: 109). Of these, 43 were in apprenticeships at technotrans SE (previous year: 45). The proportion of apprentices at the German group companies was therefore around 7 %. The figure for technotrans SE is slightly higher at 9 %. In the 2021 financial year, the technotrans Group provided apprenticeships for 19 vocational qualifications and five dual courses of study. In offering these we proactively meet the diverse specialist requirements of our markets.

We prepare our apprentices optimally for their future tasks: our production companies have their own training workshops, with for example a specially equipped electrics training room for apprentices, and apprentices attend in-house instruction and training courses in various departments. Our instructors, too, receive regular advanced training.

In the 2021 financial year, 30 apprentices successfully completed their training at our domestic companies. We offered almost all apprentices a permanent position. 25 of them took up the offer. The retention rate is therefore around 83 %. The remainder opted to pursue a course of studies or continue with their school education. We offer these former apprentices the opportunity to work for us out of term. By maintaining contact with them, we aim to be in a good position to take them on again after they have completed their further studies.

Collaboration within the technotrans Group is growing in importance, not least through the Future Ready 2025 strategy. To encourage specialist and personal exchanges, our apprentices can take on assignments at more than one location.

To promote personnel development and responsively keep our employees' qualifications in line with the gradually shifting requirements, we held a large number of training courses and advancement measures in the 2021 financial year. Because of the pandemic, as in the previous year these mainly adopted a virtual format. We call on both internal experts from the departments and external trainers for these courses. Our aim is always to maintain up-to-date specialist knowledge spanning a wide range of topics right across the Group.

Employees discuss their qualification needs with their managers in annual performance reviews. Human Resources is brought in if more comprehensive, cost-intensive measures are called for. The aim of these meetings is to customise continuing training to the needs of each employee.

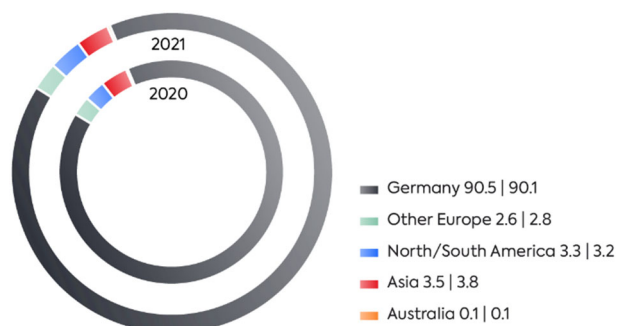
In addition, leadership circles involving Human Resources and each head of department are arranged each year. Their purpose is to identify what personnel development measures are required in each area.

Based on the budget, it is agreed what measures will be implemented in the current year in what order of priority. The measures taken are then assessed at the next evaluation.

technotrans SE has set up all personnel development activities in the form of a structured online training catalogue known internally as the technotrans Campus. It is being rolled out gradually across the Group. Personnel development is a component of the Future Ready 2025 strategy. One of the five ESG targets specifies an annual increase in personnel development spending of 5 % p.a. We easily exceeded the target in the 2021 financial year with an increase of around 18 % compared with the base-year figure.

The regional composition of our workforce has not changed significantly from the previous year. In light of our Future Ready 2025 strategy, the proportion of employees at our international locations is likely to rise in the medium term.

Composition of Group workforce by location, 2021/2020 (%)





## Combined Non-Financial Statement

The employee structure of technotrans SE is as follows:

### Employee structure of technotrans SE

	2021		2020		2019	
	Number	in %	Number	in %	Number	in %
<b>Employees at year end</b>	489		484		511	
<b>Employees by segment</b>						
Technology	380	77.71	379	78.31	402	78.67
Services	109	22.29	105	21.69	109	21.33
<b>Age structure</b>						
Employees up to 20 years	26	5.32	26	5.37	28	5.48
Employees 21 to 30 years	113	23.11	113	23.35	117	22.90
Employees 31 to 40 years	94	19.22	88	18.18	89	17.42
Employees 41 to 50 years	105	21.47	112	23.14	127	24.85
Employees over 50 years	151	30.88	145	29.96	150	29.35
<b>Period of employment</b>						
up to 5 years	196	40.08	191	39.46	211	41.29
6-10 years	72	14.72	68	14.05	50	9.78
11-20 years	100	20.45	116	23.97	161	31.51
21-30 years	105	21.47	94	19.42	78	15.26
over 30 years	16	3.27	15	3.10	11	2.15
<b>Employees by qualifications</b>						
Employees with vocational training	256	52.35	248	51.24	262	51.27
Employees with an academic degree	92	18.81	82	16.94	81	15.85
Employees with an engineering qualification	78	15.95	88	18.18	94	18.40
Employees without qualification	20	4.09	21	4.34	24	4.70
Trainees	43	8.79	45	9.30	50	9.78
<b>Diversity</b>						
Number of male employees	386	78.94	383	79.13	404	79.06
Numer of female / diverse employees	103	21.06	101	20.87	107	20.94

### Health management

Keeping our employees in good health and encouraging them to live healthily are a major priority for us. Our active health management is about ensuring employees remain able to perform effectively so that we can maintain a smooth production process.

In the second year of the pandemic, protecting our employees against infection remained our overriding concern. The preventive measures introduced across the Group in the previous year were maintained. These included working from home, which we have now introduced as a standard option for employees who have the facilities to work from home. This offer was gladly taken up: at its peak, 45 % of our employees were working from home during the financial year. This represents an increase of 10 percentage points on the previous year.

The occupational health service conducted regular health reviews as part of the check-ups required by law. technotrans also offered its employees free flu vaccinations, support with arranging coronavirus vaccinations, employer-financed supplementary dental insurance and leasing of bikes for employees. Employees also receive special deals at selected local gyms and can take part in company runs. These schemes mean technotrans both promotes health and encourages social interaction between employees.

### Remuneration and employee rights

Employees are paid for their work at market rates, with the amount comprising fixed and variable components. In recent years we have introduced a standardised remuneration system at the main location in Sassenberg and at other German locations. Under this system, employees are assigned to grades depending on their position; each grade corresponds to a specific, market-oriented remuneration band. Remuneration is also affected by the degree to which the targets agreed at the start of the year have been achieved.

Managers receive a (management) bonus that is agreed individually in their contracts and is determined half by the attainment of company targets, and half by their personal performance. At the domestic companies, annual percentage pay increases for all employees are negotiated between the Board of Management, the executive management (in the case of subsidiaries) and the respective Works Council. The past and expected business performance of the technotrans Group serves as the basis. There were moderate remuneration adjustments in the 2021 financial year based on location-specific agreements and factors.

We also offer our employees various fringe benefits. These reflect the prevailing local and statutory considerations and scope. The range of benefits therefore varies from one location to another.

technotrans products are shining examples of high quality and operator safety. We also aim to make the workplace as safe as possible for our own employees. It is consequently a matter of course that we observe all applicable statutory regulations regarding industrial, operational, occupational and fire safety as well as environmental protection. Our occupational safety specialists advise our management employees on hazard assessments at each location with the aim of guaranteeing that workplaces are at all times safe, healthy and state-of-the-art. Also, managers are responsible for ensuring that employees comply with the relevant provisions. Every employee receives instruction on the guidelines in the form of training that is repeated regularly.

Premises and manufacturing processes at our production locations are by their very nature diverse. In a reflection of that, we have implemented individual safety concepts. These ensure that the applicable statutory requirements are always met. The arrangements include quarterly meetings of the industrial safety committee with the occupational safety officer, the medical officer, a Works Council delegation, the safety officers and a representative of the company management.

To share insights, we for example hold scheduled and/or impromptu site inspections or meetings with first responders and with fire and safety officers. The aim here is to spot and address potential hazards early on. The overall low number of occupational accidents in the Group demonstrates just how effective these concepts are.

The members of the Group Works Council meet regularly to discuss employee matters at the domestic Group companies. Among other things they draw up cross-site, standard agreements for the Group.

## Combined Non-Financial Statement

The Works Council of technotrans SE currently comprises nine members from the (domestic) Group Works Council and three members from the European branches. This committee draws up employee-related agreements at European level.

A professional, non-discriminatory dialogue between the employee representatives and management is part and parcel of the corporate culture at technotrans. Openness and trust are hallmarks of cooperation. The declared aim is to strike an equitable balance of interests between employees and employer.

### Equal opportunities and diversity

At technotrans we attach high importance to the personal and specialist qualifications of our employees. It is inherent to the corporate culture of our Group that we do not tolerate discrimination of any kind against persons based in particular on age, nationality, skin colour, gender, religion, social background or disability. We adopt a zero-tolerance stance towards misconduct at the workplace on such matters. Human resources decisions such as appointments, promotions, remuneration, dismissals etc. are reached in accordance with these principles. For example, there is no gender-based differentiation in remuneration (zero gender pay gap). We value the differences and diverse qualities in our employees. Open, fair and respectful treatment of one another is a hallmark of our corporate culture. These principles are enshrined in our worldwide Code of Conduct and are practised in our daily dealings. For example, we give fellow humans who have been displaced from their home country the chance to get to know everyday working life in Germany.

Studies have shown that cultural diversity in teams can have a bigger positive impact on innovative capability than other criteria such as age or gender.

For technotrans as a company that is active in dynamic markets by virtue of its international locations, innovation and creativity are crucial to success. At our Sassenberg head office alone, we employ people of 13 different nationalities. Across the Group there are 36 nationalities. We see this diversity as an asset for the technotrans Group. With optimally diversified teams, we aim to specifically increase the company's innovativeness. Our approach is backed up by clear positive findings in the Group. The ability to consider matters from culturally diverse vantage points is a vital starting point for developing individual, flexible solutions for our customers.

One important priority for activities in the area of diversity is to achieve an appropriate proportion of female managers in the first and second management tiers. The proportion at the end of the year under review was 11.4 %.

The proportion of women in the workforce as a whole was 20.2 percent across the Group at December 31, 2021, representing no change from the previous year. In the Future Ready 2025 strategy we have specified that the minimum figure of 20 % is to be reached at Group level at every balance sheet date.

technotrans considers itself to be a family-friendly employer. We provide our employees with various options for balancing the demands of working and private life. These include flexible working hours models, such as flexitime and a variety of part-time models. We therefore make it easier for our employees to resume their career during and after a period of parental leave. Around 33 % of all women across the group take up the opportunity to work part-time.

technotrans has teamed up with a municipal day care centre to provide childcare at the Sassenberg location.

Only with satisfied, motivated employees will we be able to secure the long-term business success of the Group. Open, amicable and fair communication between management and workforce as well as between employees is firmly embedded in our corporate culture. Our entire human resources work is geared towards promoting this culture and further increasing the attractiveness of the technotrans Group as an employer. Our ultimate goal here is to ensure that the company always has a sufficient number of specialists.

If an employee hands in their notice, we hold an exit interview, for instance. This measure is designed to help us identify the reasons for employee turnover. The fluctuation rate for the Group was low in the 2021 financial year. At December 31, 2021 there were 1,433 (previous year: 1,409) employees in the technotrans Group. This represents a rise of 1.7 % compared with the previous year. The total for technotrans SE at the balance sheet date was 489 (previous year: 484) employees. The rise year on year was 1.0 %.

### c) Social matters

technotrans attaches considerable importance to data protection and data security. The spread of digitalisation and connectivity goes hand in hand with tougher statutory requirements. Compliance with data protection requirements is a cornerstone of interaction with our employees and business partners. It goes without saying that our IT systems are fully compliant in that respect. The General Data Protection Regulation (GDPR) is also implemented, for example. We collect, save and process personal data exclusively for its intended purpose and in keeping with the applicable laws.

As a medium-sized company with an international network, we also display a social conscience. Since 2011, we have been actively supporting the charity Friedensdorf International (Aktion Friedensdorf e.V.) This charity supports children from war-torn and crisis zones with medical and psychological help, education, projects and relief supplies. As such, it gives the children it helps new prospects and we believe it performs meaningful, constructive work that brings long-term benefit.

We also get involved in local projects and initiatives at our locations, such as by donating tt.air purifiers to local institutions or through the participation of our apprentices in Social Day 2021. Such ventures emphasise our strong ties with the regions in which we want to conduct business operations over the long term. The priorities of our social engagement vary from location to location, and comprise both strategic partnerships and individual employee projects. Our social commitment activities are handled regionally in consultation with Group HQ.

technotrans makes a consistent effort to attract new employees from the regions in which we have a local presence. In cooperation with federations and regional schools and colleges, we organise regular events to promote juniors in technical disciplines or give them guidance in their career choices. We promote interest in MINT subjects (mathematics, information technology, natural sciences and technology) through a large number of initiatives and projects. We have developed some of them, such as the Girls' Day, into regular events at the Group. In addition, we offer approved student internships to young people as an opportunity to get to know the world of work. We regularly arrange these vocational orientation residencies in the school holidays. The same approach is taken to vocational fact-finding days, where school students can get to know the broad spectrum of vocational qualifications available within the technotrans Group. The continuing restrictions due to the coronavirus

## Combined Non-Financial Statement

meant we were unable to hold activities on the same scale as in previous years in 2021. We would like to resume the previous frequency as soon as circumstances permit.

### d) Respect for human rights

Equal opportunities, equal rights, fairness as well as mutual acceptance and tolerance are the hallmarks of the technotrans Group's corporate culture. We appreciate diversity and differences both within our organisation and among our business partners. technotrans pursues the goal of seeing all employees operate in conformity with internationally recognised human rights as well as with the principal labour and social standards.

In pursuit of that goal, we uphold the protection of human rights, advocate compliance with labour standards and emphatically reject child and forced labour. With our membership of the UN Global Compact (UNGC) and the enshrining of the UNGC principles in the technotrans Code of Conduct, these rules acquire binding character for all technotrans employees worldwide. The local management of each entity is responsible for implementing national standards. Compliance is checked regularly. All Group-wide principles with regard to labour standards and human rights were upheld in the 2021 financial year.

Nor do we tolerate human rights abuses by our service providers and suppliers. New suppliers of technotrans SE are put through a standardised clearance process and are only entered in our system as a supplier if they achieve a positive rating. Important assessment criteria include acceptance and observance of the compliance code for technotrans suppliers, compliance with the applicable working conditions and social standards (exclusion of child and forced labour, discrimination) and compliance with environmental protection requirements. The subsidiaries have implemented comparable clearance processes. There are correspondingly uniform criteria underpinning all purchasing processes throughout the Group.

However the high number of suppliers and sub-suppliers means we have only limited scope to supervise or scrutinise the early stage of the supply chain and the process steps associated with it. Because no contractual relationship exists between technotrans and suppliers further upstream, we only indirectly have any legal basis for intervening. We therefore require our direct suppliers to make their upstream suppliers aware of our requirements and oblige them to comply with our compliance code. Our goal remains to create transparency and conformity along the entire supply chain.

Compliance with adequate environmental standards and implementation of occupational safety measures at our suppliers are regularly determined and documented in the form of on-site supplier audits.

### e) Combating of corruption and bribery

Relationships with all business partners are based on quality, reliability, competitive prices and observance of ecological and social standards. Compliance with these standards by all employees is the basis of technotrans' excellent reputation in procurement and sales markets. It is pivotal to our ability to consistently acquire new customers.

To protect the technotrans Group against potential losses, we maintain transparency and implement internal control mechanisms. Compliance with our anti-corruption guideline – valid company-wide and forming part of the standard technotrans compliance management system – plays a special role

in this. Every employee is obliged to notify their manager directly of any form of actual or attempted bribery. In cases of doubt, the Legal & Compliance department or the Group Board of Management should be contacted.

Unusual contractual provisions and special blanket agreements must fundamentally be cleared by the Legal & Compliance department and documented. Internal training courses are held to provide instruction on how to recognise and meet these and other compliance requirements, which are tested on a random basis. This is our way of preventively tackling the issue of corruption. In addition, a Group-wide signatory policy that foresees exclusively joint authorisation prevents illegal dealings.

No cases of corruption came to our attention in the 2021 financial year. Compliance with the anti-corruption principles based on the statutory requirements is monitored worldwide throughout the Group.

The Group has a firmly embedded whistleblower system that is fully in line with the current statutory EU regulations.

Immediately after joining, on their first day at work, all new employees across the Group are familiarised in-depth with the regulations that need to be observed. This upholds integrity and compliance with the law throughout the Group at all times and without restriction.

### Overview of ESG KPIs

We have already made progress towards the five targets defined under the Future Ready 2025 corporate strategy: of the target to meet 100 % of electricity requirements with renewable energy, we have now reached a rate of 41 %. Our fuel consumption in 2021 was down 8 % on the base year, thus meeting our target of 5 % per year. At two of our seven relevant locations – Baden-Baden and Sasenberg – we have already switched packaging and padding materials to single-grade-recyclable materials in over 90 % of instances. We kept the proportion of our female and diverse employees steady at 20.2 %, above our target level of 20 %. We easily exceeded our target of increasing personnel development spending by 5 % annually with an increase of 18 % on the base year, already taking us close to our target for 2025. For the targets for reducing fuel requirements as well as for personnel development, 2019 was taken as the base year to exclude pandemic-related effects on the target figure.

## Combined non-financial statement

### Overview of selected sustainability key figures:

	Indicator	EFFAS Indicator	Unit	2020	2021	Change from prior year
Environment	<b>Consumption of resources*</b>					
	Total energy consumption	E01-01	MWh	14,662	15,243	4 %
	Gas consumption		MWh	6,129	6,581	7 %
	Fuel consumption		MWh	3,732	3,827	3 %
	Power consumption		MWh	4,801	4,835	1 %
	GoO "EU-Wind power"		MWh	0	1900	
	PV-power, self-consumption		MWh	0	41	
	PV-power, excess power feed		MWh	0	41	
	CO <sub>2e</sub> -emissions scope 1 und 2 (location-based)	E02-01	t CO <sub>2e</sub>	3,945	4,320	9 %
	CO <sub>2e</sub> -emission factors, grid-average GER		kg/MWh	366	424	16 %
	CO <sub>2e</sub> -emissions scope 1 und 2 (market-based)		t CO <sub>2e</sub>	3,413	2,468	-28 %
	average greenhouse gas potential of refrigerants**		GWP	929	933	0 %
	Waste, total weight	E04-01	t	802	893	11 %
	Water consumption		m <sup>3</sup>	12,195	8,884	-27 %
operational life of products		years	> 15	> 15		
<b>Recycling</b>						
Recyclability of products		%	> 95	> 95		
Human	<b>Employee structure</b>					
	Age structure	S03-01				
	up to 20 years		FTE	2	3	50 %
	21-30 years		FTE	238	223	-6 %
	31-40 years		FTE	340	346	2 %
	41-50 years		FTE	314	294	-6 %
	from 51 years		FTE	369	380	3 %
	Female / diverse employees in the Group					
	Share of workforce (FTE)	S10-01	%	18,4	18,5	
	Female managers in the Group (first and second management level)		%	12,4	11,4	
	Trainees in the Group		number	109	104	
	Fluctuation		%	5	7,6	
	<b>Employee health</b>					
	Sickness rate as a percentage of total working hours		%	5,8	5,9	
<b>Employee qualification</b>						
Employees in the Group who have received the technotrans Code of Conduct		%	100	100		
Qualification, education and training***	S02-02	€/FTE	250	332	33 %	
Process	<b>Supply chain</b>					
	Percentage of suppliers assessed for compliance with ESG criteria	S06-01	%	100	100	
	Percentage of suppliers audited for compliance with ESG criteria	S06-02	%	100	100	
Social	Payments to political parties	G01-01	%	0	0	
	Penalties for anti-competitive practices	V01-01	€	0	0	

\* Production facilities Germany (Sassenberg, Meinerzhagen, Baden-Baden, Bad Doberan, Holzwickede), Taicang and Mt. Prospect

\*\* Production facilities Germany (Sassenberg, Meinerzhagen, Baden-Baden, Bad Doberan, Holzwickede)

\*\*\* Adjusted value for 2020







Currently **41%**  
renewable power | target: 100%  
“green power”

Fuel consumption\*  
**-8%**  
compared to base year | target:  
-5% p.a. on average

Diversity **20.2%**  
constant share | target: at least 20%

Personnel development\*  
**18%**  
growth, target value  
exceeded | target: increase  
of 5% p.a.

Recyclable  
packaging material **2 of 7**  
locations adapted | target: 100%

\*Base year 2019



# Corporate Governance Declaration pursuant to Sections 289f, 315d German Commercial Code (HGB)

The Corporate Governance Declaration in accordance with Section 289f HGB and Section 315d HGB contains the Declaration of Compliance with the German Corporate Governance Code (the “Code”), relevant disclosures on corporate governance practices, information on the management and control of the company, the description of the modus operandi of the Board of Management and Supervisory Board as well as of their composition and the modus operandi of Supervisory Board committees, the specified targets according to Section 76 (4) and Section 111 (5) German Stock Corporation Act (AktG) and the disclosures on attainment of the targets as well as a description of the diversity concept pursuant to Section 289f (1) No. 6 HGB.

The Corporate Governance Declaration in accordance with Section 289f HGB and Section 315d HGB is as well posted on the company’s website at: <https://www.technotrans.com/company/corporate-governance/corporate-governance-declaration>.

## Fundamentals of corporate governance

### General disclosures on the company and the governing bodies

technotrans is a technology and services group with worldwide operations, with its head office in Sassenberg. The company’s core skill focuses on application-specific solutions in the area of thermal management. This comprises energy optimisation and management of the temperatures encountered in sophisticated technological applications. With 17 locations, the company has a presence in all major markets worldwide.

The Group parent is technotrans SE, with registered office in Sassenberg (Westphalia). This latter is entered on the Commercial Register of the Local Court of Münster under HRB 17351. The purpose of the company is the development, manufacture, construction, sale, installation, repair and servicing of technical plant, systems and components, the trading in these, and the provision of maintenance and other services, including technical documentation and translations.

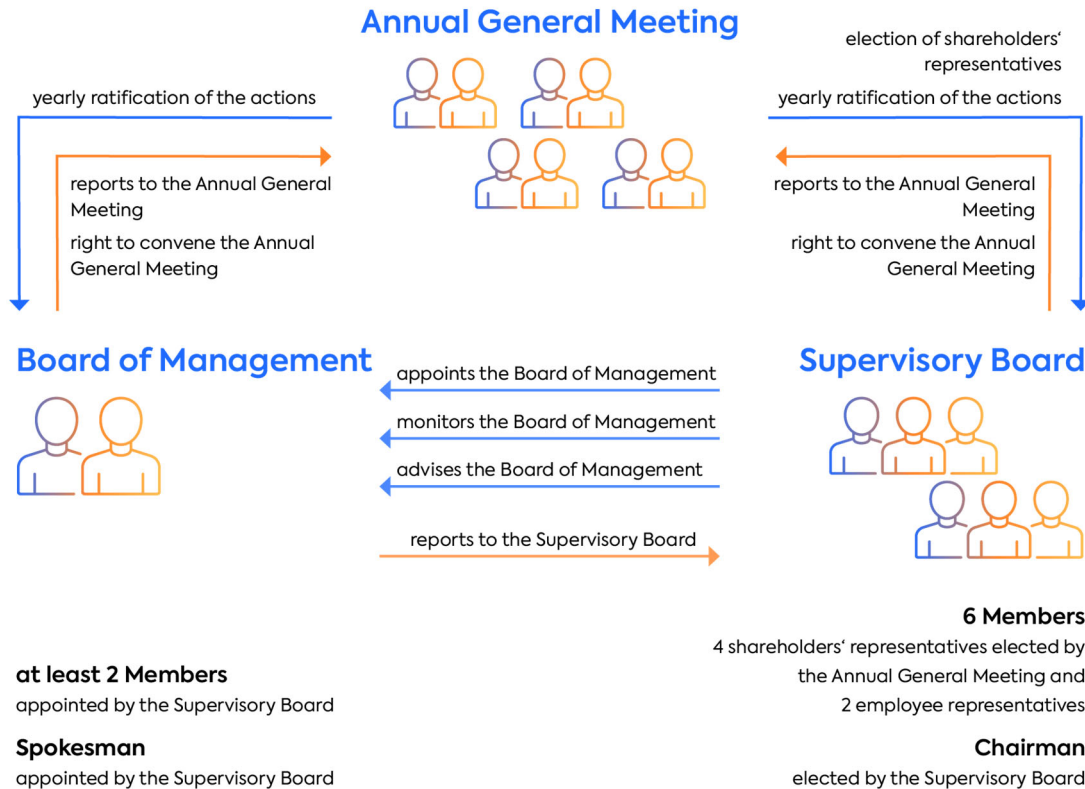
Picking up on the theme of thermal management, the Group has defined the four focus markets Plastics, Energy Management (including electric mobility, high power charging stations and data centres), Healthcare & Analytics and Print, based on the Future Ready 2025 strategy unveiled in December 2020. Also under this theme, the technology company also develops highly specific solutions for Laser & Machine Tools applications. The Group also offers an extensive portfolio of services including commissioning, installation, maintenance, repair and the 24/7 provision of parts.

The Group companies fundamentally operate in their respective markets under the single umbrella brand technotrans. As announced in the Future Ready 2025 strategy, technotrans also uses mergers between individual companies and changes of name so that this constellation becomes reflected in the future in the company names of all subsidiaries. gds continues to operate under its own brand as a full-service provider for all aspects of technical documentation. All companies use the technotrans signet as the standard logo.

technotrans SE has a dual management structure comprising Board of Management and Supervisory Board.

The Board of Management is responsible for the operational management of the company. The Supervisory Board performs its supervisory role as a clearly separate entity. Both boards work together on a basis of trust in the interests of technotrans SE and the technotrans Group. The Articles of Association can be accessed at the following website: [https://www.technotrans.com/fileadmin/user\\_upload/Unternehmen/technotrans\\_Satzung\\_May\\_2020\\_EN.pdf](https://www.technotrans.com/fileadmin/user_upload/Unternehmen/technotrans_Satzung_May_2020_EN.pdf)

## The governing bodies of technotrans SE



## Corporate and Group structure

technotrans SE is an operationally active Group parent. It directly and indirectly holds interests in 17 subsidiaries that are included in the Consolidated Financial Statements. It is listed on the stock exchange and its reporting reflects the transparency requirements of the Prime Standard.

## Declaration of Compliance Pursuant to Section 161 of the German Stock Corporation Act (AktG)

Corporate governance means a responsible form of management and control of companies in a manner that strives for long-term value creation. This includes purposeful, effective collaboration between the Board of Management and Supervisory Board, regard for the interests of shareholders and employees, openness and transparency in corporate communications, and the suitable handling of risks.

The Board of Management and Supervisory Board consider themselves obliged to protect the company as a going concern and create value sustainably. Our corporate bodies believe sound corporate

## Corporate Governance Declaration

governance is an essential component of sustained corporate success. Responsible, value-led corporate management and transparent corporate information are important elements in every area of the company. Corporate governance at technotrans SE takes the German Corporate Governance Code (the “Code”) as its benchmark, in each case as amended.

Following the Declaration of Compliance dated September 30, 2020 the Board of Management and Supervisory Board issued Declarations of Compliance with the Code in the 2021 financial year, on June 2 and December 14. The Board of Management and Supervisory Board considered this appropriate following the complete revision of the Code as amended on December 16, 2019. In addition, departures from the Code over time have therefore become significantly fewer thanks to adjustments to corporate processes, other measures implemented and changes in the composition of the Supervisory Board.

An adjustment to the reporting period is a further reason for the publication of two Declarations of Compliance in calendar year 2021. For future corporate governance reporting, the Board of Management and Supervisory Board consider that it is expedient to approve the joint Declaration of Compliance immediately before the end of the financial year and therefore at the time of preparation of the financial and non-financial reports, such as the Corporate Governance Declaration. It therefore appeared expedient and appropriate in terms of substance and system to publish an updated Declaration of Compliance in December 2021.

In specific, the departures declared on June 2, 2021 still in retrospect for the period from September 30, 2020 and June 1, 2021 on the following articles of the Code no longer require declaration for the period from June 2, 2021, to which the Declaration of Compliance dated December 14, 2021 refers:

- \_ A.2 (Whistleblower system)
- \_ B.2 (Succession planning)
- \_ B.5 (Age limit)
- \_ C.1 (Objective for the composition of the Supervisory Board)
- \_ C.7, C.10 (Independence of Supervisory Board members)
- \_ D.1 (Rules of Procedure for the Supervisory Board)
- \_ G.1 – G. 15 (Board of Management remuneration)

On December 14, 2021 the Board of Management and Supervisory Board therefore issued the following Declaration of Compliance pursuant to Section 161 AktG on the basis of the Code as amended on December 16, 2019:

“Since June 2, 2021 (publication of the previous Declaration of Compliance) and going forward, technotrans SE has complied and will comply with the recommendations of the Code as amended on December 16, 2019 (announced in the Federal Gazette on March 20, 2020) with the exception of the following departures:

### **Article B.1 (Composition of the Board of Management)**

The Code recommends in Article B.1 of its current version that the Supervisory Board also heed diversity in the composition of the Board of Management, with the company particularly taking the recommendation to mean that women are to be adequately represented. The Supervisory Board still considers that a particular gender is not an attribute that would specially qualify a female or male candidate for a particular position as a primary consideration. When deciding on the appointment of new members of the Board of Management, the emphasis will therefore be placed on the personal and professional qualifications of the candidates and not as a secondary consideration on the Board's diversity. Especially considering the current size of the Board of Management with two members, the Supervisory Board's options and decisions when appointing new Board of Management members would otherwise be severely limited. The Supervisory Board also takes this as its basis in specifying the targets for the proportion of women on the Board of Management in accordance with Section 111 (5) AktG in conjunction with Article 9 (1) letter c) (ii) of the SE Regulation. A departure from Article B.1 of the Code is therefore declared.

### **Article D.12 (support upon appointment, training and professional development measures for Supervisory Board members)**

Pursuant to Article D.12 of the Code members of the Supervisory Board are to be supported upon their appointment and through training and professional development measures, which are to be reported on to the Supervisory Board. Even if such support from the company has previously been customary, in the absence of a recommendation to this effect it was not covered by the Report of the Supervisory Board. From the next Report of the Supervisory Board onward, to be published before the 2022 Annual General Meeting, such matters will also be included in the Report of the Supervisory Board of the company in line with the Code recommendation; the departure in question from Article D.12 will therefore cease to apply going forward.

The Declaration of Compliance was published directly on the website and is available to shareholders at the following address:

<https://www.technotrans.com/company/corporate-governance/declaration-of-compliance>

Declarations of Compliance for past reporting periods of technotrans SE can be accessed at

<https://www.technotrans.com/company/corporate-governance/declaration-of-compliance/archive>.

## **Remuneration of governing bodies**

The current remuneration systems of the Board of Management and Supervisory Board comply with the recommendations of the Code. They were presented to the 2021 Annual General Meeting and approved by it on May 7, 2021.

## Corporate Governance Declaration

The Remuneration Report in each case for the previous financial year within the meaning of Section 162 AktG, the Independent Auditors' Report pursuant to Section 162 AktG, the current remuneration system of the Board of Management pursuant to Section 87a (1) and (2) subsection (1) AktG and the most recent resolution on remuneration pursuant to Section 113 (3) AktG can be accessed on our website at the following address:

<https://www.technotrans.com/company/corporate-governance/remuneration-board-of-management-supervisory-board>

Going forward, Remuneration Reports for past financial years will also be made accessible at the above address pursuant to Section 182 (4) AktG.

## Board of Management

### Composition of the Board of Management and diversity

In accordance with the Articles of Association of the company, the Board of Management of technotrans SE comprises at least two members, one of who may be appointed Chief Executive Officer. The Board of Management currently comprises the two members Michael Finger (CEO and interim CFO) and Peter Hirsch (CTO and COO).

Further information on the members of the Board of Management is available on the technotrans website at <https://www.technotrans.com/company/board-of-management>.

Michael Finger is appointed to the Board of Management of technotrans SE until December 31, 2023, and Peter Hirsch until December 31, 2022.

Michael Finger, DOB 1970, Engineering graduate in Mechanical Engineering, is responsible for the Markets division with the functional areas Sales, Service, Marketing and Quality Management, and also on an interim basis for the Finance division with the areas Accounts, Controlling and Investor Relations. Having held various senior positions at major international companies in the automotive supply industry, he has comprehensive expertise particularly in the domain of strategic corporate governance and sales.

Peter Hirsch, DOB 1972, Engineering graduate in Mechanical Engineering, is responsible for the Technology & Operations division with the functional areas Development, Mobility, Technology, Operations, Purchasing and Logistics and also on an interim basis for the HR, IT and Legal & Compliance areas. Based on his scientific work and various senior positions at mid-corporate refrigeration technology businesses, he has comprehensive expertise particularly in the areas of operational business management and lean management.

The Supervisory Board considers that the present composition of the Board of Management satisfies the diversity concept currently in place.

The proportion of women on the Board of Management is currently zero. Regarding the diversity concept resolved by the Supervisory Board, the key points of which are listed below, there is the possibility that the proportion of women will increase as a result of future changes to the Board of Management.

As part of its long-term succession planning, based on the recommendations of the DCGK and in keeping with the statutory regulations the Supervisory Board has adopted job profiles for members of the Board of Management that are designed to provide appropriate diversity within this management body. When appointing to Board of Management positions, the Supervisory Board takes account of the following aspects in particular:

- Knowledge in need of supplementing: when a new appointment needs to be made, it is necessary first to check what desirable professional knowledge is missing from the Board of Management or needs to be improved. Candidates who possess this professional knowledge are to be identified.
- Diversity: for diversity in the composition of the Board of Management, the Supervisory Board seeks a variety of professional and international experience as well as a suitable proportion of women. However the diversity concept is not the overriding criterion applied in the selection of Board of Management members; rather, the personal and professional qualifications of the individual candidates are the primary considerations. To that extent the diversity concept serves as a supplementary guideline in the selection of suitable Board of Management candidates.
- International character: at least one member of the Board of Management should have particular international experience.
- Balanced age structure: breadth of life experience in line with age should be considered when selecting candidates.
- Professional experience and expertise: the members of the Board of Management are to bring a range of professional experience and expertise. This should comprise both professional training and specialist experience at various companies and in various positions over their career.
- Age limit: when addressing succession planning the specified age limit for members of the Board of Management needs to be considered. A candidate may be appointed up until to their 65th birthday.

At regular intervals the Supervisory Board examines to what extent the Board of Management members meet the above criteria, whether the composition of the Board of Management as a whole is suitable and whether the targets in the job profile are still appropriate.

Ultimately the Supervisory Board decides which candidate to choose for the Board of Management position based on the interests of the company and after due consideration of the particular case.

### **Modus operandi of the Board of Management**

The Rules of Procedure for the Board of Management lay down the specific tasks of the Chief Executive Officer, which matters are to be addressed by the Board of Management as a whole, what decision-making process is followed and what majority is required for individual decisions. The portfolios



## Corporate Governance Declaration

of the individual Board of Management members are specified in the schedule of responsibilities. The Board of Management normally holds an in-person meeting each week. The Board of Management may also vote on matters away from in-person meetings or by circulation procedure.

The Board of Management and Supervisory Board of technotrans SE work together to the benefit of the company. The Board of Management gives regular, comprehensive reports to the Supervisory Board on the current business performance, the corporate strategy as well as possible risks. Furthermore, the Board of Management regularly informs the Supervisory Board Chair of current developments.

The principles that apply within the company are also implemented on the basis of existing programmes and management systems. The most senior management body of the technotrans Group is the Executive Board. On behalf of the whole Group and across all locations, it advises the Board of Management and drafts proposals on the ongoing development of the strategy, structure and culture of the technotrans Group. It comprises the Managing Directors of the German Group companies technotrans solutions GmbH, technotrans systems GmbH, KLH Kältetechnik GmbH and gds GmbH as well as the international Head of HR and the international Head of Services. The committee meets at least six times a year. Other management bodies are the Global Management Board, which meets once or twice per year, as well as other specialist management bodies which conduct specialist dialogues on an ad hoc basis.

### Corporate governance practices

Information on the activities and decisions of the Board of Management appears regularly in the form of annual reports, interim reports and quarterly communications. The publication dates of this information can be found in the Financial Calendar on the technotrans website, at the following address: <https://www.technotrans.com/en/investor-relations/financial-calendar>

technotrans also reports on events within the Group that are relevant for the capital market, for example in the form of press releases or ad hoc information. In addition, employees receive information in employee meetings and through the intranet.

Sustainably economic, ecological and socially responsible activity in keeping with applicable law is an indispensable element of entrepreneurial culture for technotrans and an integral part of its corporate strategy. This also includes our involvement as a member of the UN Global Compact. The company regularly updates stakeholders on the current status and relevance of sustainability. A report is published each year in the form of a Combined Non-Financial Statement (CSR report) in accordance with the regulations of Sections 289b–e HGB on the Non-Financial Statement, and of Sections 315b–c HGB on the Non-Financial Group Statement. Pursuant to Section 315b (1) sentence 2 HGB this report applies both to technotrans SE and to the technotrans Group, and is published annually as part of the Combined Management Report. This information can also be accessed at the following address: <https://www.technotrans.com/sustainability/overview>

Employees are also actively encouraged to embrace sustainability in their day-to-day actions. technotrans is a member of the UN Global Compact. technotrans has therefore incorporated the principles of the UN Global Compact into the technotrans Code of Conduct, which is binding for all employees worldwide. This document constitutes the corporate compliance guideline at Group level. It defines standards on how all employees should deal with each other and on how to behave towards stakeholders such as customers, suppliers, government agencies and business partners. It also contains important regulations on compliance with employment standards, data protection, IT security, anti-corruption, competition law, money laundering legislation and environmental protection. As such, it constitutes an important tool for governance and for implementing the sustainability strategy. The current version of the technotrans Code of Conduct can in each case be accessed on the technotrans website at the following address:

<https://www.technotrans.com/company/corporate-governance/compliance>

To ensure compliance with statutory requirements and voluntarily adopted principles, the technotrans Group uses an effective compliance management system to DIN ISO 19600. The Board of Management bears overall responsibility for it. The managing directors/general managers of the national and international Group companies have likewise committed to uphold it. They are supported in their efforts by local compliance officers. This permanently guarantees uniform management and control of Group regulations, compliance with statutory requirements and voluntary commitments at all locations.

A further major component of the sustainability strategy is the Group-wide risk management system based on DIN ISO 31000. This helps employees and managers to identify and respond to potential opportunities and risks early on. It involves regular, prompt reporting to the Board of Management, among other things.

### **Board of Management remuneration and securities transactions**

On February 2, 2021, with the approval of the Annual General Meeting on May 7, 2021, the Supervisory Board resolved a new remuneration system for the Board of Management members that meets the requirements of ARUG II and takes account of the recommendations in the amended German Corporate Governance Code 2019 version. The remuneration system comprises a fixed basic salary, short term incentives (STI), long term incentives (LTI) and variable remuneration components, the latter linked directly to the share price.

Further details of the features of the remuneration system and the actual level of total remuneration are provided in the Remuneration Report, which forms part of the latest Annual Report.

According to Article 19 of the EU Market Abuse Regulation, the members of the Board of Management must make a public declaration if they buy or sell technotrans shares exceeding the threshold value of € 20,000.

In the 2021 financial year Michael Finger acquired a total of 1,000 technotrans shares for a total price of € 25,700.00. Peter Hirsch purchased 838 technotrans shares for a total price of € 21,595.26, and Dirk Engel (Board of Management member until July 31, 2021) bought 2,600 technotrans shares for a total price of € 65,754.00.

## Corporate Governance Declaration

The securities portfolios of the Board of Management members are stated in the Annual Report.

There were no advance payments and/or loans to members of governing bodies in the 2021 financial year. Nor did the company enter into any contingent liabilities on their behalf.

### Mandates held by Board of Management members at other companies

Mandates held by Board of Management members for governing bodies of other companies are listed on the technotrans website at the following address:

<https://www.technotrans.com/company/board-of-management>.

No such mandates are currently held by the Board of Management members.

## Supervisory Board

### Composition and diversity of the Supervisory Board

The Supervisory Board of technotrans SE comprises six members. In accordance with the Articles of Association and the agreement between the company and the shareholders following the completion of the modifying conversion in 2018, there are four representatives of the shareholders and two employee representatives.

Detailed information on the members of the Board of Management is available on the technotrans website. This includes particulars of their professional background, the year and period of appointment, other mandates outside technotrans SE, membership of committees and information on professional knowledge.

The website address is: <https://www.technotrans.com/company/supervisory-board>.

With regard to the diversity criterion, which the company also takes to include the appropriate representation of women, the Supervisory Board has not primarily considered gender and has focused on the knowledge and professional qualifications of the candidates in question, regardless of their gender. Furthermore, the Supervisory Board declined to stipulate a limit on how long a person may serve on the Supervisory Board. Here, too, the interests of the company are best served by basing membership of the Supervisory Board solely on the knowledge and professional qualifications of its members.

The composition of the Supervisory Board meets the recommendations of the Code as amended on December 16, 2019.

The Supervisory Board has adopted its own skills and job profile to ensure that the process for selecting new board members follows objective suitability criteria. The line-up of the board should always be such that it can perform its supervisory and advisory functions in the competent and due manner intended under the German Stock Corporation Act (AktG) and the Code. For each aspect of the

## Combined Management Report

Supervisory Board's activities there should be at least one competent person on the board, so that the necessary range of skills and experience is fully covered by the Supervisory Board members as a whole. That aside, certain indispensable general skills and experience are expected of each Supervisory Board member.

The Supervisory Board updated the skills and job profile for its members at its meeting on February 2, 2021. It covers the following criteria:

- Supervisory Board members should meet the following standards over and above general requirements regarding education, reliability, professional experience and specialist suitability, or acquire these skills where they go beyond the minimum standard required under the German Stock Corporation Act:
  - An understanding of the business activities of the technotrans Group, including its market and competitive environment, the key markets, the customer structure and the strategic direction
  - The ability to make a qualified assessment of reports to the Supervisory Board and draw their own conclusions
  - The ability to evaluate the correctness, cost effectiveness, appropriateness and legality of the decision papers to be examined
- With regard to special skills of individual Supervisory Board members that need to be exhibited by the board as a whole, the following subject areas in particular are highly relevant:
  - Appropriate expertise and personal experience in the technology sector, knowledge of its political importance and of how the various stakeholder interests in the sector interact
  - Leadership experience
  - International experience
  - Appropriate expertise in matters of capital market law
  - Expertise in the fields of accounting or auditing held by at least one independent member of the Supervisory Board
  - Particular knowledge of and experience in the application of accounting standards and internal control procedures held by the Chair of the Audit Committee. They must equally be independent and should not be a former Board of Management member of the company whose term of office ended less than two years ago.

In addition to the skills and job profile, the Rules of Procedure of the Supervisory Board, which can be accessed at <https://www.technotrans.com/company/corporate-governance>, contain provisions on the composition of the board. These state that only persons who are not above the age of 70 at the time of the election may be proposed for election or re-election as a member of the Supervisory Board.

In its current composition the Supervisory Board of technotrans SE meets all of the above requirements.

## Corporate Governance Declaration

Its members as a whole possess all the key skills, abilities and experience that are required for them to perform their duties properly.

New Supervisory Board members receive a comprehensive information package comprising the Articles of Association, the Rules of Procedure for the Supervisory Board, Audit Committee and Board of Management, as well as information on capital market regulations for Supervisory Board members and information on liability insurance (D&O policy).

### Modus operandi of the Supervisory Board

The Supervisory Board appoints the Board of Management, approves the Board of Management's schedule of responsibilities, oversees it on the running of the company and advises it. The board also holds responsibility for dismissing Board of Management members. In addition it determines the structure and amount of Board of Management remuneration, with the remuneration system being presented to the Annual General Meeting for approval. The Board of Management involves the Supervisory Board in all key entrepreneurial decisions.

The Articles of Association of technotrans SE as well as the Rules of Procedure of the Board of Management define the range of measures and transactions that the Board of Management may only conduct with the consent of the Supervisory Board. The Articles of Association can be accessed on the technotrans website at the following address: <https://www.technotrans.com/company/corporate-governance>.

The principles of cooperation for the whole Supervisory Board of technotrans SE and its committees are set forth in the Rules of Procedure of the Supervisory Board. These can likewise be accessed at: <https://www.technotrans.com/company/corporate-governance>.

As a fundamental rule the members of the Supervisory Board are individually responsible for obtaining the training and professional development required for their duties and are supported in this by the company, possibly with independent consultancy firms brought in to advise on specific matters. Board of Management members and specialist managers moreover provide extensive assistance throughout the induction phase of new Supervisory Board members by providing detailed information about the company and governance structure in personal discussions and being available to answer any questions. Detailed training on capital market law is also provided.

Once a year, the Supervisory Board examines the effectiveness of its activities in the form of a structured questionnaire. The topics of the self-evaluation include in particular whether the Board of Management has supplied the Supervisory Board with prompt, substantively adequate information, the processes within the Supervisory Board and the flow of information between the committees and the Supervisory Board. The self-evaluation was last carried out in December 2021.

For detailed information on the work of the Supervisory Board and its committees, please refer in each case to the Report of the Supervisory Board published in the Annual Report in question. This report can be found at: <https://www.technotrans.com/investor-relations/financial-reports>.

### Activities of the Supervisory Board in the year under review

The Supervisory Board of technotrans SE performed the duties incumbent upon it under the law and in accordance with the Articles of Association and the Rules of Procedure in full and with great care in the 2021 financial year. It regularly advised the Board of Management on the running of the company and continuously oversaw its activities. It was involved directly and at an early stage in all decisions of fundamental significance.

The Board of Management at all times fulfilled its duties to report and inform under the statutory requirements and the Articles of Association and informed the Supervisory Board regularly, promptly and comprehensively of the current status of transactions, the business performance and the economic position, the prevailing risks, risk management as well as relevant questions of compliance, strategy and planning. Significant business transactions were discussed in the committees and the plenary meetings on the basis of reports. Deviations in the business performance from the plans and targets were explained individually and discussed at length by the Supervisory Board. The previous and new Supervisory Board Chairs moreover maintained regular contact with the Board of Management.

For further information on the meetings, please refer in each case to the Report of the Supervisory Board published in the Annual Report. As previously indicated, this report can be found at: <https://www.technotrans.com/investor-relations/financial-reports>.

There was no evidence of conflicts of interest among Supervisory Board and Board of Management members which must be disclosed without delay to the Supervisory Board and of which the Annual General Meeting is to be notified.

### Committees and their modus operandi

To enable it to fulfil its duties more efficiently, the Supervisory Board has formed three committees: the Audit Committee, the Committee for Personnel and Organisation Development, and the Committee for Strategy and Innovation.

#### Members of the committees

##### **Audit Committee**

Andrea Bauer (Chair), Peter Baumgartner, Dr Norbert Bröcker

##### **Committee for Personnel and Organisation Development**

Peter Baumgartner (Chair), Andrea Bauer, Dr Norbert Bröcker, Thorbjørn Ringkamp

##### **Committee for Strategy and Innovation**

Dr Gottfried H Dutiné (Chair), Peter Baumgartner, Andre Peckruhn

For detailed disclosures on the tasks of the committees, please refer to Sections 7 ff. of the Rules of Procedure of the Supervisory Board which can be accessed at the following address:

## Corporate Governance Declaration

<https://www.technotrans.com/company/corporate-governance>.

The chairs of the committees regularly brief the full Supervisory Board on their work.

For further details of the work of the committees in the past financial year, please also refer to the latest Report of the Supervisory Board in the published Annual Report. That report also includes a summary of members' attendance at the board's meetings and committees.

The Chair of the Supervisory Board and the committee chairs also maintained an intensive dialogue with the Board of Management outside the regular board meetings.

### Supervisory Board remuneration and securities transactions

The remuneration of the Supervisory Board is based on the relevant resolutions passed by the Annual General Meeting and is laid down in Article 17 of the Articles of Association of technotrans SE. These can be accessed at the following address: <https://www.technotrans.com/company/corporate-governance>.

Detailed disclosures on the remuneration of the Supervisory Board and the amounts paid to its individual members are in each case contained in the Remuneration Report in the current Annual Report. This report can be found at <https://www.technotrans.com/investor-relations/financial-reports>.

Furthermore, in accordance with Article 19 of the EU Market Abuse Regulation the members of the Supervisory Board are obliged to make a public declaration if they acquire or dispose of shares in technotrans exceeding the threshold value of € 20,000. No transactions were reported by Supervisory Board members in 2021.

### Mandates held by Supervisory Board members at other companies

Mandates held by Supervisory Board members for governing bodies of other companies are listed on the technotrans website at the following address: <https://www.technotrans.com/company/supervisory-board>.

## Management structure

In the interests of efficient entrepreneurial decision-making, technotrans SE has a very lean management structure at all locations, with a maximum of three management tiers (Head of Department, Team Leader, Group Leader). This setup assures short decision-making paths at all times, which is a prerequisite of agile, market-led corporate governance. Alongside specialist expertise, when filling management functions in the company the Board of Management attaches special importance to the criterion of diversity and in particular seeks to give appropriate consideration to women. The Board of Management is therefore receptive to involving and promoting women in senior positions. In light of the fairly small number of senior positions at technotrans SE, it does not treat a particular gender in itself to be an appropriate criterion for the selection of management employees. Rather, it

looks at overall picture of all candidates' professional and personal qualifications when recruiting for senior positions.

On June 30, 2017 the Board of Management specified targets of 11 % (first management tier) and 9 % (second tier) as the proportion of women in the two management tiers below the Board of Management for the five-year period ending on June 30, 2022. The threshold figures reflect the actual proportions of women in the above management tiers as of June 30, 2017. The approach is justified by the fact that, in light of the comparatively small circle of first and second-tier managers at technotrans SE, the existence of even a single vacancy at the cutoff date can in each case mean the targets are significantly undershot. Conversely, the appointment of a suitable female candidate to a senior position may directly lead to the target levels being overfulfilled. To that extent these targets are not especially suitable for bringing about the desired increase in the proportion of women in the first and second management tiers. Notwithstanding this, the Board of Management sets itself the fundamental target of increasing the proportion of women in the first and second management tier. technotrans SE will report on the implementation of the targets in accordance with the statutory provisions. In the 2021 financial year the proportion of women in the first management tier was around 6 %, and around 15 % in the second management tier.

## Corporate reporting and auditing

### Corporate reporting

In addition to the annual financial statements, technotrans SE prepares interim financial statements within the meaning of Section 115 of the German Securities Trading Act (WpHG) as well as quarterly communications pursuant to Section 53 of the Rules and Regulations of the Frankfurt Stock Exchange. The separate financial statements of technotrans SE on which the dividend payment is based are prepared according to the provisions of the German Commercial Code (HGB). The Consolidated Financial Statements are prepared in accordance with the International Financial Reporting Standards (IFRS). As well as the annual and interim financial statements, technotrans publishes a Combined Management Report pursuant to Section 315 HGB in conjunction with Section 289 HGB, in which the business performance and situation of the company are presented.

technotrans provides information on relevant aspects of sustainability in the Combined Non-Financial Statement, which forms part of the Combined Management Report pursuant to Sections 289b, 315n HGB. This satisfies the statutory requirements on sustainability reporting under the CSR Directive Implementation Act.

The publication dates of the regular publications listed above can be found in the Financial Calendar on the technotrans website, at the following address: <https://www.technotrans.com/en/investor-relations/financial-calendar.html>.

All material information about the situation of the company is published on the technotrans website at <https://www.technotrans.com>. It includes annual financial statements, interim reports and quarterly communications of the technotrans Group as well as press releases, ad hoc information and voting rights notifications.



## Corporate Governance Declaration

The company holds video and telephone conferences with financial analysts and investors when trading figures are published. Recordings are subsequently made freely available on the technotrans website. Above and beyond these publication dates, information is shared with financial analysts, investors and other capital market operators.

Talks at roadshows, conferences and plant tours are moreover a key instrument of investor relations work. In line with the recommendations of the Code, the Chair of the Supervisory Board is involved in these activities. In the 2021 financial year there were several occasions on which Heinz Harling (Supervisory Board Chair until May 7, 2021) and Peter Baumgartner (Supervisory Board Chair since May 7, 2021) discussed matters relating to the Supervisory Board with institutional investors.

Inside information pursuant to Art. 17 (1) of the EU Market Abuse Regulation was disclosed directly in the form of two ad hoc announcements. These are also available on the technotrans website at the following address: <https://www.technotrans.com/investor-relations/investor-news/ad-hoc-announcements>.

### Auditing of the financial statements

The Audit Committee of the Supervisory Board oversees auditing of the financial statements from a professional and quality perspective. It examines the independence of the auditors and appraises the supplementary services provided by the auditors. It also prepares the proposal to the Annual General Meeting on the election of the auditors and makes a recommendation on the matter. It is moreover responsible for awarding the audit mandate, specifying supplementary audit priorities and agreeing a fee with the auditors. During the audit the Chair of the Audit Committee maintains constant contact with the auditors and discusses the content of the financial statements audit with them. In accordance with legal requirements the auditors are in each case elected by the Annual General Meeting for one financial year. Most recently the Annual General Meeting appointed PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC), Osnabrück, as auditors for the 2021 financial year at the proposal of the Supervisory Board. Under the currently applicable statutory requirements to rotate auditors, PwC may be commissioned with the audit for a final time for the 2028 financial year.

By means of internal rotation PwC furthermore ensures that the audit procedures are always conducted with the requisite independence from the company. Before the Audit Committee makes a recommendation to the Supervisory Board on the appointment of the auditors, it obtains a statement from the firm of auditors on whether and to what extent there exist any commercial, financial, personal or other relationships between it, its governing bodies and its audit managers on the one hand, and the audited technotrans companies and their governing bodies on the other hand, that could raise doubts about the independence of the auditors. If, during the audit, matters should arise that undermine the auditor's impartiality or are grounds for their exclusion and cannot be immediately remedied, the auditor shall notify the Chair of the Audit Committee immediately. They must equally notify the Supervisory Board of all material matters relating to their tasks which come to their attention during the audit. Also, they must inform the Supervisory Board or note in the audit report if they establish facts that are at odds with the company's Declaration of Compliance.

The company in each case provides information in the current Annual Reports on the fees paid for the statutory audit of the annual financial statements and Consolidated Financial Statements, as well as for tax advisory services provided. PwC audited the annual financial statements and Consolidated Financial Statements of technotrans for the 2021 financial year and provided tax advisory services for a final time. The fee for the auditing of the financial statements in the 2021 financial year was € 290 thousand. Expenditure for tax advisory services came to € 48 thousand, and for other services to € 13 thousand.

## Shareholders/Annual General Meeting

### Composition of issued capital

The issued capital (share capital) at December 31, 2021 comprises 6,907,665 fully paid no par value shares each representing a nominal amount of € 1.00 of the share capital. The shares of technotrans SE are registered shares. Exclusively ordinary shares have been issued. The rights and obligations they carry are in line with the relevant statutory requirements, taking account of the requirements under the Articles of Association of technotrans SE. The Board of Management has not been notified of any voting trust agreements between shareholders.

### Shareholder rights

All shares carry identical rights. No shares are equipped with special rights, in particular none imparting authority to control.

Employees participating in the capital exercise their voting rights directly.

### Shareholders with material interests

As of December 31, 2021 the funds Gerlin NV and Midlin NV managed by Teslin Capital Management BV on the one hand, and Luxempart S.A. on the other, hold interests in the share capital of technotrans SE in each case exceeding ten percent. Pursuant to the voting rights notification published on October 12, 2021 Luxempart S.A. has a shareholding of 15.03 %. Teslin Capital Management BV disclosed an interest of 12.74 % on May 28, 2021, of which Gerlin NV accounted for 7.56 % and Midlin NV for 5.19 %.

No other direct or indirect interests in the capital amounting to more than ten percent of the voting rights are known.

### Existing authorisations

The Board of Management is, with the consent of the Supervisory Board, authorised to increase the share capital on one or more occasions by up to a total of € 3,450,000 until May 17, 2023, through the issue of new shares against contributions in cash or in kind. No use was made of this authorisation in 2021. The subscription right of the shareholders may be excluded insofar as the requirements of Section 186 (3) fourth sentence AktG are met or insofar as the purpose is the acquisition of companies or participating interests in companies or other assets, if the acquisition or participating interest is in the properly understood interests of the company. Other than that, the subscription right may only be excluded for the purpose of compensating for fractional amounts. In addition the Board of Management of the company is authorised until May 14, 2023 to acquire treasury shares up to 10 % overall of the share capital existing at the time of the resolution, or at the time of this authorisation being exercised if the latter figure is lower. If acquired by stock exchange dealings, the purchase price per share shall not exceed or undercut by more than 10 % the average XETRA closing price (or, insofar as the XETRA closing price serves as the basis for this authorisation, the closing price determined by a successor system taking the place of the XETRA system) on the Frankfurt Stock Exchange on the five trading days preceding the acquisition. If acquired on the basis of a public offer to buy, the acquisition price per share (excluding incidental acquisition costs) shall not exceed or undercut by more than 10 % the average XETRA closing price on the Frankfurt Stock Exchange on the eighth to fourth trading day (in each case inclusive) before disclosure of the offer to buy. The Board of Management is authorised to retire all or some of the treasury shares acquired on the basis of the authorisation, without the need for a further resolution of the Annual General Meeting. The Board of Management is furthermore authorised to dispose of the acquired shares via the stock market or to third parties, by cash sale. In these cases the selling price shall not undercut the average XETRA closing price on the Frankfurt Stock Exchange on the five trading days prior to sale by more than 5 %. The Board of Management is, with the consent of the Supervisory Board, moreover authorised to dispose of the acquired treasury shares in a manner other than by sale on the stock market or by offer to all shareholders if they are offered to and transferred to third parties in exchange for contributions in kind, especially for the acquisition of businesses or of participating interests in businesses or of other assets. The price at which the acquired treasury shares are surrendered to a third party shall not significantly undercut the average XETRA closing price on the Frankfurt Stock Exchange on the last five trading days before the concluding of the agreement on the acquisition of the contribution in kind in question. The acquired treasury shares may also be used in fulfilment of obligations in respect of conversion options granted as a result of the issuing of convertible bonds. The subscription right of the shareholders is excluded for the use of treasury shares in the last three cases.

The Board of Management is in addition authorised, in accordance with the resolution of the Annual General Meeting of May 18, 2018 and with the consent of the Supervisory Board, to issue bonds with a term of a maximum of twenty years and an aggregate nominal amount of up to € 100 million on one or more occasions up until May 17, 2023 and to grant the bearers of bonds conversion options on a total of up to 3,450,000 no par value registered shares of the company.

### Rights of shareholders at the Annual General Meeting

The shareholders exercise their rights essentially by participating in the Annual General Meeting and by passing resolutions and tabling questions at the Annual General Meeting. Each ordinary share carries one vote. The shareholders have the right to table a reasoned counter-motion to proposals of the Board of Management or Supervisory Board on agenda items at the Annual General Meeting. Shareholders whose shares together amount to one-twentieth of the share capital or the proportionate amount of € 500,000 may demand that items be placed on the agenda and announced.

The invitation to the Annual General Meeting including all documents and reports required is made available for downloading by the deadlines required by law on the technotrans website at <https://www.technotrans.com/investor-relations/annual-shareholders-meeting>.

Shareholders may also exercise their voting right by transferring it to instructions-bound proxies of the company or authorising third parties to exercise the voting right.

The statutory requirements pursuant to Articles 39, 40 of the SE Regulation on the appointment and dismissal of the members of the Board of Management are applied. Over and above these, the provisions of the Articles of Association are to be observed. Over and above the requirement of Article 46 of the SE Regulation the Supervisory Board appoints the members of the Board of Management, as specified in the Articles of Association and Section 84 AktG, for a maximum of five years. Amendments to this point in the Articles of Association generally require an Annual General Meeting resolution passed by a simple majority, pursuant to Section 179 AktG in conjunction with Section 21 (2) of the Articles of Association.

In the event of structural measures technotrans follows the statutory requirements on the convening of an Annual General Meeting. In the event of a takeover of the company, convening is decided upon on a case-by-case basis.

The actual rights of shareholders may currently differ if an Annual General Meeting is held virtually without the physical presence of the shareholders and their proxies, pursuant to the Act Concerning Measures Under the Law of Companies, Cooperative Societies, Associations, Foundations and Commonhold Property to Combat the Effects of the COVID-19 Pandemic (German GesRuaCovBekG). technotrans SE made use of this arrangement in the years 2020 and 2021. The provisions of GesRuaCovBekG with regard to holding virtual Annual General Meetings may continue to be used until August 2022. Pursuant to GesRuaCovBekG, in particular the right of shareholders to participate physically in the Annual General Meeting may be excluded. In place of the right to information at the Annual General Meeting, shareholders may moreover be granted a right to ask questions in advance of the Annual General Meeting. Whether such a virtual Annual General Meeting is held is a decision for the Board of Management, subject to the consent of the Supervisory Board. The company will provide information on the detailed rights of the shareholders at a virtual Annual General Meeting in accordance with GesRuaCovBekG in the event that such a meeting is convened.

# Risk management and internal control system (Section 289 (4) of German Commercial Code [HGB], Section 315 (4) of German Commercial Code [HGB])

The purpose of entrepreneurial activity is to continuously identify opportunities and increase corporate value by using that potential. The taking of risks is an intrinsic part of that. The opportunity and risk management system we use serves to optimise the balance between opportunities and risks in the interests of sustained business success. To achieve this balance, technotrans employs suitable tools, which it continuously refines.

As part of a systematic and efficient risk management system, principles of risk policy are defined. Current developments are regularly logged, analysed and evaluated. Where necessary, effective countermeasures are taken. The risk management system helps to safeguard the technotrans Group permanently as a going concern by early identification of all risks that could materially impair the net assets, financial position and results of operations of the Group. The Internal Control System (ICS) for financial reporting assures proper presentation in accounting and is therefore an integral component of the risk management system.

The risk management system is summarised in the following.

## THE GROUP-WIDE RISK MANAGEMENT SYSTEM OBSERVES THE FOLLOWING RISK PRINCIPLES, AMONG OTHERS:

- The overriding risk principle in the technotrans Group is to protect the company as a going concern. Actions or decisions may not endanger the company as a going concern and must be in harmony with the company's risk strategy and risk policy.
- Any risks to the company as a going concern must be reported to the Board of Management without delay.
- Unavoidable risks are consciously accepted to a certain extent in return for economic success. However risks to income must always be balanced out by the prospect of appropriate opportunities of a return.
- Risks are fundamentally to be avoided. Where economically advisable, risks are to be insured against. They are to be monitored continuously and communicated to the Board of Management as part of regular risk reporting, as well as to the Supervisory Board if their scale is especially high. Appropriate measures are to be taken to minimise residual risks.

Risk management at technotrans promotes the awareness of opportunities and risks among technotrans employees and guards against potential risks. The processes and rules of communication that apply for all corporate divisions have been defined by the Board of Management and laid down as binding in a Group-wide organisational guideline. Risks are recorded non-centrally and regularly reported to the Legal & Compliance department in a standardised form.

The operational managers are responsible for compliance with the applicable regulations and for the management of risks in their respective areas. The Legal & Compliance department conducts regular examinations to monitor the proper implementation of this guideline.

The risk management system including the ICS is moreover continuously updated. It serves as the basis for the systematic identification, analysis, evaluation, management, documentation and communication of the various risk types and profiles. The same applies to our compliance management system. technotrans does not tolerate any contravention of applicable law. The internal set of rules as well as the compliance organisation set up within the Group are regularly examined, developed and taught in response to recent court decisions.

### ORGANISATION OF THE RISK MANAGEMENT SYSTEM

A responsible approach to business opportunities and risks is part and parcel of sound corporate management, and also promotes the risk culture. The Board of Management reports to the Audit Committee, and if necessary to the full Supervisory Board, on existing risks and how they develop. Organisationally, risk management is integrated into the Legal & Compliance department and ensures that reports are submitted to the Board of Management regularly and promptly with the support of Group Controlling. This organisational structure makes it possible to identify risks quantitatively at an early stage with the help of key performance indicators, and pick up on trends. This approach ensures that the Group Board of Management is always informed of material shifts and can immediately take appropriate measures.

The reach and setup of the ICS of technotrans SE for financial reporting lie within the scope of judgement and responsibility of the Board of Management. The objective of the ICS in respect of the financial reporting process is to carry out appropriate controls so that it can guarantee with reasonable assurance that the (Consolidated) Financial Statements are legally compliant, notwithstanding the risks identified. The ICS contains the principles, processes and measures involved in assuring proper accounting. It is structured such that the annual financial statements are prepared according to the

## Opportunities and Risks Report

relevant requirements of the German Commercial Code (HGB) and the German Stock Corporation Act (AktG). The Consolidated Financial Statements are prepared according to the International Financial Reporting Standards (IFRS) as adopted by the European Union and the commercial law requirements additionally to be observed in accordance with Section 315e (1) HGB.

The Group financial reporting processes are managed by the relevant employees in Group Accounting. The organisation of the ICS for financial reporting features a uniform, centrally defined reporting system which is based on the prevailing statutory requirements and is in harmony with the Group principles. The subsidiaries report periodically according to IFRS, for Group reporting purposes.

Newly established or acquired companies are integrated into this reporting process without delay.

A uniform architecture of ERP and bookkeeping systems across the entire Group is an ambition but does not yet exist at all locations. The reporting and consolidation processes for all Group companies are performed using a uniform IT system that is made available centrally by technotrans SE.

To guarantee uniform reporting, there exist corresponding corporate guidelines. These include for example financial reporting and consolidation manuals, as well as guidelines on the separation of functions and on the dual control principle. Compliance with these rules is checked regularly.

There are regular internal checks on the Group companies' financial reporting, as well as non-central compliance audits. These also take the form of IT-based random examinations and plausibility checks.

At the end of the financial year the local financial statements are audited internally before they are released for the Consolidated Financial Statements.

All measures taken and the continuous development and adjustment of the ICS help to guarantee the reliability of financial reporting. Nevertheless appropriate, functioning systems cannot provide any absolute guarantee that all risks will be identified and controlled.

Group-wide, technotrans has a standardised organisation for risk management. The risk early-warning system meets the requirements of the German Corporate Control and Transparency Act (KonTraG) and of AktG Section 91 (2). Group-wide risk communication is handled using a standardised format, in consultation with the competent corporate unit Legal & Compliance at technotrans SE as well as between the non-central units of the subsidiaries. Depending on the risk characteristic that is determined based on a list of criteria, reporting takes place bi-annually, quarterly or immediately. The reports comprise a substantive and economic assessment of the risks as well as suggestions of effective countermeasures.

The risks are analysed and assessed based on their anticipated probability, the potential loss (gross view) and the proposed countermeasures (net view). Residual risks are evaluated again and additional measures are earmarked for them. For example, to avoid defaults every customer is issued with a general or individual credit limit (which possibly takes into account the amount of trade credit insurance cover). The payment history is also closely monitored. Receivables are regularly analysed to assess what measures are needed in order to close overdue items.



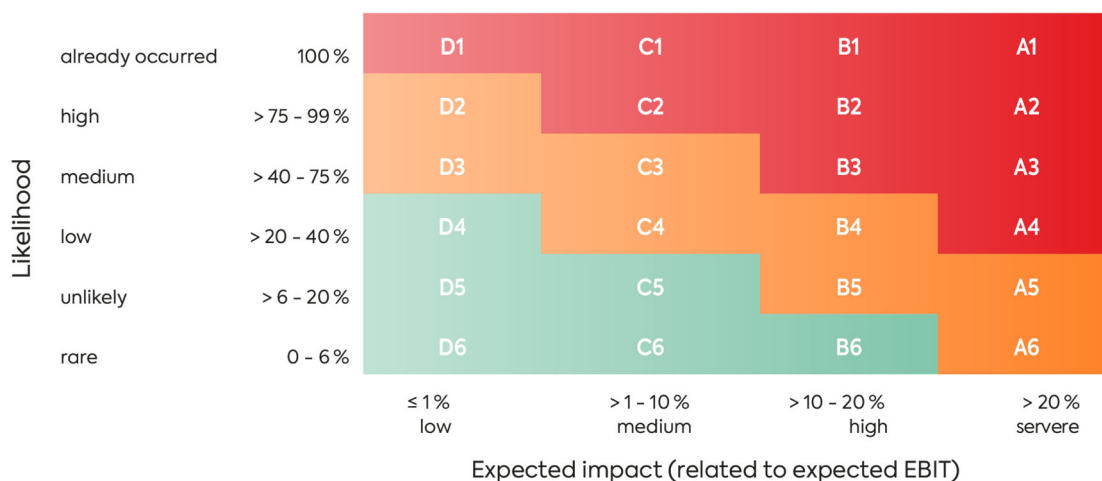
In the case of customers for standard business, in the event of default for example the next stage is to announce and then impose the suspension of supplies until the customer is back below the credit limit. Customer creditworthiness is regularly monitored based on external sources. Credit limits are adjusted to reflect changes. This is also fundamentally practised after supplies have repeatedly been suspended.

The risks are discussed in detail in individual discussions or as part of a regular dialogue between the Board of Management and top-level management and evaluated on the basis of their probability and the potential scale of the loss. Those circumstances and events that cause a percentage deviation in the expected EBIT value in the annual planning for the year in question or subsequent year are defined as risks and awarded a priority rating using a risk matrix.

The risks are classified qualitatively as low, medium and high. Taking account of the potential scale of a loss and the probability of risks materialising, the quantified individual risks are aggregated into risk potentials of similar types. These are then placed in relation to the planned net income for the period (plan EBIT) to obtain the assessment basis for the risk category (low – green, moderate – amber and high – red).

technotrans defines its risk categories for 2022 based on a risk matrix that reflects the company's risk strategy.

### Risk matrix



The risk category is correspondingly classified as

- low if the risk potential of the individual risk is in the green zone of the matrix,
- moderate if the risk potential of the individual risk is in the amber zone,
- high or a threat to the company as a going concern if the risk potential of the individual risk is in the red zones of the risk matrix.

# Opportunities and risks profile

As a technology company, technotrans operates in a dynamic market environment in which new opportunities and risks continually arise. technotrans conducts opportunity and risk management to support the management in achieving the corporate targets. technotrans' long-term success depends on identifying and seizing opportunities at an early stage. Meanwhile the company is exposed to risks that could hinder the attainment of its short and medium-term targets.

technotrans interprets as opportunities possible successes over and above the defined targets, which thus promote the development of the business. technotrans takes risks to mean internal and external events, resulting from uncertainty about future developments, which could adversely affect the attainment of corporate targets. Opportunities and risks are inseparably linked and may compensate for each other.

The structures and processes of the risk management system as explained in the Risks Report are therefore automatically also an aspect of opportunities management. Opportunities are identified not merely by the management or the risk managers, but also by each individual employee. For supplementary information on the opportunities profile of technotrans SE, please refer to the Report on Expected Developments.

Under its risk management system, technotrans aggregates individual risks that belong together substantively to obtain a single overall risk. Based on the recommendations of German Accounting Standard No. 20 (DRS 20), technotrans categorises its risks according to the five risk groups described below. These are the general economic, corporate strategy, financial, economic performance and legal risks that have a lasting impact on the net assets, financial position or results of operations of the technotrans Group.

It should be noted in this regard that the Board of Management assessed the probability of all the risks stated below occurring simultaneously as low.

Unless otherwise indicated, the risks apply to both reporting segments.

## GENERAL AND INDUSTRY-SPECIFIC RISKS

The success of the technotrans Group depends substantially on the macroeconomic developments in its direct and indirect sales markets. They include especially the focus markets Plastics, Energy Management, Healthcare & Analytics, Print as well as the Laser & Machine Tools market. In assessing macroeconomic development, among other tools technotrans uses forecasts by widely recognised institutions and economic research institutes.

technotrans is equally not immune to cyclical fluctuations in the global economy and must expect a direct impact on its revenue and earnings. The regional and market-segment composition of technotrans' revenue is adequately diversified, producing a better balance of activities between economically weak and economically growing markets and industries. However experience has shown that it is rare for all regions and market segments to be affected in equal measure by changes in economic development.

Management of the risk from the business cycle therefore essentially involves controlling capacities and costs. Flexible production structures allow technotrans to adjust rapidly to changes in the order situation.

Leading forecasting institutes again expect the world economy to grow in 2022, albeit more weakly. Despite full order books in the mechanical engineering sector, the COVID-19 pandemic continues to hold back the economic development of industrial sectors. Upheaval in procurement markets continues to be the main cause and is not likely to abate before the second half of 2022. The return to global economic growth brought technotrans attractive growth opportunities in the 2021 financial year. These continue to exist in 2022. However the continuing pandemic situation remains a high risk. As well as the direct risks to business operations from a potential rise in infection cases, above all there are indirect risks to business progress in the form of disruptions to the supply of materials and supply chains as well as from price increases for significant commodities and input materials. The Board of Management accordingly expects to see its sales and service activities impacted especially in the first half of 2022.

To continue protecting its ability to ensure orderly business operations, the established measures to protect the health of employees and maintain production are being maintained in the 2022 financial year and will be adjusted depending on the course of the pandemic.

The established measures to safeguard an adequate supply of materials for production are being consistently maintained. These include in particular

- \_ a broader scope of ordering,
- \_ the placing of long-term volume contracts,
- \_ the use of alternative materials and components,
- \_ identifying alternative suppliers,
- \_ more flexibility in production planning and production, and
- \_ short-term capacity management.

In addition, procurement-side price increases will be temporarily passed on to customers. Revenue performance, liquidity and cost controlling will be monitored very closely.

The world's leading printing press manufacturers (OEMs) continue to account for a substantial portion of revenue, with the result that technotrans has a degree of dependence on them. Economic difficulties or the market exit of a customer in this category could temporarily have a considerable impact on the financial position and results of operations of the company. However, the Board of Management does not expect any lasting consequences because consolidation would probably not exercise any influence on overall sales of printing presses. Furthermore, the industry's reluctance to invest due to the coronavirus has been overcome. Packaging printing for film and cartons in particular is benefiting from sustained demand throughout the pandemic because of the increased volume of online trade. The focus markets Healthcare & Analytics and Plastics are also affording fresh opportunities

## Opportunities and Risks Report

for technotrans as a result of the pandemic. There is sustained high demand for analysis technology and for disposable medical items made of plastic.

To summarise, the Future Ready 2025 strategy appreciably improved the technotrans Group's resilience in the 2021 financial year, for example by deliberately concentrating sales efforts on high-growth focus markets. technotrans tackles any risks from a dependence on individual market segments and products by diversifying its presence, creating a differentiated product range and building on its leading technological and innovative position.

Unless more new variants of the virus cause the pandemic to take off again, the biggest risk for the 2022 financial year involves securing a timely supply of materials. Especially for the first half of the financial year, continuing restrictions to the availability of commodities and input materials are likely. It is expected that the situation will increasingly ease in the second half of the year.

In addition, the overall economic risks of the acts of war between Russia and Ukraine are impossible to predict at the time of writing. It is to be expected that these will have a negative impact on material flows, the energy supply and investment propensity.

**Based on these general conditions, the Board of Management continues to assess the net risks in this risk category as high.**

### CORPORATE STRATEGY RISKS

There are a number of risks involved in taking over companies with a potential impact on our net assets, financial position and results of operations. If the expected economic or industry-specific developments, the targets for newly acquired businesses or expectations of newly developed products should prove to be inaccurate, the revenue and therefore also earnings target could be missed. Attaining the defined margin targets depends to a very high degree on the actual revenue performance and on keeping costs strictly under control. Unplanned expenses, for example for restructuring measures required or if unforeseeable quality problems arise, can lead to major shortfalls in this connection.

Acquired companies are integrated into technotrans Group reporting immediately after their acquisition. They are equally included in the Group-wide risk management system.

On the basis of acquisitions previously conducted in recent years, the Group has accounted for goodwill amounting to € 23.5 million (previous year: € 23.5 million). Pursuant to IAS 36 this must be tested for impairment at least once a year. If impairment is established, the goodwill for the asset in question is to be written down. In the year under review, as in the previous year, no write-downs were recognised.

The Group strategy Future Ready 2025 pursues three key goals: to increase Group-wide profitability, to generate revenue growth through focused sales activities, and to present a uniform Group-wide identity under the shared umbrella brand technotrans. The strategy defines measures designed to safeguard the medium-term revenue and earnings targets.

To expand the market position both nationally and internationally, technotrans concentrates Group-wide on the core skill of thermal management. It specifically targets niche markets where the Group companies can succeed as system partners. It intensively monitors the relevant markets. technotrans looks to make targeted acquisitions that will strengthen its position as technology leader, unlock market potential, improve the services it provides for customers and broaden the portfolio of products and services.

To maintain competitiveness, meet market requirements and attract new customers, technotrans is investing in the further development and optimisation of its own technologies, products and processes. These cover all sales markets, but above all the focus markets. Based on the current product and market strategy, new system solutions are created especially in close consultation with customers at the product and applications development stage (product/market strategy).

In new markets involving new customers, there is the possibility that activities to launch new products will not succeed. On the other hand the individual risk is assessed as low because of the steadily growing number of customers. Nevertheless, it is impossible to rule out miscalculations with regard to the strategic direction of the Group and its market potential, along with a lack of customer acceptance of newly developed products; these could have negative effects on the competitive position and revenue of the technotrans Group.

technotrans tackles these risks by maintaining intensive contact with customers to obtain a feel for the market, and through its own market observations.

By knowing what customers require, the Group companies are able to develop and offer needs-based system solutions. This approach thus enables technotrans to systematically strengthen its market position. Furthermore, upholding high quality standards is of the utmost importance.

In drawing up its plans for the 2022 financial year, the Board of Management has based its estimates on realistic planning assumptions and can if necessary take prompt corrective action to exclude or minimise corporate strategy risks.

**In summary, as previously the Board of Management assesses all corporate strategy risks as low.**

### FINANCIAL RISKS

Financial risks include above all the liquidity, interest and exchange risk, as well as the bad debt risk.

The individual Group companies fundamentally finance themselves from their operating profit. If required technotrans SE provides Group funds to support them. To keep all Group companies in a position to act at all times, technotrans SE as the parent company holds extensive liquidity reserves.

The financing structure remains diversified across several core banks. This maintains the policy of avoiding dependence on individual lenders. It effectively minimises the financing risks that could arise should lending banks pull out.

In a 2021 financial year dominated by COVID-19 and shortages of materials, technotrans always remained in a position to generate cash and cash equivalents from its business operations. Short-term

## Opportunities and Risks Report

financing that was raised in 2020 to guard against any negative liquidity effects of the pandemic was already repaid in full in the first half of 2021. The economic circumstances of the technotrans Group remained very sound and orderly in the 2021 financial year.

No interest rate risks exist. Fixed-interest agreements were concluded for the overwhelming portion of financing. Where financing is at a variable interest rate, the interest rate risk was neutralised with interest rate hedges.

At the reporting date of December 31, 2021 the unsecured share of financing within bank borrowings amounted to € 20.8 million. A major negative variation in the results of operations, financial position and net assets from the plan for the 2022 financial year could necessitate drawing on the available borrowing facilities to a greater extent than planned. Based on the plans for the 2022 financial year, the Board of Management rates this risk as low.

In view of the company's structure and the growth in its international activities, exchange rate movements influence the business activities of the technotrans Group. Because production and sales activities for the overwhelming portion of business operations are billed in euros, the exchange rate risks from individual transactions are limited. Movements in exchange rates also affect the competitiveness of our customers. This can indirectly impact our business performance.

There are exchange rate risks within financial reporting from the translation of revenue, income and expenses as well as intragroup receivables and liabilities for the international Group companies into euros as the Group currency. Exchange rate movements may therefore correspondingly increase or reduce the consolidated result.

The current acts of war between Russia and Ukraine is not expected to impact technotrans' business directly, as trade links to those two regions are of lesser significance. Nevertheless, there are indirect risks with unforeseeable outcomes at this time, such as business restrictions for our customers, inflation and unsettled capital markets.

The COVID-19 pandemic is affecting virtually all industries worldwide and the businesses that are active within them. The order situation has nevertheless improved appreciably in the 2021 financial year and looking ahead to 2022, especially in the mechanical engineering sector. There was correspondingly a reduced bad-debt and insolvency risk on the debtor side. Systems for continuously monitoring creditworthiness, demanding collateral and implementing trade credit insurance are effective ways of minimising the risk for technotrans.

Systematic checks are in place to reduce further financial risks from potential cases of compliance and fraud. Targeted, ongoing employee communications, effective IT security standards and observance of the General Data Protection Regulation (GDPR) are especially relevant in this connection.

**As previously, the Board of Management assesses the financial risks for the Group as moderate.**

### ECONOMIC PERFORMANCE RISKS

There exist risks in the procurement markets especially in the form of supply bottlenecks, price increases and dependence on individual suppliers. In addition, production standstills represent a material risk.

technotrans is dependent on suppliers and service providers being able to supply goods and services of the required scope and quality at all times. Supplier management is therefore closely dovetailed with the risk management system. technotrans cooperates closely with selected component suppliers. technotrans addresses expected shortages of raw materials and the associated price risks through long-term framework contracts, for example. Economies of scale in the Group's procurement of the principal categories of materials are exploited by creating a strategic Group procurement structure.

Procurement risks were markedly higher than in the previous year as an indirect consequence of the COVID-19 pandemic. The technotrans Group continues to anticipate limited availability and substantial price increases for important input materials, especially in the first half of the 2022 financial year. The challenges for materials purchasing, logistics, stock management, pricing, production planning and sales remain demanding. A shortage of input materials can have an adverse effect on agreed delivery dates and therefore on the revenue performance. Purchasing-side strains cannot always be passed on in full and in the short term to customers in the form of price increases.

In terms of materials and procurement activities, the Board of Management expects the tight situation to continue especially in the first half of the 2022 financial year. The risk is assessed as high.

technotrans has taken extensive action designed to mitigate the procurement risks. For details, please refer to the section General and industry-specific risks. In addition, the higher level of vertical integration that exists at technotrans solutions GmbH (formerly gwk Gesellschaft Wärme Kältetechnik mbH) and KLH Kältetechnik GmbH generally has a risk-mitigating effect.

Another risk in this category is the sales risk. This refers to the failure to meet the customer's expectations on the criteria of punctuality of delivery as well as product and service quality. Dedicated supplier management, ERP-based customer project handling and comprehensive quality management are effective tools for reducing this risk category. The upheaval on procurement markets may result in delays to delivery dates, which in the worst case could lead to the loss of the customer. This risk therefore needs to be classified as high.

A secure, efficient IT infrastructure is the basis of the modern working environment. The growing integration of a large number of IT systems and the need for permanent availability place high demands on the information technology used. Software-based mapping of business processes means technotrans' business data is exposed to a general IT risk. This includes above all the dangers of system failures, data losses as well as virus and hacker attacks, which could lead to an interruption in business activities.

## Opportunities and Risks Report

technotrans addresses possible risks from the failure of computer systems and networks, unauthorised accessing of data and data misuse through a central, technically and organisationally shared service function as well as by continuously investing in state-of-the-art hardware and software. To limit future IT risks, technotrans uses preventive measures for system security (use of virus scanners, firewall systems, penetration tests and access controls). The Board of Management therefore currently estimates the IT risks as low.

The gradual implementation of a uniform SAP ERP system in all Group companies is an essential prerequisite for realising the synergy potential within the Group. Unplanned complications in the change-over from local ERP systems to the central SAP system could affect the production processes and therefore the net assets, financial position and results of operations of the individual company concerned or even of the whole Group. The ERP implementations outstanding concern Group companies with limited vertical integration and size. Extensive integration tests are carried out before the rollout. In addition, the changeovers are implemented only sequentially, in other words at different times. The IT risks, which fall within this risk category, are therefore classified as low.

The Group's success is critically influenced by having qualified and motivated employees and managers. technotrans therefore invests both in retaining its employees and in improving job appeal, to rise to the challenge of impending digitalisation and demographic change. There exist possible risks mainly in the areas of personnel recruitment and personnel development. Changes to structures or processes harbour the risk of losing employees and their expertise if they are unable to identify with the measures taken and are therefore prompted to move (fluctuation). technotrans addresses this risk through focused training and advancement measures, by spreading individual expertise among teams and by offering commensurate pay. Employees appreciate the positive corporate culture, with the result that all measures combined make technotrans an attractive employer.

The economic performance risks rose steadily over the 2021 financial year, in particular as a result of the supply bottlenecks.

**The Board of Management classifies the economic performance risks overall as moderate (previous year: low).**



### LEGAL RISKS

The international business activities of technotrans SE and its Group companies mean the companies are exposed to a variety of legal risks. National and international drafting of contracts is an especially relevant area.

The nature of the individual companies' business operations means there exist risks especially regarding guarantee and product liability claims from customer complaints. These risks are by and large covered by insurance policies as an element of the risk management system. To cover the risks, provisions for payments to be made under warranty amounting to € 2.4 million (previous year: € 2.2 million) were accounted for in 2021.

In response to significant individual risks of Group companies from litigation and associated litigation risks, a provision is formed as soon as litigation is pending and the amount in question can be estimated reasonably. There is currently no litigation with a potential outcome that we believe could significantly impact the results of operations or net worth.

Risks may also arise from changing regulations and laws, and from the associated changes in standards – for example regarding the use of commodities or constituents – especially in Germany and the EU. The erecting of trade barriers and growing competition restrictions can have a negative effect. While effective contract and quality management plus a compliance management system can minimise these risks, they cannot guarantee to neutralise them altogether. In response to these risks, technotrans has taken out insurance policies on them. In addition, provisions are created on a case-by-case basis.

**The Board of Management again assesses all legal risks as low.**

# Overall statement of the Board of Management on the risk situation

In the view of the Board of Management, the risk management system in place is suitable for identifying, analysing and quantifying the existing risks in order to manage them adequately.

There is currently no evidence of risks that pose an existential threat either by themselves or in combination with other factors. The Group is well positioned. With a manageable risk profile, the fundamentals are in place for technotrans to achieve the goals of the medium-term corporate strategy and therefore successfully achieve a course of profitable growth.

There is no evidence of risks which pose an existential threat to the technotrans Group. That applies both retroactively and to planned future activities.

The risk resilience of the Group is determined by aggregating all categories for all business units and functions to obtain a risk inventory, which is compared with the risk coverage potential. It remains in a position to maintain its risk resilience.

The overall risk position has not changed significantly from the previous year.

**In the Board of Management's view, the Group continues to be well positioned achieve the goals of the Future Ready 2025 strategy with regard to its risk position and resilience.**

## Future parameters

In its World Economic Outlook dated January 2022, the IMF stresses the global economy's subdued start to 2022. The key reasons it mentions include the restrictions in response to the highly infectious Omicron variant of the coronavirus, higher inflation (especially in the United States), disruptions to commodity and procurement markets, and the contraction of China's real estate sector.

In a reflection of the generally increased economic risk, the IMF correspondingly downgraded its forecasts from October 2021 for all regions apart from India. For 2022, it now expects global economic growth to weaken by 0.5 percentage points to 4.4 %. The recent growth figures for the USA, the euro-zone, China and emerging economies are consequently lower.

India is the exception: the IMF upgraded its estimate by 0.5 percentage points and stands by its 2021 forecast of 9.0 % growth. It cites the growing availability of credit for this region and an upturn in investment and consumption as the main reasons for its view.

The IMF is also restrained in its outlook for 2023. In the projection, all forecast growth rates with the exception of China are actually well below those for 2022.

For Germany, the IMF still forecasts gross domestic product (GDP) growth of 3.8 % for 2022 and 2.5 % for 2023, on the back of expected growth of 2.7 % in 2021. This assessment in essence tallies with that of the Ifo Institute in Munich. For its part, it now sees GDP growth of merely 3.7 % for 2022 instead of 5.1 %, after an expected rise of 2.5 % in 2021. The economic researchers identify especially the continuing supply bottlenecks and the fourth wave of the coronavirus as the causes. It appears that the expected vigorous recovery for 2022 is being pushed back into the second half of the year.

### EXPECTED CHANGE IN GROSS DOMESTIC PRODUCT (GDP, %)

	2022e	2023e
World	4.4	3.8
USA	4.0	2.6
Euro-Zone	3.9	2.5
Germany	3.8	2.5
China	4.8	5.2
India	9.0	7.1
Emerging Economies	4.8	4.7

Source: International Monetary Fund, World Economic Outlook, January 2022 (forecast)

## Report on Expected Developments

In the Board of Management's view, the forecasts of the IMF and Ifo Institute still point to a challenging economic environment and associated uncertainty in planning. A successful outcome to the year will depend essentially on how well the supply bottlenecks are overcome or replacement solutions involving alternative products can be found. Amid all this, one positive for the technotrans Group is that it can operate with much more resilience in such a volatile environment thanks to its clear focus on the Future Ready 2025 strategy and its diversification across four focus markets.

# Expected development of the markets of relevance for technotrans

A major feature of the 2021 financial year was rising demand for industrial goods. Mid-way through the year full order books and the ebbing of the third coronavirus wave sparked hopes of an economic recovery. However the rapid spread of the Omicron variant at the end of the year increasingly unsettled the economy again. Against this backdrop the International Monetary Fund (IMF) downgraded its economic forecast by 0.5 percentage points to 4.4 % in January. For 2022 it expects a weak start followed by increasingly bright prospects as the year progresses.

Optimism has been widespread in the German mechanical engineering sector since mid-2021 thanks to the very good pattern of demand, and it expects a good year of business for 2022. The Association of German Machine Tool Manufacturers (VDW) reports a 58 % rise in order intake in 2021 and forecasts a 14 % increase in production output for 2022. However the continuing disruption to supply chains worldwide, especially for electronic components and metal products, is a major source of uncertainty. The resulting price rises are also a headache for the industry; combined with the current skilled labour shortage they could put the brakes on progress.

To that extent the outlook for 2022 carries uncertainties. The crucial factor will be when and to what extent supply chains stabilise again. However no significant improvement to the situation is expected until the second half of the year.

All in all, technotrans is in a good position. Its diversification across four focus markets and the broad spectrum of different customers make it more resilient to individual factors in the markets, which are presented in a differentiated view below.

## Plastics

The market of the plastics processing industry that is relevant for technotrans is broadly diversified. It comprises the construction, electrical engineering, packaging and automotive industries, as well as the consumer goods industry. After a significant slump in revenue in coronavirus-hit 2020, the sector reported accelerating levels of orders within just a few months. In the first four months of 2021 alone, incoming orders were up 92 % on the prior-year period. The reasons were the pandemic-related high demand for packaging materials and disposable medical items, continuing high demand from the construction industry and the gradual shedding of investment restraint.

Thanks to the generally longer project lead times in plastic and rubber machinery manufacturing, this industry's positive momentum continues into the current financial year, so significant revenue growth can be expected for 2022. The order books are well filled and demand is holding up. Nevertheless, bottlenecks in the supply of plastics, metals and electronic components are restricting the business

## Report on Expected Developments

performance of processors and machinery manufacturers. Yet this dampening effect could help to spread revenue over the financial year because it prevents revenue peaks and promotes an evening-out at a high level until into 2023.

The positive market outlook confirms the Board of Management's position of including plastics as a focus market in its Future Ready 2025 strategy. For the 2022 financial year this area will play a very significant part in the expected revenue growth of the technotrans Group. The beneficiary of this economic situation is the new technotrans solutions GmbH, which is responsible for this industry within the Group and covers virtually every market requirement with its diverse range of cooling, temperature control and water distribution systems for injection moulding and extrusion systems as well as custom-built large-scale cooling plants for process refrigeration.

### Energy Management

The future of mobility is electric. There are a great many funded projects and political initiatives promoting the development and expansion of electric-mobility transport concepts that are expected to have a pivotal role in the global energy transition.

The electrification of passenger cars continues, with new models appearing by the day. There are currently over 70 different models made by German manufacturers on the market; these can be charged at around 46,200 publicly accessible charging points (Federal Ministry for Economic Affairs and Industry – BMWI, correct as of August 2021). This form of mobility is finding growing acceptance especially in urban traffic, not least if attractive buyer's premiums are available. On the other hand this trend has not yet become mainstream for long-distance travel. There is a lack of affordable vehicles with a sufficient range. With the market for high-power charging stations having faltered, the need for this type of quick-charging stations is being addressed more through projects.

Meanwhile the electrification of local public transport on road and rail continues, and truck-based transport logistics and goods distribution as well as a large number of autonomous off-road special vehicles – or automated guided vehicles (AGV) – offer abundant scope for spreading battery-powered mobility solutions. For heavy-goods vehicles and rail transport, fuel-cell-based drive systems are making inroads alongside classic battery-powered versions. These require sophisticated thermal management to achieve maximum efficiency and represent a good opportunity for technotrans, as system partner and tier 1 supplier, to participate in developing this business area positively. Long-established development partnerships with customers and suppliers highlight its innovative status in this segment, the market volume of which continues to grow.

Another building block of the Energy Management focus market is thermal management for servers and data centres. With the continuing digitalisation of society and businesses, these occupy a key role. Performance efficiency and low energy consumption are increasingly the priority for all development activities. Efficient liquid-based cooling can substantially increase the power usage effectiveness (PUE) of data centres. This trend was also confirmed at the most recent Conference for High Performance Computing (SC21) in St Louis, USA. The Board of Management accordingly expects the

area of thermal management for data centres to enjoy business growth, which will be expanded in a focused way in 2022.

### Healthcare & Analytics

The Healthcare & Analytics market is steadily growing, not least thanks to COVID-19. The expansion of healthcare systems and the continuing development of more new operating and treatment methods reflect the bright prospects for growth in this business area. technotrans develops technologically innovative systems for thermal management in medical applications to meet the individual requirements of a growing number of customers. However the complex approval procedures to obtain production release for medical technology are often very time-consuming, with the result that new customers only represent revenue potential for the medium term.

The market nevertheless offers plenty of opportunities for business to develop positively. These include laser-based treatment methods and the use of heat/cold for therapeutic purposes, but especially diagnostic imaging methods and optical analysis systems, which have high market potential. technotrans has therefore already been involved in this area for many years and believes it offers further growth potential, including internationally. In terms of the 2022 financial year the Board of Management expects that technotrans will profit from the market's positive development with its products for process cooling and integrated thermal management.

### Print

While the business confidence index for the German printing and media industry was fairly stable in the second half of 2021, it dipped somewhat around the turn of the year. Although the order backlog is generally very high, supply bottlenecks for essential intermediate goods and the associated cost increases at suppliers are restricting manufacturing activity. Nor do print and media businesses expect any visible improvement in their business situation over the first six months of the 2022 financial year due to the current upheaval in procurement markets.

The major printing press manufacturers are likewise finding the task of securing a parts supply especially challenging. Their outlook for the 2022 financial year is nevertheless positive, based on a renewed rise in order levels that extends well into 2023 with a book-to-bill ratio of well above 1. One key driver of this development is the continuing high demand for packaging and cartons as a result of the COVID-19 pandemic. Based on its special market position in the printing industry, technotrans will participate in the OEMs' success, enabling the Board of Management to anticipate a positive business performance in the mid-single digit percentage range for this focus market.

### Laser & Machine Tools

Like printing press manufacturers, machine tool manufacturers in Germany are enjoying a cyclical upswing after eighteen months of pandemic-related difficulties. The German Engineering Federation (VDMA) expects 2022 to be a successful year with output up 14 %. This optimism rests on an excellent pattern of demand with incoming orders up 58 % since the middle of the previous year. Many businesses held back with investment spending during the COVID-19 pandemic but the catch-up process is now spurring on the market.

## Report on Expected Developments

The major laser and laser machine manufacturers, too, are registering potentially record-breaking incoming orders. In some cases they saw orders up 50 % at the start of the 2022 financial year. However revenue will be unable to keep pace with this development due to the restricted availability of materials. The semiconductor shortage in particular is preventing orders from being converted into revenue, growth rates for which will be markedly lower. Demand for lithography systems based on extreme ultraviolet laser light (EUV) also remains high. This technology is key to the continuing development of new processors and storage media for the entire electrical engineering industry. Based on these business prospects, the Board of Management identifies good opportunities for technotrans to develop. Thanks to our selective involvement with key clients, revenue will also rise in this area.



# Prospective development of the technotrans Group in the 2022 financial year

The economic environment will feature further, albeit slightly weaker, growth in the world economy in 2022. The International Monetary Fund (IMF) accordingly lowered its growth forecast from 4.9 % to 4.4 % in its most recent assessment. The new financial year again carries uncertainties from rising inflation and the consequences of the COVID-19 pandemic. While the direct health consequences are receding into the background, the indirect consequences are on the rise especially in the form of disruption to procurement markets and supply chains. The short supply of urgently needed commodities, metal products and semiconductor-based components are clearly putting the brakes on the economy. In addition, the acts of war between Russia and the Ukraine has unforeseeable consequences for the global economy.

With an eye to the forecasts of leading economic institutes such as the IMF, the ifo Institute and the German Engineering Federation (VDMA), the Board of Management expects a challenging year with reasons for cautious optimism. In light of the Future Ready 2025 strategy now being implemented, it therefore stands by its growth targets. In that respect the environment of the focus markets Plastics, Energy Management, Healthcare & Analytics and Print, but also the Laser & Machine Tools area which it considers in a differentiated manner, offers good prospects for further extending technotrans' market position in thermal management. The positive pattern in demand since mid-way through last year and full order books for OEM and end customers reveal an increased backlog of demand for technical products and machinery, from which technotrans too can benefit.

Conversely the generally difficult procurement situation is affecting all technotrans locations. Despite intensive supply chain management efforts and a whole raft of measures to safeguard the availability of measures, exponentially increased delivery times mean it will no longer be possible to fill all gaps in supplies. This development will also, under the impact of the acts of war between Russia and Ukraine, entail in some cases quite steep price rises for energy, commodities and components. Even if it is impossible to anticipate fully how 2022 will unfold, for materials the Board of Management expects average price rises in the low double-digit percentage range. These will be passed on to customers as far as possible. The overriding goal remains to maintain production permanently at all locations across the Group. technotrans benefits in this respect from its diversified markets and products, which minimise the risk of an extensive interruption to production due to a lack of materials.

In light of this, the Board of Management anticipates achieving consolidated revenue in the range of € 220 to € 230 million and an EBIT margin of 5.0 % to 6.0 % for the 2022 financial year. This represents an operating result (EBIT) of between € 11.0 and € 13.8 million. The return on capital employed (ROCE) is expected to be in the range of 12.5 % to 14.0 %. Further pandemic-related disruption, further impacts of the acts of war between Russia and Ukraine and acquisitions are not contained in this revenue and earnings forecast.

## Report on Expected Developments

Whether this forecast is achieved will depend crucially on when and to what extent global supply chains stabilise again and allow production to take off. As such, it must be assumed that the first half of the 2022 financial year will yield weaker revenue and earnings than the second half.

The Group's development is being held back by a growing shortage of skilled labour. According to a survey by the Association of German Machine Tool Manufacturers (VDW), two-thirds of mechanical and plant engineering companies want to increase their core workforce in order to handle business growth. In light of its defined revenue target, technotrans likewise identifies a need to recruit more personnel. However the shortage of qualified employees means the labour market no longer offers the requisite flexibility to respond swiftly to capacity requirements. This will necessitate swift, cost-sensitive personnel management to compensate for any material-related supply backlogs with targeted personnel recruitment in the second half of the year, without undermining the company's profitability.

Group		Actual	Forecast 2022
		2021	
Revenue	€ million	211.1	220 - 230
EBIT	€ million	11.0	11,0 - 13,8
EBIT margin	%	5.2	5,0 - 6,0
ROCE	%	12.5	12,5 - 14,0

EBIT in the table is the figure derived from the limit points of the forecast for revenue and EBIT margin.

Improving profitability is a key aspect of the first phase of the Future Ready 2025 strategy and will remain in focus in the second year of its implementation. With the mergers of the companies gwk and Reisner as well as technotrans and KLH, which will be legally completed at the end of March 2022, we will pave the way for unlocking further synergy potential of both an organisational and technical nature. Location boundaries will become blurred and the new "togetherness" of the umbrella brand will enable technotrans to offer its focus markets a streamlined range of products and services for thermal management.

The new technotrans solutions GmbH is receiving a very positive reception in the Plastics focus market. Customers and suppliers see the merger as symbolising a strong partnership and believe the company has more market clout as a result. The current order situation is correspondingly healthy. The long lead times for chillers and cooling systems mean the order book for this product area is already well filled. Overall, we expect this market segment to achieve solid revenue growth of a double-digit percentage. In response to the market's positive development, this year the emphasis of corporate development will be on improving efficiency in conjunction with creating leeway for further growth. To that end, there will be a review of especially the planning and production processes and the plant structures at Meinerzhagen and Holzwickede.

The target market Energy Management is developing well. A large number of project enquiries and orders to realise prototypes, especially for rail transport, are the bedrock of a positive business

performance in 2022. This development is supported by technotrans' change of role for its customers in this field. Last year it successfully advanced from tier 2 to tier 1 supplier. As a result, our specialists are involved in the strategic development projects of our OEM customers at a much earlier stage, enabling them to respond directly to market shifts and trends. We moreover expect growth impetus in the area of charging infrastructure and battery cooling for electrified special vehicles. The server cooling area is showing particular promise. It could break new ground in the new financial year. All in all, we expect the Energy Management focus market to deliver the highest growth rate of all our focus markets, with easily double-digit percentage growth. Based on these positive market prospects, technotrans is broadening its technological basis and expanding the structure and capacity of the business area.

The Healthcare & Analytics area is proving volatile because of the current disruption to supply markets. On the one hand we expect exciting new projects and production starts. On the other hand disruption to the supply chain due to the high emphasis on series production with repetition rates in the thousands quickly leads to noticeable delays to revenue that are difficult to make up. On average the picture is balanced, with good potential for improvement. This view is supported by customers' growing awareness of technotrans' systemic expertise for all aspects of thermal management in medical applications. technotrans is also increasingly building a reputation internationally in this market and establishing a reputation as a strong development partner. The Group will adopt a corresponding sales focus to expand its business particularly in China and the USA.

In the Print focus market, there is clear evidence that the pandemic-related general reluctance to invest is lifting. The order level of major printing press manufacturers is good and, combined with livelier end user business, is fuelling a positive business performance. For 2022, the technotrans Group expects rising revenue in the medium single-digit percentage range, especially in the Technology segment.

Even if the Laser & Machine Tools area is not among the focus markets and is worked selectively, technotrans is benefiting from its long-standing, stable customer relationships and their business performance. The prospects for the 2022 financial year are promising, not least because of its USP in laser cooling for EUV lithography. technotrans intends to consolidate its strong position by steadily developing the product. However here too, worldwide disruptions to supply chains limit the development potential in view of the series production character of the product groups and technotrans is inclined to expect the market as a whole to remain range-bound. Nevertheless, it remains to be seen how much fresh impetus the Laser World of Photonics, the leading trade show taking place once again this April in Munich, will provide for a positive business performance in this area.

The upheaval in procurement markets is affecting especially the Technology segment and presenting it with major challenges with regard to costs (increasing material prices) and efficiency (personnel expenditure). However given the diversification of markets and products across the Group, the Board of Management expects that it will be possible to compensate for cyclical restrictions to individual market and that the segment as a whole will develop positively. This is of course subject to no resurgence of the COVID-19 pandemic. Regarding the result for the segment, despite the substantial additional cost of maintaining the ability to deliver the positive trend that started in 2021 is expected to continue. At the end of the financial year the Board of Management expects a slightly improved positive result for the segment.

## Report on Expected Developments

The Services segment makes a significant contribution to the economic stability of the technotrans Group. To improve efficiency and optimise profitability, individual service areas are being systematically combined and the Group-wide shared service organisation expanded, especially for the field service. In view of continuing reservations about customer visits and the spread of the Omicron variant, the Board of Management expects only slight revenue growth in this segment. For the Technical Documentation area, represented by gds, we anticipate perceptible revenue growth. This expectation is based on rising demand for technical translations and the growing market presence of the proprietary content delivery system.

Based on an overall rise in income, we forecast a positive free cash flow for the 2022 financial year. The Group is planning to significantly step up investing activities in the 2022 financial year. Its focus is likely to be on land and buildings in Germany and internationally to enable potential growth, as well as on technical equipment. The repayment of debt and the dividend payout are to be financed from current cash flow and freely available liquidity. Together with the surplus cash generated, these constantly assure the financing of current business. The Group equity ratio will remain well above 50 %.

Over and above general business development, 2022 will also see the sales and technical foundations laid for phase two of the Future Ready 2025 strategy, with the emphasis placed on profitable growth and more innovations in the focus markets. The Group target for 2025 is organic revenue growth to a level of € 265 to € 285 million, resulting in an operating profit margin of 9.0 % to 12 %. Targeted M&A transactions are a possible means of increasing growth further. Criteria for potential acquisitions include diversification, profitability, strategic fit and internationality.

# Prospective development of technotrans SE in the 2022 financial year

In the 2022 financial year the HGB separate financial statements of technotrans SE will be shaped by the retroactive merger with KLH Kältetechnik GmbH with effect from January 1, 2022. KLH achieved revenue of around € 20 million and a balanced result in the 2021 financial year, and its balance sheet total was around € 8 million. As a result of the merger and organic growth, the Board of Management expects substantial revenue growth for technotrans SE.

For accounting reasons the merger of KLH produces a non-recurring loss of around € 2 million solely in the separate financial statements in the 2022 financial year. Taking into account this merger loss, a very significantly lower operating result before interest and taxes (EBIT) and EBIT margin are forecast for the 2022 financial year.

The differentiated developments in the focus markets have been built into this forecast. It has moreover been assumed that implementation of the Future Ready 2025 strategy will progress according to plan. Effects of any shift in the course of the pandemic on the business performance have not been included. Nor is it currently possible to predict conclusively the timescale and extent of supply bottlenecks and for the current acts of war between Russia and Ukraine.

# Overall statement of the Board of Management on the future business performance in 2022

In the 2021 financial year, the first year of implementing the Future Ready 2025 strategy, the technotrans Group demonstrated that the course set for its transformation based on the core skill of thermal management is effective and starting to bear fruit. Despite the continuing impact of the COVID-19 pandemic, revenue and the operating result (EBIT) both increased.

Building on this basis, technotrans has again set clear targets for the current financial year and is consistently pursuing its adopted strategic course for increasing stability and profitability. With the mergers of the companies gwk with Reisner and technotrans SE with KLH, important groundwork was done to unlock further synergies in the areas of organisation and processes, technology as well as customers and markets. Based on the increasingly positive underlying sentiment in technotrans' focus markets, a high order backlog across the Group and a favourable supply and projects situation, the Board of Management is therefore optimistic of maintaining the technotrans Group's profitable growth in 2022. However the outlook for the financial year carries uncertainties over the pandemic-related supply bottlenecks as well as price rises for energy, commodities and components. It therefore remains to be seen when and to what extent supply chains stabilise again, even if it can be assumed the situation will gradually ease as the year progresses. The further consequences of the acts of war between Russia and Ukraine regarding the investment activities and macroeconomic risks, e.g. due to rising energy prices, are also difficult to assess at present.

In light of this, the Board of Management expects the first half of the 2022 financial year to produce weaker revenue and earnings than the second half of 2021. As a whole, however, it is optimistic and identifies potentials.

## DISCLAIMER

The Combined Management Report contains future-related statements. Considerable variation between anticipated developments and actual outcomes is possible due to any aforementioned or other element of uncertainty, or if the assumptions on the basis of which the forecasts are made prove to be incorrect.

Sassenberg, March 11, 2022

technotrans SE

The Board of Management



Michael Finger



Peter Hirsch

# Consolidated Financial Statements

## Consolidated Financial Statements

\_ Consolidated Balance Sheet

Page 168

\_ Consolidated Income Statement

Page 170

\_ Consolidated Statement of  
other Comprehensive Income

Page 171

\_ Consolidated Cash Flow Statement

Page 172

\_ Consolidated Statement of  
Changes in Equity

Page 174

\_ Notes

Page 176

\_ Proposal of the Appropriation of Profit

Page 235

\_ Responsibility Statement  
by the Management

Page 236

\_ Independent Auditor's Report

Page 237

\_ Further Informationen

Page 246





# Consolidated Balance Sheet

## Assets

	Note	31/12/2021	31/12/2020
		k€	k€
<b>Non-current assets</b>			
Property, plant and equipment	(1)	36,212	36,781
Right-of-use assets	(2)	2,476	3,210
Goodwill	(3)	23,513	23,513
Intangible assets	(4)	6,001	7,016
Other financial assets	(5)	168	151
Deferred taxes	(28)	1,186	1,142
		<b>69,556</b>	<b>71,813</b>
<b>Current assets</b>			
Inventories	(6)	33,696	26,702
Trade receivables	(7)	21,617	21,082
Income tax receivables	(8)	589	103
Other financial assets	(9)	590	546
Other assets	(9)	2,498	2,122
Cash and cash equivalents	(10)	18,651	25,749
		<b>77,641</b>	<b>76,304</b>
<b>Total assets</b>		<b>147,197</b>	<b>148,117</b>

## Equity and liabilities

	Note	31/12/2021	31/12/2020
		k€	k€
<b>Equity</b>	(11)		
Issued capital		6,908	6,908
Capital reserve		19,097	19,097
Retained earnings		57,935	55,461
Other reserves		-6,180	-6,999
Net profit for the period		7,020	4,956
<b>Total equity attributable to technotrans SE shareholders</b>		<b>84,780</b>	<b>79,423</b>
Non-controlling interests in equity		-4	-5
		<b>84,776</b>	<b>79,418</b>
<b>Non-current liabilities</b>			
Borrowings	(12)	24,803	31,043
Employee benefits	(16)	608	686
Other financial liabilities	(13)	1,164	1,680
Deferred taxes	(28)	1,216	448
		<b>27,791</b>	<b>33,857</b>
<b>Current liabilities</b>			
Borrowings	(12)	6,670	12,960
Trade payables	(14)	6,016	4,606
Prepayments received	(15)	5,725	3,210
Employee benefits	(16)	5,538	5,309
Provisions	(17)	3,963	3,490
Income tax payables	(18)	1,530	274
Other financial liabilities	(19)	2,530	2,715
Other liabilities	(19)	2,658	2,278
		<b>34,630</b>	<b>34,842</b>
<b>Total equity and liabilities</b>		<b>147,197</b>	<b>148,117</b>

# Consolidated Income Statement

	Note	2021	2020
		k€	k€
<b>Revenue</b>	(20)	<b>211,102</b>	<b>190,454</b>
of which Technology		156,890	141,916 *
of which Services		54,212	48,538 *
Cost of Sales	(21)	-150,623	-137,012
<b>Gross profit</b>		<b>60,479</b>	<b>53,442</b>
Distribution costs	(22)	-24,363	-21,226
Administrative expenses	(23)	-20,265	-18,375
Development costs	(24)	-4,959	-7,347
Income/expenses from impairment losses on financial assets and contract assets	(7)	21	-165
Other operating income	(25)	1,521	1,511
Other operating expenses	(26)	-1,404	-1,060
<b>Earnings before interest and taxes (EBIT)</b>		<b>11,030</b>	<b>6,780</b>
Financial income		23	86
Financial expenses		-641	-746
<b>Financial result</b>	(27)	<b>-618</b>	<b>-660</b>
<b>Profit before tax</b>		<b>10,412</b>	<b>6,120</b>
Income tax expense	(28)	-3,391	-1,163
<b>Net profit for the period</b>		<b>7,021</b>	<b>4,957</b>
of which:			
Profit attributable to technotrans SE shareholders		7,020	4,956
Profit attributable to non-controlling interests		1	1
<b>Earnings per share (€)</b>	(29)		
basic / diluted		1,02	0,72

\*Adjustment of previous year's figures due to reclassifications of revenues from the initial installation of equipment from Services to Technology, see Note V. Segment Report.

# Consolidated Statement of Other Comprehensive Income

	Note	2021	2020
		k€	k€
<b>Net profit for the period</b>		<b>7,021</b>	<b>4,957</b>
Other results			
<b>Items that were not be reclassified to Income Statement</b>			
Revaluation of the net debt from defined benefit obligations	(16)	7	-1
Deferred taxes		-2	0
		5	-1
<b>Items that were or must be reclassified to Income Statement</b>			
Exchange differences from the translation of foreign group companies		526	-25
Change in the amount recognised within equity (net investments in a foreign operation)	(11)	17	-579
Change in the market values of cash flow hedges		24	14
Amount reclassified to the Income Statement		0	-15
Deferred taxes		5	0
Change in the amount recognised within equity (cash flow hedges)	(34)	29	-1
		572	-605
<b>Other profit after tax</b>		<b>577</b>	<b>-606</b>
<b>Overall result for the financial year</b>		<b>7,598</b>	<b>4,351</b>
<b>of which:</b>			
Profit attributable to technotrans SE shareholders		7,597	4,350
Profit attributable to non-controlling interests		1	1

# Consolidated Cash Flow Statement

	Note	2021	2020
		k€	k€
<b>Cash flow from operating activities</b>	(30)		
Net profit for the period		7,021	4,957
Adjustments for:			
Depreciation and amortisation		7,038	7,069
Income tax expenses	(28)	3,391	1,163
Gain (-) / loss (+) on the disposal of property, plant and equipment	(25), (26)	-39	-49
Foreign exchange losses (+) / gains (-)		593	-320
Net finance costs	(27)	618	660
Other non-cash changes from leases	(2)	-190	-202
<b>Cash flow from operating activities before working capital changes</b>		<b>18,432</b>	<b>13,278</b>
Change in:			
Inventories	(6)	-6,994	1,555
Receivables and other current assets		-971	2,983
Liabilities and prepayments		4,752	-3,856
Provisions and employee benefits	(16), (17)	632	-370
<b>Cash from operating activities</b>		<b>15,851</b>	<b>13,590</b>
Interest received		3	34
Interest paid		-523	-659
Income taxes paid/income tax rebates		-1,897	-738
<b>Net cash from operating activities</b>		<b>13,434</b>	<b>12,227</b>
<b>Cash flow from investing activities</b>	(31)		
Cash payments for investments in property, plant and equipment and in intangible assets		-3,709	-8,412
Proceeds from the sale of property, plant and equipment		230	100
<b>Net cash used for investing activities</b>		<b>-3,479</b>	<b>-8,312</b>

	Note	2021	2020
		k€	k€
<b>Cash flow from financing activities</b>	(32)		
Cash receipts from the raising of short-term and long-term loans		0	10,500
Cash payments from the repayment of loans		-12,531	-6,696
Distribution to investors		-2,487	0
Cash payments from the repayment of lease liabilities		-1,980	-2,620
<b>Net cash used in financing activities</b>		<b>-16,998</b>	<b>1,184</b>
Change in cash and cash equivalents		-7,043	5,099
Cash and cash equivalents at start of period		25,749	20,910
Net effect of currency translation in cash and cash equivalents		-55	-260
<b>Cash and cash equivalents at end of period</b>	(10), (33)	<b>18,651</b>	<b>25,749</b>

# Consolidated Statement of Changes in Equity

(Notes 11)

	Issued capital	Capital reserve	Retained earnings
	k€	k€	k€
<b>01/01/2020</b>	<b>6,908</b>	<b>19,097</b>	<b>55,462</b>
Net profit for the period	0	0	4,956
Other result	0	0	-1
<b>Overall result for the financial year</b>	<b>0</b>	<b>0</b>	<b>4,955</b>
<b>31/12/2020 / 01/01/2021</b>	<b>6,908</b>	<b>19,097</b>	<b>60,417</b>
Net profit for the period	0	0	7,020
Other result	0	0	5
<b>Overall result for the financial year</b>	<b>0</b>	<b>0</b>	<b>7,025</b>
Distribution of profit	0	0	-2,487
Share-based payments	0	0	0
<b>Transactions with owners</b>	<b>0</b>	<b>0</b>	<b>-2,487</b>
Total transactions with owners of the company	0	0	-2,487
<b>31/12/2021</b>	<b>6,908</b>	<b>19,097</b>	<b>64,955</b>

**Other reserves**

Exchange differences	Reserve for exchange rate differences from the financing of investments	Hedging reserve	Share-based payments	Total equity attributable to technotrans SE shareholders	Non-controlling interests in equity	Group equity
k€	k€	k€	k€	k€	k€	k€
<b>-3,662</b>	<b>-2,677</b>	<b>-55</b>	<b>0</b>	<b>75,073</b>	<b>-6</b>	<b>75,067</b>
0	0	0	0	4,956	1	4,957
-25	-579	-1	0	-606	0	-606
<b>-25</b>	<b>-579</b>	<b>-1</b>	<b>0</b>	<b>4,350</b>	<b>1</b>	<b>4,351</b>
<b>-3,687</b>	<b>-3,256</b>	<b>-56</b>	<b>0</b>	<b>79,423</b>	<b>-5</b>	<b>79,418</b>
0	0	0	0	7,020	1	7,021
526	17	29	0	577	0	577
<b>526</b>	<b>17</b>	<b>29</b>	<b>0</b>	<b>7,597</b>	<b>1</b>	<b>7,598</b>
0	0	0	0	-2,487	0	-2,487
0	0	0	247	247	0	247
<b>0</b>	<b>0</b>	<b>0</b>	<b>247</b>	<b>-2,240</b>	<b>0</b>	<b>-2,240</b>
0	0	0	247	-2,240	0	-2,240
<b>-3,161</b>	<b>-3,239</b>	<b>-27</b>	<b>247</b>	<b>84,780</b>	<b>-4</b>	<b>84,776</b>



# I. APPLICATION OF IFRS – BASIC EXPLANATIONS

technotrans SE is a listed corporation with its registered office in Sassenberg (Robert-Linnemann-Str. 17, 48336 Sassenberg), Germany. The company is entered in the register of the Local Court of Münster under the number HRB 17351. These consolidated financial statements of technotrans SE and its subsidiaries ("Group") at December 31, 2021 were approved for forwarding to the Supervisory Board by resolution of the Board of Management on March 11, 2022. The Supervisory Board has the task of examining the consolidated financial statements and declaring whether it approves the consolidated financial statements.

The object of the technotrans Group is the development, manufacture, construction, sale, installation, maintenance and servicing of technical equipment, systems and components, trading in such equipment, systems and components, and the provision of services, including technical services in the area of thermomanagement. The Group is divided into the Technology and Services business segments.

The consolidated financial statements have been prepared in accordance with section 315e of the German Commercial Code (HGB) ("Consolidated financial statements according to International Accounting Standards") in compliance with the International Financial Reporting Standards (IFRS) and the related interpretations of the International Accounting Standards Board (IASB). All mandatory regulations adopted by the European Union were taken into account.

The consolidated financial statements are based on standard accounting and valuation principles and relate to the financial year from 1 January to 31 December 2021. Details on the accounting methods can be found in section "II. Group c) Balance sheet recognition and measurement principles". Changes in significant accounting policies are presented in the section "Accounting policies". The financial statements are prepared in euro (€), unless otherwise stated, they are reported in thousands of euro (k€).

## II. Group

### a) Scope of consolidation

The consolidated financial statements include technotrans SE and its 17 subsidiaries over which it exercises control. A controlling influence regularly results from holding the majority of voting rights. Technotrans SE directly or indirectly holds the majority of voting rights in 16 subsidiaries. The Group does not hold a majority of the voting rights in SHT Immobilienbesitz GmbH & Co. Vermietungs KG, which exclusively holds and manages the operating property in Bad Doberan, which is leased to KLH Kältetechnik GmbH. According to the terms of the lease agreement, the Group receives substantially all of the income from this activity. As a result, the Board of Management concludes that SHT Immobilienbesitz GmbH & Co. KG is a subsidiary and has to be consolidated. Compared with December 31, 2020, the group of consolidated companies was reduced by the Swedish company technotrans scandinavia AB, Åkersberga. The company was sold on March 10, 2021 and was therefore deconsolidated in the consolidated financial statements. The deconsolidation had almost no effect on the consolidated result or the net assets, financial position or results of operations of the Group. Subsidiaries that are of minor importance for the Group and for the presentation of a true and fair view of the net assets, financial position and results of operations due to their dormant or only minor business activities are generally not included in the consolidated financial statements. One subsidiary, which is already in liquidation, was not included in the consolidated financial statements due to its minor significance.

Gwk Gesellschaft Wärme Kältetechnik mbH was renamed technotrans solutions GmbH on September 22, 2021. Termotek GmbH was renamed technotrans systems GmbH on February 21, 2022. The unification of the companies under the technotrans umbrella brand is thus being systematically implemented as part of the Future Ready 2025 strategy.

KLH Kältetechnik GmbH will be merged with technotrans SE in the 2022 financial year, with retrospective effect from January 1, 2022. Reisner Cooling Solutions GmbH will be merged with technotrans solutions GmbH in the 2022 financial year, with retrospective effect from January 1, 2022. The mergers are not expected to have any effect on the net assets, financial position and results of operations of the Group.

## Consolidated Financial Statements

Companies	Country	Domicile	Interest in %
technotrans SE	D	Sassenberg	parent company
technotrans solutions GmbH	D	Meinerzhagen	100 <sup>2)</sup>
technotrans systems GmbH	D	Baden-Baden	100 <sup>2)</sup>
KLH Kältetechnik GmbH	D	Bad Doberan	100 <sup>2)</sup>
Reisner Cooling Solutions GmbH	D	Holzwickede	100
SHT Immobilienbesitz GmbH & Co. Vermietungs KG	D	Mainz	94 <sup>1)</sup>
technotrans Grundstücksverwaltungs GmbH	D	Sassenberg	100
gds GmbH	D	Sassenberg	100 <sup>2)</sup>
gds Sprachenwelt GmbH	D	Hünfeld	100 <sup>3)</sup>
technotrans graphics Ltd.	GB	Colchester	100
technotrans france s.a.r.l.	F	Saint-Maximin	100
technotrans italia s.r.l.	I	Legnano	100
technotrans america inc.	USA	Mt. Prospect	100
technotrans américa latina ltda.	BR	Indaiatuba	100
technotrans group (taicang) co. ltd.	CHN	Taicang	100
technotrans technologies pte. ltd., (Singapur und Melbourne)	SGP	Singapur	100
technotrans india pvt ltd	IN	Chennai	100 <sup>4)</sup>
technotrans japan K.K.	JP	Kobe	100
gwk Heating & Cooling Technology (Nanchang) Co. Ltd	CHN	Nanchang	100 <sup>5)</sup>

<sup>1)</sup> Limited partnership interest held by KLH Kältetechnik GmbH; consolidation according to IFRS 10

<sup>2)</sup> The domestic subsidiary has met the necessary conditions for taking advantage of the exemption provisions pursuant to Section 264 (3) of German Commercial Code (HGB) and uses the option not to prepare and disclose the documentation pertaining to its annual financial statements

<sup>3)</sup> Indirect interest held through gds GmbH

<sup>4)</sup> Indirect interest held through technotrans technologies pte. Ltd.

<sup>5)</sup> Indirect interest held through technotrans solutions GmbH; company is currently in liquidation and was not included in consolidation for reasons of minor significance

### b) Consolidation methods

The consolidated financial statements are based on the annual financial statements and interim financial statements (HB II based on IFRS) of the companies included in the group, prepared in accordance with uniform accounting and valuation principles as of December 31, 2021.

The capital consolidation of the subsidiaries is carried out in accordance with IFRS 3 using the purchase method. The acquisition costs of the business combination correspond to the cash components paid and the liabilities incurred and assumed at the acquisition date. These acquisition costs are allocated to the identifiable assets, liabilities and contingent liabilities of the acquired company by recognising them at their fair values at the time of acquisition. The positive differences remaining after purchase price allocation are recognised as goodwill. Non-controlling interests are valued at acquisition cost (partial goodwill method). Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Goodwill is recognised as an asset and is subject to an annual impairment test. The costs associated with the business combination are expensed as incurred.

All receivables and liabilities, sales, expenses and income between Group companies as well as inter-company results within the Group from deliveries are eliminated in the consolidation. Deferred taxes are recognised, if necessary, on consolidation transactions recognised in profit or loss.

### c) Balance sheet recognition and measurement principles

The consolidated financial statements are prepared on a historical cost basis except for certain financial instruments that are carried at fair value.

#### Accounting estimates and judgements

The preparation of the consolidated financial statements in accordance with IFRS requires the Board of Management to make estimates and assumptions that affect the reported amounts and related disclosures in the notes. Significant judgements outside of estimation relate to the delimitation of cash-generating units, the inclusion of companies without a majority of voting rights in the Group, the timing of revenue recognition and the term of leases.

All estimates and assumptions are made to the best of our knowledge and belief in order to provide a true and fair view of the Group's net assets, financial position and results of operations. The estimates and premise-sensitive accounting policies are characterised by uncertainty and may change over time. Actual results may differ from these estimates. The responsibility for regularly monitoring all significant fair value measurements, including Level 3 fair values, lies with Group Controlling. Changes are reported to the Chief Financial Officer. Regular reviews of significant unobservable inputs and valuation adjustments are performed.

The estimates and underlying assumptions are reviewed regularly. If the reassessment results in a variance, the variance is recognised in the accounting period in which the reassessment occurred if it affects only that period. It is recognised in the accounting period in which the reassessment occurred and in subsequent periods if it also affects subsequent periods.

Estimates by the Board of Management that are subject to significant uncertainties and entail the risk of material adjustments in future financial years relate in particular to the following matters:

### 1) Accounting of acquisition

As a result of acquisitions, goodwill is recognised in the Group's balance sheet. When an acquisition is consolidated for the first time, all identifiable assets, liabilities and contingent liabilities are recognised at fair value at the acquisition date. Assets such as land, buildings and office equipment are generally valued on the basis of independent appraisals, while the fair value of an intangible asset is determined internally using an appropriate valuation technique depending on its nature and the complexity of its determination. The assumptions made for this purpose are regularly subject to forecast uncertainty. Goodwill exists from company acquisitions. Goodwill is tested for impairment annually or more frequently if there are indications of impairment. With regard to "Significant accounting judgements in 2021", see Note 3 "Goodwill" and Note 4 "Intangible assets".

### 2) Assessment of the value of assets

At each balance sheet date, the Board of Management shall assess whether there is any indication that the carrying amount of an item of property, plant and equipment, a right of use or an intangible asset may be impaired. In this case, the "recoverable amount" of the asset concerned is estimated. The "recoverable amount" is the higher of fair value less costs to sell and value in use. To determine the value in use, the discounted future cash flows of the asset in question must be determined. This estimate includes significant assumptions regarding the economic environment as well as future cash flows. Changes in these assumptions or circumstances could result in additional impairment losses or reversals of impairment losses in the future. For "Significant accounting judgements in 2021", see Note 1 "Property, plant and equipment", Note 2 "Leases", and Note 4 "Intangible assets".

### 3) Recognition and measurement of provisions

For the recognition and measurement of provisions, the amount and probability of utilisation are estimated. The amount of the actual utilisation may differ from the estimates. The assumptions and estimates are based in each case on the current state of knowledge and the data currently available. For "Significant accounting judgements in 2021", see Note 16 "Employee benefits" and Note 17 "Provisions".

### 4) Income tax expense

As the Group operates and earns income in numerous countries, it is subject to a wide variety of tax laws in a number of tax jurisdictions. Although management believes it has made a reasonable estimate of tax contingencies, no assurance can be given that the actual outcome of such tax contingencies will be the same as the original estimate. Any differences could have an impact on tax liabilities and deferred taxes. At each balance sheet date, the Board of Management assesses whether the realisability of future tax benefits is sufficiently probable for the recognition of deferred tax assets. This requires the board to assess, among other things, the tax benefits arising from available tax planning strategies and future taxable income. The recognised deferred tax assets could decrease if estimates of projected taxable income are lowered or if changes in current tax legislation limit the realisability of future tax benefits. With regard to "Significant accounting judgements in 2021", see Note 28 "Income taxes".

### 5) Revenue recognition

IFRS 15 establishes a comprehensive framework for determining whether, in what amount and at what time revenue is recognised. According to IFRS 15, revenue is recognised when a customer obtains control of goods or services. The determination of whether the customer obtains control at a point in time

## Notes

or over time requires judgement. The Group recognises revenue when a customer obtains control over the goods or, in the case of services, when the service is rendered. According to the Group's assessment, revenue is generally recognised on a point-in-time basis.

Where contracts include two or more performance obligations, the transaction price is allocated to the products or the product and service based on the relative stand-alone selling prices. For contracts that include a delivery obligation and an installation obligation, an individual assessment of the status of fulfilment of the delivery obligation at the balance sheet date and the terms of the contract, including the INCO terms, is necessary. In the event of a temporal discrepancy between the fulfilment of the delivery and installation obligation across periods, the revenue and expense portion attributable to the delivery obligation is recognised, provided that the power of control was provided to the customer in the financial year and the other criteria of IFRS 15 are fulfilled.

As a rule, the Group's sales contracts do not contain any financing components.

If a discount is granted, it is allocated to both obligations based on their relative stand-alone selling prices. Management determines the individual sales prices at the beginning of the contract. With regard to "Significant accounting judgements in 2021", see Note 20 "Revenue".

### 6) Valuation of financial assets

The Group uses an allowance matrix to measure expected credit losses on trade receivables and contract assets. The Group uses past default rates and forward-looking information to determine expected loss rates. The assumptions used to determine the loss ratios are based on the Group's estimates. With regard to "Significant accounting judgements in 2021", see section 34 "Financial instruments".

### 7) Leasing agreements

The term of leases is included in the measurement of assets and liabilities from leases. In determining the term of leases, all facts and circumstances that provide an economic incentive to exercise renewal options or not to exercise termination options are taken into account. Term changes resulting from the exercise of renewal or termination options shall only be included in the contract term if renewal is reasonably certain. Estimates are necessary in determining the marginal borrowing rate of the lease. With regard to "Significant accounting judgements in 2021", see bullet point 2 "Leases".

### Accounting and valuation methods

The application of special IFRS is explained in the notes to the individual items in the financial statements. In principle, the following accounting and valuation methods were applied:

**Property, plant and equipment** are valued at historical acquisition or production cost less scheduled depreciation and accumulated impairment losses. Subsequent acquisition costs are capitalised insofar as they increase the value of property, plant and equipment. In the case of self-constructed property, plant and equipment, the production costs are determined on the basis of the direct costs as well as the systematically allocable fixed and variable production overheads including depreciation. Ongoing maintenance and repair costs are expensed as incurred.

With the exception of land, property, plant and equipment is depreciated on a straight-line basis over its useful life. Useful life and depreciation method are reviewed annually.

## Consolidated Financial Statements

Parts of an item of property, plant and equipment with a significant acquisition value in relation to the total value are depreciated separately. Upon sale or decommissioning, the carrying amounts of the assets are derecognised from the balance sheet; any resulting gains or losses are recognised in profit or loss.

### Useful life of property, plant and equipment

Buildings	20 to 50 years
Land improvements, fixtures and fittings	10 to 15 years
Tools, plant and equipment	3 to 10 years
Hardware, vehicle fleet	3 to 6 years

If there are indications of impairment, property, plant and equipment are tested for impairment in accordance with IAS 36. Where necessary, property, plant and equipment are written down to the "recoverable amount". If the reasons subsequently cease to apply, these value adjustments are reversed up to a maximum of the net book value that would have resulted if no such value adjustments had been made.

**Lease** assets and lease liabilities are recognised as **right-of-use** assets and **lease liabilities** at the inception of the lease. At the inception of the lease, the Group assesses whether the contract creates or contains a lease. If the contract includes the right to control the use of an identified asset for a specified period of time in exchange for consideration, the contract creates or contains a lease. In order to assess whether a contract confers the right to control the use of an identified asset, the technotrans Group applies the definition of a lease in accordance with IFRS 16.

At the inception or reassessment of a contract that includes a lease component, the Group allocates the consideration agreed in the contract on a relative unit basis. There is thus a separation of leasing and non-leasing components.

The lease is recognised at present value. The lease liability includes the present value of the following lease payments:

- fixed lease payments, including substantial fixed payments, less any lease incentives to be received;
- variable lease payments that depend on an index or a price, initially valued at the index or the price at the commencement date;
- expected payments from the utilisation of residual value guarantees;
- the exercise price of a call option, the exercise of which is sufficiently certain for the Group;
- lease payments for a renewal option if the Group is reasonably certain to exercise it; and
- penalty payments for the early termination of a lease, provided that the term takes into account that the Group will exercise the corresponding termination option.

## Notes

Lease payments are discounted at the implicit interest rate underlying the lease, if determinable. As this is usually not the case in the Group, discounting is carried out at the lessee's marginal borrowing rate. This is the interest rate that the lessee would have to borrow under similar economic conditions for a loan with a similar term and comparable collateral in order to acquire an asset with a similar value in a comparable economic environment.

To determine a marginal borrowing rate, the Group uses a risk-free interest rate as a starting point and adjusts it to the credit risk. Other adjustments relate to the term of the lease, the economic environment and the currency of the lease.

The lease liability is remeasured if there is a change in the future lease payments due to a change in an index or a rate, a change in the estimate of residual value guarantees to be paid or a change in the Group's estimate of the exercise of purchase, renewal or termination options. If there is a revaluation of the lease liability, a corresponding adjustment is made to the carrying amount of the right-of-use asset.

Lease payments are divided into principal and interest payments. The interest component of the lease payment is recognised in profit or loss, resulting in interest on the remaining balance of the liability for each period.

Right-of-use asset are valued at acquisition cost. These are composed as follows:

- the amount of the initial measurement of the lease liability;
- lease payments made at or before the commencement date, less any lease incentives received from the lessor;
- initial direct costs incurred; and
- estimate of the costs incurred to dismantle and remove a leased asset, restore the site on which it is located, or restore the underlying asset to the condition required under the lease agreement.

The rights of use are amortised on a straight-line basis over the term of the underlying lease. The term for lease contracts for vehicles is usually 3 to 4 years, that for real estate 1 to 5 years. Depreciation begins at the inception of the lease. If the carrying amount of a right-of-use asset is impaired in the course of a revaluation in accordance with IAS 36, the adjustment is recognised in the income statement.

The Group has leases with contractual terms of 12 months or less or leases of low-value assets. Neither right-of-use assets nor lease liabilities are recognised for these leases. The expenses associated with these leases are recognised on a straight-line basis over the term of the lease.

The **goodwill** recognised represents the difference between the purchase price and the fair value of the net assets acquired in business combinations. In accordance with IAS 36, goodwill must be tested for impairment once a year or whenever there are indications of impairment. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the



combination. Where necessary, value adjustments are made to the "recoverable amount". According to IAS 36.124, such a value adjustment is not reversed if the reasons subsequently cease to exist.

**Intangible assets acquired for consideration**, namely concessions, industrial property rights and similar assets, are recognised at cost. They are reduced by scheduled depreciation in accordance with the straight-line method over the course of use. Trademarks, licences and customer bases acquired in business combinations are recognised at fair value at the acquisition date. Intangible assets identified from previous acquisitions have finite useful lives and are subsequently carried at cost less accumulated amortisation. The residual value, useful life and depreciation method are reviewed annually.

**Internally generated intangible assets** are recognised at cost. Development expenses that are aimed at a significant further development of a product are capitalised if the product is technically and economically feasible, the development is marketable, the expenses can be reliably measured and the Group has sufficient resources to complete the development project. In accordance with IAS 38.65 ff., they include not only the directly attributable direct costs but also the overheads that can be directly allocated to the creation, production and preparation of the asset, insofar as they are incurred from the beginning of the development phase until its completion. The capitalisation requirements of IAS 38.21, 38.22 and 38.57 are observed. Scheduled amortisation of capitalised development costs begins as soon as the asset can be used. This date usually coincides with the start of commercial use.

### Useful life of intangible assets

Patents, licences	3 to 10 years
Capitalised development costs	5 years
Customer base, order backlog, brand	2 to 10 years

All purchased and internally generated intangible assets have a finite useful life. With regard to any necessary value adjustments to the "recoverable amount" of the intangible assets, the comments on property, plant and equipment apply analogously.

**Taxes for** the period consist of current and deferred taxes. Tax is recognised in the income statement unless it relates to items recognised directly in equity or other comprehensive income. In these cases, the corresponding taxes are also recognised in equity or other comprehensive income. **Deferred taxes** are recognised in accordance with IAS 12 using the balance sheet approach for temporary differences between the carrying amounts in the IFRS balance sheet and the tax balance sheet (liability method) as well as for tax loss carryforwards and for creditable taxes. Deferred tax assets for temporary differences and tax loss carryforwards are only recognised to the extent that it is probable that sufficient taxable income will be available in the future to utilise them. Deferred taxes are measured using the local tax rates that have been enacted or announced at the balance sheet date.

Deferred tax assets and liabilities are also recognised on temporary differences arising on acquisitions, with the exception of temporary differences on goodwill where these are not recognised for tax purposes. Deferred tax assets and liabilities are offset if there is a right of set-off and the items relate to income taxes levied by the same tax authorities.

## Notes

In principle, **inventories** are valued at acquisition or production cost using the average cost method or, if lower, at net realisable value. In accordance with IAS 2, production costs include not only direct material and production costs, but also fixed and variable production overheads that can be allocated by way of overhead costing and are incurred during production.

Net realisable value is the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale. If the reasons that led to a devaluation no longer exist, the impairment loss is reversed.

**Trade receivables** and other current receivables are generally recognised at amortised cost using the effective interest method. Impairments, which are made in the form of individual and group portfolio value adjustments, take sufficient account of the default risk. For further information on the Group's accounting for trade receivables and a description of the Group's impairment policy, see Note 34 "Financial instruments". Objective defaults lead to a derecognition of the receivable in question. Non-current non-interest-bearing receivables are discounted.

**Cash and cash equivalents** are stated at nominal value and are translated into euros at the exchange rate prevailing on the balance sheet date. They include cash and demand deposits as well as financial assets that can be converted into cash at any time.

**Issued capital** (no-par value shares) is recognised at nominal value.

If the Group acquires **treasury shares**, these are deducted from equity. The purchase and sale, issue or cancellation of treasury shares are not recognised in profit or loss, but as additions to or disposals from equity. Differences between the acquisition costs of the issued shares and the fair values on sale or issue are offset against the capital reserves.

**Liabilities** are generally recognised at amortised cost. Liabilities in foreign currencies are translated in accordance with IAS 21.21 and 23 (a). Financial liabilities are initially measured at fair value including transaction costs and subsequently at amortised cost using the effective interest method.

**Provisions** are recognised for obligations to third parties if it is probable that an outflow of resources will be required to settle the obligation at the balance sheet date and a reliable estimate can be made of the amount of the obligation. They are recognised at the expected settlement amount. Long-term provisions are discounted.

Provisions for warranties are made at the time of sale of the goods concerned. The amount is based on the historical development of warranties and a consideration of all possible future warranty cases weighted with their probability of occurrence. An individually assessed warranty provision is created for separable warranty cases.

Provisions for legal disputes are recognised in the amount of the expected claim and the costs of the proceedings.

**Employee benefits** are measured at the amounts expected to be paid to settle the liabilities. They are recognised as current liabilities if the benefits are expected to be settled in full within 12 months of the end of the period in which the employees render the related service.

Post-employment benefits are both defined benefit and defined contribution plans. **Provisions for pensions** and for similar obligations are measured using the projected unit credit method. Gains and losses resulting from the change in expectations regarding life expectancy, future expected pension and salary increases and the discount rate compared to the actual course during the period are recognised directly in other comprehensive income in the statement of comprehensive income.

**Termination benefits** are payable when employment is terminated by the Group or when an employee voluntarily leaves employment in return for a termination payment. The Group recognises such services when the Group can no longer withdraw the offer for such services.

**Financial instruments** in the Group consist mainly of trade receivables and other financial assets and liabilities. Financial assets and liabilities are recognised for the first time on trade date when the entity becomes a party to the contract under the contractual provisions of the instrument. On initial recognition, a financial asset is classified and measured as follows:

- at amortised cost
- measured at fair value with changes in value in other comprehensive income (FVOCI)
- measured at fair value with changes in value in profit or loss (FVTPL)

The classification of financial assets and liabilities is based on the entity's business model for managing financial assets and liabilities and the characteristics of the contractual cash flows.

Financial assets are not reclassified after initial recognition unless the Group changes its business model for managing financial assets. For classification, see Note 34 "Financial instruments".

The Group measures its financial assets at amortised cost when the financial assets are held in the ordinary course of business with the objective of collecting the contractual cash flows and the contractual terms of the financial asset give rise to cash flows at specified dates that are solely payments of principal and interest on the principal outstanding.

A debt instrument is designated as FVOCI if the debt instrument is held within a business model whose objective is to collect the contractual cash flows and sell financial assets and where the cash flows are solely payments of interest and principal. Changes in the carrying amount are recognised in other comprehensive income. When the debt instrument is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

Financial liabilities are classified and measured at amortised cost or fair value through profit or loss (FVTPL). A financial liability is classified at FVTPL if it is classified as held for trading, is a derivative or is designated as such on initial recognition.

For the accounting of **derivative financial instruments**, the Group ensures that the hedging relationships are in line with the Group's risk management objectives and strategy. The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions resulting from changes in interest rates. The technotrans Group currently only uses interest rate swaps to hedge future interest payment flows. If they meet the requirements of a cash flow hedge, the corresponding effective changes in market price are recognised

## Notes

directly in equity. The amount recognised in equity is reclassified to profit or loss in the period in which the hedged expected future cash flows affect the profit or loss.

**Government grants** are recognised at fair value when there is reasonable assurance that the grant will be received and the Group will comply with all grant conditions. The grants are treated as income and are generally offset in the periods in which the expenses they are intended to compensate are incurred. Government grants for assets are offset against the acquisition and production costs of the subsidised asset and thus represent a reduction in acquisition costs. The grants are recognised pro rata in the income statement in the form of lower depreciation.

**Financial income and expenses** are recognised on an accrual basis in accordance with the effective interest method. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset in accordance with IAS 23. As in the previous year, no financing costs were capitalised in the 2021 financial year.

**Currency translation:** The translation of all financial statements of foreign Group companies prepared in foreign currencies is carried out according to the functional currency concept (IAS 21). The functional currency of the companies included in the consolidated financial statements is generally the respective local currency.

Transactions that a Group company enters into in a currency other than its functional currency are initially translated into the functional currency and accounted for using the spot exchange rate prevailing on the date of the transaction. At each subsequent balance sheet date, monetary items (cash and cash equivalents, receivables and liabilities) denominated in a currency other than the functional currency are translated at the closing rate; the resulting exchange rate differences are recognised in profit or loss. Non-monetary items are translated at the historical rate.

The assets and liabilities of foreign subsidiaries are translated at the mean exchange rate on the balance sheet date (closing rate) and included in the consolidated financial statements. Expenses and income are translated at the daily exchange rate - approximated to the average exchange rate for the year; the resulting differences are recognised directly in equity.

Exchange rate differences from the net investment in a foreign business operation (Group company) are recognised directly in equity; they are only recognised in profit or loss upon disposal of the net investment.

## Consolidated Financial Statements

The following exchange rates were used for currency translation:

	Average exchange rates for the financial year		Mean exchange rates at balance sheet date	
	2021	2020	31/12/2021	31/12/2020
USD	1.183	1.142	1.133	1.227
JPY	129.877	121.846	130.380	126.490
GBP	0.860	0.890	0.840	0.899
SEK	10.147	10.485	10.250	10.034
CNY	7.628	7.875	7.195	8.023
BRL	6.378	5.894	6.310	6.374
INR	87.439	84.639	84.229	89.601

## d) Change in accounting and valuation methods

The consolidated financial statements of technotrans SE at December 31, 2021 take account of all standards and interpretations adopted by the European Union and whose application is mandatory for the 2021 financial year.

The following standards were applicable for the first time in the 2021 financial year:

Standard/amendment/interpretation		Effective Date	Impact on technotrans
IFRS 16	Rent concessions related to the Coronavirus pandemic (amendment to IFRS 16) - extension	April 1, 2021	immaterial
	Interest rate benchmark reform (amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) - Phase 2	January 1, 2021	none

## New accounting standards

A number of new standards and interpretations are to be applied in the first reporting period of a financial year beginning on or after 1 January 2022, with early application being possible; in the technotrans Group, however, the new or amended standards were not applied early in the preparation of these consolidated financial statements.

Standard/amendment/interpretation		Effective Date	Impact on technotrans
IFRS 17	Insurance contracts including amendments to IFRS 17	January 1, 2023	none
IAS 16	Property, plant and equipment - income before intended use (amendments to IAS 16)	January 1, 2022	none
IFRS 3	References to the conceptual framework	January 1, 2022	none
IAS 37	Onerous contracts - costs of fulfilling a contract (amendments to IAS 37)	January 1, 2022	immaterial
	Annual IFRS improvement cycle 2018 - 2020	January 1, 2022	immaterial
IAS 1	Classification of liabilities as current or non-current (amendments to IAS 1)	January 1, 2023	none
IAS 1	Disclosure of accounting policies (amendments to IAS 1 and IFRS Practice Statement 2)	January 1, 2023	immaterial
IAS 8	Definition of accounting estimates (amendments to IAS 8)	January 1, 2023	immaterial
IAS 12	Deferred tax relating to assets and liabilities arising from a single transaction (amendments to IAS 12)	January 1, 2023	none

# III. Notes to the Consolidated Balance Sheet

## Consolidated Statement of Changes in Fixed Assets

2020		Cost					at 31/12/2020 k€
		at 01/01/2020 k€	Foreign currency translation differences k€	Additions k€	Disposals k€	Transfers k€	
<b>Property, plant and equipment</b>	(1)						
Property*		39,745	-42	1,161	-63	44	40,845
Technical equipment and machinery		8,658	-31	365	-412	11	8,591
Other equipment, factory and office equipment		11,994	-105	1,340	-453	8	12,784
Construction in progress		97	0	3,805	0	-63	3,839
		<b>60,494</b>	<b>-178</b>	<b>6,671</b>	<b>-928</b>	<b>0</b>	<b>66,059</b>
<b>Right-of-use assets</b>	(2)						
Land and buildings		3,394	-88	172	-30	0	3,448
Technical equipment and machinery		393	0	13	-12	0	394
Other equipment, factory and office equipment		2,866	-8	1,262	-301	0	3,819
		<b>6,653</b>	<b>-96</b>	<b>1,447</b>	<b>-343</b>	<b>0</b>	<b>7,661</b>
<b>Intangible Assets</b>	(4)						
Goodwill	(3)	23,513	0	0	0	0	23,513
Concessions, industrial and similar rights		21,920	-29	315	-2	0	22,204
Capitalised development costs		10,871	-22	1,135	0	0	11,984
Prepayments		0	0	35	0	0	35
		<b>56,304</b>	<b>-51</b>	<b>1,485</b>	<b>-2</b>	<b>0</b>	<b>57,736</b>
2021		Cost					
		at 01/01/2021 k€	Foreign currency translation differences k€	Additions k€	Disposals k€	Transfers k€	at 31/12/2021 k€
<b>Property, plant and equipment</b>	(1)						
Property*		40,845	34	487	-114	3,383	44,635
Technical equipment and machinery		8,591	44	700	-887	-1,738	6,710
Other equipment, factory and office equipment		12,784	88	1,417	-2,118	2,167	14,338
Construction in progress		3,839	0	2	0	-3,812	29
		<b>66,059</b>	<b>166</b>	<b>2,606</b>	<b>-3,119</b>	<b>0</b>	<b>65,712</b>
<b>Right-of-use assets</b>	(2)						
Land and buildings		3,448	107	529	-495	0	3,589
Technical equipment and machinery		394	0	25	0	0	419
Other equipment, factory and office equipment		3,819	24	601	-634	0	3,810
		<b>7,661</b>	<b>131</b>	<b>1,155</b>	<b>-1,129</b>	<b>0</b>	<b>7,818</b>
<b>Intangible Assets</b>	(4)						
Goodwill	(3)	23,513	0	0	0	0	23,513
Concessions, industrial and similar rights		22,204	27	220	-388	35	22,098
Capitalised development costs		11,984	27	665	-869	0	11,807
Prepayments		35	0	218	0	-35	218
		<b>57,736</b>	<b>54</b>	<b>1,103</b>	<b>-1,257</b>	<b>0</b>	<b>57,636</b>

\*Land, land rights and buildings, including buildings on land owned by others

## Consolidated Financial Statements

Accumulated depreciation						Residual
at 01/01/2020	Foreign currency translation differences	Depreciation for the year	Disposals	Transfers	at 31/12/2020	at 31/12/2020
k€	k€	k€	k€	k€	k€	k€
12,841	-35	1,157	-63	-5	13,895	26,950
4,425	-30	616	-363	10	4,658	3,933
9,960	-95	1,313	-453	0	10,725	2,059
0	0	0	0	0	0	3,839
<b>27,226</b>	<b>-160</b>	<b>3,086</b>	<b>-879</b>	<b>5</b>	<b>29,278</b>	<b>36,781</b>
1,644	-43	784	-27	0	2,358	1,090
87	0	77	-12	0	152	242
1,076	-4	1,165	-296	0	1,941	1,878
<b>2,807</b>	<b>-47</b>	<b>2,026</b>	<b>-335</b>	<b>0</b>	<b>4,451</b>	<b>3,210</b>
0	0	0	0	0	0	23,513
16,404	-28	1,522	0	0	17,898	4,306
8,894	-20	435	0	0	9,309	2,675
0	0	0	0	0	0	35
<b>25,298</b>	<b>-48</b>	<b>1,957</b>	<b>0</b>	<b>0</b>	<b>27,207</b>	<b>30,529</b>

Accumulated depreciation						Residual
at 01/01/2021	Foreign currency translation differences	Depreciation for the year	Disposals	Transfers	at 31/12/2021	at 31/12/2021
k€	k€	k€	k€	k€	k€	k€
13,895	34	1,178	-105	0	15,002	29,633
4,658	41	543	-829	-4	4,409	2,301
10,725	77	1,281	-1,998	4	10,089	4,249
0	0	0	0	0	0	29
<b>29,278</b>	<b>152</b>	<b>3,002</b>	<b>-2,932</b>	<b>0</b>	<b>29,500</b>	<b>36,212</b>
2,358	71	737	-479	0	2,687	902
152	0	78	0	0	230	189
1,941	21	1,097	-634	0	2,425	1,385
<b>4,451</b>	<b>92</b>	<b>1,912</b>	<b>-1,113</b>	<b>0</b>	<b>5,342</b>	<b>2,476</b>
0	0	0	0	0	0	23,513
17,898	26	1,398	-388	0	18,934	3,164
9,309	22	726	-869	0	9,188	2,619
0	0	0	0	0	0	218
<b>27,207</b>	<b>48</b>	<b>2,124</b>	<b>-1,257</b>	<b>0</b>	<b>28,122</b>	<b>29,514</b>



## 1) Property, plant and equipment

In the year under review, technotrans Grundstücksverwaltungs GmbH completed the construction of the new production plant of Reisner Cooling Solutions GmbH in Holzwickede and started the business operations in February 2021. The additions to technical equipment and machinery as well as other equipment, operating and office equipment mainly relate to replacement purchases.

As in previous years, no self-constructed property, plant and equipment was capitalised in the 2021 financial year. No unscheduled write-downs or write-ups were made in the year under review. The real estate in the amount of € 11,053 thousand (2020: € 11,168 thousand) serves as collateral for long-term loans (see Note 12 "Financial liabilities").

## 2) Leases

The Group has leases on various properties, vehicles, IT equipment and technical equipment and machinery. The term for lease contracts for vehicles is usually 3 to 4 years, that for real estate 1 to 5 years. A number of property and equipment contracts contain renewal options. These contractual conditions are used to maintain maximum operational flexibility within the Group.

Since lease contracts are individually negotiated, they cover a wide range of different terms and conditions.

The development of the right-of-use-assets can be seen in the consolidated statement of changes in fixed assets.

The lease liabilities are reported under other financial liabilities.

### Lease liabilities

	31/12/2021	31/12/2020
	k€	k€
up to 1 year	1,361	1,611
more than 1 year and up to 5 years	1,161	1,673
more than 5 years	0	1
	<b>2,522</b>	<b>3,285</b>

## Amounts recognised in the income statement

	2021	2020
	k€	k€
Interest expenses on lease liabilities	52	77
Expenses relating to short-term leases	91	328
Expenses relating to leases of low-value assets	26	57
Expense relating to variable lease payments not included in lease liabilities	108	153
	<b>277</b>	<b>615</b>

The Group has received COVID-19 related lease concessions for which it has taken advantage of the relief in assessing lease modifications in accordance with IFRS 16. No assessment has been made as to whether a lease concession in the context of COVID-19 is an adjustment to a lease according to IFRS 16. Instead, rental concessions are accounted for as variable lease payments.

## 3) Goodwill

The following table shows the residual carrying amounts of technotrans goodwill, broken down by segment:

	31/12/2021	31/12/2020
	k€	k€
Segment Technology: laser cooling	6,858	6,858
Segment Technology: plastic processing industry	5,757	5,757
Segment Technology: cooling technology	2,966	2,966
	<b>15,581</b>	<b>15,581</b>
Segment Services: services	7,171	7,171
Segment Services: translation services	585	585
Segment Services: software solutions for technical documentation	176	176
	<b>7,932</b>	<b>7,932</b>
	<b>23,513</b>	<b>23,513</b>

The allocation of the purchase prices to the acquired assets and liabilities is in accordance with IFRS 3. There were no changes in the allocation of purchase prices in the financial year.

Goodwill with an indefinite useful life is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired.

As scheduled in November, all six cash-generating units or groups of cash-generating units were subjected to an impairment test in accordance with IAS 36.10. The carrying amount of a cash-generating unit is compared with the recoverable amount. The recoverable amount is the higher of the fair value

## Consolidated Financial Statements

less costs to sell and the value in use. The fair value measurement was classified as Level 3 fair value based on the inputs to the valuation technique used.

The recoverable amount at technotrans corresponds to the value in use. This value in use was based on significant assumptions. The starting point for the cash flow forecasts for goodwill was the 2022 budget and sales trends for the financial years 2023 to 2026 of the respective cash-generating unit. For the subsequent financial years, no separate revenue planning was carried out for the cash-generating units concerned; instead, further average and constant revenue growth rates were assumed for the cash-generating units (long-term market trend of the respective industry). In addition, the costs (material, personnel and other costs) for each cash-generating unit were estimated on the basis of assumptions for the forecast period; cost increases were taken into account accordingly. All assumptions made by the Board of Management are based on experience and reflect the expectations of the relevant customers and the industry.

The growth rates for the planning period used for the impairment test in 2020 and 2021, the average EBIT margins, the cost of capital rates used to discount the forecast cash flows and the assumed constant growth rates after the planning period are shown in the following table:

	revenue growth		average EBIT margin		pre tax capital cost rate		terminal growth rate	
	2021	2020	2021	2020	2021	2020	2021	2020
Parameters used for the impairment test	%	%	%	%	%	%	%	%
Segment Technology: laser cooling	6.7	5.9	9.3	7.4	12.2	12.4	1.5	1.5
Segment Technology: plastic processing industry	8.4	7.0	2.9	3.6	11.8	11.1	1.5	1.0
Segment Technology: cooling technology	5.5	9.4	2.9	3.7	10.0	10.0	1.0	1.0
Segment Services: services	4.0	3.5	16.6	13.1	10.7	10.1	0.8	0.8
Segment Services: translation services	5.9	7.5	17.7	20.2	10.3	10.3	1.5	1.5
Segment Services: software solutions for technical documentation	4.8	9.2	6.4	3.9	10.2	10.2	1.5	1.5

The values in use determined on the basis of these assumptions exceed the carrying amounts of the cash-generating units. Within the framework of the impairment tests, two sensitivity analyses were carried out. The sensitivity analyses included a reduction of the EBIT margin by 10 % and an increase of the cost of capital by 1 %. The sensitivity analyses did not indicate a need for impairment of the carrying amounts of the cash-generating units for any of the six segments.

#### 4) Intangible assets

Scheduled depreciation and amortisation of € 894 thousand (2020: € 993 thousand) relates to the intangible assets recognised as part of the purchase price allocation, all with a definite useful life.

Intangible assets arising from development are capitalised in accordance with IAS 38 if it is probable that a future economic benefit is associated with the use of the asset and the cost of the asset can be reliably determined. In the 2021 financial year, intangible assets arising of € 665 thousand (2020: € 1,135 thousand) were capitalised.

As in the previous year, the capitalisations related primarily to projects and processes to increase energy efficiency as well as the final development of a Group-wide uniform platform ECOtec chillers for a thermal management product that can be used in various industries.

Due to non-compliance with the recognition requirements of IAS 38, € 4,959 thousand (2020: € 7,347 thousand) of the development costs were recognised as expenses.

There are no concessions, industrial property rights and similar assets or capitalised development costs with an indefinite useful life. The useful life underlying the scheduled amortisation of software and capitalised development costs is three to five years.

The scheduled amortisation of capitalised development costs is allocated to the cost of sales in the income statement according to the cost of sales method. Scheduled amortisation of concessions, industrial property rights and similar assets is allocated to cost of sales, selling expenses, general administrative expenses and development expenses by means of cost centre accounting.

#### 5) Other non-current financial assets

	31/12/2021	31/12/2020
	k€	k€
Rent deposits	168	141
Other	0	10
	<b>168</b>	<b>151</b>

## 6) Inventories

	31/12/2021	31/12/2020
	k€	k€
Raw materials and supplies	22,484	17,583
Work in progress	8,321	6,119
Finished goods and merchandise	2,891	3,000
	<b>33,696</b>	<b>26,702</b>

Of the total inventories, € 4,770 thousand (2020: € 3,886 thousand) are recognised at fair value less production costs and selling expenses still to be incurred. In the 2021 financial year, impairment losses on inventories amounting to € 1,926 thousand (2020: € 2,153 thousand) were recognised as an expense. In the same period, reversals of impairment losses in the amount of € 1,320 thousand (2020: € 1,080 thousand) resulted in income, as higher net realisable values were achieved than assumed in the previous year.

## 7) Trade receivables

Receivables from contracts with customers are exclusively included in trade receivables. As at the reporting date, receivables from contracts with customers amount to € 21,243 thousand (2020: € 20,982 thousand).

In the reporting year, in the income statement are offset income from the reversal of value adjustments with the expenses from the addition to value adjustments on receivables in the amount of € 21 thousand (2020: € -165 thousand) Impairment losses are recognised to measure the receivables at the lower fair value. Individually impairments amounts to € 673 thousand (2020: € 1.075 thousand) and collectively impairment amounts to € 222 thousand (2020: € 215 thousand). Impairment losses of € 392 thousand relate to the technology segment and € 502 thousand to the segment services. They are measured on the basis of the expected default risk. Impairments are made in particular if the debtor has significant financial difficulties. The valuations of trade receivables are generally corrected via an allowance account. Receivables are only derecognised when the debtor has opened insolvency proceedings or the receivable has become irrecoverable. For the calculation of the value adjustment, see Note 34 "Financial instruments".

The following table provides an overview of the impairments on the receivables portfolio:

	31/12/2021	31/12/2020
	k€	k€

## Notes

Opening balance	1,290	1,304
additions/reversals	-21	165
Derecognition of receivables	-342	-71
Cash receipts for receivables written off	-41	-93
Exchange differences	9	-15
<b>Closing balance</b>	<b>895</b>	<b>1,290</b>

The gross receivables of € 22,512 thousand (2020: € 22,372 thousand) were reduced by impairments of € 895 thousand (2020: € 1,290 thousand) to the amount of the reported net receivables of € 21,617 thousand (2020: € 21,082 thousand).

### 8) Income tax receivables

The claims are mainly current income tax refund claims. The increase results mainly from trade tax overpayments at a subsidiary.

### 9) Other current assets

	31/12/2021	31/12/2020
	k€	k€
<b>Other financial assets</b>		
Receivables from suppliers	328	247
Deposits	33	38
Other	229	261
	590	546
<b>Other assets</b>		
Prepaid expenses	825	909
Creditable input tax	726	536
Other	947	677
	2,498	2,122
	<b>3,088</b>	<b>2,668</b>

### 10) Cash and cash equivalents

Cash and cash equivalents include bank balances and cash on hand. The fair value of cash and cash equivalents corresponds to the carrying amount. There were no securities held as current assets on the balance sheet date.

The development of cash and cash equivalents is shown in the cash flow statement.

### 11) Equity

The development of equity is shown in the Consolidated Statement of Changes in Equity. The Group's equity amounted to € 84,776 thousand as of December 31, 2021 (2020: € 79,418 thousand).

#### Issued capital

The issued capital (share capital) of technotrans SE as of December 31, 2021 consists of 6,907,665 no-par value registered shares issued and in circulation. The issued shares are fully paid up. The arithmetical share in the share capital is € 1 per no-par share. All shares grant identical rights. No special rights or preferences are granted to individual shareholders. This also applies to the dividend subscription right.

#### Authorised capital

The Board of Management is authorised, with the consent of the Supervisory Board, to increase the share capital once or several times by up to a total of € 3,450,000.00 by issuing new shares against contributions in kind or in cash until May 17, 2023. The shareholders' subscription right may be excluded if the requirements of section 186 (3) sentence 4 of the German Stock Corporation Act (AktG) are met or if it concerns the acquisition of companies or participations in companies if the acquisition or participation is in the well-understood interest of the Company; otherwise, the subscription right may be excluded if fractional amounts are to be compensated. No use was made of this authorisation in 2021.

#### Conditional capital

At the Annual General Meeting of May 18, 2018, the Board of Management was authorised, with the consent of the Supervisory Board, to issue bearer and/or registered bonds with a maximum term of 20 years in a total nominal amount of up to € 100 million on one or more occasions until May 17, 2023 and to grant the bondholders conversion and/or option rights to a total of up to € 3,450,000.00 in no-par value registered shares of the Company.

To the extent permitted by law the bonds may also be issued in other legal currencies. The aggregate principal amount of the Notes shall not exceed € 100 million or the respective equivalent in any other lawful currency.

The shareholders are generally entitled to a subscription right to the bonds. The bonds may also be underwritten by a bank or syndicate of banks with the obligation to offer them to the shareholders for subscription. In addition, however, the Board of Management is authorised, with the consent of the Supervisory Board, to exclude the shareholders' statutory subscription right to the bonds within the limits specified in detail and specifically by the authorisation.

## Notes

The Board of Management is authorised, with the consent of the Supervisory Board, to determine the further details of the issue and features of the bonds and their terms and conditions itself, in particular to determine the interest rate, the issue price, the term and denomination, dilution protection provisions, the conversion or option period and to determine the conversion and option price.

This authorisation was not utilised in the 2021 financial year.

### Capital reserve

The premium from the past share issues in the context of the issue of subscription shares of the conditional capital and the issue of ordinary shares of the authorised capital (capital increase against contribution in kind) was allocated to the capital reserve. The costs of the share issues were deducted. The capital reserve according to IFRS corresponds to the capital reserve of the parent company according to German Commercial Code (HGB).

### Retained earnings

Retained earnings include the results of the companies included in the consolidated financial statements to the extent that they have not been distributed. Of this amount, € 691 thousand (2020: € 691 thousand) relates to the legal reserve of technotrans SE pursuant to Section 150 (2) of German Stock Corporation Act (AktG).

Pursuant to section 268 (8) German Commercial Code (HGB), an amount of € 1,011 thousand (2020: € 815 thousand) can not be distributed of other revenues of the parent company due to the capitalisation of internally generated intangible assets an amount of € 0 thousand (2020: € 154 thousand) cannot be distributed due to the capitalisation of deferred taxes. In addition, an amount of € 12 thousand (2020: € 16 thousand) is blocked for distribution due to the difference in accordance with section 253 (6) of German Commercial Code (HGB) from the valuation of provisions for pensions.

### Other reserves

	31/12/2021	31/12/2020
	k€	k€
Exchange differences	-3,161	-3,687
Reserve for net investments in a foreign operation	-3,239	-3,256
Hedging reserve	-27	-56
Share-based payment	247	0
	<b>-6,180</b>	<b>-6,999</b>

In accordance with IFRS 9, the negative market value of the interest rate swaps used was offset in the hedging reserve with no effect on profit or loss after deduction of deferred taxes (see Note 34 "Financial instruments"). In the 2021 financial year, a profit of € 24 thousand (2020: € 1 thousand loss) was recognised directly in equity. In return, deferred tax income of € 5 thousand (2020: € 0 thousand) were recognised directly in equity.



technotrans SE has granted its subsidiaries loans that are to be regarded as net investments in foreign business operations. In accordance with IAS 21.32 and IAS 12.61A, the accumulated translation differences up to the balance sheet date and any taxes on them are recognised directly in equity. Currency differences are not recognised in profit or loss until the liquidation or partial liquidation of the company.

In the 2021 financial year, translation gains from the aforementioned loans in the amount of € 17 thousand (2020: € 529 thousand loss) offset directly in equity. As a liquidation or partial liquidation is not planned in the foreseeable future, no deferred taxes on these exchange rate losses were recognised directly in equity in the financial year, as in the previous year. The total amount of the net investment in a foreign operation is € 3,239 thousand (2020: € 3,256 thousand).

The currency differences include the differences from the translation of the subsidiaries' equity to be consolidated at the historical rate and the rate on the balance sheet date. This item also includes the differences resulting from the translation of the assets and liabilities of the foreign subsidiaries at the closing rate and the translation of expenses and income at the average rate.

### Treasury stock

At the Annual General Meeting on May 18, 2018, the shareholders authorised the Board of Management to repurchase own shares in accordance with section 71 (1) no. 8 of the German Stock Corporation Act (AktG) until May 17, 2023. This authorisation extends to the repurchase of own shares of up to a total of 10 % of the share capital of the Company at the time of the resolution or - if this value is lower - at the time of the exercise of the authorisation.

In accordance with IAS 32.33, the repurchased shares are deducted from equity at their acquisition cost (including incidental acquisition costs). The buyback is based on the strategic goals of the company. No transactions with treasury stocks were carried out in the 2021 financial year.

### Capital management

As of December 31, 2021, the equity ratio was 57.6 % (2020: 53.6 %). The most important financial objectives of technotrans SE include ensuring solvency at all times and achieving a sustained increase in the value of the Group.

The creation of sufficient liquidity reserves is of great importance in this context. The objectives has to be ensured through the use of various measures to reduce the cost of capital and optimise the capital structure as well as through the usage of an effective risk management. In the 2021 financial year, current and non-current financial liabilities were significantly repaid in order to reduce borrowing costs and minimise follow-up financing risks.

technotrans is not subject to any capital requirements under the articles of incorporation. A sound capital structure gives technotrans the stability that serves as the basis for its business model, which is geared to sustainability and thus satisfies customer and supplier relationships as well as the demands of employees and shareholders in the long term.

## 12) Financial liabilities

	31/12/2021	31/12/2020
	k€	k€
Short-term borrowings	6,670	12,960
Long-term borrowings	24,803	31,043
	<b>31,473</b>	<b>44,003</b>

There were no hedged liabilities as at the balance sheet date. Interest rate hedges only exist for financial liabilities.

## Residual terms of financial liabilities

2021	Collateral	up to 1 year	1 to 5 years	over 5 years	Total	Interest p.a.
		k€	k€	k€	k€	
	None	4,382	13,755	0	18,137	0.92 % - 2.05 %
	Land charge	1,400	6,446	2,787	10,633	0.80 % - 2.05 %
<b>€ fixed rate credit</b>	Chattel mortgage	30	37	0	67	2.10 % - 2.35 %
<b>Variable € credit</b>	None	858	1,778	0	2,636	0 % - 6-month EURIBOR interest rate swap (fixed rate: +1.91 %)
		<b>6,670</b>	<b>22,016</b>	<b>2,787</b>	<b>31,473</b>	
2020	Collateral	up to 1 year	1 to 5 years	over 5 years	Total	Interest p.a.
		k€	k€	k€	k€	
	None	9,377	16,382	1,757	27,516	0.92 % - 2.05 %
	Land charge	1,624	6,234	4,396	12,254	1.45 % - 4.50 %
<b>€ fixed rate credit</b>	Chattel mortgage	30	67	0	97	1.71 % - 2.35 %
<b>Variable € credit</b>	None	429	2,207	0	2,636	3-month EURIBOR +1.59 % 6-month EURIBOR interest rate swap (fixed rate: 1.91 %)
	Land charge	1,500	0	0	1,500	6-month EURIBOR +1.25 %
		<b>12,960</b>	<b>24,890</b>	<b>6,153</b>	<b>44,003</b>	

The secured bank loans are secured with land and buildings with a carrying amount of € 11,053 thousand (2020: € 11,168 thousand) and property, plant and equipment with a carrying amount of € 7 thousand (2020: € 28 thousand) collateralised.

For loans in the amount of € 20,773 thousand (2020: € 30,152 thousand), no collateral was provided.

### 13) Other non-current financial liabilities

The other non-current financial liabilities mainly include the non-current lease liabilities of € 1,161 thousand (2020: € 1,674 thousand) resulting from the application of IFRS 16.

### 14) Trade payables

	31/12/2021	31/12/2020
	k€	k€
Accounts payable trade	4,358	3,197
Outstanding purchase invoices	1,658	1,409
	<b>6,016</b>	<b>4,606</b>

As in the previous year, all trade payables have a remaining term of up to one year.

### 15) Prepayments received

The advance payments received are mainly from the project business. They finance the current work in progress included in the inventories for which a revenue could not be realised yet.

## 16) Employee benefits

	Obligations to personnel	Provisions for pensions	Total
	k€	k€	k€
<b>Opening level at 01/01/2021</b>	<b>5,508</b>	<b>487</b>	<b>5,995</b>
Exchange rate movements	32	0	32
Used	3,173	11	3,184
Reversed	150	1	151
Compounding	15	3	18
Allocated	3,426	10	3,436
<b>Closing level at 31/12/2021</b>	<b>5,658</b>	<b>488</b>	<b>6,146</b>
Long-term employee benefits	131	477	608
Short-term employee benefits	5,527	11	5,538

Obligations to personnel mainly include staff gratuities, employee bonuses as well as time accounts. These obligations are primarily uncertain in terms of their maturity.

A partial retirement employment contract was concluded with two employees. The obligation from these partial retirement employment contracts was determined actuarially. The calculation is based on an interest rate of 0.35 % (2020: 0.47 %). Partial retirement obligations are secured against possible insolvency in accordance with section 8a of the Partial Retirement Act (Altersteilzeitgesetz). As a hedge, cash was deposited in a money market fund (Deka Investments) and pledged in favour of the employee. The assets represent "plan assets" in accordance with IAS 19.7 and are netted with the corresponding provision. Income from plan assets is netted against the corresponding expenses. In the financial year 2021, as well as in the previous financial year no income was generated. As of December 31, 2021, cash and cash equivalents in the amount of € 163 thousand (2020: € 185 thousand) were invested.

The Group has defined benefit post-employment plans in Germany and France. Both plans are salary-dependent. In Germany they promise lifetime pension payments. In France a one-off payment is made. The amount of the benefits depends on the length of employment and the salary of the beneficiary.

In Germany, a direct pension commitment has been made to the employees of the former BVS Beratung Verkauf Service Grafische Technik GmbH. The three remaining pension beneficiaries have already left the company. Pensions are paid for all employees. To calculate the pension provisions, the defined benefit obligation (DBO) was determined by an actuarial report using the 2018 G mortality tables by Prof. Dr Klaus Heubeck. The interest costs on the DBO in 2021 amount to € 1 thousand (2020: € 1 thousand). The actuarial gain amounts to € 11 thousand (2020: € 9 thousand profit). The actuarial gain was recognised in other comprehensive income. In 2021, payments for pensions amounting to € 11 thousand (2020: € 11 thousand) were made.

Employees of technotrans france s.a.r.l./France are also entitled to post-employment benefits. The plans are not fund-financed. Pensions are paid out immediately to the beneficiaries when they fall due. Of the 14 pension beneficiaries, 14 employees are actively working for the company. One employee left in the 2021 financial year.

## Consolidated Financial Statements

The calculation of the defined benefit obligation (DBO) is based on an actuarial report. The mortality probabilities used are based on standard mortality tables and empirical values of the country. The interest costs on the DBO in 2021 amount to € 2 thousand (2020: € 3 thousand). The actuarial loss amounts to € 6 thousand (2020: € 10 thousand loss). The actuarial loss is recognised in other comprehensive income. No pension payments were made in 2021 (2020: € 10 thousand).

The defined benefit pension commitments developed as follows in the financial year:

Present value of obligation	2021	2020
	k€	k€
<b>Opening level at 01/01</b>	487	489
Current service cost	14	14
Interest expenses	3	4
Pension paid	-11	-21
<b>Total amount recognised in the Income Statement</b>	6	-3
Revaluations		
Loss from change in financial assumptions	-13	6
Experience	8	-5
<b>Total amount recognised in other comprehensive income</b>	-5	1
<b>Closing level at 31/12</b>	488	487

The calculations are based on the following actuarial assumptions:

	Actuarial assumptions			
	Germany		France	
	2021	2020	2021	2020
	%	%	%	%
Discount rate	0,95	0,6	0,9	1,2
Salary growth rate	n/a	n/a	2,0	2,5
Fluctuation	n/a	n/a	1,3	3,9
Pension growth rate	2,0	2,0	n/a	n/a

## Notes

The sensitivities of the defined benefit obligations with regard to changes in the key assumptions are as follows:

		Impact on defined benefit obligation			
		Increase in assumption		Decrease in assumption	
		2021	2020	2021	2020
		k€	k€	k€	k€
Discount rate	0.5 %*	-48	-69	56	52
Salary growth rate	1.0 %	42	40	-36	-34
Pension growth rate	1.0 %	13	22	-12	-34

\*1 % at technotrans france s.a.r.l./France

## 17) Provisions

	Payments to be made under warranty	Other provisions	Total
	k€	k€	k€
<b>Opening level at 01/01/2021</b>	<b>2,158</b>	<b>1,332</b>	<b>3,490</b>
Exchange rate movements	12	5	17
Used	1,184	746	1,930
Reversed	28	179	207
Allocated	1,408	1,185	2,593
<b>Closing level at 31/12/2021</b>	<b>2,366</b>	<b>1,597</b>	<b>3,963</b>
Short-term provisions	2,366	1,597	3,963

Provisions for warranty obligations are recognised for current legal, contractual and constructive warranty obligations to third parties. The provisions were measured on the basis of past experience, taking into account the circumstances on the balance sheet date.

In the course of its general business activities, technotrans is involved in legal disputes both in and out of court, of which the outcome cannot be predicted with certainty. Legal disputes can arise, for example, in connection with product liability cases and warranties. Provisions are set up for risks resulting from this that are not already covered by insurance, provided that the claim is probable and the probable amount of the necessary provision can be reliably estimated. As of the balance sheet date 2021, no provisions for litigation (2020: € 9 thousand) were made.

Miscellaneous other provisions include year-end closing costs, commissions and other obligations. The uncertainty factor here is also mainly the amount.

## 18) Income tax payables

In the reporting period income tax payables relate primarily to technotrans SE and its tax group subsidiaries as well as technotrans solutions GmbH.

## 19) Other current liabilities

	31/12/2021	31/12/2020
	k€	k€
<b>Other financial liabilities</b>		
Lease liabilities	1,361	1,611
Debtors with credit balances	1,066	982
Current liabilities from derivative financial instruments	32	56
Other financial liabilities	71	66
	<b>2,530</b>	<b>2,715</b>
<b>Other liabilities</b>		
Sales tax	1,116	877
Operating taxes	807	755
Liabilities in respect of social insurance	108	120
Other liabilities	627	526
	<b>2,658</b>	<b>2,278</b>
	<b>5,188</b>	<b>4,993</b>

Within the scope of the application of IFRS 16, recognised short-term lease liabilities are reported under other financial liabilities.

# IV. Notes to the Consolidated Income Statement

## 20) Revenue

The Group generates revenue primarily from the sale of products and the provision of services to its customers amounting to € 211,102 thousand (2020: € 190,454 thousand). Revenue recognition in the Group is generally based at a point in time.

In order to improve clarity, all revenue related information is explained in the segment report (see section V. "Notes to the Segment Report").

### Contract balances

The following table provides information on contract assets and contract liabilities from contracts with customers:

	31/12/2021	31/12/2020
	k€	k€
Contract assets	515	524
Contract liabilities	7,155	4,497

Contract assets mainly relate to the Group's claims for consideration for services completed but not yet invoiced as of the reporting date. Contract assets are reported in the balance sheet under trade receivables.

Contractual liabilities are mainly reported in the balance sheet under advance payments received and other liabilities. Of the contract liabilities of € 4,497 thousand reported at the beginning of the period, € 4,433 thousand were recognised as revenue in the 2021 financial year. It is expected that the contractual liabilities will essentially be fulfilled within the next financial year.

### Performance obligations and revenue recognition methods

Revenue is measured on the basis of the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control of the product or service to a customer. Invoices are issued in accordance with the contractual agreements. There are no significant financing components, as short-term, standard market payment terms are generally agreed.

## 21) Cost of sales

Cost of sales includes the cost of goods sold and the cost of merchandise sold. In accordance with IAS 2, it includes not only directly attributable costs such as material and personnel costs, but also overhead costs including pro rata depreciation on property, plant and equipment, rights of use and intangible assets used for production.



## Consolidated Financial Statements

The amount of inventories recognised as an expense in the reporting period essentially corresponds to the cost of materials (raw materials, consumables and change in inventories of finished goods and work in progress). The costs of the service sales force and the expenses within the scope of warranty obligations are also reported in the cost of sales. Other cost of sales mainly includes other building costs.

	2021	2020
	k€	k€
Cost of materials	83,781	75,468
Personnel costs	48,214	45,679
Subcontractors, personnel leasing	7,321	5,383
Depreciation and amortisation	3,681	3,677
Travel expenses	1,785	1,737
Warranty and goodwill	1,690	1,522
Operating requirements	1,095	957
Maintenance	1,084	853
Energy expenses	871	798
Rent and leasing costs	141	338
Other	960	600
	<b>150,623</b>	<b>137,012</b>

## 22) Distribution costs

In addition to the costs of the sales department and the internal service department, the distribution costs include the costs of advertising and logistics. Furthermore, the amortisation of intangible assets (customer relationships and brands) recognised as part of the purchase price allocation is reported under distribution costs. This item also contains sales-related commission expenses.

	2021	2020
	k€	k€
Personnel costs	14,998	13,531
Logistics costs	3,901	3,344
Depreciation and amortisation	1,859	1,829
Promotional and exhibition costs	1,184	690
Sales commissions	665	574
Travel expenses	465	306
Other	1,291	952
	<b>24,363</b>	<b>21,226</b>

## 23) Administrative expenses

Administrative expenses include personnel and material costs of the management and administrative units, unless these have not been charged to other cost centres as internal services.

	2021	2020
	k€	k€
Personnel costs	11,377	10,403
IT costs	1,897	1,664
Consultancy, audits	1,499	1,595
Depreciation and amortisation	1,316	1,455
Insurances	782	778
Energy and building costs	759	698
Rent and leasing costs	686	525
Contributions	282	337
Investor relations	314	309
Travel expenses	142	136
Other	1,211	475
	<b>20,265</b>	<b>18,375</b>

	2021	2020
	k€	k€
Fees for		
Auditing of the financial statements	290	271
Tax consultancy services	48	49
Other services	13	0
	<b>351</b>	<b>320</b>

In the 2021 financial year, the auditor's fee recognised as an expense within the meaning of section 319 (1) sentences 1, 2 of the German Commercial Code (HGB) totalled € 351 thousand (2020: € 320 thousand). The disclosures for the 2021 financial year include fees and expenses paid to the auditor of the consolidated financial statements, PricewaterhouseCoopers GmbH WPG, for the statutory audit of the separate financial statements and consolidated financial statements of technotrans SE, as well as for tax consultancy services rendered for technotrans SE and for subsidiaries. The other services are project-related consulting services.

## 24) Development costs

Research costs were not incurred. Development costs are charged to current expense until the criteria of IAS 38.57 are cumulatively met. From this point on, the development costs are capitalised (cf. section 4 "Intangible assets"). In the 2021 financial year, the development of products took place to a greater extent within the framework of specific customer orders. The related development costs are recognised in cost of sales.

## 25) Other operating income

	2021	2020
	k€	k€
Income unrelated to the accounting period		
Reversal of provisions	193	43
Book profits on the disposal of assets	141	51
Other income unrelated to the accounting period	261	216
	595	310
Other operating income		
Foreign currency gains	314	263
Rental income	36	178
Personnel-related revenue	139	122
Insurance payments	90	57
Other	347	581
	926	1,201
	<b>1,521</b>	<b>1,511</b>

## 26) Other operating expenses

	2021	2020
	k€	k€
Expenses unrelated to the accounting period		
Book losses on the disposal of assets	102	3
Other expenses unrelated to the accounting period	43	55
	145	58
Other operating expenses		
Foreign currency losses	187	567
Other operating taxes	271	265
Other	801	170
	1,259	1,002
	<b>1,404</b>	<b>1,060</b>

## 27) Financial result

	2021	2020
	k€	k€
Financial income	23	86
Financial expenses	-641	-746
<b>Financial result</b>	<b>-618</b>	<b>-660</b>

The interest income results in the amount of € 3 thousand (2020: € 34 thousand) from interest on bank balances and in the amount of € 21 thousand (2020: € 51 thousand) from the valuation of employee benefits.

Interest expenses mainly include interest on the Group's financial debt.

In addition, interest expenses from compounding of leasing liabilities in the amount of € 52 thousand (2020: € 77 thousand), (compare note 2 "Leases") and from accrued interest on employee benefits in the amount of € 18 thousand (2020: € 10 thousand) are included in this position.

No borrowing costs were capitalised in the reporting period.

## 28) Income Taxes

	2021	2020
	k€	k€
<b>Actual income tax expense</b>		
Tax expense for the period	-2,751	-1,094
Tax income unrelating to the accounting period	82	-8
	<b>-2,669</b>	<b>-1,102</b>
<b>Deferred tax</b>		
Occurrence or reversal of temporary differences	-738	-339
Reduction of the tax rate	-4	6
Recognition or utilization of deferred tax assets of previously unrecognised tax loss carryforward	16	263
Recognition of non-recorded or impairment on deferred taxes on temporary differences	4	9
	<b>-722</b>	<b>-61</b>
	<b>-3,391</b>	<b>-1,163</b>

The tax expenses include the corporation and trade income taxes of the domestic companies as well as comparable income taxes of the foreign companies. Other operating taxes are included in other operating expenses.

## Consolidated Financial Statements

Deferred taxes result from temporary differences between the tax balance sheets of the companies and the values in the consolidated balance sheet according to the balance sheet liability method.

The recognised deferred tax assets also include tax reduction claims insofar as the use of existing loss carryforwards is expected in subsequent years. Deferred taxes are calculated on the basis of the tax rates that apply or will soon apply in the individual countries at the time of realisation.

The calculation of the domestic applicable tax rate for the reporting year of 30.26 % (2020: 30.29 %) is based on a corporate income tax rate of 15.00 %, a solidarity surcharge of 5.50 % and an effective trade tax rate of 14.43 % (2020: 14.46 %).

The tax rates applied to the foreign companies in the financial year ranged from 17.0 % to 34.6 %.

## Notes

The following recognised deferred tax assets and liabilities are attributable to recognition and measurement differences in the individual balance sheet items and to loss carryforwards that can be used in the future:

2021	Net balance at 01/01	Exchange differences	Recognised in profit or loss	Recognised in OCI	Balance as of 31.12.		
					Net	Deferred tax assets	Deferred tax liabilities
	k€	k€	k€	k€	k€	k€	k€
Non-current assets	-1,880	-9	81	0	-1,808	556	2,364
Inventories	455	10	-50	0	415	504	89
Receivables	46	-7	80	0	119	179	60
Provisions	349	6	23	-2	376	412	36
Liabilities	872	23	-262	5	638	730	92
Loss carryforwards	852	-28	-594	0	230	230	0
<b>Tax assets (liabilities) before offsetting</b>	<b>694</b>	<b>-5</b>	<b>-722</b>	<b>3</b>	<b>-30</b>	<b>2,611</b>	<b>2,641</b>
Offsetting						1,425	1,425
<b>Net tax assets (liabilities)</b>					<b>-30</b>	<b>1,186</b>	<b>1,216</b>

2020	Net balance at 01/01	Exchange differences	Recognised in profit or loss	Recognised in OCI	Balance as of 31.12.		
					Net	Deferred tax assets	Deferred tax liabilities
	k€	k€	k€	k€	k€	k€	k€
Non-current assets	-2,113	16	217	0	-1,880	698	2,578
Inventories	636	-21	-160	0	455	521	66
Receivables	-33	-6	85	0	46	122	76
Provisions	322	-10	37	0	349	349	0
Liabilities	1,215	-20	-323	0	872	936	64
Loss carryforwards	799	-30	83	0	852	852	0
<b>Tax assets (liabilities) before offsetting</b>	<b>826</b>	<b>-71</b>	<b>-61</b>	<b>0</b>	<b>694</b>	<b>3,478</b>	<b>2,784</b>
Offsetting					0	2,336	2,336
<b>Net tax assets (liabilities)</b>					<b>694</b>	<b>1,142</b>	<b>448</b>

## Consolidated Financial Statements

Deferred tax liabilities from non-current assets include deferred taxes in the amount of € 669 thousand (2020: € 909 thousand) on intangible assets capitalised within the scope of the business combinations.

The loss carryforwards of the German companies Reisner Cooling Solutions GmbH of approx. € 0.1 million expire without replacement as a result of the merger with technotrans solutions GmbH; the capitalised deferred tax assets of € 29 thousand were derecognised.

In total, there are tax loss carryforwards of € 2,829 thousand in 2021 (2020: € 7,559 thousand). Deferred taxes in the amount of € 255 thousand (2020: € 852 thousand) were capitalised on € 1,037 thousand (2020: € 3,120 thousand) in accordance with IAS 12.34. The remaining loss carryforwards amounting to € 1,729 thousand (2020: € 4,439 thousand) and on deductible temporary differences in the amount of € 29 thousand (2020: € 285 thousand), no or only a proportionate amount of deferred tax assets were capitalised. The unrecognised loss carryforwards can be used indefinitely.

The following table shows the reconciliation of the expected tax expense to the actual income tax expense.

	2021	2020
	k€	k€
<b>Applicable tax rate</b>	<b>30.26%</b>	<b>30.29%</b>
<b>Consolidated earnings before taxes on income</b>	<b>10,412</b>	<b>6,120</b>
Theoretical tax expense/income	-3,151	-1,853
Differences compared with local tax rates	37	137
Impairment (-) or reversal of impairment (+) on deferred tax assets on tax loss carryforwards and temporary differences	-29	272
Expense or income from the non-recognition of deferred tax assets on tax losses occurring in the financial year and temporary differences	12	-6
Tax effect from the use of deferred taxes on temporary differences and from tax loss carryforwards following impairment	0	174
Tax effect of non-deductibility of business expenses and tax-exempt income	-99	115
Changes to deferred tax resulting from tax rate changes	-4	6
Other taxes not relating to the period	-157	-8
<b>Actual and deferred income tax expense</b>	<b>-3,391</b>	<b>-1,163</b>

The other comprehensive income in the reporting period contains deferred tax income amounting to € 5 thousand (2020: € 0 thousand) from the change in cash flow hedges. The change in the pension obligation resulted in a deferred tax expense in the amount of € 2 thousand (2020: € 0 thousand).

As in the previous year, no deferred taxes were incurred in the 2021 financial year from exchange rate effects from net investments in a foreign business operation. Of the total deferred taxes recognised in other comprehensive income (€ 576 thousand; 2020: € 573 thousand), € 550 thousand (2020: € 550 thousand) relate to exchange rate effects from net investments in a foreign business operation, € 20 thousand (2020: € 22 thousand) to pension obligations and € 6 thousand (2020: € 1 thousand) to cash flow hedges.

## 29) Earnings per share

		2021	2020
<b>Net profit for the period</b>	<b>k€</b>	<b>7,021</b>	<b>4,957</b>
<b>of which:</b>			
Profit attributable to technotrans SE shareholders		7,020	4,956
Profit attributable to non-controlling interests		1	1
Average number of ordinary shares outstanding in the year		6,907,665	6,907,665
<b>Basic/diluted earnings per share</b>	<b>in €</b>	<b>1.02</b>	<b>0.72</b>

In the 2021 financial year and in the previous year, there were again no subscription rights issued that would have had a dilutive effect on earnings per share in accordance with IAS 33.



## V. Notes to the Segment Report

		Technology	Services	Consolidated/ not allocated	Group
		k€	k€	k€	k€
<b>External revenue</b>	<b>2021</b>	<b>156,890</b>	<b>54,212</b>	<b>0</b>	<b>211,102</b>
	2020*	141,916	48,538	0	190,454
<b>Inter-segment revenue</b>	<b>2021</b>	<b>0</b>	<b>806</b>	<b>-806</b>	<b>0</b>
	2020	0	781	-781	0
<b>Segment result</b>	<b>2021</b>	<b>3,086</b>	<b>8,140</b>	<b>-196</b>	<b>11,030</b>
	2020*	67	6,756	-43	6,780
<b>Depreciation and amortisation</b>	<b>2021</b>	<b>4,649</b>	<b>2,389</b>	<b>0</b>	<b>7,038</b>
	2020	4,474	2,595	0	7,069

\*Adjustment of previous year's figures due to reclassifications of revenues from the initial installation of equipment from Services to Technology with k€ 4,200.

Segment information is presented based on the internally reported business segments. The segmentation into the Technology and Services divisions is in line with the internal reporting structure of the technotrans Group.

The Technology segment generates revenue through the sale of equipment and systems in the area of thermal management as well as revenue from the initial installation of systems. If revenues are generated in connection with customised developments, these are also allocated to this segment. As part of the implementation of the Group strategy Future Ready 2025, revenue from the initial installation of plants will be reported together with the revenue from the plants in the Technology segment from the financial year 2021. For better comparability, the previous year's figures were adjusted. The Services segment generates revenue with after-sales service, installation, commissioning, maintenance, repair and spare parts supply as well as the creation of technical documentation and the production and distribution of documentation creation software. The revenues generated by gds Sprachenwelt GmbH with translation services are also allocated to the Services segment.

The delivery prices for sales are generally agreed between the segments as between third parties and mainly relate to technical documentation and translation services within the Group. Inter-segment revenues include intercompany margins of € 196 thousand (2020: € 43 thousand).

Segment information includes both directly allocable and reasonably allocable variables. A reconciliation of segment data to Group data is not necessary, as the information in the segment reporting is consistent with the information in the consolidated income statement and the consolidated cash flow statement. The segment result less intra-group margins on inter-segment sales corresponds to the result from operating activities (EBIT) in the income statement. The cumulative result of both segments of € 11,226 thousand (2020: € 6,823 thousand) less intercompany margins in the amount of € 196 thousands (2020: € 43 thousand) reduced by the financial result of € -618 thousand recognised in the income statement (2020: € -660 thousand) results in earnings before taxes of € 10,412 thousand (2020: € 6,120 thousand).

## Note

The revenues of the 2021 and 2020 financial years were generated in the following areas:

	2021	2020*
	k€	k€
<b>Technology</b>		
Sale of products and equipment	150,984	137,004
Initial installation	5,263	4,200
Development cost refunds	643	712
	<b>156,890</b>	<b>141,916</b>
<b>Services</b>		
Spare parts	31,848	24,286
Conversions and retrofits of products and equipment	1,972	1,202
After-Sales-Services	13,479	16,288
Technical documentation	6,913	6,762
	<b>54,212</b>	<b>48,538</b>

\*Adjustment of previous year's figures due to reclassifications of revenues from the initial installation of equipment from Services to Technology with k€ 4,200.

Geographically, the sales revenues break down as follows:

	2021	2020*
	k€	k€
<b>Technology</b>		
Germany	96,107	88,161
Rest of Europe	35,655	34,659
America	11,836	9,352
Asia	13,085	9,446
Africa/Oceania	207	298
	<b>156,890</b>	<b>141,916</b>
<b>Services</b>		
Germany	28,230	25,327
Rest of Europe	14,052	12,490
America	8,106	7,390
Asia	3,582	3,101
Africa/Oceania	242	230
	<b>54,212</b>	<b>48,538</b>

\*Adjustment of previous year's figures due to reclassifications of revenues from the initial installation of equipment from Services to Technology with k€ 4,200.

## Consolidated Financial Statements Notes

The total revenue amounting to € 211,102 thousand (2020: € 190,454 thousand) is divided into domestic generated revenue amounting to € 124,337 thousand (2020: € 113,488 thousand) and abroad generated revenue amounting to € 86,765 thousand (2020: € 76,996 thousand). Of this amount, € 17,168 thousand is attributable to the USA (2020: € 14,007 thousand) and to China € 9,478 thousand (2020: € 5.953 thousand). The breakdown of turnover is based on the registered office of the customers realising the revenue.

From the 2021 financial year onwards, the sales of Energy Management (electromobility for rail and road transport as well as data centers) and Healthcare & Analytics (laboratory and medical technology incl. pharmaceuticals, chemicals and biology), which were combined in the growth markets in the past, are presented separately due to the significance of these sales.

	2021	2020*
	k€	k€
<b>Technology</b>		
Plastics	43,105	37,526
Energy Management	8,874	8,125
Healthcare & Analytics	16,864	14,487
Print	44,626	42,954
Laser & Machine Tools	39,154	34,941
Other Markets	4,267	3,883
	<b>156,890</b>	<b>141,916</b>
<b>Services</b>		
Plastics	10,550	9,441
Energy Management	952	1,012
Healthcare & Analytics	877	426
Print	27,730	24,460
Laser & Machine Tools	5,759	4,175
Technical Documentation	6,913	6,739
Other Markets	1,431	2,285
	<b>54,212</b>	<b>48,538</b>

\*Adjustment of previous year's figures due to reclassifications of revenues from the initial installation of equipment from Services to Technology with k€ 4,200.

In the 2021 and 2020 financial years, no single customer generated more than 10 % of total sales.

The non-current assets of € 68,370 thousand (2020: € 71,813 thousand) can be broken down by region as follows: domestic € 66,359 thousand (2020: € 69,047 thousand) and abroad € 2,011 thousand (2020: € 2,766 thousand).

## VI. Notes to the Cash Flow Statement

The cash flow statement is structured according to cash flows from operating activities, investing activities and financing activities.

### 30) Cash flow from operating activities

The cash flow from operating activities (net cash) amounted to € 13,434 thousand in the past financial year (2020: € 12,227 thousand). The change in net working capital will result in a negative cash flow contribution in 2021 (2020: positive).

### 31) Cash flow from investing activities

The cash flow from investing activities consists of payments for investments in property, plant and equipment amounting to € 2,606 thousand (2020: € 6,927 thousand) and for investments in intangible assets in the amount of € 1,103 thousand (2020: € 1,485 thousand).

### 32) Cash flow from financing activities

In the reporting year no new loans were taken out (2020: € 10,500 thousand). Repayments amounting to € 12,531 thousand (2020: € 6,696 thousand) were made on current and non-current loan liabilities. Payments amounting to € 1,980 thousand were made (2020: € 2,620 thousand) for the repayment of lease liabilities. In the financial year 2021, distributions to shareholders in the amount of € 2,487 thousand (2020: € 0 thousand) were made.

### 33) Cash and cash equivalents at the end of the period

The composition of cash and cash equivalents consists of cash and demand deposits. They correspond to the cash and cash equivalents shown in the balance sheet.

## VII. Other notes

### 34) Financial instruments

The financial instruments (financial assets and liabilities) are allocated to the classification categories "measured at amortised cost", "measured at fair value through profit or loss" (FVTPL) and "measured at fair value through other comprehensive income" (FVOCI).

#### Classifications and fair values

The following table shows the categories to which the financial instruments were allocated and the carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. The different levels are as follows:

**Stage 1:** Quoted prices for identical assets and liabilities in active markets

**Stage 2:** Valuation factors other than quoted market prices that are observable for assets or liabilities, either directly (i.e. as a price) or indirectly (i.e. derived from the price)

**Stage 3:** Valuation factors for assets and liabilities not based on observable market data

There were no transfers between the fair value hierarchy levels in the financial year.

Note	31/12/2021		31/12/2020		Fair value hierarchy
	Carrying amount	Fair value	Carrying amount	Fair value	
	k€	k€	k€	k€	
<b>Derivatives in hedging requirements</b>					
Market value of interest rate swaps	(19)	-32	-56	-56	Level 2
<b>Assets measured at amortised costs</b>					
Rent deposits	(5), (9)	168	179	179	Level 2
<b>Financial assets and liabilities not measured at fair value</b>					
Borrowings	(12)	-31,473	-44,003	-44,367	Level 2
Other non-current liabilities	(13)	-3	-6	-5	Level 2
		<b>-31,476</b>	<b>-44,009</b>	<b>-44,372</b>	
		<b>-31,340</b>	<b>-43,886</b>	<b>-44,249</b>	
Gains (+) or losses (-) not entered		120		-363	

## Note

The carrying amounts of financial instruments (e.g. cash and cash equivalents, trade receivables and payables, and other receivables and liabilities) generally correspond to their fair values.

For receivables with a residual term of up to one year, their nominal value less any value adjustments made is the most reliable estimate of fair value. The fair value of receivables with a remaining term of more than one year is derived from their discounted cash flows.

In contrast, there are differences between the carrying amounts and fair values of financial liabilities. The fair value of interest-bearing liabilities is calculated from the discounted cash flows from redemption and interest payments. Current reference interest rates were requested from banks and used to determine the fair values as of the balance sheet date. Depending on the term, the reference interest rates ranged from 0.56 to 2.35 %. An appropriate risk premium was added.

The fair values of the interest rate swaps are calculated using observable yield expectations from major German banks based on the expected present value of future cash flows.

### Net gains or losses on financial instruments by measurement category

	From interest	From subsequent measurement			2021	2020
	At fair value	Currency translation	Impairment			
	k€	k€	k€	k€	k€	k€
Derivatives in hedging requirements	0	0	0	0	0	14
Financial liabilities measured at fair value (FVTPL)	0	0	0	0	0	0
Assets measured at amortised costs	3	0	-13	21	11	-325
Financial liabilities not measured at fair value	-573	0	0	0	-573	-659
	<b>-570</b>	<b>0</b>	<b>-13</b>	<b>21</b>	<b>-562</b>	<b>-970</b>

### Nature and extent of risks arising from financial instruments

The Group is exposed to the following risks from the use of financial instruments:

- Default risk
- Liquidity risk
- Market risk

Default risk is the risk that one party to a financial instrument will cause a loss to the other party by failing to meet its obligations. Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The market risk is concretised in interest rate risks and exchange rate risks. Liquidity risk is the risk that the Group may not be able to meet its financial obligations as contractually agreed, e.g. the risk of not being able to extend loans or obtain new loans to repay maturing loans.

### Default risk

Impairment of other financial assets is reported in the financial result (see note 27 "Financial result").

At technotrans, significant risks relate to the default risk on trade receivables, other financial assets, contract assets and theoretically also the insolvency risk of the banks with which technotrans holds credit balances.

Banks are selected on the basis of many years of positive experience as well as on the basis of the banks' ratings. The group considers its cash and cash equivalents to be at low risk of default based on the external ratings of banks and financial institutions.

The credit risks exist in the amount of the reported carrying amounts of € 41,026 thousand (2020: € 47,528 thousand). Trade receivables and contract assets are partly credit-insured. As of the reporting date there is a credit-insured volume of € 8,329 thousand (2020: € 7,965 thousands) which is not included in the impairment of financial assets.

The bad debt risk involves a certain concentration of risk, as a significant proportion of the receivables portfolio is attributable to OEMs in the various industries. No significant losses on receivables occurred in the financial year.

With regard to new customers, the risk of bad debts is limited by obtaining credit information and by the IT-supported observance of credit limits. In addition to observing credit limits, retention of title is regularly agreed until final payment for the delivery or service. A significant portion of the trade receivables is insured through trade credit insurance. As a rule, technotrans does not require customers to provide collateral.

The Group recognises allowances for expected credit losses on financial assets. In determining the expected loss, the Group considers reasonable and robust information that is relevant and available at a reasonable cost.

The Group assesses at each reporting date whether financial assets at amortised cost are credit impaired. Indicators for this are significant financial difficulties of the debtor, breach of contract, insolvency of the debtor or other reorganisation procedures. Impairment losses on financial assets are deducted from the gross carrying amount after deduction of value added tax. The assessment of the timing and amount of depreciation is made individually for each financial asset.

In addition to the individually determined allowances, the Group uses an allowance matrix to measure the expected credit losses of trade receivables and contract assets. The loss rates used here are calculated according to the "roll rate" method, which is based on the probability that a claim will progress through successive stages in the payment delay.

## Note

The following table provides information on the estimated default risk and expected credit losses for trade receivables and contract assets.

	31/12/2021			31/12/2020		
	Loss rate	Gross carrying amount	Loss allowance	Loss rate	Gross carrying amount	Loss allowance
	%	k€	k€	%	k€	k€
<b>Not individually impaired receivables:</b>						
not overdue	0.4	18,156	-74	0.2	16,452	-33
overdue by up to 30 days	1.3	2,799	-36	0.6	3,015	-19
overdue by between 31 and 60 days	8.8	610	-54	4.2	576	-24
overdue by between 61 and 90 days	32.5	160	-52	14.4	159	-23
overdue by more than 90 days	10.0	66	-7	20.9	555	-116
		<b>21,791</b>	<b>-222</b>		<b>20,757</b>	<b>-215</b>
Individually impaired receivables:		721	-673		1,615	-1,075
		<b>22,512</b>	<b>-895</b>		<b>22,372</b>	<b>-1,290</b>

For the purpose of measuring expected credit losses, trade receivables and contract assets were aggregated based on common credit risk characteristics and days past due. Contract assets relate to work in progress that has not yet been invoiced and have essentially the same risk characteristics as trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for contract assets.

The expected loss rates are based on the payment behaviour of the contractual partners over a period of 36 months prior to January 1, 2021. This rate is multiplied by a scaling factor to reflect current and forward-looking information on macroeconomic factors that affect customers' ability to pay claims.

The scaling factor is based on GDP forecasts and the industry outlook and is 3 % (2020: 3 %).

Impairment losses from trade receivables are shown in the income statement under impairment losses on financial assets and contract assets.

### Liquidity risk

technotrans SE uses rolling financial and liquidity planning to determine its liquidity requirements. Care is taken to ensure that sufficient liquid funds are available at all times to settle liabilities. The Group is not subject to any financial covenants.

The future cash flows from the interest rate swap may differ from the amounts shown in the following table as interest rates or the relevant terms are subject to change.



## Consolidated Financial Statements Notes

Except for these financial liabilities, it is not expected that a cash flow included in the maturity analysis could occur significantly earlier or at a significantly different amount.

The available liquid funds are held exclusively with credit institutions that have a very good credit rating. In addition, there are unused credit lines of up to € 17.6 million (2020: € 9.8 million) as of the balance sheet date.

The following table shows the contractual maturities of the financial liabilities, including any interest payments:

	Carrying amount	Contractual/ expected payment	Due within					over 5 years
			6 months	months	1-2 years	2-5 years		
	k€	k€	k€	k€	k€	k€	k€	
<b>At 31/12/2021:</b>								
Borrowings	31,473	32,200	3,207	3,400	5,806	16,950	2,837	
Lease liabilities	2,522	2,610	869	543	1,034	164	0	
Other non-current financial liabilities	3	3	1	1	1	0	0	
Trade payables	6,016	6,016	6,016	0	0	0	0	
Other current financial liabilities	1,137	1,137	1,137	n/a	n/a	n/a	n/a	
Interest rate swaps	32	48	6	6	13	23	0	
	<b>41,183</b>	<b>42,014</b>	<b>11,236</b>	<b>3,950</b>	<b>6,854</b>	<b>17,137</b>	<b>2,837</b>	
<b>At 31/12/2020:</b>								
Borrowings	44,003	45,760	8,467	4,988	6,646	19,299	6,360	
Lease liabilities	3,285	3,348	888	766	1,033	660	1	
Other non-current financial liabilities	6	6	2	1	3	0	0	
Trade payables	4,606	4,606	4,606	0	0	0	0	
Other current financial liabilities	1,048	1,048	1,048	n/a	n/a	n/a	n/a	
Interest rate swaps	56	62	8	7	12	35	0	
	<b>53,004</b>	<b>54,830</b>	<b>15,019</b>	<b>5,762</b>	<b>7,694</b>	<b>19,994</b>	<b>6,361</b>	

### Market risks

technotrans pursues the objective of being exposed to **interest rate risks** only to a limited extent. Therefore, financial liabilities in the amount of € 28,836 thousand (2020: € 39,867 thousand) are taken out at a fixed interest rate. Long-term, variable-interest loans are hedged through the use of interest rate swaps; this requirement does not exist for short-term loans. Variable interest-bearing loans in the amount of € 1,350 thousand (2020: € 1,350 thousand) of the total amount of these loans € 2,636 thousand (2020: € 4,136 thousand) are converted into fixed-interest loans with the help of interest rate swaps. The group does not recognise fixed rate financial assets and liabilities at fair value through profit or loss. Derivatives (interest rate swaps) are not designated as fair value hedging instruments. A change in the interest rate at the reporting date would therefore not affect profit or loss.

## Note

The carrying amounts of the interest rate swaps are also subject to interest rate risk.

The Group is exposed to **foreign exchange risks** in the course of its operating activities. As of December 31, 2021, trade receivables and cash and cash equivalents are mainly denominated in euros; significant partial amounts are denominated in US dollars, Chinese renminbi and British pounds. The aforementioned foreign currency holdings are essentially held by technotrans SE and the respective national companies of the group.

		31/12/2021			31/12/2020		
		USD	CNY	GBP	USD	CNY	GBP
<b>Trade receivables</b>	<b>in Thousand</b>	<b>2,468</b>	<b>7,311</b>	<b>129</b>	<b>3,123</b>	<b>4,101</b>	<b>150</b>
	in k€	2,179	1,016	153	2,545	511	167
<b>Cash and cash equivalents</b>	<b>in Thousand</b>	<b>2,554</b>	<b>5,984</b>	<b>769</b>	<b>2,547</b>	<b>4,395</b>	<b>704</b>
	in k€	2,255	832	915	2,076	548	783

Financial liabilities are mainly denominated in euros.

Net investments in a foreign operation are solely in Brazilian Real. Exchange rate changes would have an impact on equity.

Further foreign currency risks are limited within the technotrans Group by the fact that production is essentially carried out in the euro zone and the invoicing currency is generally the same as the production currency. In the event of significant deviations, this currency risk is hedged by derivative financial instruments. As in the previous year, there were no currency hedges as of December 31, 2021.

### Sensitivity analysis

A possible strengthening or weakening of the most important foreign currency closing rates by 10 % against the euro in the Group would have had the following effects on equity and profit after tax as at the balance sheet date, assuming that all other variables, in particular interest rates, remain unchanged:

k€	Effect on equity		Effect on profit after tax	
	Increase + 10 %	Reduction - 10 %	Increase + 10 %	Reduction - 10 %
<b>As of 31/12/2021</b>				
USD	-624	624	-112	112
GBP	-45	45	-10	10
BRL	398	-398	1	-1
<b>As of 31/12/2020</b>				
USD	-566	566	-86	86
GBP	-32	32	-11	11
BRL	396	-396	3	-3

In the presentation, a change in both the closing rate and the average rate was included in the consideration of the reporting period, each with a change of 10 % compared to the exchange rates used in the respective consolidated financial statements.

Market risks due to interest rate fluctuations only exist for the interest rate swap. A reduction of the interest rate by one percentage point would have only a minor negative impact on the valuation of the interest rate swap and thus on equity.

### Hedging instruments

As at the balance sheet date, the following derivative financial instruments were in place to hedge the interest rate risk of the variable-interest € loans (see note 12 "Financial liabilities"); including these derivative financial instruments, the financial assets and financial liabilities are not exposed to any significant interest rate risk.

The fair values result from the valuation of the outstanding positions without taking into account opposing value developments from the underlying transactions. The fair values are determined (Level 2 in accordance with IFRS 13.82) by major German banks on the basis of discounted cash flows.

### Interest rate swap

	Nominal amount	Repaid	Balance	Fixed rate	Variable Interest	Maturity	Fair Value
	k€	k€	k€	% p.a.			k€
Payer-Swap	1,350	0	1,350	1,91	6 month EURIBOR	Oct 2025	-32

The hedged item and hedging instrument match in terms of nominal value or principal amount, maturities, interest payment dates, interest adjustment dates, maturity dates and currencies. In cases where a hedging transaction exists to hedge a future transaction, hedge accounting was only applied if the occurrence of this transaction was considered highly probable. The efficiency of the hedging

## Note

transaction within the meaning of IFRS 9.6.4.1 (c) (iii) is high, amounting to almost 100 %. Otherwise, the requirements of IFRS 9.6.4.1 are met.

The interest rate swaps are accounted for as cash flow hedges at market price; valuation gains and losses from changes in market price are recognised directly in equity in the hedging reserve. The fair value of the hedging instruments on the balance sheet date is € 32 thousand (2020: € 56 thousand) are recorded under "Other current liabilities" (note 19). The underlying loan transactions are measured at amortised cost using the effective interest method.

The deferred taxes attributable to the change in market prices are offset against the hedging reserve without affecting profit or loss. The hedging reserve thus developed as follows:

	k€
<b>Opening level as of 01/01/2020</b>	<b>-55</b>
Amount reclassified to the Income Statement	14
Change of the market values of cash flow hedges	-15
Deferred tax on these not affecting income	0
<b>Level as of 31/12/2020 / 01/01/2021</b>	<b>-56</b>
Amount reclassified to the Income Statement	0
Change of the market values of cash flow hedges	24
Deferred tax on these not affecting income	5
<b>Closing level as of 31/12/2021</b>	<b>-27</b>

## Reconciliation of the movement in debt to cash flows from financing activities

	<b>Liabilities</b>	
	Financial liabilities	Lease liabilities
	k€	k€
<b>01/01/2020</b>	<b>40,456</b>	<b>4,686</b>
<b>Cash flow from financing activities</b>		
Cash receipts from the raising of loans	10,500	0
Cash payments from the repayment of loans	-6,696	0
Cash payments from the repayment of lease liabilities	0	-2,620
<b>Net cash used in financing activities</b>	<b>3,804</b>	<b>-2,620</b>
<b>Other changes</b>		
Interest expences	659	77
Interest paid	-659	0
Repayment bonus	-257	0
Other reductions of lease liabilities	0	-202
Additions to lease liabilities	0	1,344
<b>Total other changes related to liabilities</b>	<b>-257</b>	<b>1219</b>
<b>31.12.2020 / 01/01/2021</b>	<b>44,003</b>	<b>3,285</b>
<b>Cash flow from financing activities</b>		
Cash payments from the repayment of loans	-12,530	0
Cash payments from the repayment of lease liabilities	0	-1,980
<b>Net cash used in financing activities</b>	<b>-12,530</b>	<b>-1,980</b>
<b>Other changes</b>		
Interest expences	523	52
Interest paid	-523	0
Other reductions of lease liabilities	0	48
Additions to lease liabilities	0	1,117
<b>Total other changes related to liabilities</b>	<b>0</b>	<b>1,217</b>
<b>31/12/2021</b>	<b>31,473</b>	<b>2,522</b>

### 35) Future payment obligations

	31/12/2021			Total	31/12/2020
	up to 1 year	1 to 5 years	over 5 years		Total
	k€	k€	k€		k€
Rental and operating lease agreements	270	320	0	590	429
Maintenance agreements	854	815	5	1,674	1,265
Framework contracts	6,610	5,182	0	11,792	4,164
Investment commitments for property, plant and equipment	153	0	0	153	871
Lease contracts (IFRS 16)	171	615	0	786	264
Other	67	13	0	80	108
	8,125	6,945	5	15,075	7,101

Future payment obligations are valued at nominal value; foreign currency amounts are converted using the exchange rate on the reporting date.

The future obligations for rental and lease agreements mainly relate to rental obligations that are classified as current or low-value according IFRS 16 and are thus not recognised as a lease liability. Expenses from rental and leasing relationships (minimum lease payments) amount to € 868 thousand in the reporting year (2020: € 924 thousand). The maintenance contracts mainly concern the ERP-IT-system.

Framework agreements exist with suppliers for the purchase of agreed quantities of goods.

### 36) Personnel expenses

	2021	2020
	k€	k€
Wages and salaries	64,930	62,793
Social insurance	12,441	11,753
Expenses for retirement benefits and maintenance payments	1,379	1,333
	78,750	75,879

The note wages and salaries also includes termination benefits in the amount of € 415 thousand (2020: € 2,595 thousand).

Social security contributions include expenses for defined contribution plans (employer contributions to the statutory pension insurance) in the amount of € 6,170 thousand (2020: € 6,243 thousand).

In the financial year, the Group received reimbursements in accordance with IAS 20 for social security expenses to be borne by the employer and other staff allowances. The grants amounting to € 87 thousand (2020: € 727 thousand) are recognised as a deduction from personnel expenses. There are no unfulfilled conditions and other contingencies related to these grants.

### 37) Annual average number of employees

	2021	2020
<b>Average number of employees</b>	1,416	1,437
of which in Germany	1,277	1,291
of which abroad	139	146
Technicians/skilled workers	938	955
Academic background	296	294
Trainees	97	101
Other	85	87

### 38) Related parties

Related parties include the members of the Board of Management and Supervisory Board of technotrans SE and their close family members.

The remuneration system of the Board of Management complies with the legal requirements of the German Act on the Appropriateness of Management Board Compensation, (VorstAG). Regarding the remuneration components, please refer to the report on the "Remuneration System of the Board of Management" in the Group Management Report.

In the reporting year, consulting services were provided by the law firm Hoffmann Liebs Partnerschaft von Rechtsanwälten mbB, Düsseldorf, where Dr. Norbert Bröcker is a partner. Services were charged in the amount of € 75 thousand (2020: € 118 thousand) and a provision for outstanding invoices was formed amounting to € 25 thousand. Expenses from a consultancy agreement of the Supervisory Board with a former board member amounting to € 15 thousand (2020: € 0 thousand). All services have been concluded at arm's length conditions.

The members of the Board of Management have not received any pension commitments, no loans have been granted to them and no guarantee obligations have been assumed in their favour.

The members of the Board of Management and the Supervisory Board are listed separately in the section "Corporate Bodies".

## Note

### Remuneration of members of the Board of Management and the Supervisory Board

	Michael Finger	Peter Hirsch	Dirk Engel (until July 31, 2021)	Hendrik Niestert (until January 31, 2021)	Total
<b>2021</b>	<b>Granted</b>	<b>Granted</b>	<b>Granted</b>	<b>Granted</b>	<b>Total</b>
Fixed remuneration	270	225	149	13	657
Short-term incentive (STI) 2021	107	89	0	0	196
Long-term incentive (LTI) 2021	113	94	0	0	207
Bonus based on the old management contract	0	0	111	8	119
Pension (defined contribution plans)	30	30	15	0	75
Fringe benefits	27	18	11	1	57
<b>Total remuneration 2021</b>	<b>547</b>	<b>456</b>	<b>286</b>	<b>22</b>	<b>1,311</b>
<b>2020</b>	<b>Granted</b>	<b>Granted</b>	<b>Granted</b>	<b>Granted</b>	<b>Total</b>
Fixed remuneration	157	200	256	150	763
Variable remuneration/ bonus	27	41	60	32	160
Pension (defined contribution plans)	30	30	30	30	120
Fringe benefits	17	17	20	17	71
<b>Total remuneration 2020</b>	<b>231</b>	<b>288</b>	<b>366</b>	<b>229</b>	<b>1,114</b>

As in the previous year, all of the above-mentioned compensation components represent short-term benefits in line with IAS 24.17. The long-term variable compensation is a share-based payment in accordance with IFRS 2 (see note 39 "Share-based payment"). In total, personnel expenses within the meaning of IFRS 2 were recognized in the amount of € 247 thousand, the total personnel expenses in connection with the compensation of the Board of Management amount to € 1,351 thousand.

	2021	2020
	k€	k€
Supervisory Board		
Regular payments (short-term)		
- fixed payments	379	267
- variable payments	0	29
	<b>379</b>	<b>296</b>

As in the previous year, all payments constitute short-term benefits in accordance with IAS 24.17.



## Shareholdings of the members of the Board of Management and the Supervisory Board

	Shares	
	31/12/2021	31/12/2020
<b>Board of Management</b>		
Michael Finger	4,000	3,000
Peter Hirsch	2,838	2,000
Dirk Engel <sup>1)</sup>	25,100	22,500
Hendirk Niestert <sup>2)</sup>	1,800	1,756
<b>Supervisory Board</b>		
Andrea Bauer	0	0
Peter Baumgartner <sup>3)</sup>	100	0
Dr. Norbert Bröcker	250	250
Dr. Gottfried H. Dutiné <sup>3)</sup>	650	0
Andre Peckruhn	76	76
Thorbjörn Ringkamp	385	385
Heinz Harling <sup>4)</sup>	64,854	64,854
Dr. Wolfgang Höper <sup>4)</sup>	0	0
<b>Family members</b>		
Marian Harling	500	500
Katja Hirsch	71	71

<sup>1)</sup> Member of the Executive Board until July 31, 2021

<sup>2)</sup> Member of the Supervisory Board until January 31, 2021

<sup>3)</sup> Member of the Supervisory Board since May 7, 2021

<sup>4)</sup> Member of the Supervisory Board until May 7, 2021

### 39) Share-based payments

On May 7, 2021, the Long Term Incentive Plan ("LTI") was approved by the Annual General Meeting as part of the current board of management contracts. The LTI provides for an annual bonus payment in favour of the board of management for the contractual term of the board of management service agreements. The long-term variable remuneration is determined on the basis of a ROCE target oriented planning. The ROCE target is set with a +/- range of 1.5 %. If the lower limit is reached (-1.5 % ROCE compared to the ROCE target), a 50 % shortfall is assumed; if the upper limit is reached (+1.5 % ROCE compared to the ROCE target), a 50 % overshoot is assumed. Achieving an ROCE value below this range leads to an expiry of the remuneration component. If the range is exceeded, there is no further increase in the remuneration component. The LTI is paid to the board of management within three months after the approval of the consolidated financial statement. Subsequently, the amount paid out after tax has to be invested by the board of management within three months in shares of the company, which are to be held for at least four years and are then freely disposable in accordance with the statutory regulations. The company does not bear any opportunities or risks from the performance of the shares acquired by the respective board of management. The grant date for Mr. Finger and Mr. Hirsch was defined as the date of signing the service contract in February 2021.

## Note

The vesting period was defined as March 2024 for Mr. Finger (vesting of the last LTI remuneration tranche) and March 2023 for Mr. Hirsch. Vesting is accounted for using the graded vesting method for accounting purposes. The fair value of the total commitment at the grant date is € 298 thousand for Mr. Finger and € 159 thousand for Mr. Hirsch. In the financial year 2021, a total personnel expense of € 247 thousand was recognised and reported as an increase in equity of € 247 thousand in other reserves.

The fair value was determined taking into account a historical volatility of 35 %. It is based on the price volatility of technotrans shares on the basis of a peer group analysis for the four target markets. The holding period was considered as a non-vesting condition. The holding period was set at 4 years, and the risk-free interest rate and dividend factor were set at 0 %.

For the financial year the LTI amounts to € 113 thousand for Mr. Finger and to € 94 thousand for Mr. Hirsch. These amounts will be paid in April 2022. To ensure the timely preparation of the financial statements, the LTI remuneration to be recognised was calculated using the preliminary ROCE target achievement level. This results in an LTI amount for Mr. Finger of € 120 thousand and Mr. Hirsch of € 100 thousand, which differs from the previously mentioned payout amounts.

Apart from the current service contracts of the members of the Board of Management, Mr. Finger and Mr. Hirsch have signed a contractual agreements to invest half of the variable sustainability-oriented bonus for the previous year 2020 (net amount after deduction of taxes) in shares of technotrans SE. This remuneration component was paid out in 2021. Mr. Finger received a bonus of € 55 thousand gross and acquired 1,000 shares. Mr. Hirsch received a bonus of € 82 thousand and acquired 838 shares. The former board of management member Mr. Engel received a bonus of € 120 thousand gross for 2020 and a bonus of € 111 thousand gross for 2021 and acquired 2,600 shares. The former board of management member Mr. Niestert received a bonus of € 63 thousand gross for 2020 and a bonus of € 8 thousand gross for 2021 and acquired 700 shares. The contractual agreement for the bonus 2020 deviates from the current LTI service contract regulations. The board members have contractually agreed to hold these shares for at least two years after acquisition. Previous year the 2020 bonus was accrued as a liability to employees in the amount of € 322 thousand.

## 40) Corporate Governance

The Board of Management and the Supervisory Board issued the declaration of compliance in accordance with § 161 of the German Stock Corporation Act (AktG) on December 14, 2021 and made it permanently available to shareholders and interested parties on the company's website (<https://www.technotrans.com/company/corporate-governance/declaration-of-compliance>).

### 41) Subsequent Events

The date of approval of the annual financial statements by the Board of Directors in accordance with IAS 10.17 is March 11, 2022. These consolidated financial statements are subject to approval by the Supervisory Board (section 171 (2) of the German Stock Corporation Act (AktG)).

On January 14, 2022 technotrans solutions GmbH as the acquiring legal entity and Reisner Cooling Solutions GmbH as the transferring legal entity signed a merger agreement with effect from January 1, 2022. On January 14, 2022 technotrans SE as the acquiring legal entity and KLH Kältetechnik GmbH as the transferring legal entity signed a merger agreement with effect from January 1, 2022. Both mergers shall be effected by absorption of all assets and liabilities and by dissolution of the transferring legal entity without capital increase with effect from January 1, 2022.

Notification of voting rights pursuant to section 40 of the German Securities Trading Act (WpHG): On January 24, 2022 LOYS Investment S.A. fell below the 3 % threshold. On January 25, 2022, the threshold of 3 % was exceeded by Universal-Investment-GmbH.

No further events of particular significance occurred after the end of the financial year 2021.

# Proposal of the appropriation of profit

The Board of Management and Supervisory Board will propose to the Annual General Meeting that the accumulated profit of technotrans € 12,955,610.13 as reported in the individual financial statements be distributed as follows:

	€
Distribution of a dividend of € 0.51 per no par value share on share capital of € 6,907,665.00 bearing dividend entitlements	3,522,909.15
Profit carried forward	9,432,700.98
Accumulated profit	12,955,610.13

The dividend shall be payable on May 18, 2022.

Sassenberg, March 11, 2022

technotrans SE

The Board of Management



Michael Finger



Peter Hirsch

# Responsibility Statement by the Board of Management

To the best of our knowledge, and in accordance with the applicable reporting principles for financial reporting, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the combined management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Sassenberg, March 11, 2022

technotrans SE

The Board of Management



Michael Finger



Peter Hirsch

# Independent Auditor's report

## INDEPENDENT AUDITOR'S REPORT

To technotrans SE, Sassenberg

## REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

### Audit Opinions

We have audited the consolidated financial statements of technotrans SE, Sassenberg, and its subsidiaries (the group) – comprising the consolidated balance sheet at December 31, 2021, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the financial year from January 1 to December 31, 2021, and the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of technotrans SE, which is combined with the management report of the company, for the financial year from January 1 to December 31, 2021. In accordance with German legal requirements, we have not audited the content of the part of the group management report mentioned in the section "Other information" of our report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) of the German Commercial Code (HGB) and, in accordance with these requirements, give a true and fair view of the assets, liabilities and financial position of the group as of December 31, 2021 and of its financial performance for the fiscal year from January 1 to December 31, 2021
- the accompanying group management report as a whole provides an appropriate view of the group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not extend to the content of the part of the group management report mentioned in the section "Other information".

In accordance with Section 322 (3) sentence 1 of the German Commercial Code (HGB), we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

### Basis for the Audit Opinion

We conducted our audit of the consolidated financial statements and the group management report in accordance with Section 317 of the German Commercial Code (HGB) and the EU Auditor Regulation (No. 537/2014; referred to subsequently as "EU Audit Regulation") in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those

requirements and principles are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements and of the group Management Report” section of our auditor’s report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and the group management report.

### Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from January 1 to December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matter of most significance in our audit was as follows:

#### Recoverability of the carrying amount of goodwill

Our presentation of this key audit matter has been structured as follows:

- 1) Matter and issue
- 2) Audit approach and findings
- 3) Reference to further information

Hereinafter we present the key audit matter:

#### Recoverability of the carrying amount of goodwill

- 1) In the consolidated financial statements of the Company, goodwill totalling EUR 23.5 million (16.0 % of total assets and 27.7 % of equity) is reported under the balance sheet item “Goodwill”. Goodwill is subject to an impairment test by the company once a year or as and when required in order to determine a possible need for amortization. The impairment test is performed at the level of the cashgenerating units or groups of cash-generating units to which the respective goodwill is allocated. As part of the impairment test, the carrying amount of the respective cash-generating units or groups of cashgenerating units including goodwill is compared with the corresponding recoverable amount. The recoverable amount is determined based on the value in use. The basis of measurement is the present value of future cash flows from the cash-generating units or groups of cashgenerating units. The present values are determined using discounted cash flow models. The group’s approved medium-term plan forms the starting point, which is extrapolated on the basis of assumptions regarding long-term growth rates. This also takes into account expectations about future market developments and assumptions about the development of macroeconomic factors. Discounting is based on the weighted average cost of capital of the cash-generating units or groups of cash-generating units. As a result of the impairment test, no need for impairment was identified. The result of this valuation depends to a large extent on the assessment of the legal

## Independent Auditor's Report

representatives with regard to the future cash inflows of the cash-generating units or groups of cash-generating units, the discount rate used, the growth rate and other assumptions and is therefore subject to considerable uncertainty. Against this background and due to the complexity of the valuation, this matter was of particular importance within the scope of our audit.

- 2) As part of our audit, we have, among other things, reviewed the methodological procedure for carrying out the impairment test. After comparing the future cash inflows used in the calculation with the group's approved medium-term planning, we assessed the appropriateness of the calculation, in particular by comparing it with general and sector-specific market expectations. In addition, we have also assessed the proper recognition of the costs of corporate functions. With the knowledge that even relatively small changes in the cost of capital used or the growth rate can have a significant impact on the amount of the enterprise value determined in this way, we have intensively studied the parameters used to determine the discount rate applied and have reproduced the calculation scheme. In order to account for the existing forecast uncertainties, we have reproduced the sensitivity analyses prepared by the company. We have determined that the carrying amounts of the cash-generating units or groups of cash-generating units including the allocated goodwill are sufficiently covered by the discounted future cash surpluses, taking into account the information available.

The valuation parameters and assumptions applied by the legal representatives are generally in line with our expectations and are also within the ranges that we consider to be acceptable.

- 3) The Information provided by the Company on the impairment test is contained in Section III, Note 3 of the Notes to the Consolidated Financial Statements.

### Other Informationen

Management is responsible for the other information. The other information comprises the following not audited parts of the group management report:

- The group statement on corporate governance pursuant to Section 289f HGB and Section 315d HGB in section "Corporate Governance Declaration in accordance with section 289f HGB and section 315d HGB" of the management report
- The Non-financial statement pursuant to Section 289f HGB and Section 315d HGB in section "Combined non-financial statement of technotrans SE and the technotrans group in accordance with section 289b et seq., 315b et seq. HGB" of the management report
- The Remuneration report pursuant to Section 162 German Stock Corporation Act (AktG) in section "Remuneration report" of the management report, for which the supervisory board is also responsible.

Other information also includes all the remaining parts of the Annual Report – without further cross-references to external information – with the exception of the audited consolidated financial statements, the group management report and our audit opinion.



## Consolidated Financial Statements

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the above mentioned other information and, in so doing, to consider whether the other information

- \_ is materially inconsistent with the consolidated financial statements, with the content-verified group management report disclosures or our knowledge obtained in the audit, or
- \_ otherwise appears to be materially misstated.

### [Responsibilities of Management and the Supervisory Board for the Consolidated Financial Statements and the group Management Report](#)

Management is responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the group. In addition, management is responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error

In preparing the consolidated financial statements, management is responsible for assessing the group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, management is responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

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

### [Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the group Management Report](#)

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

## Independent Auditor's Report

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgement and maintain professional skepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to be able to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the

direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

- evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the group’s position it provides.
- perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter.

## OTHER LEGAL AND REGULATORY REQUIREMENTS

### **Assurance Report in Accordance with Section 317 (3a) HGB on the Electronic Reproduction of the Consolidated Financial Statements and the group Management Report Prepared for Publication Purposes**

#### Reasonable Assurance Conclusion

We have performed an assurance engagement in accordance with Section 317 (3a) HGB to obtain reasonable assurance about whether the reproduction of the consolidated financial statements and the group management report (hereinafter the “ESEF documents”) contained in the electronic file technotrans SE\_KA\_KLB\_ESEF-2021-12-31.zip and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format (“ESEF format”). In accordance with German legal requirements, this assurance engagement only extends to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within this reproduction nor to any other information contained in the above-mentioned electronic file

## Independent Auditor's Report

In our opinion, the reproduction of the consolidated financial statements and the group management report contained in the above-mentioned electronic file and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained in the above-mentioned electronic file beyond this reasonable assurance conclusion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from January 1 to December 31, 2021 contained in the "Report on the Audit of the Consolidated Financial Statements and on the Group Management Report" above.

### Basis for the Reasonable Assurance Conclusion

We conducted our assurance engagement on the reproduction of the consolidated financial statements and the group management report contained in the above-mentioned electronic file in accordance with Section 317 (3a) HGB and the IDW Assurance Standard: Assurance in Accordance with Section 317 (3a) HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (IDW AsS 410 (10.2021)) and the International Standard on Assurance Engagements 3000 (Revised). Accordingly, our responsibilities are further described below in the "Group Auditor's Responsibilities for the Assurance Engagement on the ESEF Documents" section. Our audit firm has applied the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QS 1).

### Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic reproduction of the consolidated financial statements and the group management report in accordance with Section 328 (1) sentence 4 No. 1 HGB and for the tagging of the consolidated financial statements in accordance with Section 328 (1) sentence 4 No. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of Section 328 (1) HGB for the electronic reporting format, whether due to fraud or error.

The supervisory board is responsible for overseeing the process of the preparation of the ESEF documents as part of the financial reporting process.

### Group Auditor's Responsibilities for the Assurance Engagement on the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of Section 328 (1) HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance engagement. We also

- identify and assess the risks of material non-compliance with the requirements of Section 328 (1) HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance conclusion

- obtain an understanding of internal control relevant to the assurance engagement on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance conclusion on the effectiveness of these controls.
- evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version applicable as at the balance sheet date on the technical specification for this electronic file.
- evaluate whether the ESEF documents enables a XHTML reproduction with content equivalent to the audited consolidated financial statements and to the audited group management report
- evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with Articles 4 and 6 of Delegated Regulation (EU) 2019/815 as applicable on the reporting date enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

## Independent Auditor's Report

### Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the Annual General Meeting on May 7, 2021. We were engaged by the Supervisory Board on November 22, 2021. We have been the group auditor of technotrans SE, Sassenberg, without interruption since the financial year 2019.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

### NOTE ON OTHER MATTERS - USAGE OF THE AUDIT OPINION

Our audit opinion should always be read in conjunction with the audited consolidated financial statements and the audited group management report as well as the audited ESEF documents. The consolidated financial statements and the Group management report converted to the ESEF format - including the versions to be published in the Federal Gazette - are merely electronic reproductions of the audited consolidated financial statements and the audited Group management report and do not replace them. In particular, the "Report on the audit of the electronic reproductions of the consolidated financial statements and the Group management report prepared for disclosure purposes in accordance with Section 317 (3a) HGB" and our audit opinion contained therein can only be used in conjunction with the audited ESEF documents provided in electronic form.

### GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Dr. Achim Lienau.

Osnabrück, March 11, 2022

PricewaterhouseCoopers GmbH

Wirtschaftsprüfungsgesellschaft

gez. Dr. Achim Lienau  
Wirtschaftsprüfer

gez. ppa. Christoph Hölscher  
Wirtschaftsprüfer

# Glossary

## Explanation of technical terms and key figures

### **BOOK-TO-BILL RATIO**

Book-to-Bill Ratio = order intake of the period / turnover of the period

### **gross profit**

gross profit = turnover ./cost of sales (COGS)

### **CAGR - Compound Annual Growth Rate**

Compound Annual Growth Rate

### **CO<sub>2</sub>e**

CO<sub>2</sub>- equivalents are a unit of measurement for standardizing the climate impact of the various greenhouse gases, usually considered over a period of 100 years. In addition to carbon dioxide (CO<sub>2</sub>) methane (CH<sub>4</sub>) and nitrous oxide (N<sub>2</sub>O) are particularly relevant greenhouse gases, but fluorinated gases (F-gases) are also relevant.

### **COGS = COST OF GOODS SOLD**

### **EBIT - EARNINGS BEFORE INTEREST AND TAXES**

### **EBITDA**

EBITDA = EBIT + derpreciation

### **ESG-KPI - Environmental, Social, Governance - Key Performance Indicator**

Generic term for sustainability indicators

### **FREE CASHFLOW**

Free Cashflow = Cash from operating activities + net cash for investing activities

Net cash from operating activities = net cash from operating activities + interest and taxes paid

Cash from operating activities = Cash flow from operating activities before working capital changes + Change in working capital

Change in working capital = inventories + Receivables and other current assets + Liabilities and pre-payments + Provisions and employee benefits

### **GEARING**

Gearing = net debt / equity

### **GHG**

Greenhouse gases are a group of gases that contribute to global warming and climate change. The Kyoto Protocol covers several greenhouse gases: carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), Di nitrous oxide (N<sub>2</sub>O), and some fluorinated gases (F-Gases).

## Glossary

### **GWP**

The Global Warming Potential is a term that describes the relative effectiveness of a greenhouse gas, taking into account how long it remains active in the atmosphere. The GWP is usually calculated over 100 years. Carbon dioxide (CO<sub>2</sub>) is used as a reference gas and given a 100-year GWP of 1.

### **HKN**

Guarantees of origin are electronic documents that certify that a certain amount of electricity from renewable energy sources was produced and fed into the grid by a specific plant, thus defining the electricity quality. Producers receive a HKN for each megawatt hour (MWh) of renewable electricity, which they can market if it is not remunerated via the EEG. The HKN is decommissioned (devalued) after the one-time marketing, which excludes multiple balancing.

### **GROSS MARGIN = gross profit / turnover**

### **NET WORKING CAPITAL**

Net Working Capital = inventories + trade receivables ./ Trade payables ./ Trade payables

### **NET WORKING CAPITAL RATIO**

Net Working Capital Ratio = Net Working Capital / turnover rolling

### **Net debt**

Net debt = financial liabilities + lease liabilities ./ Cash and cash equivalents

### **SCOPE 1**

Direct greenhouse gas emissions from own or self-controlled sources. These include emissions from the combustion of fossil fuels in boilers or vehicles.

### **SCOPE 2**

Indirect greenhouse gas emissions from the generation of purchased forms of energy. These include electricity, heating, cooling or compressed air, insofar as these are purchased from utilities. Scope 2 emissions occur physically in the generation plant, e.g. in the case of electricity in a coal-fired power plant or a combined heat and power plant for district heating.

### **SCOPE 3**

This scope includes all indirect greenhouse gas emissions not included in scope 2 that occur in the value chain, including upstream and downstream emissions. They range from the extraction of raw materials and the production of purchased parts to the transport and use of the products and services sold and their recycling or disposal.

### **ROCE - Return on Capital Employed**

ROCE = EBIT / capital employed

capital employed = Property, plant and equipment + Right-of-use assets + Intangible Assets + inventories + trade receivables ./ trade payables ./ Prepayments received



# Financial Calendar

<b>Publication</b>	<b>Date</b>
<b>Annual Report 2021</b>	March 15, 2022
Quarterly Communication 1-3/2022	May 3, 2022
Annual Shareholder Meeting	May 13, 2022
Interim Report 1-6/2020 2022	August 9, 2022
Quarterly Communication 1-9/2022	November 8, 2022

<b>Event</b>	
German Equity Forum	November 28 – 30, 2022

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Current information on events can be found on our website at  
<https://www.technotrans.com/investor-relations/financial-calendar>

Rounding differences may occur.

# Contact



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# General Inquiries

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# Key figures of the technotrans - group (IFRS)

		Δprevious year	2021	2020	2019	2018	2017
<b>Revenue</b>	<b>k€</b>	10.8 %	<b>211,102</b>	<b>190,454</b>	<b>207,927</b>	<b>216,286</b>	<b>205,095</b>
Technology <sup>1</sup>	k€	10.6 %	156,890	141,916	148,424	156,476	147,570
Services <sup>1</sup>	k€	11.7 %	54,212	48,538	59,503	59,810	57,525
<b>EBITDA</b>	<b>k€</b>	30.5 %	<b>18,069</b>	<b>13,849</b>	<b>16,008</b>	<b>22,599</b>	<b>22,654</b>
EBITDA margin	%		8.6	7.3	7.7	10.4	11.0
<b>EBIT</b>	<b>k€</b>	62.7 %	<b>11,030</b>	<b>6,780</b>	<b>8,338</b>	<b>17,351</b>	<b>17,438</b>
EBIT margin	%		5.2	3.6	4.0	8.0	8.5
<b>Net profit for the period <sup>2</sup></b>	<b>k€</b>	41.6 %	<b>7,020</b>	<b>4,956</b>	<b>6,088</b>	<b>12,383</b>	<b>12,191</b>
as percent of revenue	%		3.3	2.6	2.9	5.7	5.9
<b>ROCE</b>	<b>%</b>		<b>12.5</b>	<b>7.8</b>	<b>9.6</b>	<b>21.2</b>	<b>24.5</b>
Net profit per share	€		1.02	0.72	0.88	1.79	1.76
Dividend <sup>3</sup>	€	41.7 %	0.51	0.36	0.00	0.88	0.88
Balance Sheet	k€	-0.6 %	147,197	148,117	146	136	125
<b>Equity</b>	<b>k€</b>	6.7 %	<b>84,776</b>	<b>79,418</b>	<b>75,067</b>	<b>75,244</b>	<b>69,750</b>
Equity ratio	%		57.6	53.6	51.4	55.3	55.7
Return on equity <sup>4</sup>	%		8.3	6.2	8.1	16.5	17.5
<b>Net debt<sup>5</sup></b>	<b>k€</b>	-28.8 %	<b>15,344</b>	<b>21,539</b>	<b>24,232</b>	<b>19,435</b>	<b>9,291</b>
<b>Net Working Capital Ratio<sup>6</sup></b>	<b>%</b>		<b>20.6</b>	<b>21.0</b>	<b>20.2</b>	<b>21.1</b>	<b>19.0</b>
<b>Free cash flow<sup>7</sup></b>	<b>k€</b>	154.3 %	<b>9,955</b>	<b>3,915</b>	<b>7,648</b>	<b>-3,753</b>	<b>150</b>
Employees (Balance sheet date)		1.7 %	1,433	1,409	1,474	1,453	1,329
Employee (FTE) (average)	Ø	-1.3 %	1,247	1,263	1,280	1,236	1,132
Personnel expenses	k€	3.8 %	78,750	75,879	77,679	74,564	69,847
as percent of revenue	%		37.3	39.8	37.4	34.5	34.1
Revenue per employee (FTE)	k€	12.1 %	169	151	162	175	181
Number of shares at end of period			6,907,665	6,907,665	6,907,665	6,907,665	6,907,665
share price max <sup>8</sup>	€		31.95	28.65	30.00	47.90	50.75
share price min <sup>8</sup>	€		23.90	10.14	15.52	24.00	22.17

<sup>1</sup> Revenues Technology/Services

<sup>2</sup> Net profit for the period

<sup>3</sup> Dividend

<sup>4</sup> Return on equity

<sup>5</sup> Net debt

<sup>6</sup> Net Working Capital Ratio

<sup>7</sup> Free Cashflow

<sup>8</sup> Xetra closing price

In 2020: reclassifications of revenue from the initial installation of equipment from Services to Technology with k€ 4,200

= Profit attributable to shareholders of technotrans SE

proposal to the Annual General Meeting

= Net profit of the period/Equity of technotrans SE's shareholders

= financial liabilities (incl. lease liabilities according to IFRS 16) - cash and cash equivalents

= Net Working Capital/Revenue

= Net cash from operating activities

+ cash used for investments according to cash flow statement

# Notes

A series of horizontal blue dotted lines for writing notes.

