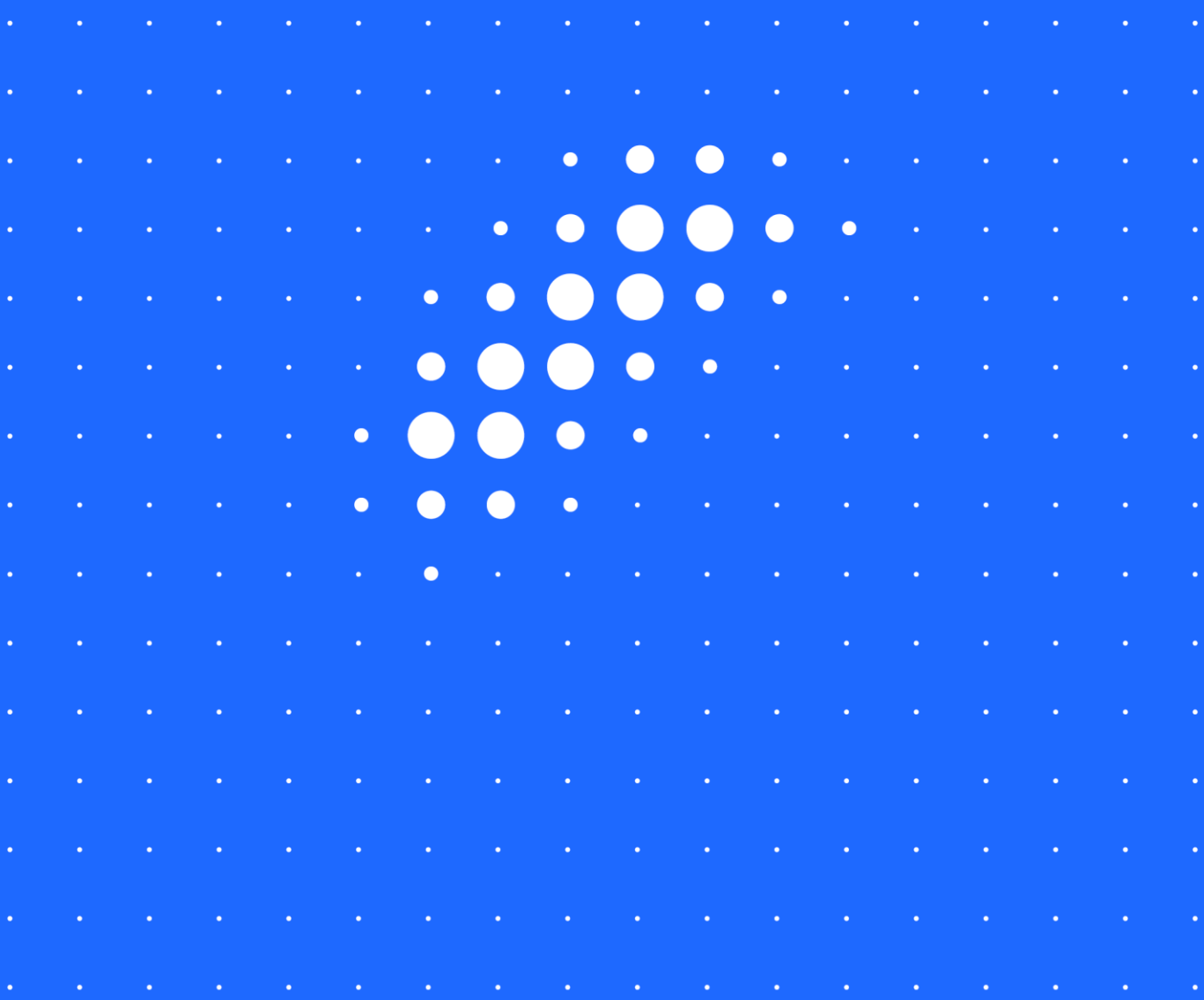


Annual Report 2022

Future Ready –
transforming strategy into results



Key data of the technotrans Group (IFRS)



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Future Ready

Content

To our shareholders

- _ Letter from the Board of Management
Page 7
- _ Success Story
Page 10
- _ Report of the Supervisory Board
Page 13
- _ Corporate Bodies
Page 21
- _ technotrans on the Capital Market - shares
Page 24

Combined Management Report

- _ Principles of the Group
Page 30
- _ Economic Report
Page 43
- _ Overall statement of the Board of Management
on the financial year 2022
Page 56
- _ Remuneration report
Page 57
- _ Takeover-relevant information
Page 58
- _ Combined non-financial statement
Page 60
- _ Corporate Governance Declaration
Page 92
- _ Opportunities and Risks Report
Page 111
- _ Forecast Report
Page 122

Consolidated Financial Statements

- _ Consolidated Balance Sheet
Page 132
- _ Consolidated Income Statement
Page 134
- _ Consolidated Statement of
other Comprehensive Income
Page 135
- _ Consolidated Cash Flow Statement
Page 136
- _ Consolidated Statement of Changes in Equity
Page 138
- _ Notes
Page 140
- _ Proposal of the Appropriation of Profit
Page 197
- _ Responsibility Statement by the
Board of Management
Page 198
- _ Independent Auditor`s Report
Page 199

Further information

- _ Glossary
Page 208
- _ Financial Calendar
Page 210
- _ Contact
Page 211
- _ Key Figures of the technotrans Group (IFRS)
Page 212



»technotrans closes the financial year 2022 with all-time high revenue and significant earnings growth.«

Dear Shareholders,

Tough times often overshadow achievements! As we take stock of 2022, the year was dominated especially by geopolitical and economic upheaval with Russia's invasion of Ukraine, the lingering COVID-19 pandemic, continuing bottlenecks especially for semiconductors and hugely increased costs for procurement and logistics.

At the same time there remains a pressing need to transform industry as swiftly as possible in order to handle climate change, digitalisation and globalisation.

Despite all these challenges, technotrans registered notable achievements in 2022:

- We successfully completed the first phase of our Future Ready 2025 strategy.
- All economic and strategic goals specified for that phase were achieved.
- Revenue and earnings increased significantly.
- The order backlog is at an all-time high and there is unabated strong market demand.

We can look back with pride on the successful completion of the first phase of the strategy. The transformation process that we kicked off in 2020 under the motto [power to transform](#) has already given us stability in tough times. We turned things round in the very first year of Phase I.

Hand in hand with that, we systematically placed our [core skill of thermal management](#) at the heart of all our actions. Digitalisation, decarbonisation and electrification have made technotrans' expertise all the more important. That impressively highlights our [record order backlog of more than € 100 million](#) at the end of the 2022 financial year. technotrans closes the 2022 financial year with [consolidated revenue at an all-time high of € 238 million, an increase of 13 %](#) on the previous year. The EBIT margin climbed to 6 %. That corresponds to a 30 % rise in EBIT. The return on capital employed (ROCE) climbed from 12.5 % to 13.3 %

Our strategy is based around our focus markets Plastics, Healthcare & Analytics, Energy Management and Print. All focus markets achieved or exceeded the defined growth targets. This created a basis for us to develop a lean, [market-oriented organisational structure](#).

In 2022 we successfully completed the [merger](#) of individual Group companies, enabling us to realise [Group-wide synergy benefits](#) and take our shared services to another level. By [concentrating on our target markets](#) we have laid the foundations for sustained, profitable growth. Thanks to this focusing, we were able to move many projects on from the development phase or the small series to production maturity and therefore generate recurring revenue.

technotrans was established as a strong umbrella brand with high market appeal, successfully implementing the one-brand strategy. The establishment of the uniform umbrella brand and its external perception enabled technotrans to demonstrate its appeal especially effectively in such difficult times. technotrans is perceived in the market as a strong and stable partner.

Sustainability has become an integral part of our corporate culture. In the year under review we unveiled our roadmap to climate neutrality by 2030 and started using hydrogen to heat our Holzwickede location. By successfully passing all these mileposts, we made decisive progress with our financial targets in 2022.

Those targets remain just as valid. By 2025 we are aiming for revenue of between € 265 and € 285 million and an EBIT margin in the range of 9 % to 12 %. The return on capital employed should reach at least 15 %. We have the right strategy, which enters its second phase this year under the motto of “Profitable Growth and Investment”. Building on the achievements of Phase I, we will continue to focus systematically on our target markets and use our core skill of thermal management to expand standard business.

Another milepost will be the expansion of international business, which now becomes easier as the COVID-19 pandemic fades away. Innovation and the use of new technologies will moreover define the second phase as we seek to live up to our status as technology leader for thermal management. Targeted M&A transactions could further accelerate growth in this phase.

Systematic cost management will again be a key lever for us in the new financial year of 2023. If we take on the challenges that lie ahead with the same drive and resolve as in 2022, we will keep heading in the right direction in the second phase of our Future Ready 2025 strategy. That includes achieving profitable growth as planned in every market area, improving profitability and therefore successfully continuing with our strategy.

For the new financial year of 2023, we expect a further rise in consolidated revenue to between € 255 and € 265 million with an EBIT margin of between 6.2 % and 7.2 % and ROCE in the range of 13.5 % to 14.5 %.

We have dedicated employees worldwide. We owe them our particular thanks. They took countless constraints and hurdles in their stride over the past financial year. And their creativity has contributed massively towards the success of the entire technotrans Group.

Letter from the Board of Management

We aspire to see you, Dear Shareholders, participate appropriately in the corporate performance. We are therefore proposing the distribution of a dividend of € 0.64 per share to the Annual General Meeting on May 12, 2023. This represents a distribution rate of 50 % of our net profit and is in line with our customary dividend policy.

We are pleased that our Annual General Meeting will take place in person for the first time in three years at the usual venue of the Münsterland Hall Exhibition and Congress Centre.

Dear Shareholders,

Transformation and change have become part of our company's DNA. We have always emerged from past crises even stronger. We once again demonstrated impressively that in 2022. We see ourselves as actively shaping transformation.

The second phase of our [Future Ready 2025 strategy](#) will again show technotrans' hand, with its [power to transform - strategy into results](#).

Let us continue along the technotrans growth trajectory together.



Michael Finger



Peter Hirsch



Robin Schaede

2022

Phase 1 of the Future Ready 2022 strategy successfully completed



technotrans commits to climate-neutral production by 2030

2021

Commissioning of the energy-efficient new building in Holzwickede

Establishing the technotrans umbrella brand



technotrans becomes system supplier to leading rail vehicle manufacturers

2020

New strategy Future Ready 2025: technotrans sets course for the future
50th anniversary of the company



2011

Acquisition of termotek AG (now technotrans systems GmbH), Baden-Baden
Entry into the markets of Laser, e-mobility, medical and machine tool technology



2013

Acquisition of klh Kältetechnik GmbH, Bad Doberan
Expansion of competence to a full-range supplier in the laser sector



2009

gds is outsourced off as a spin-off with competence for technical documentation



2000 - 2007

Foundation of a worldwide sales and service network including production sites in the USA and China



Success story

2019



Commissioning of the energy-efficient new building in Baden-Baden

2018



technotrans AG becomes technotrans SE

Acquisition of Reisner Cooling Solutions GmbH, Holzwickede (now technotrans solutions GmbH)

2016



Acquisition of gwK Gesellschaft Wärme Kältetechnik mbH, Meinerzhagen (now technotrans solutions GmbH)

Entry into the market of plastics processing industry

2014

Expansion of competence in the field of e-mobility to include stationary solutions for batteries and converters in trains



1998



Initial public offering

1992



technotrans becomes original equipment supplier to leading printing press manufacturers worldwide

1970



Foundation of the company and start of the success story



»technotrans has achieved all targets of phase I of the strategy Future Ready 2025. This is reflected in the strong financial performance.«

Dear Shareholders,

The technotrans Group accomplished a very good revenue and profit performance in the 2022 financial year. The Supervisory Board considers this to be a remarkable achievement because the challenges it faced in the past year were greater than ever. In a year that brought continued upheaval on the procurement markets and far-reaching consequences **of Russia's attack on Ukraine**, technotrans substantially increased the key performance indicators revenue, EBIT margin and ROCE. I believe it is important to stress here that the financial and strategic goals were set long before the far-reaching economic and geopolitical developments occurred. **That makes the company's performance all the more gratifying.**

Despite the difficult conditions, technotrans brought Phase I of the Future Ready 2025 strategy to a successful conclusion and increased its profitability. The Board of Management also developed a new umbrella brand, successfully implementing the one-brand strategy. All companies of technotrans SE apart from the Technical Documentation specialist gds GmbH now operate under the technotrans brand. technotrans also concluded the mergers of the companies technotrans SE with KLH Kälte-technik GmbH and technotrans solutions GmbH with Reisner Cooling Solutions GmbH. termotek GmbH now operates under the name of technotrans systems GmbH. The current product and technology portfolio remains in place and will be systematically developed and expanded in the future.

The sales emphasis on the four focus markets Plastics, Energy Management, Healthcare & Analytics and Print is taking effect and has improved the resilience of the technotrans Group. The Board of Management set a new course at the right moment, and as a result has laid solid foundations for accelerated growth in Phase II of the Future Ready 2025 strategy.

The Supervisory Board is fully behind the successful strategic course adopted and will continue to draw on its broad expertise in advising the Board of Management in the new 2023 financial year.

Even if we cannot yet discern the long-term impact of the current geopolitical and economic tensions, I am absolutely convinced that the technotrans Group will continue to develop successfully thanks to the innovation, creativity, entrepreneurial courage and decisive actions of all employees of the technotrans Group.

Continuing dialogue with Board of Management

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 past 2022 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. 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 met the recommendations of the German Corporate Governance Code (GCGC) as amended on April 28, 2022 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.

The Supervisory Board met in the presence of the Board of Management for four regular in-person meetings in 2022. These took place on March 14, 2022, May 12, 2022, September 22, 2022 and December 16, 2022. In addition, the Supervisory Board held discussions at a constituent meeting after the Annual General Meeting on May 13, 2022. Also, the entire Supervisory Board passed an approving resolution on the virtual Annual General Meeting by circulation procedure on January 18, 2022. In addition, individual Supervisory Board members held discussions in the form of telephone conversations and by e-mail. Certain Supervisory Board meetings also took place without its Chair in attendance, however. 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 the Group, in particular the current development in revenue, earnings and employment as well as the results of operations and net assets.

All members of the Supervisory Board and Board of Management attended all meetings and were in most cases present in person. The same applies to the respective committee members at the meetings of the committees formed by the Supervisory Board. Individual members joined by telephone or video call. As nominated candidate for the Supervisory Board of technotrans SE, Sebastian Reppegather attended the Supervisory Board meeting on May 12, 2022.

Key themes of the Supervisory Board meetings in 2022

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. Our discussions with the Board of Management covered in particular the general strategic and structural direction of the Group, the potential acquisitions strategy, how to implement the market and technology strategy, the business goals and priorities from a sustainability viewpoint as well

as strategic HR planning. The Supervisory Board meetings also gave particular attention to the tense global economic and geopolitical situation. The war in Ukraine, which triggered a worldwide energy crisis, and the continuing limited availability of materials dominated global economic activity in the past financial year. The impact of these factors on delivery capability, the sharp rises in commodity and energy prices and rising rates of inflation also presented stiff challenges for technotrans.

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, ESG developments and corporate governance.

The main topic of the first ordinary meeting on March 14, 2022 was the annual financial statements of technotrans SE for 2021 and the 2021 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, adopted the annual financial statements and approved the Consolidated Financial Statements for the 2021 financial year. The Supervisory Board also approved the dividend proposal by the Board of Management and the proposed agenda for the 2022 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 2022 financial year, the resolution on the approval of the Remuneration Report of technotrans SE for the 2021 financial year and the election of one new Supervisory Board member.

Dr Norbert Bröcker announced his retirement for personal reasons as shareholder representative and left the Supervisory Board of technotrans SE with the close of the Annual General Meeting on May 13, 2022. This necessitated the election of a replacement member for his seat on the Supervisory Board at the Annual General Meeting. On the basis of the proposal of the Supervisory Board, the Annual General Meeting elected Sebastian Reppegather to the Supervisory Board of technotrans SE on May 13, 2022.

Other items on the agenda for that Supervisory Board meeting were the Combined Non-Financial Statement of technotrans SE and the technotrans Group, the strategic direction of the Group with its aims to make technological progress and boost innovation, the amending of the Rules of Procedure for the Supervisory Board to reflect the adjusted committee structures, and a status report by the Supervisory Board on the search for a new CFO.

On the day before the Annual General Meeting, on May 12, 2022, 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 2022 as well as the outlook for the 2022 financial year and the measures to safeguard revenue and earnings for the Group as a whole in light of the COVID-19 pandemic and the war in Ukraine. It also discussed the possible expansion of capacity at the Sassenberg location, the sharpening of the **company's technical profile and also action to tighten cyber security**. A recurring matter was an update for the Supervisory Board on the recruitment of a new CFO.

In addition, the Board of Management provided information on the preparations for the Annual General Meeting held in virtual form the next day. The German Bundestag had passed a resolution on September 7, 2021 to extend the validity of Sections 1 to 3 and 5 of 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) until the close of August 31, 2022. This therefore created legal scope to hold the Annual General Meeting of technotrans SE once again in a virtual format on May 13, 2022 as a discretionary decision of the Board of Management under a Board of Management resolution dated January 18, 2022, which received the consent of the Supervisory Board on the same day. Consent was granted unanimously under a resolution passed by circulation procedure.

Based on the legal situation with regard to the coronavirus pandemic and the resolutions passed by the Board of Management and Supervisory Board, the Annual General Meeting of technotrans SE was therefore held without the physical presence of shareholders or their proxies, as previously in 2021.

Following the Supervisory Board meeting on May 12, 2022 the retiring Supervisory Board member Dr Norbert Bröcker was given a formal farewell by the Board of Management and Supervisory Board.

At the constituent meeting held after the Annual General Meeting on May 13, 2022 I was elected as Chair and Dr-Ing Gottfried H Dutiné 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. As part of a resolution passed by circulation procedure, on June 17, 2022 the Supervisory Board approved the new Rules of Procedure for the board as amended on June 8, 2022.

The third ordinary Supervisory Board meeting took place on September 22, 2022 in Baden-Baden at the technotrans systems GmbH location. **After viewing the location and discussing the Group's business progress up to August 31, 2022** the Supervisory Board received an overview of the current development projects and innovation topics and was updated on the cyber security strategy.

The future development of the Future Ready 2025 strategy was also discussed at length. It then also received an in-depth report on strategic HR planning. The Board of Management also reported on progress with the plant structural plan of technotrans SE at the Sassenberg location, the draft version of an updated Declaration of Compliance and the Climate Roadmap 2030.

The fourth ordinary meeting of the Supervisory Board on December 16, 2022 looked at the forecast for 2023 and the budgeting for the 2023 financial year including revenue, cost, profit, investment, long-range and human resources planning as well as the concluding of new target agreements for the Board of Management for the 2023 financial year. The Board of Management also confirmed the recently published guidance for the full year of 2022. The Board of Management also provided an update on ongoing major projects as well as the features of the M&A strategy, the status of organisation development and also of the Innovations Roadmap.

The Supervisory Board agreed a package of measures to improve cyber security and plans for the 2023 Annual General Meeting, and approved new rules of procedure for the German companies.

The Supervisory Board's annual self-evaluation was also addressed; this was carried out in the form of comprehensive questionnaires.

German Corporate Governance Code (GCGC)

At the meeting on December 16, 2022, after examining the recommendations and suggestions of the Corporate Governance Code including as amended on April 28, 2022, the Supervisory Board resolved an updated Declaration of Compliance pursuant to Section 161 of the German Stock Corporation Act (AktG). The Declaration of Compliance was made permanently available to shareholders on the website of the company.

The work of the Supervisory Board committees in 2022

To enable it to fulfil its duties more efficiently, the Supervisory Board has formed three committees. Until the close of the Annual General Meeting on May 13, 2022 the composition of these was as follows: Audit Committee (members: Andrea Bauer [Chair], Peter Baumgartner, Dr Norbert Bröcker), Committee for Personnel and Organisation Development (Members: Peter Baumgartner [Chair], Andrea

Bauer, Thorbjørn Ringkamp and Dr Norbert Bröcker) and Committee for Strategy & Innovation (Members: Dr-Ing Gottfried H Dutiné [Chair], Peter Baumgartner and Andre Peckruhn).

The constituent meeting of the Supervisory Board on May 13, 2022 elected the three committees, which were to some extent reshuffled: Audit Committee (Members: Andrea Bauer [Chair], Andre Peckruhn and Sebastian Repegather), Committee for Personnel & Organisation Development (Members: Peter Baumgartner [Chair], Andrea Bauer, Sebastian Repegather and Thorbjørn Ringkamp) and Committee for Strategy & Innovation (Members: Dr-Ing Gottfried H Dutiné [Chair], Andre Peckruhn, Thorbjørn Ringkamp).

The Audit Committee met six times in 2022, on March 7, 2022, April 26, 2022, August 1, 2022, September 5, 2022, November 3, 2022 and December 15, 2022. All committee meetings took place in the presence of the Board of Management members. In March, November and December 2022, 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 2021/2022 financial years, the presentation of the accounts and International Financial Reporting Standards (IFRS) accounting, the internal control system, sustainability reporting 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 on the awarding of the audit mandate, the concluding of a fee agreement and the decision on the audit priorities for the auditors for 2022, as well as the audit of the 2022 annual financial statements.

At an Audit Committee meeting convened at short notice by the Chair of the Audit Committee, on September 5, 2022, attended by the incoming Chief Financial Officer Robin Schaede as guest and representatives of the auditors, the planned introduction of SAP at the Baden-Baden location was addressed. Other focal matters for the meeting were the further development of internal reporting and potential reporting structures.

At the August and November 2022 meetings the Board of Management reported on the current business and financial position after the end of the first half and third quarter, and especially on risk exposure and the appropriate response to the impact of the COVID-19 pandemic and the armed conflict in Ukraine. 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 2022 financial year, progress with the audit of the annual financial statements, budget planning for the coming 2023 financial year and an update on risk management for the Group. 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 Committee for Personnel & Organisation Development proposed the nomination of Sebastian Repegather on March 14, 2022 in preparation for the Supervisory Board elections at the Annual General Meeting on May 13, 2022. On the same day the Supervisory Board accepted the recommendation of the Committee for Personnel & Organisation Development to elect Sebastian Repegather to the Supervisory Board of technotrans SE and submitted an election proposal to that effect to the Annual General Meeting.

The Committee for Personnel & Organisation Development also held one ordinary meeting on September 5, 2022. The committee meeting, attended by the members of the Board of Management, discussed organisation development matters and the strategic expansion of the management

organisation. All members attended the committee meeting. 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 came together for one ordinary meeting in the past financial year, on June 13, 2022, with the involvement of the Board of Management. The purpose of the meeting 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 the committee meeting.

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 (until the close of the Annual General Meeting on May 13, 2022) 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 always 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.

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 in the form of specialist presentations by technotrans employees at Supervisory Board meetings on the topics of sustainability, strategic HR planning, and compliance and risk management.

An onboarding programme furthermore provided an opportunity for Mr Reppegather, as a new Supervisory Board member, to meet the members of the Board of Management for one-to-one talks on fundamental and current topics affecting each area of the Board of Management. He was able to acquire an insight into the relevant issues for the company and its governance structure as well as in-depth training on capital market law.

Adoption of the annual financial statements and approval of the Consolidated Financial Statements at December 31, 2022

The annual financial statements of technotrans SE and the Combined Management Report for technotrans SE and the Group for the 2022 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 2022 financial year, the 2022 Consolidated Financial Statements and the Combined Management Report for 2022 of technotrans SE and the Group and in each case granted an unqualified audit certificate.

The auditors established that the early risk detection 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 2022 financial year as well as the Board of Management's **proposal on the appropriation of profit** for the 2022 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 8, 2023 and by the Supervisory Board at its meeting on March 15, 2023. 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 15, 2023 adopted the 2022 annual financial statements and approved the 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 2022 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 15, 2023, 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.

The term of office of Dr Norbert Bröcker ended with the close of the Annual General Meeting on May 13, 2022. As Supervisory Board member of technotrans for fifteen years in total – of which he served for twelve years as Deputy Chair – Dr Norbert Bröcker provided effective and trustworthy support for the company. The Supervisory Board, Board of Management and workforce would like to thank him for his many years of dedicated service.

On behalf of the Supervisory Board I would also again like to express my deep gratitude to 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. 2022 was not an easy time for many employees. Your huge efforts and indefatigable innovative capability nevertheless helped steer technotrans through a financial year of exceptional challenges.

To our Shareholders

Allow me to expressly thank you, Dear Shareholders, for your often long-standing involvement in technotrans SE and your confidence in our company and strategy.

In the 2022 financial year, technotrans **achieved in full the core goals “Stability” and “Profitability”** of Phase I of the Future Ready 2025 strategy and put in a strong economic performance in a challenging environment.

The Supervisory Board will also provide ongoing support for the Board of Management in the 2023 financial year as it fleshes out Phase II of the strategy.

The Supervisory Board approved this report on March 15, 2023 pursuant to Section 171 (2) AktG.

On behalf of the Supervisory Board

A handwritten signature in black ink, appearing to read 'Peter Baumgartner', written in a cursive style.

Peter Baumgartner

Chair

Board of Management



Michael Finger

Board Spokesman - CEO

- Engineering Graduate
 - Member of the Board since May 2020
 - Spokesman since August 2020
 - Responsibilities:
Sales, Marketing, Service,
Quality Management,
Investor Relations, ESG
-



Peter Hirsch

Member of the Board - CTO/COO

- Engineering Graduate
 - Joined technotrans in 2013
 - Member of the Board since July 2018
 - Responsibilities:
Technology, Development, Production,
Procurement, Logistics, Human Resources
-



Robin Schaede

Member of the Board - CFO

- Master of Science
 - Member of the Board since December 2022
 - Responsibilities:
Finance & Controlling, IT,
Legal & Compliance
-

Supervisory Board



Peter Baumgartner

Chairman of the Supervisory Board

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



Andrea Bauer

Chairwoman of the Audit Committee

- Graduate in economics
 - Independent management consultant
-



Dr. Gottfried H. Dutiné

Deputy Chairman of the Supervisory Board

- Engineering Graduate
 - Independent management consultant
-



Andre Peckruhn

Employee Representative

– Operational purchaser at technotrans SE,
Sassenberg, Germany



Sebastian Reppegather

Shareholder Representative

– Graduate in Business Administration
– Member of the Board of Directors of SNP SE,
Heidelberg, Germany
– Head of Listed Investments at
Luxempart S.A., Luxembourg



Thorbjørn Ringkamp

Employee Representative

– Senior Sales Manager Global at gds GmbH,
Sassenberg, Germany

Heinz Harling

Honorary Chairman

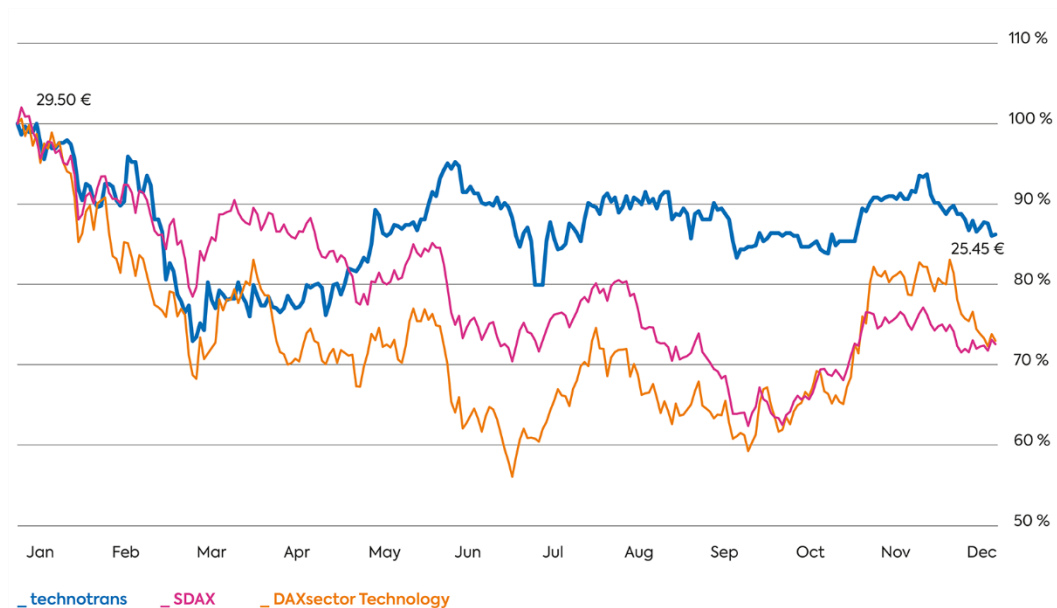
technotrans on the capital market – shares

Robust performance in a
challenging environment.

Russia's invasion of Ukraine and the related energy crisis heaped added pressure on a fragile economic environment over and above the coronavirus pandemic. There were marked rises in inflation, prompting the ECB and US Federal Reserve to respond with a succession of key rate rises. Geopolitical aspects such as a potential conflict between China and Taiwan also came to the fore. This context triggered clear price reversals and increased volatility on the world's stock markets. On Germany's stock markets, small and mid-caps together with technology stocks were especially affected. The SDAX and DAXsector Technology experienced falls of around 27 % in the period under review.

technotrans shares likewise came under pressure in the first quarter due to the geopolitical situation. After the year-low of € 21.55 (XETRA closing price on March 7, 2022) the shares broke free from general market trend and easily outperformed their benchmark indices. However the mood of uncertainty on the stock markets continued to cast its shadow, with the result that the trading price declined from € 29.50 to € 25.45 over the year, representing a loss of 13.7 %. Market capitalisation fell accordingly by € 28.0 million to € 175.8 million.

Performance of technotrans shares in 2022 financial year (XETRA)



XETRA trading accounted for the majority of trades, or around 74 %. The daily XETRA trading volume of the shares was 2,257 units (previous year: 5,901 units).

Performance indicators for technotrans shares

		2022	2021	2020	2019	2018
Trading price (XETRA closing price)						
High	€	29.50	31.95	28.65	30.00	47.90
Low	€	21.55	23.90	10.14	15.52	24.00
End of financial year	€	25.45	29.50	25.00	18.70	24.50
Number of shares ¹		6,907,665	6,907,665	6,907,665	6,907,665	6,907,665
Market capitalisation ¹	k€	175,800	203,776	172,692	129,183	169,238
Net profit per share (basic, IFRS)	€	1.29	1.02	0.72	0.88	1.79

¹ End of financial year

Investor Relations work

Intensive dialogue at conferences, roadshows, one-to-one meetings and at the Annual General Meeting were a hallmark of investor relations work during the 2022 financial year. The conference highlights included the ODDO BHF Digital Forum, the Warburg Highlights in Hamburg, the Hamburg Investors Day, the Berenberg & Goldman Sachs German Corporate Conference in Munich and the German Equity Forum in Frankfurt.

To complement the financial reports, the Board of Management set out the company's development in the form of analyst webcasts and Börsenradio interviews.

Analyst assessments as of December 31, 2022

Analyst ratings reflect the strong performance of the technotrans Group and its bright outlook. Three out of four analysts say the share is a Buy.

Institution	Recommendation	Price target
Hauck & Aufhäuser	buy	€ 34.00
Kepler Cheuvreux	buy	€ 31.00
LBBW	buy	€ 30.00
Warburg Research	hold	€ 29.00

Annual General Meeting

The Annual General Meeting of technotrans SE on May 13, 2022 adopted a virtual format for the third year in a row due to the coronavirus. As in previous years, registered shareholders were able to follow the entire event live on the shareholder portal and submit questions to the management. The Board of Management and Supervisory Board made statements on all questions.

The number of shares represented was 4,201,478 units. This corresponds to around 61 % of the share capital eligible to vote. The shareholders voted in favour of all agenda items by large majorities. These items included the resolutions on the distribution of a dividend of € 0.51 per share and the election of Sebastian Reppegather to the Supervisory Board as successor to Dr Norbert Bröcker.



From left: Dr N Bröcker, S Reppegather, T Ringkamp, P Baumgartner, A Bauer, M Finger, P Hirsch, Dr G-H Dutiné, A Peckruhn

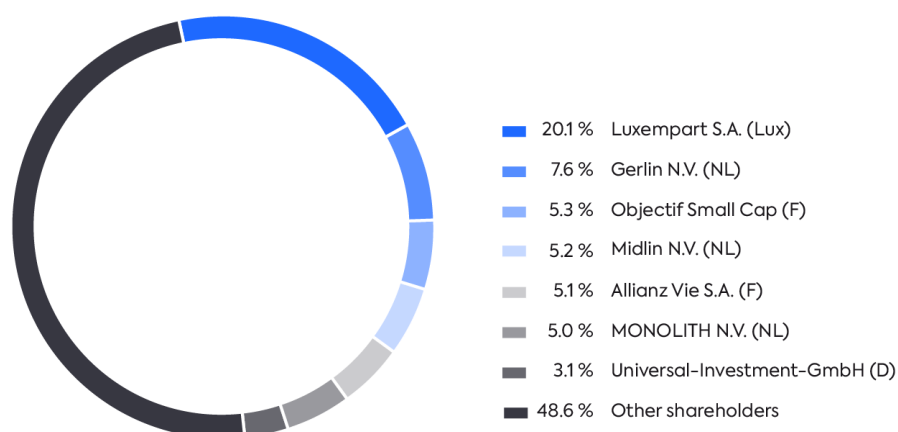
Investor Relations information

Extensive information on technotrans shares and the economic development of the technotrans Group is available on the technotrans website at <https://www.technotrans.com/investor-relations/overview>. There is the option of receiving information automatically via the IR Newsletter. Subscriptions can easily be managed using the [IR service function](#).

Composition of shareholders

The shareholder structure remains dominated by European institutional investors with long-term investment intentions. Shareholders with voting rights obligations of more than 3 % hold a total of 51.4 % (previous year: 47.9 %) of shares. Deutsche Börse calculated a free float market capitalisation of 74.81 % on December 31, 2022.

Shareholder structure as of December 31, 2022



The Board of Management and Supervisory Board propose a dividend of € 0.64

The Board of Management and Supervisory Board propose to the Annual General Meeting on May 12, 2023 that a dividend of € 0.64 per share be distributed for the financial year of 2022.

The dividend yield based on the XETRA closing price of € 25.45 on December 30, 2022 is 2.5 %. The distribution rate is 50 %. It is in line with the long-established dividend policy of giving shareholders an appropriate share of profit by distributing up to 50 % of consolidated net profit.

Financial Year		2022	2021	2020	2019	2018
Dividend per share	in €	0.64	0.51	0.36	0	0.88
Payout Ratio	in %	50	50	50	0	49
Amount Distributed ¹	in k€	4,421	3,523	2,487	0	6,079
Dividend yield ²	in %	2.5	1.9	1.4	0	3.8

2022: proposal to Annual General Meeting

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

² Dividend payment / Xetra closing price of technotrans shares on day of Annual General Meeting

For 2022 financial year: dividend proposal / Xetra closing price of technotrans shares as of December 30, 2022

Combined Management Report

Principles of the Group

_ Group structure
Page 30

_ Business model
Page 32

_ Goals and strategies
Page 37

_ Control system
Page 41

Economic Report

_ Development of the
economic environment
Page 43

_ Business Performance
Page 44

_ Financial Performance, net worth
and financial position
Page 46

_ Economic development
of technotrans SE
Page 51

Overall statement of the
Board of Management
on the financial year
2022
Page 56

Remuneration Report
Page 57

Takeover-relevant
disclosures
Page 58

Combined non-financial
statement
Page 60

Corporate Governance
Declaration
Page 92

Opportunities and Risks Report

_ Risk management and internal control system
Page 111

_ Opportunities and risks profile
Page 115

_ Overall statement of the Board of Management on the opportunity and risk situation
Page 121

Forecast Report

_ Future parameters
Page 122

_ Expected development of the markets of relevance for technotrans
Page 123

_ Prospective development of the technotrans Group in the 2023 financial year
Page 126

_ Prospective development of the technotrans SE in the 2023 financial year
Page 128

_ Overall statement of the Board of Management on future business performance
Page 129

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 along with 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 energy-efficient, intelligent cooling systems with cooling performances ranging from 100 watts to 5 megawatts, capable of achieving temperatures from -80 °C to +400 °C, and with control accuracy as high as 0.01 °C. technotrans also develops and manufactures systems for pumping and spraying as well as filtering and separating liquids.

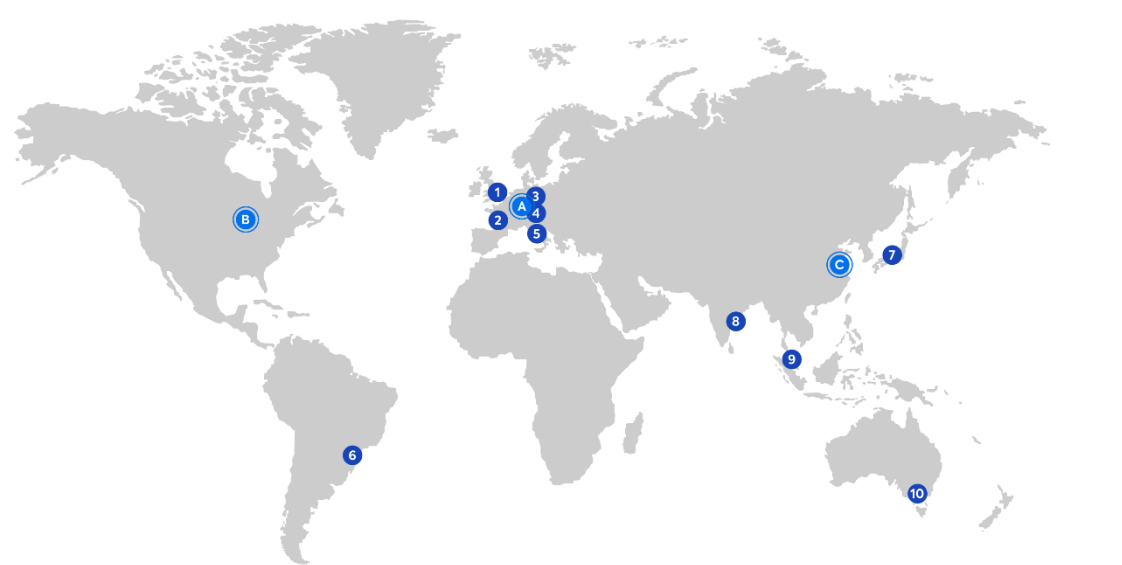
The Group parent is technotrans SE, with its registered office in Sassenberg in the state of North Rhine-Westphalia. The Consolidated Financial Statements include 15 companies (six domestic and nine international). An overview of shareholdings is provided in the Notes to the Consolidated Financial Statements, in the "Consolidated companies" section.

technotrans SE has a dual control setup comprising the Board of Management and the 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 meets the transparency requirements of the Prime Standard, the segment of the Frankfurt Stock Exchange that is regulated by law.

The global network of the technotrans Group

The technotrans Group has seven production plants and ten sales and service locations in Germany and internationally. 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 systems in their designated regions.



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

Business model

Intelligent
thermal management -
the key to success
and sustainability
for our customers

Core skill of thermal management

Very many industrial processes generate heat, which requires precision control. The megatrends decarbonisation, electrification and digitalisation are bringing ever more exacting requirements into the equation. With its core skill of thermal management, technotrans can supply the necessary expertise. As a partner for technologically sophisticated, sustainable cooling and temperature control systems, technotrans develops and manufactures solutions that are tailored to individual requirements. These form an integral aspect of customer systems. Their control accuracy and quality are of the highest calibre. Thanks to the high energy efficiency of the systems technotrans makes, it helps its customers to shrink their carbon footprint. The technology group offers further value added through its world-wide sales and service network and financial strength.

Sales teams with extensive technical and industry-specific expertise are available to help identify the **customer's precise needs**. technotrans works on continuously improving its portfolio of products and services and on steadily identifying a succession of new applications and sales markets. The customer structure is well diversified. A large number of leading industrial enterprises have been working with technotrans for many years.

Segments

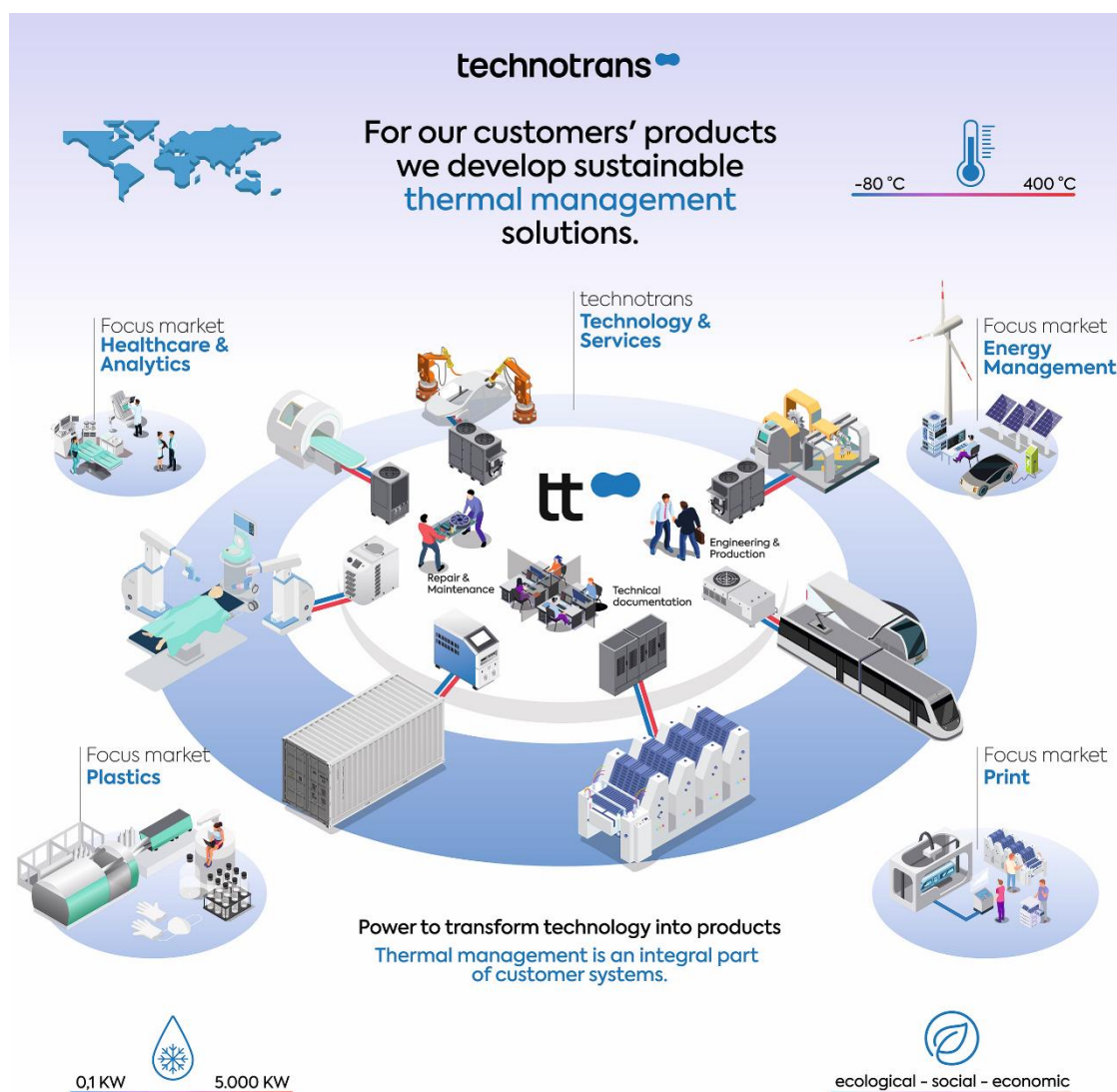
technotrans is there for its customers along the entire value chain, from engineering through production to service. The business activities of the technotrans Group are correspondingly categorised into the Technology and Services segments. IFRS segment reporting takes these as its basis.

The Technology segment handles the development and manufacture of the plant and systems. These by and large consist of cooling and temperature control systems covering a comprehensive range of performance categories and sizes. The company also makes equipment for pumping, spraying or **conditioning liquids, often used in combination with thermal management systems**. The segment's share of consolidated revenue in the 2022 financial year was around 76 %.

Basic profile of the Group

The Services segment accounts for about 24 % of consolidated revenue. The services it provides include 360-degree support for installation, commissioning, repair and maintenance, with a round-the-clock worldwide supply of parts. The full-service offering of Technical Documentation by the Group company gds also comes under this segment. This comprises the compilation and translation of technical documentation and the development and supply of authoring and content delivery systems.

The business model of the technotrans Group



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 and manufactures sophisticated solutions for applications in the Laser & Machine Tools area. The chosen combination was developed based on the strategic process. The Board of Management considers it to be an ideal basis for achieving the growth targets of the Future Ready 2025 strategy. technotrans earned around 73 % of consolidated revenue in the focus markets in the period under review. technotrans strives for a leading market position in each of these focus markets.

In the Plastics focus market, technotrans offers custom, energy-efficient cooling and temperature control solutions with a very broad performance spectrum and control accuracy of as high as 0.1 degree Celsius for machinery manufacturers, mould makers and plastics processors. Its systems provide optimum, precise temperature control of machinery and tools for both injection moulding and in 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. technotrans has a well-diversified customer base and is steadily adding to its portfolio of customers.

In its Energy Management focus market, technotrans also contributes to protecting the climate by cutting carbon emissions caused by the transport and IT sectors. To electrify passenger and freight transport, technotrans develops and manufactures 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 during recharging at the charging station, during recuperation and also during travel; this assures consistently high performance and a lengthy operating life. technotrans is a tier 1 supplier (systems supplier) to all leading train manufacturers in Europe and is steadily broadening its portfolio of customers and products. Another important area of activity is the development and manufacturing of all-in solutions for the energy-efficient liquid-based cooling of data centres for use at rack, server or location level.

The Healthcare & Analytics focus market brackets together cutting-edge temperature control solutions for the healthcare sector, lab diagnostics and analytics. 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 a range of applications such as dermatology and ophthalmology, modern laser-based surgical techniques, cancer treatment, computer tomography (CT), magnetic resonance therapy (MRT) and analytics. Cooling for baggage scanners such as those used at airports also comes under this market, because it is technologically related.

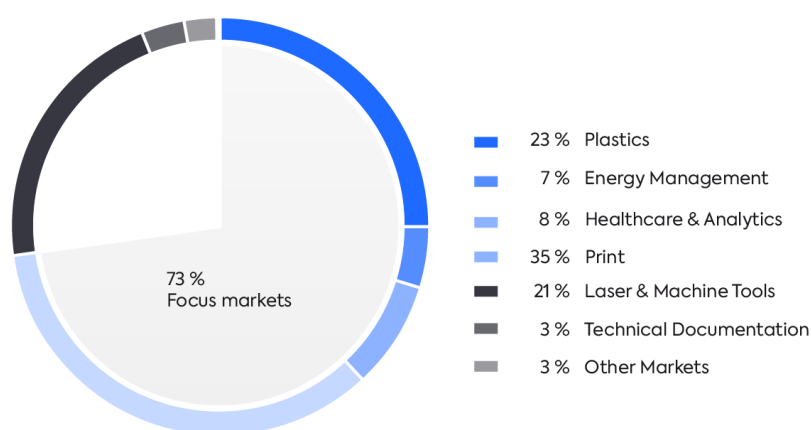
The Print focus market is where the origins of technotrans' **successful business development lie**. The Group works with all leading printing press manufacturers worldwide and has a market share well in excess of 50 %. As a technological leader for temperature control, filtration and spraying systems, technotrans is a one-stop shop that supplies the necessary peripherals for all mainstream printing processes (offset, digital or flexo printing).

Basic profile of the Group

This market is currently enjoying a stimulus from growth in packaging and film printing thanks to increased online retailing. In the Print area, technotrans also provides extensive services. A substantial portion of business comes from modernisation and retrofit projects at end customers.

The Laser & Machine Tools market is served selectively with customer-specific thermal management solutions. The focus here is particularly on cooling for EUV lasers for the semiconductor industry, alongside selected laser applications. In addition, technotrans offers comprehensive services for technical documentation via the Group company gds. These include directly compiling technical documentation, a broad range of translation services and the provision of authoring systems. Highly promising activities that do not yet have the critical mass to be managed as independent areas are bracketed together under Other Markets.

Revenue shares by market in the 2022 financial year



Research & development

As a leading technology company, technotrans engages in intensive research and development work. In line with the Future Ready 2025 strategy, the focus of technotrans' **research and development activities** in the 2022 financial year was especially on how to improve the energy and resource efficiency of its products and applications. technotrans was again an innovative technology partner to its customers in the 2022 financial year. The share of research and development activities performed on behalf of customers is correspondingly high. Research and development expenditure is reported in the Income Statement either under development expenditure or as cost of sales in the case of order-based activities. In the 2022 financial year, the Income Statement showed € 5.2 million (previous year: € 5.0 million) in development expenditure that was not directly contract-related.

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. Development costs recognised as an intangible asset for assets developed for own account in the amount of 0.1 € million for the 2022 financial year (previous year: € 0.7 million) contrasted with unchanged depreciation and amortisation

of € 0.7 million. Further comments are provided in the Notes to the Consolidated Financial Statements, in section 4 “Intangible assets”.

Purchasing, production and quality management

Always maintaining an adequate supply of input materials and commodities for production operations is a top priority for technotrans. Operational and strategic supply chain management takes care of this. In addition, Group-wide coordination generates purchasing synergies while maintaining a high degree of flexibility for the individual production locations.

A Group-wide quality management system ensures that the functional and quality requirements of the systems produced are always achieved and that customers are supplied on time, even if the development timescale is tight. The system is accredited to DIN EN ISO 9001:2015 and designed using a multi-site management approach. In light of the strong growth in business for rail applications, special processes based on DIN ISO/TS 22168 (IRIS) were introduced at technotrans SE in Sassenberg. The overarching quality management organisation also underwent further development in order to generate synergy effects that will further the Future Ready 2025 strategy.

Goals and strategies

technotrans successfully
completed Phase I
of the Future Ready 2025
strategy in the 2022
financial year.

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. The now-completed Phase I extended over the 2021 and 2022 financial years. Its explicit aims were to stabilise the business performance and improve the profitability of the Group. The Board of Management considers this has been achieved in full. The focus for Phase II in the years 2023 to 2025 is on accelerating profitable growth by focusing on the target markets, further internationalisation, targeted investments and innovations, as well as the use of new technologies. Additionally, profitable growth can be supplemented and accelerated through targeted acquisitions in the focus markets. Appropriate mileposts have been defined for each phase.

2021 – 2022 Phase I: Stability & Profitability	2023 – 2025 Phase II: Profitable Growth & Investment
<ul style="list-style-type: none">– Continuation of the initiated change process based on existing core competencies ✓– Concentration on focus markets ✓– Establishment of a market-oriented organizational structure ✓– Consolidation through use of group-wide synergy effects, expansion of shared services ✓– Merger of individual group companies ✓– Strengthening technotrans as one brand ✓	<p>Accelerated growth based on:</p> <ul style="list-style-type: none">– Consistent concentration on focus markets (domestic and international markets)– International business expansion– Innovative product development– Use of new technologies– M & A

technotrans successfully completed Phase I in the 2022 financial year. Selected elements of the strategy are presented below:

Focus on target markets

One core foundation for growth is specifically the continued positioning as a preferred 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.



Basic profile of the Group

The growth targets defined for the focus markets were achieved in full in the 2022 financial year and in some cases easily exceeded. The Technology and Services reporting segments put in a strong revenue and profit performance.

The focus markets are characterised by differing market dynamics. This reduces the cyclical impact of individual sectors on the Group and safeguards the strategically desired level of stability.

Synergies through integration

Measures to steadily improve the Group's efficiency will include the merger of companies (gwk with Reisner and technotrans SE with KLH) as well as systematically expanding 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 reflected by the market presence under the technotrans umbrella brand. The long-established brands gwk, Reisner, KLH and termotek are the starting point for the technotrans umbrella brand. The Group company gds GmbH continues to operate under its own brand as a full-service provider of technical documentation.

Sustainability

Sustainability is an integral component of the Future Ready 2025 corporate strategy. This is documented by strategic sustainability goals and the commitment to make production climate-neutral by the end of 2030. Sustainability is the key guiding principle across all research and development activities of the Group. By developing innovative, sustainable and energy-efficient products with low global warming potential (GWP), technotrans aims to support its customers in their efforts to achieve their sustainability goals. technotrans has its own Sustainability Management area and is a partner in the Blue Competence sustainability initiative of the VDMA and a member of the UN Global Compact.

M & A

To accelerate growth in Phase II of the Future Ready 2025 strategy, corporate acquisitions will also be considered. With that in mind, technotrans is constantly exploring possible opportunities to acquire profitable mid-cap industrial enterprises in Germany and internationally. The Group concentrates on businesses that will promote a technological or market expansion of the technotrans **Group's business** model in the strategic focus markets Plastics, Energy Management and Healthcare & Analytics. Acquisitions should additionally directly deliver increased value added.

Internationalisation

technotrans' **customers for the most part have global operations**. Internationalisation is consequently a vital aspect of the growth strategy. Key strategic directions comprise broadening regional expertise, expanding local production capacities, the international roll-out of existing projects and the acquisition of extra customers on the ground.

Strategic financial targets for 2025

The following targets were defined within Future Ready 2025: organic growth in consolidated revenue **to € 265 to € 285 million by 2025. The** consolidated EBIT margin should reach a range of 9 to 12 %. A return on capital employed (ROCE) in excess of 15 % is targeted. 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

The task of financial management for the Group as a whole rests with technotrans SE. Financial and liquidity management involves managing liquidity, securing borrowed capital and managing interest and foreign currency risks.

The declared aim of financial management at technotrans is to generate internally the financial resources required to fund the organic growth of its operations, and the investments this involves.

Any additional need for financing is met through short, medium and long-term borrowings. Medium and long-term borrowings reveal a balanced maturities structure and are spread across several domestic banks with good credit standing. Short-term credit facilities are available for short-term financing.

As a listed company, technotrans can also use instruments of equity financing if required.

It aims to keep the gearing ratio consistently at an investment grade level.

Control system

The purpose of the technotrans **Group's control system is to oversee implementation of the corporate strategy and ensure its goals are attained.** It essentially comprises regular and strategic Board of Management meetings, monthly analyses of business performance as well as intrayear planning talks with the managing directors and local heads of the individual companies and the officer with responsibility for Service business. To complement it, the Board of Management maintains a regular dialogue with the executive bodies. Group Controlling is responsible for monitoring the performance of the Group overall and the reporting segments. Monitoring at Group company level is conducted by non-central controllers, who report regularly to Group Controlling.

The figures for the overarching management of the Group and segments are regularly summarised in Group reporting. In addition, the managing directors and local heads of the Group companies constantly monitor and analyse the markets that are relevant to them as well as the specific competitive environment of their business units. They also report to the Board of Management on material changes and on the opportunities and risks arising from these for the Group or segment. The Board of Management in turn 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.

ROCE represents EBIT divided by capital employed. Capital employed comprises property, plant and equipment, right-of-use assets, intangible assets, inventories, and trade receivables. Trade payables and advances received are deducted.

For the 2022 financial year, consolidated revenue in the range of € 220 to € 230 million and an EBIT margin of between 5.0 % and 6.0 % were forecast. Despite the considerable challenges faced by the wider economy in the 2022 financial year, the revenue forecast was exceeded and an EBIT margin at the upper end of the range were reached. ROCE of 13.3 % was in the middle of the forecast range.

Target attainment for the main control parameters:

		Actual 2021	Forecast 2022	Actual 2022	Target achievement
Group					
Revenue	m€	211.1	220.0 - 230.0	238.2	exceeded
EBIT	m€	11.0	11.0 - 13.8	14.3	exceeded
EBIT-Margin	%	5.2	5.0 - 6.0	6.0	upper end
ROCE	%	12.5	12.5 - 14.0	13.3	achieved

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

NON-FINANCIAL PERFORMANCE INDICATORS (ESG KPIs)

In addition to the financial performance indicators, the technotrans Group pursues 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, five strategic sustainability goals (ESG KPIs) that relate to the environmental, social and governance areas of responsibility were defined. On this basis, specific benchmarks were defined for the criteria electricity, vehicle fleet, diversity, personnel development and the reduction of waste packaging.

Further details can be found in the Non-Financial Group Statement pursuant to Section 315b ff. HGB, which forms part of this Management Report.

Other information

The German Corporate Governance Code (GCGC) envisages disclosures on the internal control and risk management system that go above and beyond the statutory requirements for the Management Report and are therefore excluded from the substantive audit of the Management Report by the auditor (“**non-management-report disclosures**”). **In the following, these disclosures are attributed the-**matically to the Corporate Governance Declaration; they are moreover distinguished from auditable disclosures by separate paragraphs and identified accordingly.

Development of the economic environment

The economic challenges increased in the 2022 financial year.

The economic recovery that was in evidence at the start of the year was interrupted by the outbreak of war in Ukraine in February 2022. This triggered an energy crisis which not only drove commodity prices sharply upward, but also necessitated a reappraisal of the geopolitical situation.

Inflation in the eurozone consequently rose steadily, reaching a record level of 10.6 % in October. The **ECB responded in July by increasing base rates for the first time since 2011. The ECB's main refinancing rate was increased from 0 % in June to 2.50 % in December.** In the United States, the Federal Reserve increased the Federal Funds Rate from 0.00–0.25 % to 4.25–4.50 % in the course of the year. These developments led to a depreciation in the euro against the US dollar to briefly below parity for the first time in 20 years. German export trade was unable to capitalise fully on the weak euro because existing supply chain problems from recurring COVID-19 lockdowns in China, the rising cost of materials and the energy crisis were exacerbated by the war in Ukraine. The German Engineering Federation (VDMA) review of 2022 for the mechanical and plant engineering sector is divided. After starting the year with double-digit growth rates in orders, it ended with a price-adjusted -4 % on the previous year. By contrast, up until mid-way through 2022 in particular the German mechanical engineering sector's order backlog showed a further marked rise. **As of November 2022 the VDMA estimated the reach of order backlogs at 11.7 months.**

There were multiple corrections to the growth forecasts for the German economy over the course of the year in light of growing fears of a recession and the high degree of uncertainty. In July 2022, the ifo business confidence index fell to its lowest level since June 2020. The German government took extensive action to reduce dependence on Russian oil and gas and ease the pressure on the population from the increased costs. This had a stabilising effect on economic development. In its World Economic Outlook published in January 2023, the International Monetary Fund latterly calculated a reasonable 1.9 % gain in gross domestic product (GDP) for Germany for the past year of 2022 (2021: 2.6 %). The GDP estimate for the eurozone was 3.5 % (2021: 5.3 %) and 3.4 % (2021: 6.2 %) for global economic development.

The 2022 business performance at a glance

Phase I of Future Ready 2025 strategy successfully completed
Revenue, EBIT margin and ROCE significantly up.

- Consolidated revenue of € 238.2 million (previous year: € 211.1 million) represents new all-time high, exceeds forecast and is year-on-year up 12.8 %.
- Consolidated operating result (EBIT) of € 14. million up 29.9 % on prior-year figure of € 11.0 million.
- EBIT margin reaches upper end of forecast at 6.0 % (previous year: 5.2 %).
- ROCE rises to 13.3 % (previous year: 12.5 %).
- The order backlog reaches a record level of € 100.8 million and the book-to-bill ratio of 1.2 indicates further growth.
- The upheaval on procurement markets inhibits an orderly production process by making lead times hard to foresee and increases tied-up capital. The buildup of working capital through corporate growth and from efforts to assure an adequate supply of input materials at all times results in a free cash flow of € -3.7 million (previous year: € 10.0 million).
- Revenue for the Technology segment climbs to € 180.2 million, with a substantial rise in the result for the segment to € 7.3 million (previous year: € 3.1 million). The EBIT margin for the segment doubles from 2.0 % to 4.1 %.
- Revenue for the Services segment rises to € 58.0 million, with a result for the segment of € 7.0 million (previous year: € 7.9 million). The EBIT margin achieved by the segment is 12.0 % (previous year: 14.7 %).
- All focus markets and the Laser & Machine Tools area achieve revenue growth, in some cases by significant rates
- All mileposts and economic goals of Phase I of the Future Ready 2025 strategy were achieved.

Key events for the technotrans Group in the 2022 financial year

The Board of Management of technotrans SE is very satisfied with the business performance in 2022!

In the second year of implementation of the Future Ready 2025 strategy, Phase I was successfully completed despite considerable upheaval on procurement and energy markets worldwide due to the continuing COVID-19 pandemic and the war in Ukraine.

The plans had envisaged consolidated revenue of between € 220 and € 230 million. The EBIT margin was expected to be within a range of 5.0 % to 6.0 %. From revenue of € 238.2 million, the Group achieved a consolidated operating result (EBIT) of € 14.3 million and therefore an EBIT margin of 6.0 %. In achieving consolidated all-time-high revenue of € 238.2 million, technotrans easily exceeds the forecast. EBIT came in at the upper end of expectations. The key performance indicator ROCE also developed positively to 13.3 % (previous year: 12.5 %).

Revenue growth for the focus markets Plastics, Energy Management, Healthcare & Analytics and Print as well as the selectively served Laser & Machine Tools market was in some cases quite substantial, and well ahead of target.

The net assets and financial position of the technotrans Group made very solid progress thanks to investing and financing activities, considering the geopolitical and economic challenges around. The equity ratio was 56.0 % (previous year: 57.6 %). The cash flow from operating activities before working capital changes showed yet a further rise on the previous year. The clear expansion of the business volume and the upheaval on procurement markets combined with substantial price increases led to a clear rise in working capital, which was reciprocally financed by the raising of short-term loans. The resulting rise in **working capital is to be regarded as temporary. The free cash flow declined to € -3.7 million (previous year: € 10.0 million).**

Financial performance, net worth and financial position

REVENUE AND PROFITABILITY PERFORMANCE

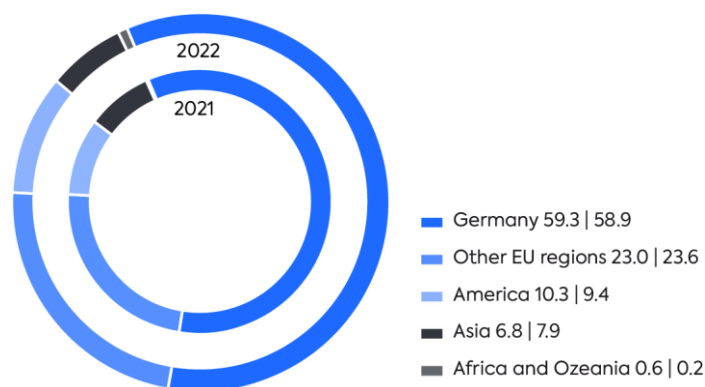
The 12.8 % rise in consolidated revenue to an all-time high of € 238.2 million confirms the chosen direction of the Future Ready 2025 strategy. The Technology segment earned revenue of € 180.2 million in the past financial year (previous year: € 156.9 million). The Services segment posted revenue of € 58.0 million (previous year: € 54.2 million).

The strategic focus markets Plastics, Energy Management, Healthcare & Analytics and Print generated revenue totalling € 173.3 million. That is 72.8 % of consolidated revenue. The highest growth rates were achieved in the Energy Management market. All focus markets along with the Laser & Machine Tools market enjoyed revenue growth in the 2022 financial year.

The year-end order backlog of € 100.8 million showed a clear improvement on the prior-year figure of € 77.6 million and thus represented the highest-ever level in the history of the company. The book-to-bill ratio rose across all markets and remained high at 1.2, as in the previous year.

The regional revenue breakdown in the 2022 financial year remains dominated by Germany's high direct share of deliveries and revenue.

Revenue breakdown by region, 2022/2021, based on invoices (%)



Results of operations

Gross profit rose by € 6.5 million to € 67.0 million (previous year: € 60.5 million). The cost of sales, which comprises the cost of materials and personnel costs as well as other allocable costs, rose faster than consolidated revenue to € 171.2 million. The gross margin was temporarily under pressure due to the time lag between price increases for materials and selling price rises as well as the higher energy prices, and declined slightly by 0.6 percentage points to 28.1 % (previous year: 28.7 %).

	2022		2021		Change
	m€	in %	m€	in %	in %
Gross Income	67.0	28.1	60.5	28.7	10.8
EBIT	14.3	6.0	11.0	5.2	29.6
Net Profit	8.9	3.7	7.0	3.3	26.8

Development in margins of the technotrans Group

Distribution costs showed a year-on-year rise of € 2.5 million to € 26.9 million. The increase is mainly due to much higher freight and logistics costs, a rise in travel expenses and higher cost for advertising and shows following the relaxing of COVID-19 restrictions.

Administrative expenses increased by € 0.7 million to € 21.0 million. The rise was driven first and foremost by the expansion of corporate functions in connection with the Future Ready 2025 strategy. Its share of consolidated revenue declined to 8.8 % (previous year: 9.6 %).

EBITDA came to € 21.1 million (previous year: € 18.1 million). Depreciation and amortisation of € 6.8 million was moderately down on the prior-year figure of € 7.0 million.

The increased revenue, the use of economies of scale and the unlocking of synergies produced a substantial rise in EBIT to € 14.3 million (previous year: € 11.0 million) and ROCE of 13.3 % (previous year: 12.5 %). The operating EBIT margin grew from 5.2 % to 6.0 % and was towards the top of the forecast corridor.

Thanks to the positive development in earnings before taxes as well as tax expenses unrelated to the accounting period of € 0.7 million, income taxes climbed to € 4.6 million. The technotrans Group achieved a clear increase in its consolidated result after tax for the 2022 financial year to € 8.9 million (previous year: € 7.0 million). This results in earnings per share outstanding of € 1.29 (previous year € 1.02).

SEGMENT REPORT

The Technology segment accounted for 75.6 % of revenue (previous year: 74.3 %). The Services segment generated 24.4 % of revenue (previous year: 25.7 %).

Technology segment

Revenue for the Technology segment was **increased by 14.9 % to € 180.2 million (previous year: € 156.9 million)** despite the challenging conditions outlined above. The focus markets Energy Management and Print posted exceptionally high revenue growth. **The segment's profitability received a major boost from the higher proportion of standard business, producing economies of scale, and thanks to intensive cost management. EBIT for the segment rose significantly to € 7.3 million (previous year: € 3.1 million).** The EBIT margin for the segment climbed correspondingly to 4.1 % (previous year: 2.0 %).

Services segment

The Services segment likewise saw a clearly positive development in revenue, which was up 7.0 % at **€ 58.0 million (previous year: € 54.2 million)**. The growth drivers were the focus markets Print, Healthcare & Analytics and Energy Management. **The operating EBIT for the segment declined to € 7.0 million (previous year: € 7.9 million) and the EBIT margin for the segment came to 12.0 % (previous year: 14.7 %).** In the Services segment, a large number of events led to temporarily lower profitability for the segment. They included the commitment to long-term price agreements with customers at a time of rising material prices, the increased use of external contractors due to the pandemic, exceptionally high sickness rates in Q4 2022 exacerbated by COVID-19 and flu, and higher fuel costs. Corrective measures were taken in the course of the year to pass on the price increases and reduce the use of external contractors. However due to the time lag it was not possible to compensate fully for these negative effects by the end of the year.

NET ASSETS

The balance sheet total at December 31, 2022 was € 162.7 million (previous year: € 147.2 million).

Asset and capital structure (€ million)

Assets	2022	2021
Long-term assets	68.6	69,6
Inventories	50.2	33,7
Receivables	27.4	21,6
Other short-term assets	4.1	3,6
Cash and cash equivalents	12.4	18,7
	162.7	147.2
Equity and liabilities	2022	2021
Equity	91.1	84.8
Long-term debts	23.1	27.8
Short-term debts	48.5	34.6
	162.7	147.2

Assets

Non-current assets totalling € 68.6 million (previous year: € 69.6 million) were reduced substantially as a result of depreciation and amortisation of € 6.8 million, which exceeded investment spending of € 6.3 million. The investment spending mainly comprises the addition of assets from lease agreements and replacement investment in plant and other equipment.

Inventories rose by a substantial € 16.5 million to € 50.2 million. The increase was attributable to the marked rise in procurement prices and the need to build up stocks in response to the very high order backlog and as a proactive way of securing the availability of materials. The clear rise in revenue especially in the final quarter of the 2022 financial year as well as from inflation effects pushed up trade receivables by € 5.8 million.

Equity and liabilities

Equity as reported at December 31, 2022 amounted to € 91.1 million (previous year: € 84.8 million). The positive overall result of € 9.8 million was a major factor in this rise. A dividend of € 3.5 million was distributed to shareholders in the 2022 financial year. The equity ratio of 56.0 % (previous year: 57.6 %) remained at a high level.

Long-term debt amounted to € 23.1 million at the balance sheet date. The clear fall compared with the previous year is because no further long-term borrowings were raised in the financial year. Short-term borrowings with a total net amount of € 10 million were raised in the financial year to finance revenue growth and the related stock level buildup. 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 trade payables increased by € 1.4 million to € 7.4 million. Prepayments received rose by € 1.1 million to € 6.8 million. The increase reflects the growth in business activity for project business. Income tax payable mainly comprises the tax liabilities of the domestic companies for the as-yet unassessed years 2021 and 2022. The short-term provisions in the amount of € 3.4 million (previous year: € 4.0 million) are mainly made up of warranty obligations of € 1.9 million (previous year: € 2.4 million).

Net working capital, calculated from current assets (inventories and trade receivables) less current liabilities (trade payables and advances received), increased to € 63.4 million (previous year: € 43.6 million) for the most part due to the higher inventories. The net working capital ratio increased from 20.6 % to 26.6 %.

FINANCIAL POSITION

The growth-related buildup of net working capital prompted a fall in cash and cash equivalents of € 6.2 million to € 12.4 million. Meanwhile bank borrowings rose as a result of the € 2.9 million increase in short-term money market loans raised to € 34.4 million (previous year: € 31.5 million).

Cash flow (€k)

	2022	2021
Cash flow from operating activities	21,649	18,432
Net cash flow from operating activities	-1,043	13,434
Cash flow from investing activities	-2,695	-3,479
Free cash flow	-3,738	9,955
Cash and cash equivalents at end of period	12,445	18,651

Based on the positive business performance in the 2022 financial year, the cash flow from operating activities before working capital changes (cash inflow) showed a marked climb to € 21.6 million (previous year: € 18.4 million).

The consequences of upheaval on the procurement markets and technotrans' accelerated growth strategy led to a temporary rise in the net working capital ratio and higher tied-up liquidity. Net cash from operating activities therefore fell by € 14.5 million to € -1.0 million (previous year: € 13.4 million). Investing activities remained at a comparatively low volume, with net spending of € 2.7 million (previous year: € 3.5 million) on replacement investment.

The outflows of liquidity from the increased tied-up capital were reciprocally financed by the temporary raising of short-term money market loans in the amount of € 12.0 million. € 2.0 million of this was already repaid in the 2022 financial year. Regular redemption payments amounting to € 7.1 million were also made. The dividend payout led to an outflow of liquidity of € 3.5 million. On balance, there was an outflow of cash from financing activities in the amount of € -2.5 million (previous year: € -17.0 million).

The liquidity required for the growth-related buildup of working capital meant the free cash flow in the period under review fell to € -3.7 million (previous year: € 10.0 million). Within its overall financing, the technotrans Group had a sound liquidity base at December 31, 2022. Unutilised borrowing facilities at the balance sheet date amounted to € 7.1 million (previous year: € 17.6 million).

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 Business Register. 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 engages its own employees and subsidiaries in its sales operations. It directly and indirectly holds interests in 15 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 the EBIT margin.

RESULTS OF OPERATIONS

The consequences of the war in Ukraine were a defining factor in the financial year because it triggered sharp rises in commodity and energy prices and fuelled inflation. The continuing limited availability of materials and restrictions due to the COVID-19 pandemic created a difficult economic environment for technotrans SE.

With effect from January 1, 2022 KLH Kältetechnik GmbH, Bad Doberan ("KLH") was merged with technotrans SE. KLH achieved revenue of € 19.7 million and net profit of € -0.1 million in 2021. Since January 1, 2022 technotrans SE has therefore had a branch in Bad Doberan with its own production operations and 145 employees at the end of the year. Amid this business environment technotrans SE increased its revenue for the 2022 financial year by € 33.2 million to € 111.4 million (previous year: € 78.2 million) and therefore achieved the healthy revenue growth that had been forecast. The Bad Doberan location contributed about € 24 million to this revenue growth.

k€	2022	2021
Revenue	111,364	78,235
Inventory change	4,076	895
Other own work capitalised	11	341
Total output	115,451	79,471
Other operating income	2,132	1,394
Cost of material	57,272	33,606
Personal expenses	36,900	29,212
Depreciation and amortisation	1,776	1,708
Other operating expenses	19,196	12,485
Net finance costs	14,796	4,484
Result on ordinary activities	17,235	8,338
Taxes	2,897	2,224
Annual net profit	14,338	6,114
Profit carried forward	12,956	9,328
Dividend distribution	3,523	2,486
Net profit	23,771	12,956

The cost of purchased materials for technotrans SE of € 57.3 million (previous year: € 33.6 million) increased by 70.4 %. This overproportional rise is substantially attributable to the merger and the much higher level of vertical integration of the new permanent establishment in Bad Doberan. To a lesser degree it also reflects the aforementioned upheaval on commodity and procurement markets. Thanks to transparent and open communication with customers, it was possible to pass on the bulk of the increased cost of materials in the form of price increases, though not always in the same accounting period. The cost of purchased materials ratio rose correspondingly to 51.4 % (previous year: 43.0 %).

The 126 employees taken on at the time of the merger, the further increase in personnel at Sassenberg and Bad Doberan in the course of the year and local pay increases meant personnel expenses rose to € 36.9 million (previous year: € 29.2 million). Overall, the average number of employees rose from 472 in the previous year to 627.

Other operating expenses increased by € 6.7 million to € 19.2 million (previous year: € 12.5 million). The increase is the result of the takeover of the permanent establishment in Bad Doberan and a merger loss of € 2.5 million. The merger loss represented a non-recurring, non-cash impact on earnings for the HGB annual financial statements of technotrans SE. This effect is fully eliminated at Group level through consolidation entries. There was also additional expenditure for temporary work, the purpose of which was to keep production going at a time of disrupted supply chains and labour shortages.

The financial result improved by € 10.3 million to € 14.8 million (previous year: € 4.5 million). The clear rise in the earnings forecast for the subsidiary technotrans america Inc., USA, produced non-recurring income of € 11.3 million from the write-ups for this subsidiary to the carrying amount of the

participating interest. Other components of the financial result comprise the income from profit and loss transfer agreements (PLTAs) in the amount of € 3.3 million (previous year: € 3.1 million) and distributions by subsidiaries amounting to € 0.2 million (previous year: € 1.3 million).

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

k€	2022	2021
Net profit for the period (Income Statement)	14,338	6,114
Income from investments (-)	11,565	1,326
Income from profit transfer agreements (-)	3,291	3,067
Interest and similar income (-)	279	471
Income from loans held as financial assets (-)	0	40
Interest and similar expenses (+)	339	421
Income tax expense (+)	2,821	2,154
Earnings before interest and taxes (EBIT)	2,363	3,785

The non-recurring impact on earnings amounting to € 2.5 million from the merger (other operating expenses) led to a reduction in the operating result before interest and taxes (EBIT) to € 2.4 million (previous year: € 3.8 million). The EBIT margin correspondingly fell to 2.1 % (previous year: 4.8 %). The marked fall in the EBIT margin anticipated by the Board of Management for the 2022 financial year in light of the merger materialised.

Thanks to the high financial result of € 14.8 million, net income of € 14.3 million for the 2022 financial year is reported (previous year: € 6.1 million).

NET ASSETS AND FINANCIAL POSITION

The balance sheet total for technotrans SE at December 31, 2023 was up € 21.4 million on the previous year at € 132.7 million (previous year: € 111.3 million).

The balance sheet growth resulted especially from the merger of KLH with technotrans SE. At January 1, 2022 KLH reported a balance sheet total of € 7.9 million. The reversal of the carrying amount of the participating interest in technotrans america Inc. and the opposite effect of the disposal of the carrying amount of the participating amount in KLH produced, on balance, a rise in investment assets of € 5.1 million to € 47.9 million.

Assets

k€	31/12/2022	31/12/2021
Fixed assets	58,273	52,454
Inventories	25,146	12,898
Receivables and other assets	42,880	37,371
Cash and cash equivalents	4,963	7,852
Current assets	72,989	58,121
Deferred items	964	567
Deferred tax assets	443	179
Total assets	132,669	111,321

Equity and liabilities

k€	31/12/2022	31/12/2021
Issued capital	6,908	6,908
Capital reserve	19,096	19,096
Retained earnings	41,106	41,106
Accumulated profit	23,771	12,956
Equity	90,881	80,066
Provisions	10,452	6,668
Liabilities	30,669	23,712
Deferred items	121	177
Deferred tax liabilities	546	698
Total equity and liabilities	132,669	111,321

The very substantial buildup of inventories from € 12.2 million to € 25.1 million results from the considerable rise in purchase prices and increased stock levels to handle the very high order backlog. Then there were the proactive strategic measures to shore up the availability of materials. The increased business activity especially in the final quarter and the effects of inflation pushed up receivables and other assets by € 5.5 million to € 42.9 million. The buildup in working capital meant cash declined from € 7.9 million to € 5.0 million at the balance sheet date.

Equity grew to € 90.9 million on the basis of the increased accumulated profit (previous year: € 80.1 million). The equity ratio was 68.5 % (previous year: 71.9 %).

The company's marked improvement in taxable income led to an increase in tax provisions of € 3.6 million.

The buildup of inventories and of receivables and other assets was a clear drag on the company's liquidity. Liquidity was improved by the rise in trade payables and provisions.

Cash payments for investments in fixed assets amounted to € 1.2 million (previous year: € 1.4 million). The investment spending concerns mainly software as well as office and IT equipment.

Loans from banks totalling € 4.0 million were repaid according to plan in the 2022 financial year. To finance the buildup in working capital, short-term loans with a total net value of € 10.0 were raised. Following the resolution of the Annual General Meeting on May 13, 2022 a dividend of € 3.5 million was distributed to the shareholders of technotrans SE (previous year: € 2.5 million). Cash and cash equivalents were reduced to € 5.0 million as a result of the development presented (previous year: € 7.9 million). Bank borrowings increased by € 5.9 to € 24.9 million (previous year: € 19.0 million).

EMPLOYEES

At December 31, 2022 technotrans SE had a total of 656 employees (previous year: 480). The number of employees receiving vocational training was 61 (previous year: 43). The clear increase in the employee total is mainly attributable to the merger with KLH.

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 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 2022 financial year

Phase I of Future
Ready 2025 strategy
successfully completed:
technotrans posts
healthy rise in revenue
and profit.

The 2022 financial year saw technotrans bring Phase I of the Future Ready 2025 strategy to a successful conclusion. Both consolidated revenue and the consolidated operating result (EBIT) were increased substantially despite the ongoing challenges of the economic environment. In light of the strong performance, the Board of Management is very satisfied with the 2022 financial year.

The focus placed on the target markets Plastics, Energy Management, Healthcare & Analytics and Print as well as the emphasis on selected laser applications served as the basis for sustainable growth in the 2022 financial year. Both the prior-year level and the planned revenue performance were significantly exceeded in **every market**. **The financial year ended with a record order backlog of € 101 million** and a book-to-bill ratio of 1.2 for the main technotrans Group plants.

All mileposts of Phase I of the strategy were reached in the period under review. The merger of the Group companies technotrans solutions GmbH with Reisner Cooling Solutions GmbH and technotrans SE with KLH Kältetechnik GmbH significantly streamlined the organisation, yielding initial synergies and improving efficiency. Also, external perception was significantly boosted by the establishment of the uniform technotrans umbrella brand for all manufacturing Group companies. In view of its separate market and customer structures, gds has furthermore been retained as a strong brand for technical documentation and authoring systems.

technotrans has undertaken to become climate-neutral by 2030, as a key foundation for the future. Important progress with sustainability was made in 2022 with the commissioning of the photovoltaic system in Baden-Baden and the connecting of the Holzwickede location to the local hydrogen network, as well as in switching to natural refrigerants in technotrans products.

The core control parameters have improved appreciably since the previous year: with consolidated revenue at an all-time high of **€ 238.2 million**, the company improved on both the prior-year figure of **€ 211.1 million** and the forecast bandwidth of **€ 220 to 230 million**. The EBIT margin climbed from 5.2 % to 6.0 %, coming in at precisely the top of the forecast range of 5.0 to 6.0 %. The indicator ROCE reached 13.3 % (previous year: 12.5 %), in line with expectations (12.5 to 14.0 %). The steadily solid asset structure and high equity ratio of 56.0 % provide a consistently strong basis for financing further growth.

With regard to the impressive development in revenue and the EBIT margin, the Board of Management is very satisfied with the annual financial statements of technotrans SE for the 2022 financial year.

In view of this positive corporate development, the Board of Management and Supervisory Board of technotrans SE will propose to the Annual General Meeting on May 12, 2023 that a dividend of **€ 0.64** (previous year: **€ 0.51**) per no par value share be paid out for the 2022 financial year. The recommended distributed amount therefore comes to **€ 4.4 million**, representing a distribution rate of 50 %.

Remuneration Report

The remuneration of the members of the Board of Management and Supervisory Board is presented in the Remuneration Report published separately.

The Remuneration Report pursuant to 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) first sentence (1) AktG and the most recent resolution of the Annual General Meeting on Supervisory Board 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>

Further disclosures on the remuneration of governing bodies can also be found in Section 35 of the Notes.

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, 2022 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, 2022 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 %. 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 %. Pursuant to the voting rights notification published on March 9, 2022 Luxempart S.A. has a shareholding of 20.12 %. No other direct or indirect interests in the capital amounting to more than ten percent of the voting rights are known.

3 All shares grant 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 authorised, with the consent of the Supervisory Board, to increase the share capital on one or multiple occasions by up to a total of € 3,450,000 by issuing new shares against contributions in kind or in cash until May 17, 2023. No use was made of this authorisation in 2022. 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 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. German Commercial Code (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 aspect of the corporate strategy and a fundamental requirement for acquiring new customers, unlocking fresh markets, securing access to sufficient financial resources and being positioned as an attractive employer.

In publishing this section of its report, technotrans meets its obligation to disclose non-financial information for the 2022 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, we used 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 as our basis in preparing the Non-Financial Statement. Additionally, technotrans reports in accordance with the requirements of the EU Taxonomy Regulation.

The Non-Financial Statement 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 approaching 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 achieve strategic targets and therefore secure 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 to internal rules and voluntary commitments. Among other things we support the UNGC, of which we are a member. This is the most important initiative globally on sustainable corporate governance, at the heart of which there are ten principles on human rights, labour standards, environmental protection and anti-corruption. To embed this bigger perspective on sustainability in the corporate culture, the UNGC principles have also been enshrined in our Code of Conduct, which applies to all employees throughout the Group and is our corporate compliance guideline. It defines standards on how our employees should deal with each other and how to behave towards our stakeholders. It also contains important regulations on issues such as occupational safety, data protection and IT security. As such, it constitutes an important tool for implementing our sustainability strategy. Every new employee receives a written copy of the code. Its content and the current compliance regulations are also disseminated among current employees via the Group-wide e-learning platform “technotrans Campus”. The current version of the technotrans Code of Conduct can be accessed on our website at <https://www.technotrans.com/en/investor-relations/corporate-governance/compliance.html>.

To ensure compliance with statutory requirements and voluntarily adopted principles, the technotrans Group implements an effective compliance management system according to DIN ISO 19600, for which the Board of Management bears overall responsibility. The managing directors/general managers of the national and international Group companies have likewise committed to uphold it and are supported by local compliance officers. The latter coordinate, train and monitor Group-wide application of the compliance regulations and arrange updates as necessary, e.g. by revising the appropriate organisational guidelines.

One important component of the Group-wide compliance management system is the whistleblower system, which helps to identify and rectify breaches of applicable law and internal corporate guidelines and at the same time guarantees protection for the whistleblower against civil-law, criminal-law and internal consequences or reprisals. 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, as well as directly if necessary. Regular checks are also conducted proactively.

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

A thorough awareness of sustainability and ongoing efforts to improve our expertise in that regard shape the day-to-day work of technotrans employees. As part of this drive, sustainability aspects are embedded in both higher-order and individual targets.

STAKEHOLDER DIALOGUE

We regard the requirements of our stakeholders as highly relevant and therefore identify the needs of key stakeholders through regular dialogue in order to meet their expectations. We use a variety of information sources and dialogue formats to that end, differentiating between internal communications. The latter comprise communications with customers, press relations (PR) and investor relations (IR) activities.

One core information medium is the technotrans website, which highlights sustainability as a subject area in its own right, thus driving home its importance. All key information is summarised there. Internal communications 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, cross-location briefings and training on relevant matters. Suggestions and ideas from employees to stimulate dialogue or consider matters of interest are expressly welcomed and included in 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 often made at trade shows or in one-to-one talks.

A contact person from Investor Relations is available to facilitate open-handed communications with private and institutional shareholders, investors and analysts. The dialogue is also nurtured at conferences and roadshows. The technotrans Group Sustainability Manager, whose role is to steadily develop the wide-ranging task area of Environmental, Social and Governance (ESG), paves the way for a constructive dialogue with interested parties and is available to answer questions.

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.

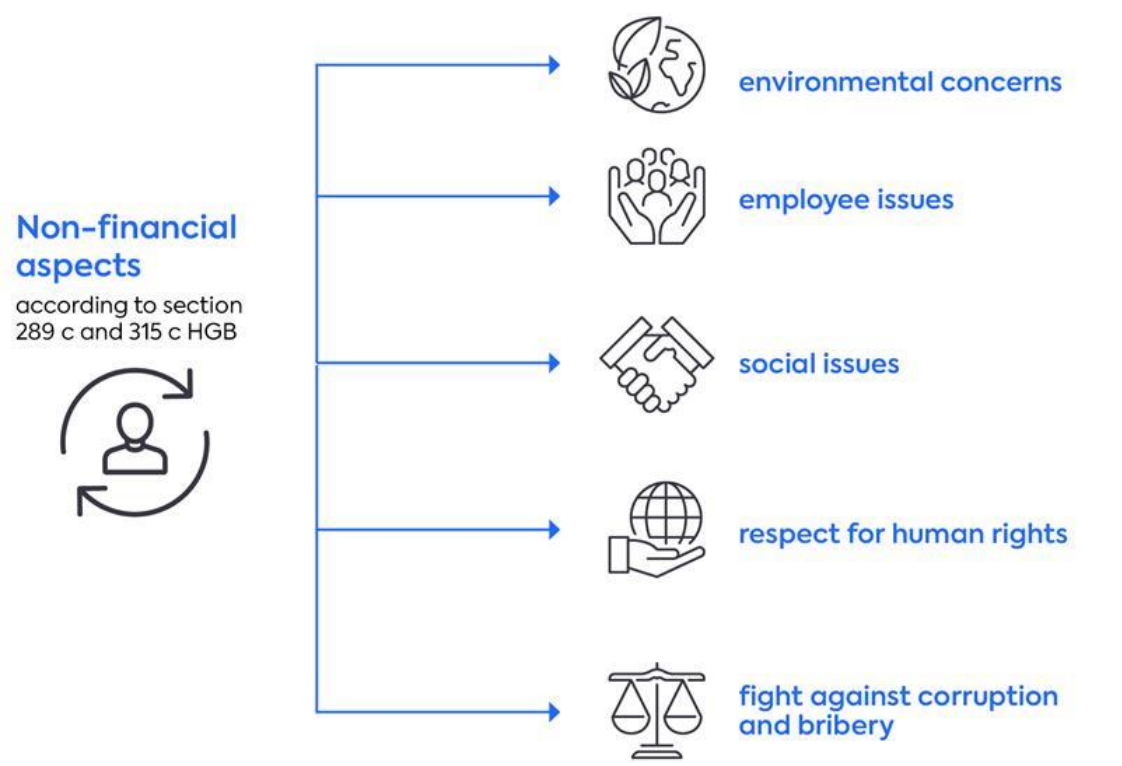
In the following, we present the key non-financial aspects for the technotrans Group as identified through the ongoing conversation with our stakeholders. We willingly present such information transparently.

Quantitative reporting uses the EFFAS performance indicators, for example, of which we report on 11 out of 16 on the basis of materiality.

These indicators are supplemented by internal key figures that are deemed significant for the technotrans Group based on the materiality analysis. This includes the progress with the sustainability goals from the Future Ready 2025 strategy. The scope of the key figures is regularly reviewed and gradually broadened. The trend over a period of years provides the basis for targeted adjustments. A summary table of all key figures can be found at the end of this report section. The reporting obligations of the EU Taxonomy are also addressed.

Based on the principle of materiality, we report selected key figures such as energy consumption only for the domestic production locations and for the Taicang (CN) and Mt Prospect (USA) locations.

NON-FINANCIAL ASPECTS



a) Environmental matters

To address the rise in consumption of resources worldwide, based on its long-standing experience and extensive expertise in sustainable business practices technotrans develops innovative, resource-light solutions in partnership with its customers. technotrans also actively reduces the release of CO₂e emissions in its own area of industry through energy-efficient products.

Our own ambition to successively reduce the environmental impact of our activities and products increasingly mirrors the regulatory trend. One such regulation is the Ecodesign Directive, which seeks to reduce the environmental effect of energy-related products.

Environmental priorities are becoming increasingly important for our customers, too, which is why we are also steadily reducing the negative energy impacts of our products 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 in order to shrink their carbon footprint.

Sustainable environmental, energy and resource management is also very important at our locations. For example, the Sassenberg location is a TÜV-certified specialist operation in accordance with the German Water Resources Act. We also use refillable systems and collective packaging in many areas, and we seek to avoid and gradually reduce waste as part of our waste management concept. Such steps chime with our strategic **goals of steadily improving the Group's resource and energy efficiency** and therefore also boost our competitiveness.

Our efforts on behalf of the environment and climate also go hand in hand with our commitment to the ten sustainability principles of the UNGC and our membership of the Blue Competence sustainability initiative. Through these, technotrans emphasises its commitment to human rights, labour standards, environmental protection and anti-corruption.

Resource-light product development

technotrans develops technologies and processes that help our customers operate efficiently and be eco-friendly by minimising their consumption of energy and media such as water, oils or additives. Development work is done on a customer-specific basis and coordinated centrally to avoid parallel developments, reducing human resources requirements and the consumption of materials.

technotrans positions itself as a development partner for its customers. To ensure that all the requirements are met optimally in development projects, the technical units often collaborate closely with the customer right the way from the initial idea to its realisation. Even though the product solutions are highly individual, the approach follows a standardised product development process that is controlled by means of defined stages, or quality gates. This ensures that any given project always achieves a satisfactory level of cost effectiveness. We also use feasibility studies, market and technology monitoring, internal qualification and field tests to ensure the defined development targets are achieved. The aim is to avoid wrong developments.

As a general principle, technotrans develops products for its customers 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 and graduate theses in a variety of disciplines.

In the 2022 financial year we worked on a total of 58 projects in product development, of which 16 were successfully completed. 42 other projects are at various stages of implementation. One priority for the development projects was more eco-friendly design, for example in the form of more performance-controlled components in products, reduced consumption of materials or the substitution of climate-harming refrigerants with natural or synthetic versions with low global warming potential (GWP). Research & development spending is fundamentally shown in the Consolidated Income Statement. However other expenditure may also find its way into the cost of sales if the product development is in connection with a revenue-generating customer project.

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

Resource-saving products

technotrans Group solutions not only provide value added in the form of high quality and performance; they also have environmental benefits. Examples include our innovations for electric mobility, the ongoing expansion of our ultra-energy-efficient product range and successive additions to the range of solutions that use natural refrigerants.

Electric mobility – The decarbonisation of the mobility sector is a major challenge for us and our customers, but for many sectors there is no alternative to electrification. technotrans is drawing on its long-standing expertise to steadily increase its portfolio of thermal management solutions, which are indispensable for the various different electrification concepts. For example, technotrans supplies temperature control for battery systems for road and rail vehicles and for high-power charging (HPC) stations and HPC parks, with a customer-specific, energy-efficient design at the heart of many of its projects. technotrans also develops solutions for hydrogen-based drive concepts that are especially significant for high-range rail and commercial vehicles.

Examples of our innovations in 2022 include the world's first 850-volt DC cooler for mobility applications with improved energy efficiency thanks to reduced conversion losses, as well as the development of the thermal management concept for battery swap stations for a renowned brand of electric car, as an alternative to cars with built-in battery packs.

Environmentally friendly refrigerants – For cooling systems, most applications need refrigerants to operate. Because these substances often exhibit high global warming potential (GW) in the event of leaks if the product becomes damaged, taking the EU's F-Gas Regulation as its point of reference technotrans has set itself the goal for 2024 to achieve an average GWP of 641 for the refrigerants used. With this move, we want to act responsibly and play an even bigger part in limiting climate change. To achieve this goal, we will gradually switch our products to low-GWP refrigerants and expand our range with product versions that run on natural refrigerants. Other important strategies for minimising the potential impact on the climate include reducing the refrigerant capacity in new product designs and examining the scope for hermetically sealed refrigerant circuits in all systems. In 2022 we achieved a slight year-on-year decrease of 10 % in the average GWP of the refrigerants used, to 1,000 (2021: 1,115)¹. We are targeting an ambitious reduction of 36 % for the next two financial years.

Important steps along the road to achieving goals include new product versions, such as the weight-reduced thermal management solutions for rail transport which are also available with the natural refrigerant propane, and product solutions for lab and medical technology that use isobutane as a natural refrigerant. For small performance categories, technotrans can now also supply its first product solutions based on Peltier technology and therefore run without refrigerant.

Efficient cooling solutions – Several contracts for energy-efficient large-scale refrigeration plants were secured and fulfilled in the 2022 financial year. For instance, technotrans develops and provides an integrated supply concept for heat and cold combined with a high-temperature heat pump for a recycling firm that makes thermoplastic materials out of household waste. Work has also started on

¹ Change in reporting from 2021: figures now based on refrigerant amounts used, instead of purchased. Figures now refer to all seven manufacturing locations.

planning and realising a central refrigeration system for a foundry business, to save up to 80 % energy compared with the standard systems already on the market thanks to the combination of free cooling and performance-controlled components. The range of ultra-energy-efficient product versions, which now include the teco.eco temperature control units for plastics manufacturing, has moreover been extended thanks to the wider use of performance-controlled components.

Product packaging – With reference to the Future Ready 2025 strategic goal of using exclusively single-grade-recyclable padding and packaging material at our production locations, technotrans had already made substantial progress at the Baden-Baden and Sassenberg locations in 2021. technotrans again made further improvements in 2022 to bring the circular economy idea closer to fruition, for example by switching to a circulation system that turns old card into packaging padding made 100 % from waste paper. And in those areas that currently still need to use film cushioning, at Group headquarters technotrans has switched to PE film made from recycled material, thus avoiding the use of primary material. None of the changes and improvements made to the padding and packaging materials have been detrimental to the standard of protection that our products receive. The 2023 financial year will see technotrans transfer its experience gleaned from the changeover to other production locations, with adjustments as appropriate, to make further progress towards our goal of sustainability.

Resource-light production

In terms of its own production operations, technotrans constantly seeks to use finite resources as efficiently as possible. Its declared aim is to reduce consumption of materials and energy. Our employees are trained to treat resources with care and also encouraged to contribute their own ideas on how to do so.

Environmentally harmful substances in production or in products are only used if they cannot be avoided; this also improves safety for our employees and customers. Such substances already in use are regularly examined and substituted where possible. It is a matter of course that we observe and comply with all applicable statutory requirements. In response, we add new requirements and changes promptly to our work instructions. 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. We also obtain 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 record the REACH and RoHS II conformity of our input materials in our ERP systems. We can therefore document from the bill of materials for an end product whether a device meets the requirements and to what extent it achieves EC conformity.

We took a major step towards protecting natural resources in the 2022 financial year in launching the **“Digital Only” concept, which means we supply customers with technical documentation** via the easybrowse platform run by the Group subsidiary gds GmbH. This arrangement ensures our customers always have access to the most up-to-date version of documentation. By keeping printed documentation to the minimum level information required by law, at Sassenberg alone technotrans is moreover reducing the number of pages printed double-sided and previously supplied with products by around 1.3 million each year.

Other significant environmental aspects include the reduction of waste, recycling reusable materials and minimising water consumption. A total of 973 t of waste and recyclable material was generated at our production locations in 2022, of which some 78 % (757 t) could be recovered and used for high-grade recycling. The overall amount of waste and recyclable material fell by 15 % (2021: 1,143 t)². Expressed as a ratio of consolidated revenue, the total amount fell by 24 % to 4.1 t per million euros (2021: 5.4 t per million euros).

Water consumption at our production locations was cut by 12 % or 1,087 m³ in the 2022 financial year, to just 7,797 m³ (2021: 8,884 m³). Expressed as a ratio of consolidated revenue, fresh water consumption fell to 32.7 m³ per million euros (2021: 42.1 m³ per million euros). This represented a further reduction in the already low consumption.

Energy consumption

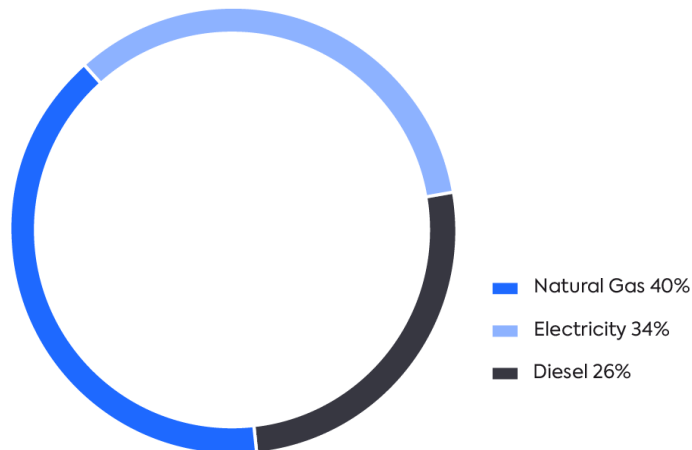
The efficient use of energy and the eco-friendly handling of resources are high priorities for us. We are therefore always looking for scope to improve the energy efficiency of our operating processes and products, and conduct the statutorily required energy audits according to DIN EN 16247-1 on a four-year cycle. Some examples of how we cut our energy consumption in the 2022 financial year are the installation of a 400 kW_p photovoltaic (PV) system at the Baden-Baden location to meet almost 40 % of its future power consumption, and the partial replacement of bright radiators with dark versions for heating the production halls at Meinerzhagen. A project to reduce the electricity baseload at Sasenberg was also launched. The next energy audit will take place in the 2023 financial year and will provide fresh impetus to raise efficiency.

In keeping with the materiality principle, the following data refers to the seven production locations of the technotrans Group and the energy sources power, natural gas and fuels, plus green hydrogen at the Holzwickede location.

² Waste amount and power consumption for 2021 adjusted retrospectively. The adjustment to power consumption in addition affects the following figures for 2021: total energy consumption, market and location-based CO₂e emissions, proportion of renewable power pursuant to ESG target from the Future Ready 2025 strategy.

Total energy consumption of 15.2 GWh in the 2022 financial year was lower than in the previous year (2021: 15.6 GWh). In terms of the revenue performance, consumption fell to 64 MWh per million euros (2021: 74 MWh per million euros). The energy mix remained almost identical compared to previous years. Due to its low share of 0.1 %, hydrogen is not included in the following diagram.

Aggregate energy mix across the locations



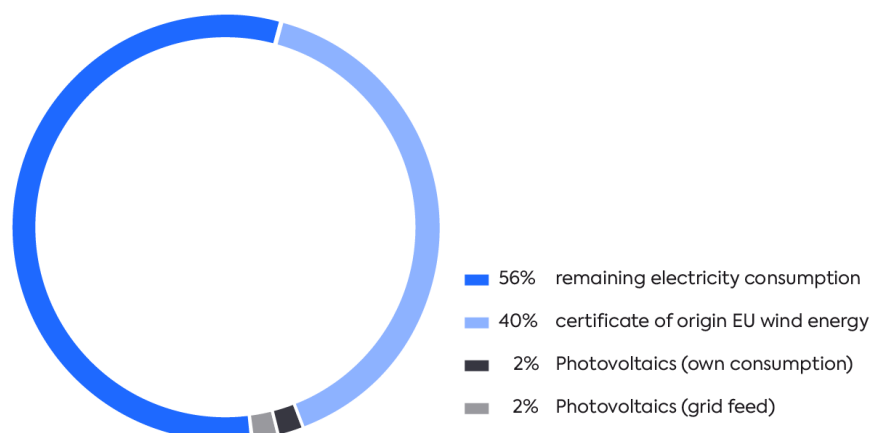
technotrans believes it is important to handle resources responsibly; that includes both the raw materials for products but especially energy resources. The Future Ready 2025 Group strategy therefore includes the following defined sustainability goals:

- Electricity: increasing the share from renewable resources to 100 %.
- Fuel: cutting fuel consumption by an average of 5 % annually.

Power consumption – in 2022 technotrans succeeded in reducing its power consumption slightly to 5.1 GWh (2021: 5.2 GWh). However in revenue terms, it achieved a sizeable reduction of 13 % to 22 MWh per million euros (2021: 25 MWh per million euros). As a means of incentivising the expansion of renewable energy even before EEG electricity is taken into account, we seek to meet this consumption entirely from renewables; in keeping with our sustainability goal we therefore use both self-generated power at our locations and purchase certificates of origin from European wind and PV farms, paying an additional levy to **promote sustainable energy projects in the world's least developed regions**.

Regarding self-generated power, technotrans' **first PV system with an output of around 100 kW_p** from 2021 was joined by a further PV system generating over 400 kW_p in the second half of 2022. These systems made it possible to meet more than 2 % of total power consumption at the production locations from self-generation; if power fed into the grid is also taken into account, the figure is already 4 %. The aim is to steadily increase these levels over the coming years. In terms of our goal, we achieved a share of around 44 % for 2022 based on the definitions stated, representing a year-on-year rise of 6 %.

Status of ESG target: 100 % renewable power



Power consumption – A further goal of the Future Ready 2025 strategy is to reduce fuel consumption by an average of 5 % per year, amounting to a target reduction of 25 % by the end of 2025. On the back of a high saving of 8 % in 2021 compared to the reference figure for 2019, albeit substantially attributable to the pandemic-related restrictions, fuel consumption rose slightly again in 2022; the **saving measured against the reference year is therefore now only 5 %**. The vehicle fleet's energy consumption thus increased again to 4 GWh (2021: 3.8 GWh). In revenue terms, a reduction of 8 % to 17 MWh per million euros was achieved (2021: 18 MWh per million euros). To cut absolute fuel consumption yet further in future years, we will switch progressively to e-mobility for company cars. We have now started to invest in the charging infrastructure at the locations and in an electrically powered vehicle fleet. However the changeover to suitable electric vehicles was delayed in the past financial year by poor availability due to supply bottlenecks at vehicle manufacturers; this is also partly reflected in the target attainment figure for 2022.

Gas consumption – Natural gas is the third major fuel source at the locations and therefore among the drivers of CO₂e emissions, which is why technotrans aims to successively scale back use of this fossil fuel. Year on year, consumption at our seven production locations fell to 6.1 GWh (2021: 6.6 GWh). Measured against revenue, this represents a notable reduction of 18 % to 26 MWh per million euros (2021: 31 MWh per million euros). The factors behind this reduction in fossil natural gas included the partial replacement of the heating system in the production halls at our Meinerzhagen location, adjusted control parameters and the inclusion of green hydrogen in the energy mix at our Holzwickede location.

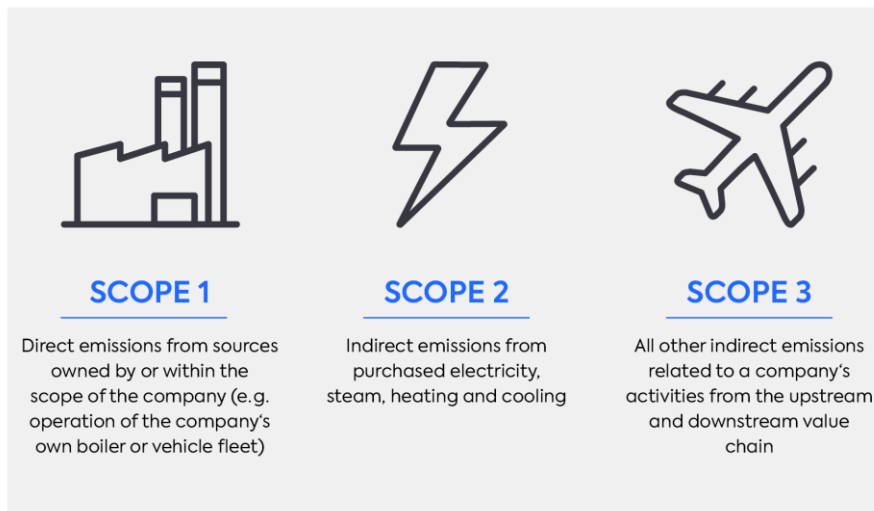
For the future, we would like to scale back natural gas further by for example using a substitute fuel, modernising the heat generation and distribution system, and reducing thermal losses at the locations. For instance, we are planning to modernise the heat supply at the Meinerzhagen location in 2023 and optimise the heating controls at the Group headquarters.

Greenhouse gas performance of the technotrans Group

Climate neutrality – technotrans supports the Paris Climate Agreement signed in 2015 with the aim of limiting global warming to no more than 1.5 °C. To complement the goals from the Future Ready 2025 strategy and based on the corporate carbon footprint, a roadmap was drawn up in 2022 to map

out how to achieve climate neutrality at the seven production locations and in the sales and service units (SSU) by 2030. The primary ways of achieving this goal are by improving energy efficiency and generating renewable energy at the locations. In line with its goal from the Future Ready 2025 strategy to use 100 % renewable power at the production locations, technotrans also plans to buy in renewable power as necessary. It will then use certified climate protection projects only to compensate for the remaining CO₂e emissions from 2030 on. This is how we are translating our responsibility to limit climate change into action.

Greenhouse gas performance – One key matter that goes hand in hand with the use of fossil fuels is CO₂e emissions. To be transparent and highlight progress for instance through the use of renewables, since the 2021 financial year we have been reporting our Scope 1 and Scope 2 emissions based on the Greenhouse Gas Protocol (GHG). The underlying reporting approach serves as our basis for clearly defined measures that will improve our performance.



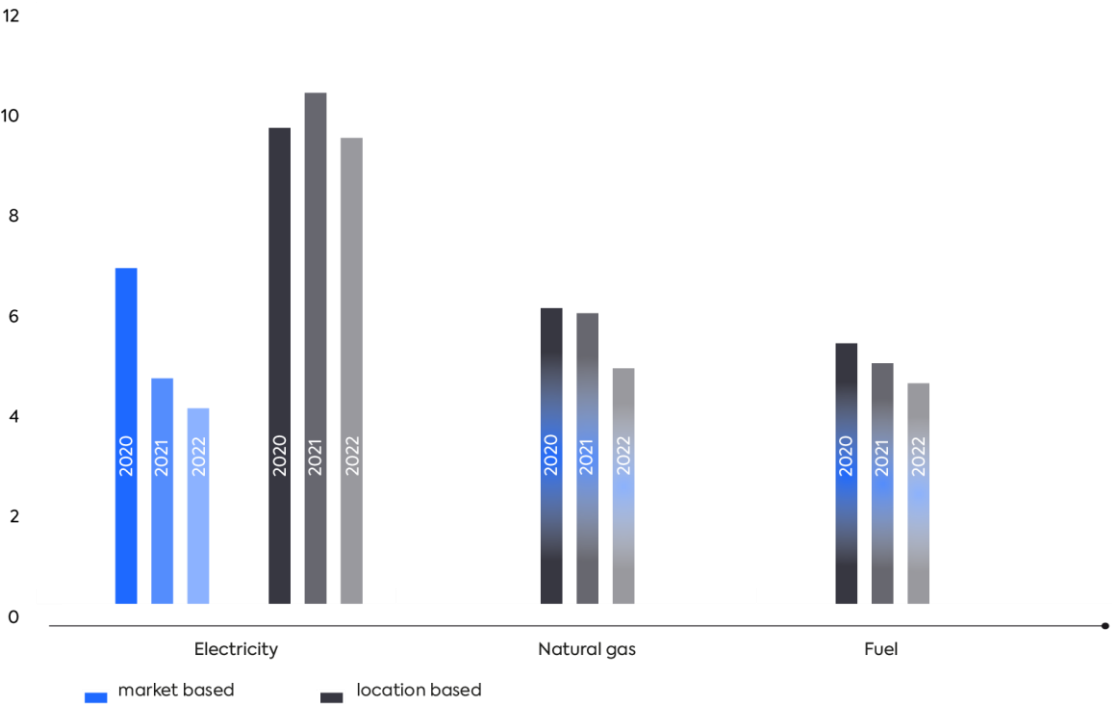
In view of the lesser relevance of the sales and service units for CO₂e emissions (< 6 % in 2020), as is the case for energy consumption the following results refer to the seven production locations of the technotrans Group.

In 2022 the market-based³ CO₂e emissions caused by technotrans in Scopes 1 and 2 came to 3,097 t CO₂e (2021: 3,183 t CO₂e), which relative to revenue is a reduction of 14 % to 13 t CO₂e per million euros (2021: 15.1 t CO₂e per million euros). Disregarding the renewable power purchased by technotrans (location-based view) the absolute emissions remain almost constant at 4,379 t CO₂e (2021: 4,385 t CO₂e). Specific CO₂e emissions per €m of revenue equally fell 12 % to 18.4 t (2021: 20.8 t)⁴. The following summary shows the weighting and development of emission sources.

³ Market-based: emissions that include supply contracts and certificates of origin for power; location-based: emissions based on the electricity mix in Germany

⁴ Emission factor for the aggregate electricity mix for all technotrans production locations: 180 g/kWh (market-based), 431 g/kWh (location-based)

Market and location-based CO₂e emissions in t per million euros of consolidated revenue



In the 2023 financial year, technotrans will broaden the scope of reporting to include Scope 3 initially internally because as matters stand only selected aspects affect the corporate carbon footprint. We will then prospectively also report on these indirect CO₂e emissions by the Group, which generally speaking clearly exceed the Scope 1 and Scope 2 emissions due to the inclusion of the entire upstream and downstream value chain.

EU Taxonomy Regulation 2020/852

The EU has set itself the goal of becoming climate-neutral by 2050. One instrument that supports attainment of this goal is the EU Taxonomy Regulation. Against the backdrop of climate change, the destruction of natural habitats and dwindling biodiversity, technotrans unreservedly supports these efforts by the EU Commission.

The goal of the taxonomy is to classify economic activities consistently 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.

Pursuant to the provisions, economic activities are environmentally sustainable if they

- make a material contribution to attainment of one or more of the six environmental objectives
 (“substantial contribution”) and
- do not significantly hinder attainment of the five other EU environmental objectives
 (“do no significant harm”, DNSH) and
- meet minimum social standards
 (“minimum safeguards”)

It is necessary to report key figures for revenue, operational expenditures (OpEx) and capital expenditures (CapEx) that are environmentally sustainable pursuant to the taxonomy (conformity) or could be (eligibility). Eligibility means economic activities that are listed in the Annex to the Taxonomy Regulation. Conformity is achieved by contributing to at least one of the six environmental objectives, based on the technical screening criteria of the economic activity in question, if the DNSH criteria and **minimal safeguards are additionally met. For the “substantial contribution” and “DNSH” aspects**, technical screening criteria are currently only available for the first two environmental objectives; the following reporting therefore refers to climate protection and adjustment to climate change. As many of the expressions and terms in the taxonomy are open to interpretation, key assumptions that needed to be made are listed below.

Approach to the determination of key performance indicators

The basis for the reporting below is a reconciliation of the economic activities described in the EU Taxonomy with those of the technotrans Group. This serves as the starting point for discussions with the experts from each area in order to identify those activities for which the technical screening criteria are or may be fulfilled. **The experts’ assessments were captured accordingly. This mapping and the expert interviews refer both to revenue and to CapEx and OpEx.**

The purpose of many of the products made by the technotrans Group is to reduce energy consumption and therefore also carbon emissions, or to enable applications in the area of electric mobility. As the role of mechanical and plant engineering (MPE) – in other words the supply of important component parts and systems as an enabling economic activities – was not adequately reflected in the **drafting of the EU Taxonomy, exclusively activities according to category 3.6 “Manufacture of other low carbon technologies” are relevant for revenue.** The German Engineering Federation (VDMA) believes the failure of the EU Taxonomy to take account of extensive areas of MPE puts it at a disadvantage when disclosing key performance indicators.

To identify the potentially taxonomy-conforming products that come under category 3.6, the portfolio was filtered for those solutions that demonstrably produce material efficiency gains and reduce carbon emissions compared with standard systems.

As the technical criteria of the category referred to require interpretation for them to be usable, ambiguities were addressed according to the following definitions:

- technotrans supplies its customers with individual product solutions, which is why the best market alternative that the taxonomy requires as a benchmark for purposes of comparison is initially problematic. For assessment purposes it was decided that our standard product versions serve as benchmarks for comparisons with our high-efficiency product versions for the same applications.
- The taxonomy requires a material saving in carbon emissions compared with the benchmark but does not define that term more closely. For this purpose it was decided that this saving must be at least 20 % in a comparison of product versions.
- According to the taxonomy, screening must involve a life cycle assessment. Because the standard version and the corresponding high-efficiency version with which it is being compared are extensively identical in design and differ by merely a few components, the comparison of carbon emissions is based only on the components that differ and on the emissions that occur in use from the product versions' difference in energy consumption.

With regard to the analysis of the DNSH criteria that follow on from the “substantial contribution” step, principally compliance with statutory requirements at product and location level is what needs to be examined for compliance. A product-by-product view was taken for objective 4 “circular economy”. For the minimum safeguards, conformity was examined at Group level. Existing compliance management structures within the Group are used to examine and assure compliance, such as the whistleblower system, the binding Suppliers Code, the Code of Conduct for our employees, minimum standards in employment, risk management and supplier audits.

During the internally conducted analysis, various contributions to environmental objective 1 “climate protection” were identified. No contributions to objective 2 “climate change adaptation” were identified, ruling out any double reporting of our economic activities. In light of that, for the approach described there are moreover no or only minimal differences between taxonomy-eligible and taxonomy-conforming economic activities.

Taxonomy-eligible and taxonomy-conforming economic activities

Revenue – The basis is revenue (€m 238.2), as presented in the technotrans Consolidated Financial Statements principally under V. Notes to the Segment Report. It is possible to allocate taxonomy-eligible and taxonomy-conforming revenue, which are virtually congruent, to economic activity 3.6 “Manufacture of other low carbon technologies” pursuant to the Annex to Regulation (EU) 2021/2139.

This category 3.6 covers our high-efficiency product versions which produce substantial energy savings in operation through the systematic use of performance-controlled components, and additionally through the integration of free cooling to support compression cooling in central refrigeration systems. Furthermore, those products that contribute to a clear reduction in global warming potential by replacing the synthetic refrigerant normally used with a natural refrigerant are also relevant.

For some high-efficiency product versions, compliance with the criteria as set out in the above interpretations of the technical screening criteria could not be clearly ascertained, which is why they are accordingly identified as merely taxonomy-eligible.

Operational expenditures (OpEx) – **OpEx within the meaning of the EU Taxonomy (€ 7.5 million)** covers expenditure captured in the Consolidated Income Statement that cannot be capitalised, or spending on research and development, building renovation measures, short-term leases, maintenance and repair as well as all other direct expenditure from the repair of property, plant and equipment to keep the taxonomy-eligible assets operational. No direct reference to the Income Statement is possible. This primarily covers research and development expenditure for currently or foreseeably taxonomy-conforming products (9.1 “Close to market research, development and innovation”). The goals of the research and development projects included were to increase the energy efficiency or the use of low-GWP or natural refrigerants or avoid refrigerants in order to reduce carbon emissions over the product life-cycle. There is also the development of solutions for battery-electric rail and road transport. Smaller investments in energy efficiency that cannot be capitalised (7.3 “Installation, maintenance and repair of energy efficient equipment”) and short-term leases in the area of electric mobility (6.5 “Transport by [...] passenger cars”) should also be mentioned.

Capital expenditures (CapEx) – The basis of the economic activities to be analysed comprises additions to both property, plant and equipment and to intangible assets in the amount of € 6.3 million (see also III “Notes to the Balance Sheet, Consolidated Statement of Changes in Fixed Assets”). Taxonomy-conforming capital expenditures include the construction of a PV system with 400 kW peak output (kWp) at our Baden-Baden location in category 7.6 “Installation, maintenance and repair of renewable energy technologies” as well as capital expenditures in production to enable the switch to low-GWP and natural refrigerants under 3.6 “Manufacture of other low carbon technologies”. There were also capital expenditures on an energy-efficient heating concept for production halls under 7.3 “Installation, maintenance and repair of energy efficient equipment” where compliance with all requirements could not be established beyond doubt, so those capital expenditures are merely taxonomy-eligible.

The following KPIs as well as the key figures in the following comprehensive reporting forms are correspondingly reduced in line with the descriptions.

Taxonomy-eligible and taxonomy-conforming revenue, operational expenditures and capital expenditures

		Revenue	Operating Expenses	Capital Expenditure
Total	m€	238.22	7.54	6.30
thereof taxonomy-eligible	m€	1.92	0.00	0.09
	%	0.8	0.0	1.4
thereof taxonomy-aligned	m€	28.70	0.46	0.48
	%	12.0	6.1	7.6
thereof not taxonomy-eligible	m€	207.60	7.08	5.73
	%	87.1	93.9	91.0

Share of revenue from taxonomy-conforming and taxonomy-eligible economic activities

Economic activities (1)	Substantial contribution criteria			DNSH criteria ("Do No Significant Harm")							Taxonomy-aligned proportion of turnover, year 2022 (18)					Taxonomy-aligned proportion of turnover, year 2021 (19)		Category "enabling activity" (20)		Category "transition activity" (21)						
	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	J/N	%	%	%	E	T								
A. TAXONOMY-ELIGIBLE ACTIVITIES																										
A.1 Environmentally sustainable activities (taxonomy-aligned)																										
Manufacture of other low carbon technologies	3.6	28.697	12.0%	100%	0%				J	J	J	J	J	12.0%	-	12.0%	-	-								
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		28.697	12.0%	100%	0%									12.0%	-	12.0%	-	-								
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned)																										
Manufacture of other low carbon technologies	3.6	1.923	0.8%																							
not environmentally sustainable activities (not Taxonomy-aligned) (A.2)		1.923	0.8%																							
Total (A.1 + A.2)		30.620	12.9%														12.0%	-								
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																										
Turnover of Taxonomy-non-eligible activities (B)		207.597	87.1%																							
Total (A + B)		238.218	100%																							

Share of OpEx from taxonomy-conforming and taxonomy-eligible economic activities

Economic activities (1)	Substantial contribution criteria			DNSH criteria ("Do No Significant Harm")						Taxonomy-aligned proportion of OpEx, year 2022 (18)					Taxonomy-aligned proportion of OpEx, year 2021 (19)		Category "enabling activity" (20)		Category "transition activity" (21)						
	Climate change mitigation (5)	Climate change adaption (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaption (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	%	%										
Code(s) (2)	Absolute OpEx			Proportion of OpEx																J/N	%				
A. TAXONOMY-ELIGIBLE ACTIVITIES																									
A.1 Environmentally sustainable activities (taxonomy-aligned)																									
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	3	0.0%	100%	0%								J	-	J	-	J	0.0%	-	-					
Installation, maintenance and repair of energy efficiency equipment	7.3	12	0.2%	100%	0%								J	-	-	J	-	0.2%	-	-					
Close to market research, development and innovation	9.1	449	6.0%	100%	0%								J	J	J	J	J	6.0%	-	-					
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		465	6.2%	100%	0%													6.2%	-	-					
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned)																									
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned) (A.2)		0	0.0%																						
Total (A.1 + A.2)		465	6.2%															6.2%	-	-					
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																									
OpEx of Taxonomy-non-eligible activities (B)		7,077	93.8%																						
Total (A + B)		7,541	100%																						

Share of CapEx from taxonomy-conforming and taxonomy-eligible economic activities

Economic activities (1)	Substantial contribution criteria		DNSH criteria ("Do No Significant Harm")						Taxonomy-aligned proportion of CapEx, year 2022 (18)						Taxonomy-aligned proportion of CapEx, year 2021 (19)		Category "enabling activity" (20)		Category "transition activity" (21)			
	Code(s) (2)	KEUR	Proportion of CapEx	%	Climate change mitigation (5)	Climate change adaption (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaption (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	%	%	E	T	
A. TAXONOMY-ELIGIBLE ACTIVITIES																						
A.1 Environmentally sustainable activities (taxonomy-aligned)																						
Manufacture of other low carbon technologies	3.6	155	2.5%	100%	0%							J	J	J	J	J	J	2.5%	-	-	-	
Installation, maintenance and repair of renewable energy technologies	7.6	322	5.1%	100%	0%						J	-	-	-	-	-	J	5.1%	-	-	-	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		477	7.6%	100%	0%													7.6%	-	-	-	
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned)																						
Installation, maintenance and repair of energy efficiency equipment	7.3	86	1.4%																			
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned) (A.2)		86	1.4%																			
Total (A.1 + A.2)		563	8.9%																7.6%	-	-	-
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																						
CapEx of Taxonomy-non-eligible activities (B)		5,739	91.1%																			
Total (A + B)		6,302	100%																			

Highlights of 2022 and outlook

Climate neutrality by 2030 – technotrans has set itself the goal of achieving climate neutrality at all production locations and the sales and service units by 2030. For attaining this goal, the focus will be on improving energy efficiency at the locations, generating renewable energy internally and buying in green power. Ideally recognised climate protection projects will only be used to compensate for the balance of carbon emissions from 2030.

Green hydrogen – Since the end of October technotrans has been purchasing hydrogen to supply its heating at the Holzwickede location, as part of the “H2HoWi” project. The heating system was previously based on a heat pump supported by a natural-gas condensing boiler. By using the gas condensing boiler – based on green hydrogen, which is produced using renewables – we are now in a position to scale back consumption of fossil fuels at the location even further.

Photovoltaic systems – Following on from the installation of our first PV system at Holzwickede with an output of 100 kW_p in 2021, we commissioned a second system at the Baden-Baden location in the second half of 2022, now giving us an installed PV output of 0.5 MW_p. These two systems already generated over 200 MWh of power from renewables in the 2022 financial year; the full potential of the two systems will only become apparent in the 2023 financial year, when both will be in operation for a full 12 months.

Climate-friendly mobility – The redesigned thermal management systems for battery-electric rail transport mean technotrans not only has a weight-optimised product to offer its customers. It is now also available to our customers in a version with the environment and climate-friendly natural refrigerant propane.

Refrigerant-free cooling – For applications in areas such as in the lab, where high control accuracy is required, in 2022 technotrans also brought out systems with Peltier elements that do not require refrigerant, as an alternative to its tried-and-tested miniature compression refrigeration systems. These products currently have a performance range of up to 0.6 kW. Because these refrigeration systems do not have any moving parts, they run in effect silently and vibration-free.

Circular economy – By switching packaging materials to 100 % single-grade-recyclable forms and thanks to the highly recyclable nature of the products, technotrans is actively bringing the circular economy one step closer. By developing and supplying a concept for the supply of refrigeration and heat to one of our customers, we have now also found an opportunity to promote the material recycling of household waste that was previously usually used to produce heat or went to landfill.

Protecting natural resources – The “Digital Only” concept of gds GmbH to migrate technical product documentation to a digital format means the technotrans Group saves around 1.3 million sheets of paper printed double-sided every year, just at the Sassenberg location. At the Group headquarters we have also moved to a circulation system for paper towels, which are now sent back to the supplier for material recycling.

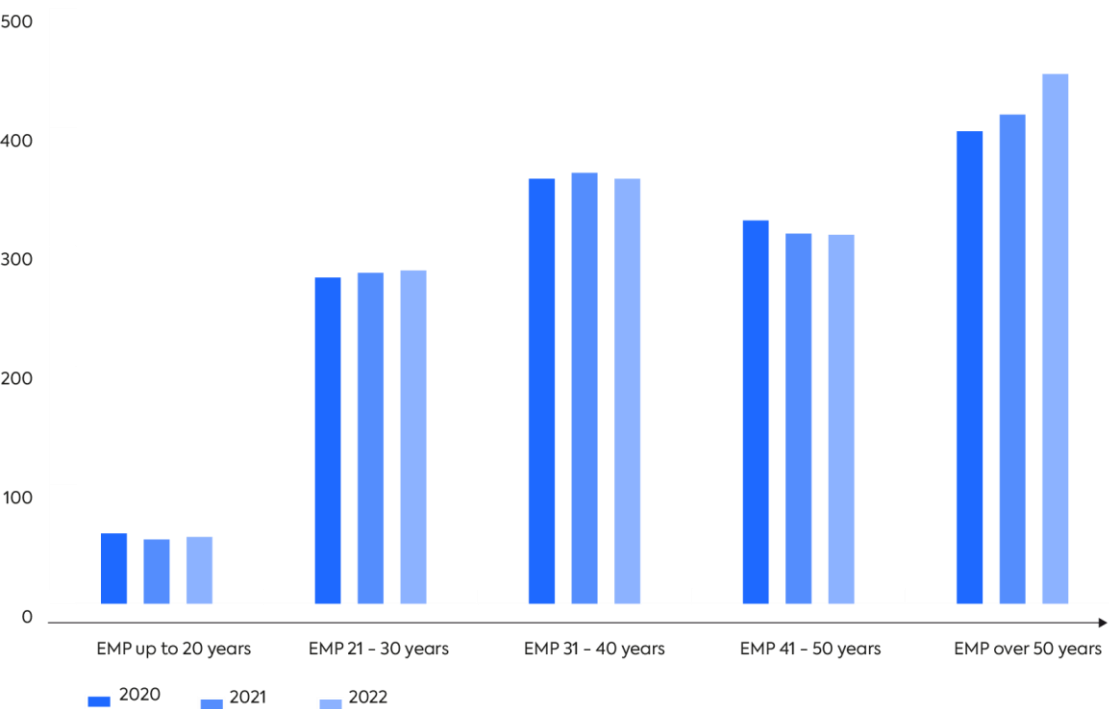
b) Employee matters, training and qualification

Committed employees with outstanding personal and professional skills are the bedrock of our success. To safeguard this basis for the long term, 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. We offer our employees attractive development opportunities and promote a positive corporate culture. That also includes facilitating a work-life balance with flexible working hours models and – depending on role – scope to work from home. Vocational training is treated as a high priority in the technotrans Group. We consider this on the one hand to be a social responsibility. 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.

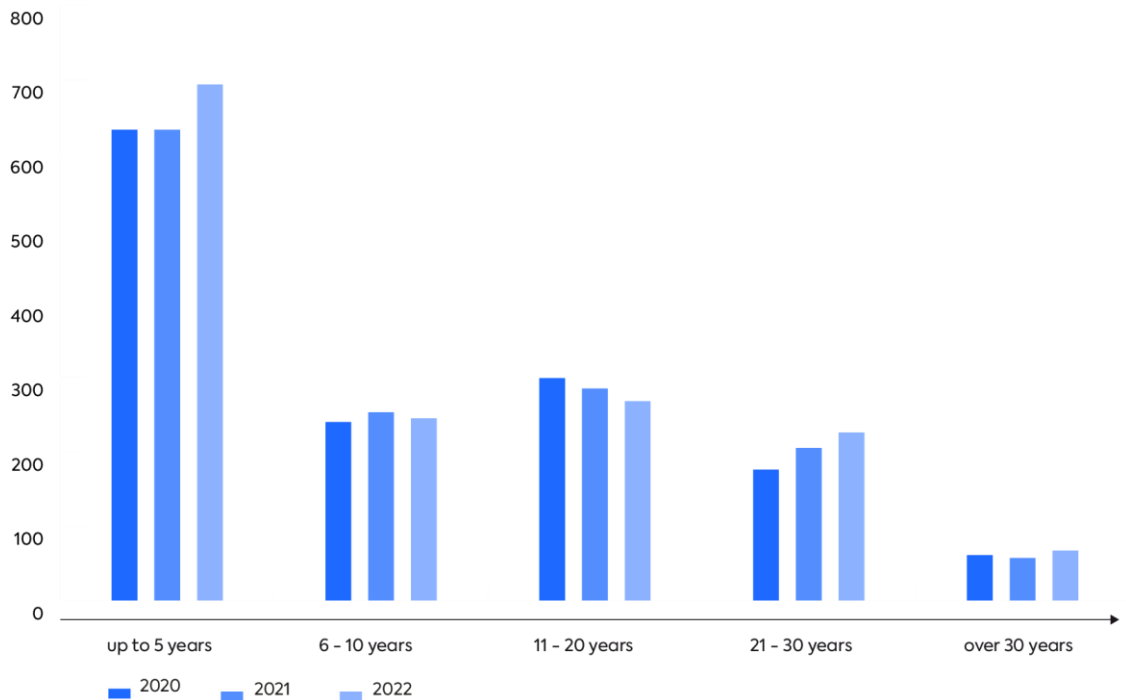
Employee structure of the technotrans Group

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

Age structure of employees in each case at December 31



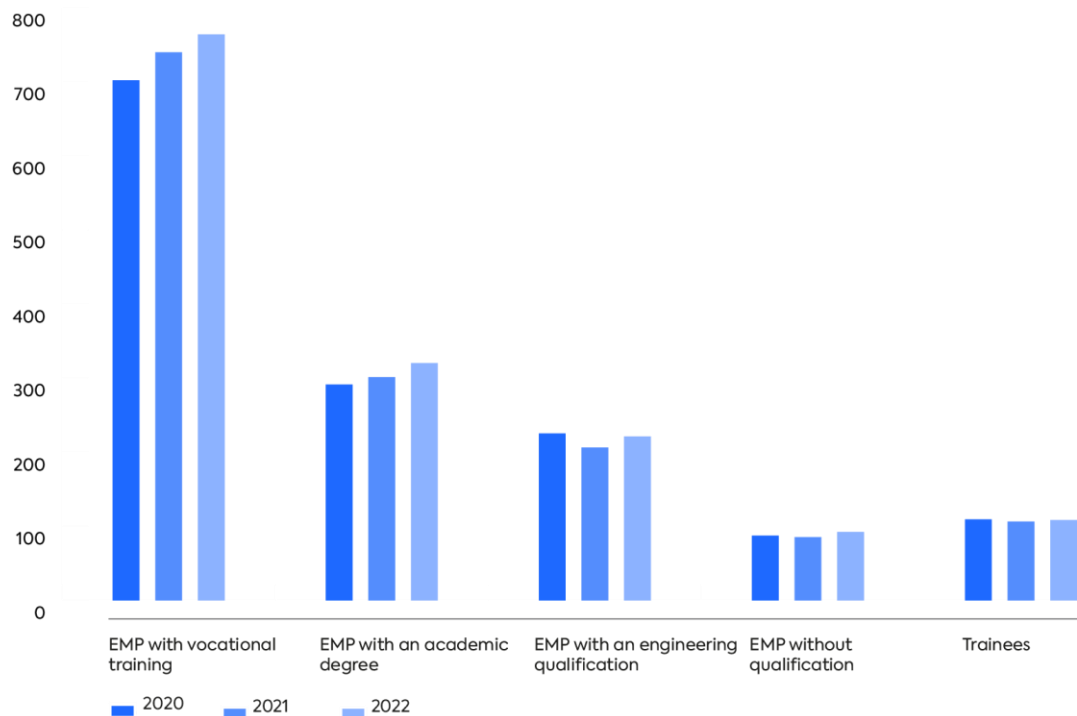
Length of service of employees in each case at December 31



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 for instance from having unfilled positions by maintaining a correspondingly high proportion of apprentices. We also launched a project on strategic HR planning in the 2022 financial year. It involved taking action to maintain optimal staffing levels for sustained, profitable growth for the Group over the medium to long term.

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. We emphasised that policy in the 2022 financial year by setting up the “#tttalents” development programme. It specifically promotes and develops high-potentials. A range of courses and project tasks prepare the participants early on for future expert or leadership positions. technotrans was an award-winner of the “Attractive Employer in Warendorf District 2022” competition, in recognition of its excellence in talent management.

Employees by qualification in each case at December 31



At December 31, 2022 the number of apprentices in the Group was 110 (previous year: 104). technotrans SE with its locations in Sassenberg and Bad Doberan accounted for 61 of these apprentices (previous year: 51). The proportion of apprentices at the German group companies remained unchanged at 7 %. The figure for technotrans SE was unchanged at 9 %. In the 2022 financial year, the technotrans Group provided apprenticeships for 21 vocational qualifications and five 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 2022 financial year, 29 apprentices successfully completed their training at our domestic companies. Of this total, we offered permanent employment to 24, representing a retention rate of around 83 %.

We offer former apprentices who have chosen to pursue a course of studies or continue with their school education 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.

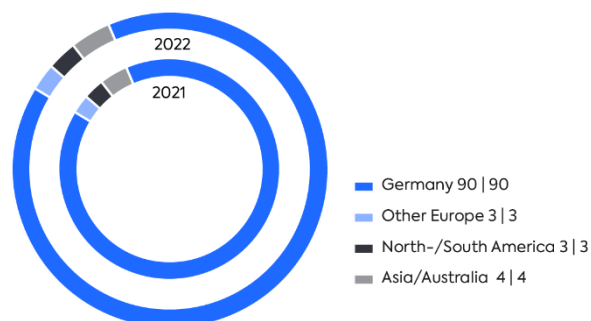
Collaboration within the technotrans Group across the various locations is growing in importance, not least through the Future Ready 2025 strategy. To encourage specialist and personal exchanges, our apprentices can take on assignments at more than one location.

We held a large number of training courses and advancement measures in the 2022 financial year. We drew 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 individual 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 incorporated all personnel development activities into a structured online training catalogue known internally as the “technotrans Campus”. It is being rolled out gradually across the Group. Personnel development is a core 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. An increase of around 43 % on the base year means we have already easily beaten both the annual target and the strategic goal for 2025.

The regional composition of our workforce remained virtually unchanged 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, 2022/2021 (%)



As mentioned at the start of this statement, the particulars in this report apply to the technotrans Group and technotrans SE. To complement the graph representing the Group's **employee** structure, we also provide a tabular summary for technotrans SE. The employee total for technotrans SE changed significantly year on year as a result of the merger with KLH Kältetechnik GmbH. The following list shows the employee structure of technotrans SE. It differs from the summary in the HGB annual financial statements because the latter also includes the Board of Management and employees of pensionable age.

Employee structure of technotrans SE

	2022		2021	
	Number	in %	Number	in %
Employees as of Dec. 31	676		615	
Employees by segment				
Technology	559,67	82.79	499	81.14
Services	116,33	17.21	116	18.86
Age structure				
Employees up to 20 years	51	7.54	45	7.32
Employees 21 to 30 years	160	23.67	139	22.60
Employees 31 to 40 years	149	22.04	132	21.46
Employees 41 to 50 years	132	19.53	133	21.63
Employees over 50 years	184	27.22	166	26.99
Period of employment				
up to 5 years	329	48.67	263	42.76
6-10 years	97	14.35	103	16.75
11-20 years	103	15.24	118	19.19
21-30 years	122	18.05	112	18.21
over 30 years	25	3.70	19	3.09
Employees by qualifications				
Employees with vocational training	365	53.99	336	54.63
Employees with an academic degree	124	18.34	113	18.37
Employees with an engineering qualification	94	13.91	86	13.98
Employees without qualification	34	5.03	30	4.88
Trainees	59	8.73	50	8.13
Diversity				
Number of male employees	548	81.07	495	80.49
Numer of female / diverse employees	128	18.93	120	19.51

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 third year of the COVID -19 pandemic, protecting our employees against infection remained our overriding concern. The preventive measures introduced across the Group in 2020 and 2021 were maintained. As case numbers declined they were gradually scaled back in the 2022 financial 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 appointments for 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 2022 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 outstanding examples of high quality and operating 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 safe, healthy and state-of-the-art at all times.

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. To reflect 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. 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, diversity and work-life balance

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.

For technotrans as a company that is active in dynamic markets by virtue of its international locations, innovation and creativity are crucial to success. 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.

At our Sassenberg head office alone, we employ people of 18 different nationalities. Across the Group there are 36 nationalities. We see this diversity as an asset for the technotrans Group. With 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 around 12 %.

The proportion of women in the workforce as a whole was about 20 % across the Group at December 31, 2022, unchanged from the previous year. This meant the target figure of 20 % in the Future Ready 2025 strategy was achieved.

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, a variety of part-time models and working from home. We therefore make it easier for our employees to resume their career during and after a period of parental leave. Around 11 % of all employees across the Group use the opportunity to work part-time. The opportunity to work from home was equally used extensively.

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 with them, for instance. This measure is designed to help us identify the reasons for employee turnover and address them swiftly. The fluctuation rate for the Group was low in the 2022 financial year.

At December 31, 2022 there were 1,500 (previous year: 1,433) employees in the technotrans Group. This represents growth of around 5 % on the previous year. technotrans SE had 676 (previous year: 615) employees at the balance sheet date, representing an increase in personnel of around 10 %.

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. We therefore get involved in local projects and initiatives at our locations, such as through the participation of our apprentices in Social Day 2022. Such ventures emphasise our strong ties with the regions in which we want to conduct business operations over the long term. The priorities for 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.

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 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 2022 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, only indirectly do we 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 assessed 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 2022 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 without restriction.

Combined non-financial statement

Overview of selected sustainability key figures:

	Indicator	EFFAS Indicator	Unit	2020	2021	2022	YOY
Environment	Energy consumption*						
	Energy consumption, total	E01-01	MWh	14,662	15,606**	15,162	-3%
	Energy per turnover		MWh/m€	77	74	64	-14%
	Gas		MWh	6,129	6,581	6,077	-8%
	Fuel		MWh	3,732	3,827	3,963	4%
	Electricity		MWh	4,801	5,198**	5,122	-1%
	thereof GoO "EU-Wind power"		MWh	0	1,900	2,065	9%
	thereof PV-power, production		MWh	0	81	203	150%
	Greenhousegas emissions*						
	location-based CO ₂ e-emissions scope 1 and 2	E02-01	t CO ₂ e	3,939	4,385**	4,379	0%
	market-based CO ₂ e-emissions scope 1 and 2		t CO ₂ e	3,407	3,183**	3,097	-3%
	market-based CO ₂ e-emissions scope 1 and 2 per turnover		t CO ₂ e/m€	17.9	15.1	13.0	-14%
	average greenhouse gas potential of refrigerants		GWP	-	1,115	1,000	-10%
	Waste and water*						
	Waste, total	E04-01	t	802***	1,143**	973	-15%
	Waste per turnover		t/m€	4,2***	5.4	4.1	-24%
	Share of material recycling	E05-01	%	-	-	78	-
Human	Water, total		m ³	12,195	8,884	7,797	-12%
	Water per turnover		m ³ /m€	64	42	33	-21%
	Products						
	operational life of products		years	> 15	> 15	> 15	-
	Recyclability of products		%	> 95	> 95	> 95	-
	Employee structure						
	Age structure	S03-01					
	up to 20 years		FTE	2	3	2	-33%
	21-30 years		FTE	238	223	235	5%
	31-40 years		FTE	340	346	337	-3%
Process	41-50 years		FTE	314	294	292	-1%
	from 51 years		FTE	369	380	407	7%
	Female/diverse employees in the group	S10-01	%	18,4	18,5	17,7	-4%
	Female managers in the Group (first and second management level)		%	12,4	11,4	12	5%
	Trainees in the Group		number	109	104	110	6%
	Fluctuation		%	5	8	7	-13%
	Employee health						
	Sickness rate as a percentage of total working hours		%	6	6	6	2%
	Employee qualification						
	Employees in the Group who have received the technotrans Code of Conduct		%	100	100	100	-
Soci	Qualification, education and training***	S02-02	€/FTE	250	332	403	33 %
	Supply chain						
	Percentage of suppliers assessed for compliance with ESG criteria	S06-01	%	100	100	100	-
Soci	Percentage of suppliers audited for compliance with ESG criteria	S06-02	%	100	100	100	-
	Corporate Governance						
	Payments to political parties	G01-01	%	0	0	0	-
	Penalties for anti-competitive practices	V01-01	€	0	0	0	-

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

** Adjusted value for 2020

*** Figures incomplete, retrospective determination not possible

March

gds introduces the digital only concept for technical documentation for the location Sassenberg. This saves up to 1.3 million pages of double-sided paper per year at this site alone.

April

technotrans is developing a combined cooling and heating concept for a plant producing thermoplastic materials from household waste, thus supporting the transition to a circular economy

June

Presentation of a high-precision refrigeration system based on Peltier technology for laboratory applications at the Analytica trade show in Munich. The silent and vibration-free cooling system from technotrans does not require refrigerants.

July

Commissioning of a photovoltaic system with 400 kW_p at technotrans systems GmbH, which covers almost 40 % of the site's electricity requirements through direct self-consumption.

August

Weight-optimized battery cooling for rail vehicles is presented. Among other things, this is now also available with the natural and particularly climate-friendly refrigerant propane.

October

technotrans has set itself the goal of achieving climate neutrality at its own locations by 2030. One step in this direction is the use of green hydrogen to generate heat at the Holzwickede location.

Target year 2025

Target achievement 2022

Green Power

100 % renewable power

1

44%



Fuel

-5% p.a. fuel consumption

2

-5%

(compared to base year)



Diversity

At least 20% female/diverse employees

3

20%



Personnel development

5% p. a. Increase in expenditure

4

+43%

(compared to base year;
target 2025 already exceeded)



Recyclable packaging material

All locations

5

2 of 7



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 (GCGC), notes on the publication of the Remuneration Report and remuneration system as well as the **Independent Auditor's Report pursuant to Section 162 AktG**, 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) 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 also 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. The company's core skill focuses on application-specific solutions in the area of thermal management. With 17 locations, the company has a presence in all major markets worldwide. The Group parent is technotrans SE, with registered office in Sassenberg. It is entered on the Commercial Register of the Local Court of Münster under HRB 17351.

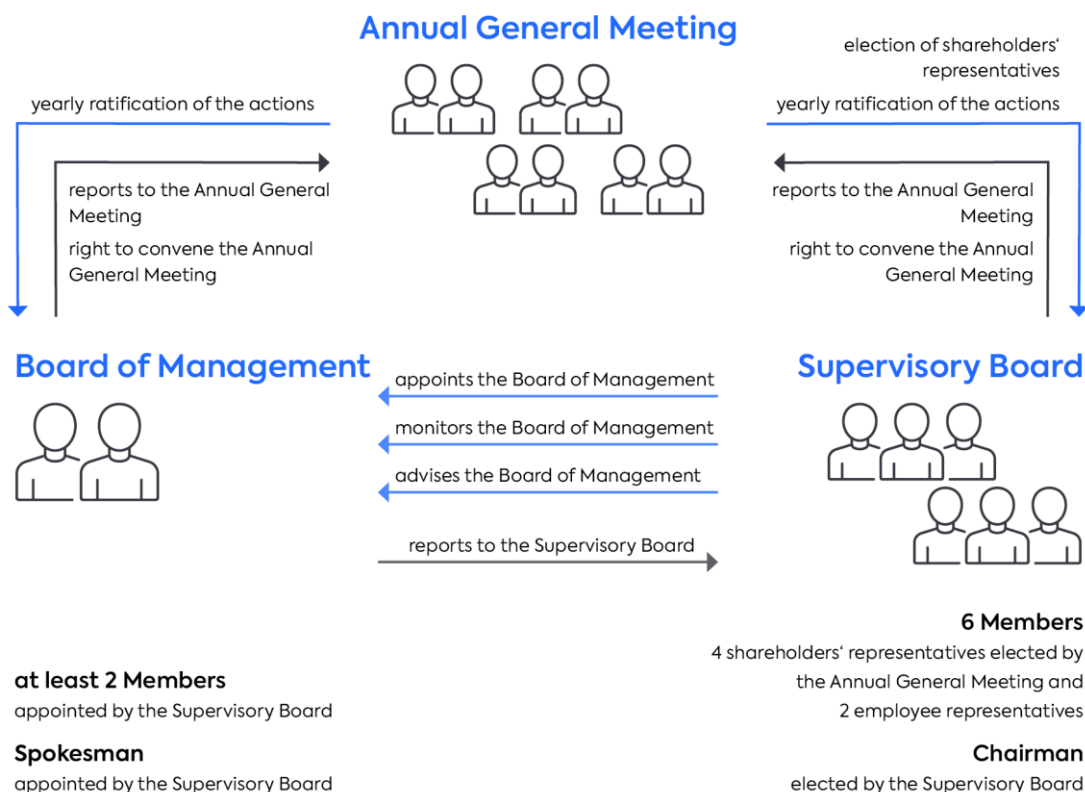
Based on the Future Ready 2025 strategy published in December 2020, the Group has defined the four focus markets Plastics, Energy Management, Healthcare & Analytics and Print. The company also develops highly specific solutions for applications in the area of Laser & Machine Tools. In addition the Group offers an extensive portfolio of services including commissioning, installation, maintenance, repair and a 24/7 parts ordering service. The Board of Management has established an internal control and risk management system within the Group; it is explained in greater detail in the Opportunities and Risks Report. From dealing with internal control and risk management, the Board of Management is not aware of any circumstances that suggest the system is not adequate or effective.

Independent supervision of the internal control and risk management system is performed by the Supervisory Board and the adequacy and effectiveness of areas of the internal control system are examined by independent external auditors.

The Group companies fundamentally operate under the umbrella brand technotrans. The only exception is gds GmbH, which is a full-service provider for all aspects of technical documentation.

technotrans SE has a dual-board 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 a supervisory role. 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: 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. The Consolidated Financial Statements include 15 companies (six domestic and nine international). technotrans SE is listed on the stock exchange and its reporting reflects the transparency requirements of the Prime Standard of the Frankfurt Stock Exchange.

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 especially 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 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 recommendations of the GCGC as its benchmark, in each case as amended.

On December 16, 2022 the Board of Management and Supervisory Board issued the following Declaration of Compliance pursuant to Section 161 AktG on the basis of GCGC as amended on April 28, 2022:

“Since December 14, 2021 (publication of the previous Declaration of Compliance) and going forward, technotrans SE has complied and will comply with the recommendations of GCGC as amended on April 28, 2022 (announced in the Federal Gazette on June 27, 2022) with the exception of the following departures:

Article B.1 (Composition of the Board of Management; diversity)

GCGC 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 on the secondary consideration of gender.

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 approach as its basis in specifying the targets for the proportion of women on the Board of Management in accordance with Section 111 (5) of the German Stock Corporation Act in conjunction with Article 9 (1) letter c) (ii) of the SE Regulation. A departure from Article B.1 of GCGC is therefore declared.

Article C.1 (Composition of the Supervisory Board; skills profile)

Pursuant to Article C.1 of the GCGC, the GCGC recommendations include disclosing the implementation status of the profile of skills in the form of a qualification matrix in the Corporate Governance Declaration. Until the GCGC update in April 2022 this form of disclosure was not specified with the result that the previous Corporate Governance Declaration envisaged a different form of representation. With the publication of the next Corporate Governance Declaration, a qualification matrix will be used in line with the GCGC recommendation, with the result that its disclosure will eliminate the departure from GCGC from that point on.

Article D.3 (Supervisory Board committees; expertise within the Audit Committee)

Pursuant to Article D.3 of GCGC, since the GCGC update in April 2022 it has been recommended that the members of the Audit Committee who have expertise in the fields of accounting and auditing be named in the Corporate Governance Declaration. Further details of their expertise in the areas mentioned should also be provided. In the absence of such a recommendation no individual disclosures were made in the past. However this increased transparency will be provided with the publication of the next Corporate Governance Declaration in line with the GCGC recommendation, with the result that the departure declared for the current interim period will be eliminated from the publication of the next declaration.

The versions of the Declaration of Compliance as amended are available on the company's website at the following address: <https://www.technotrans.com/company/corporate-governance/declaration-of-compliance>

Previous Declarations of Compliance of technotrans SE are available 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 GCGC. They were approved by the Annual General Meeting on May 7, 2021.

The Remuneration Report for the 2021 financial year was approved by the Annual General Meeting on May 13, 2022.

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) first sentence (1) AktG and the most recent resolution of the Annual General Meeting on Supervisory Board 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 (from the 2021 financial year) 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. Since December 1, 2022 the Board of Management has comprised the three members Michael Finger (CEO), Peter Hirsch (CTO and COO) and Robin Schaede (CFO).

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, Peter Hirsch until December 31, 2025 and Robin Schaede until November 30, 2025.

Michael Finger, DOB 1970, Engineering graduate in Mechanical Engineering, is responsible for the Sales, Marketing, Service, Quality Management and Sustainability areas, as well as Investor Relations. Having held various senior positions at major international companies in the automotive supply industry, Finger possesses 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, Development, Production, Purchasing, Logistics and HR areas. Based on his scientific work and various senior positions at mid-corporate businesses in the refrigeration technology sector, Hirsch has comprehensive expertise particularly in operational business management and lean management.

Robin Schaede, DOB 1975, Master of Science in International Business Studies, is responsible for the Finance & Controlling, IT and Legal & Compliance areas. From his many years as CFO at a variety of companies, Schade has extensive international expertise in the finance, controlling, internal audit and tax areas.

The Supervisory Board considers that the present composition of the Board of Management satisfies the diversity concept currently in place for technotrans SE, with its particular focus on expertise and experience.

For the period from June 30, 2017 to June 30, 2022 the target for the proportion of women holding office on the Board of Management was 0 %. This also corresponds to the current actual composition of the Board of Management. The Supervisory Board sees diversity among senior management as a key aspect for the development of the company. In that connection it would like to actively promote especially the proportion of women in leadership positions. That includes appointing female candidates with the right personal and professional skills to the Board of Management. The Supervisory Board aims to appoint a woman to the three-member Board of Management during the currently applicable implementation period up until June 30, 2027 if a new member needs to be appointed. The target for the proportion of women on the Board of Management is therefore 33.3 % by June 30, 2027 (one Board of Management member). Achieving this target is dependent on a female candidate with the right personal and professional skills being available to take up such a vacant position in the near term.

Long-term succession planning for the members of the Board of Management is laid down by the Supervisory Board on the basis of an intensive dialogue between the Board of Management and Supervisory Board. As part of its long-term succession planning, based on the recommendations of the German Corporate Governance Code (GCGC) 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 assure an appropriate composition of that 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 required 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.
- 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 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

below the Board of Management 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 and gds GmbH as well as the Site Manager for Bad Doberan, the international Head of HR, the Head of Group Accounts and the Head of Group Controlling. 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.html>

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. technotrans 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. For further information, please visit: <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 and has incorporated its principles into the technotrans Code of Conduct, which is binding for all employees worldwide. This document constitutes the corporate compliance guideline at Group level. The Code of Conduct 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, which is certified according 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 the uniform management and control of Group regulations as well as 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 the Shareholder Rights Directive Implementation Act (ARUG II) and takes account of the recommendations of GCGC. 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 is available on the technotrans website at the following address:

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

According to Article 19 of the EU Market Abuse Regulation, the members of the Board of Management are obliged to make a public declaration if they acquire or sell shares in technotrans SE with a total volume of **€ 20,000 or more within one calendar year**. In the 2022 financial year Michael Finger acquired a total of 2,700 technotrans shares for a total price of € 62,053.00. Peter Hirsch purchased 2,262 technotrans shares for a total price of € 51,686.70. 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 2022 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 Supervisory Board is available on the technotrans website at <https://www.technotrans.com/company/supervisory-board>. 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 target for the proportion of women on the Supervisory Board is 33.3 % by June 30, 2027 (for the six-member Supervisory Board, this corresponds to two women members). The proportion of women on the Supervisory Board is currently 16.7 % (one Supervisory Board member). Based on this new target, the Supervisory Board would like to develop the composition of the Supervisory Board to reflect the expertise and various diversity aspects set out in the qualification matrix. The previous target from June 30, 2017 to June 30, 2022 was 0 %. The level of representation achieved so far is 16.7%. Independently of this, it is incumbent upon the Supervisory Board merely to make proposals regarding the shareholder representatives on the Supervisory Board. The election of Supervisory Board members is the responsibility of the Annual General Meeting or, in keeping with the provisions of the SE employee-management agreement, of the employees in respect of the employee representatives.

Furthermore, the Supervisory Board declined to stipulate a limit on how long a person may serve on the Supervisory Board. In this respect 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 German Corporate Governance Code (GCGC) as amended on April 28, 2022.

The Supervisory Board has adopted its own expertise 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 is qualified to perform its supervisory and advisory functions and can therefore perform these functions in the intended under the German Stock Corporation Act (AktG) and GCGC. For each aspect of the Supervisory Board's **activities there should be at least one competent person** on the board, so that the necessary range of expertise and experience is fully covered by the Supervisory Board members as a whole. That aside, however, each Supervisory Board member is expected to exhibit certain indispensable general knowledge and experience.

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

- Supervisory Board members should as a whole meet the following standards over and above general requirements regarding education, reliability, professional experience and specialist suitability, or acquire this expertise where it goes 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 focus 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 knowledge of individual Supervisory Board members that needs 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 in each case by 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. That person 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.

Andrea Bauer, Economics graduate, Chair of the Audit Committee, is especially conversant in the areas of accounting and auditing as a tax consultant, chartered accountant, US Certified Public Accountant (CPA) thanks to her many years of experience in a variety of CFO positions.

Sebastian Reppegather, Business Management graduate, member of the Audit Committee, also brings particular knowledge of accounting and auditing to the Supervisory Board on the basis of his experience as a member of the Audit Committee and as financial expert in various non-executive directorships and an administrative board mandate at listed companies, as well as his lengthy service as a consultant and investment manager.

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. By way of an age limit for the Supervisory Board, these rules 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. Its members as a whole possess all the key knowledge, 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 and 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).

Qualification matrix for the Supervisory Board

	Andrea Bauer	Peter Baumgartner
Position in the Supervisory Board	Member	Chairman
Committee chair	Audit Committee	Committee for Personal und Organizational Development
Shareholder / Employee representative	Shareholder representative	Shareholder representative
Member of the Supervisory Board since	2020	2021
Personal skills		
Regulatory requirement	X	X
Independence ¹	X	X
No overboarding ²	X	X
Previous pos. in Board of Management of technotrans SE	no	no
Diversity		
Sex	female	male
Year of birth	1966	1954
Nationality/ies	German	German, swiss
Professional education	Dipl.-oec, tax consultant, auditor, US Certified Public Accountant	Engineering Graduate, Mechanical Engineering
Current profession	Independent Management Consultant	CEO, RKW SE, Mannheim
Professional skills		
Strategy & Transformation		
Strategy Development & Realisation	(X)	X
Mergers & Acquisitions	X	X
Innovation / R & D		
Industry experience / Markets & Products	X	X
Corporate Governance & Controlling	X	X
International Experience	X	(X)
Legal & Compliance	X	(X)
Risikmanagement	X	(X)
Digitalisation / Digital Transformation	(X)	
HR / HR-Management	X	(X)
Operations / Production/ Procurement	(X)	(X)
Sales / Marketing	(X)	
Finance- and Accounting		
Financial Expertise acc. to § 100 (5) AktG	X	
Expertise in Accounting	X	
Expertise in Auditing	X	
Corporateplanning & -steering	X	X
Corporate Finance & Capital Markets	X	(X)
Sustainable Corporate Governance / ESG	(X)	X

X = Criterion met / core expertise
(X) = Complementary expertise
1 Pursuant to recommendations of the German Corporate Governance Code
2 Pursuant to Section 100 AktG as well as Principle 12, Recommendations C.4 and C.5 of GCGC

Corporate Governance Declaration

Dr.-Ing. Gottfried H. Dutiné	Andre Peckruhn	Sebastian Reppegather	Thorbjørn Ringkamp
Deputy Chairman	Member	Member	Member
Committee for Strategy and Innovation			
Shareholder representative	Employee representative	Shareholder representative	Employee representative
2021	2019	2022	2019
X	X	X	X
X	X	X	X
X	X	X	X
no	no	no	no
male	male	male	male
1952	1977	1969	1976
German	German	German	German
Dr. Engineering Graduate	Industrial Manager	Business Administration Graduate	Business Administration Graduate
Independent Management Consultant	Operational Purchaser, technotrans SE, Sassenberg	Head of Listed Investments, Luxempart S.A., Luxembourg	Senior Sales Manager Global, gds GmbH, Sassenberg
X	(X)	(X)	(X)
X		X	(X)
X	(X)		(X)
X	X	(X)	X
X		X	(X)
X	X	X	X
(X)	X	X	X
(X)	X	X	(X)
(X)	X		(X)
(X)	(X)	(X)	X
(X)	X		(X)
X	X	(X)	X
	(X)		
	(X)	X	
X	(X)	X	(X)
		X	
X	(X)	X	(X)

Modus operandi of the Supervisory Board

The Supervisory Board appoints the Board of Management, approves its schedule of responsibilities, **oversees the Board of Management's 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. Supervisory Board members also receive training on specific topics from employees of the company.

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 2022.

For detailed information on the work of the Supervisory Board and its committees, please refer in each case to the current Report of the Supervisory Board published in the Annual Report. 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 2022 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, aspects of sustainability, 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), Sebastian Repegather, Andre Peckruhn

As presented in the section “**Composition and diversity of the Supervisory Board**”, Andrea Bauer and Sebastian Repegather have particular expertise in the areas of accounting and auditing.

Committee for Personnel and Organisation Development

Peter Baumgartner (Chair), Andrea Bauer, Sebastian Repegather, Thorbjørn Ringkamp

Committee for Strategy and Innovation

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

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 on the technotrans website at the following address:

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

The chairs of the committees regularly brief the Group 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 sell shares in technotrans SE **with a total volume of € 20,000 or more within one calendar year**. No transactions were reported by Supervisory Board members in 2022.

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 to 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 had 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. As of June 30, 2022 the proportion of women in the top two management tiers was 6 % and 15 % respectively. This position confirms that given the comparatively small number of managers in the first and second management tiers of the technotrans Group, small changes in the filling of positions can have a considerable effect on target attainment. The Board of Management nevertheless continues to pursue the goal of increasing the proportion of women in the first and second management tiers where female candidates with the right personal and specialist skills can be found. The Board of Management is also underscoring this goal with the launch of a project to develop the aspects equality, diversity and inclusion (referred to for short as EDI) further within the technotrans Group. The Board of Management correspondingly

approved updated targets on June 30, 2022 which are valid for a period of just one year, and therefore until June 30, 2023, in light of the above EDI project. The new targets defined for the proportion of women are 6 % for the first management tier and 15 % for the second tier. technotrans SE will report regularly on the implementation of the targets in accordance with the statutory provisions. As of December 31, the proportion of women in the first management tier was around 7 %, and around 16 % 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.

The company holds video 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 GCGC, the Chair of the Supervisory Board is involved in these activities. There were moreover several meetings in the 2022 financial year where the Supervisory Board Chair discussed matters relating to the Supervisory Board with institutional investors.

Inside information pursuant to Art. 17 (1) of the EU Market Abuse Regulation is disclosed directly in the form of ad hoc announcements. There were no such disclosures in the 2022 financial year. Past ad hoc

announcements are available 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 2022 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. PwC audited the annual financial statements and Consolidated Financial Statements of technotrans for the 2022 financial year. The total fee for the auditor in the 2022 financial year was **€ 355 thousand, including € 4 thousand (2021: € 0 thousand) in tax consultancy expenses unrelated to the accounting period**.

Shareholders/Annual General Meeting

Composition of issued capital

The issued capital (share capital) at December 31, 2022 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 grant 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, 2022 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 March 9, 2022 Luxempart S.A. has a shareholding of 20.12 %. Teslin Capital Management BV had 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 authorised, with the consent of the Supervisory Board, to increase the share capital on one or multiple occasions **by up to a total of € 3,450,000 by issuing new shares** against contributions in kind or in cash until May 17, 2023. 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 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.

No use was made of the above authorisations in the 2022 financial year.

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 accompanying documents and reports is made available by the deadlines required by law on the technotrans website at the address <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.

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

The goal of entrepreneurial activity is to continuously identify opportunities and exploit them to increase corporate value. The taking of risks is an intrinsic part of that. The opportunity and risk management system in place at technotrans 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.

A systematic and efficient risk management system includes defining risk policy principles. 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 cross-divisional, cross-disciplinary Internal Control System (ICS) is an integral component of Group-wide risk management. It provides legally sound control over all relevant risk-exposed areas of the Group. 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 always be consistent 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 justifiable extent as opportunities for economic success. 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.

The risk management system 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 reported regularly in a standardised form to the Legal & Compliance department.

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

The risk management system including the ICS is 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 the 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. With regard to the adequacy and effectiveness of the risk management system and internal control system, we refer to the remarks in the Corporate Governance Declaration.

ORGANISATION OF THE RISK MANAGEMENT SYSTEM

A responsible approach to entrepreneurial opportunities and risks is inherent to sound corporate management and 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 comes under the Legal & Compliance department, which ensures that reports are submitted to the Board of Management regularly and promptly with the support of Group Controlling. The organisational structure implemented makes it possible to identify risks quantitatively at an early stage based on key performance indicators, and pick up on trends. This approach ensures that the Board of Management is always informed of material shifts and can immediately take appropriate measures.

The reach and setup of the ICS lie within the scope of judgement and responsibility of the Board of Management. One key objective of the ICS is to ensure that the (Consolidated) Financial Statements are legally compliant. 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 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 Accounting organisation 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 ERO and bookkeeping system is implemented at all production locations except for Baden-Baden, which is due to make the switch in the 2023 financial year.

The reporting and consolidation processes for all Group companies are performed using an IT system that is made available centrally by technotrans SE.

There are regular internal checks on the **Group companies' financial reporting, as well as non-central compliance audits**. These also take the form of random examinations and plausibility checks with IT support. At the end of **the financial year the Group companies' financial statements are audited** internally before they are released for the Consolidated Financial Statements.

Risk management is organised uniformly across the Group. The risk early-warning system meets the requirements of the German Corporate Control and Transparency Act (KonTraG) and of Section 91 (2) AktG.

Group-wide risk communication is handled using a standardised format, in consultation with the Legal & Compliance corporate department 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 probability, the potential loss (gross view) and taking account of the proposed countermeasures (net view). Residual risks are evaluated separately and additional measures are earmarked for them. If a crisis is reported, the company responds without delay based on established emergency plans or by deploying an appropriate crisis team headed up by the Board of Management.

The approach taken is the following, as illustrated by receivables management: to avoid defaults, every customer is assigned general and individual credit limits (which may reflect trade credit insurance, for example). Receivables are regularly analysed and payment histories monitored to assess what measures are needed in the event of default. For standard business, first a suspension of supplies is announced; if the customer remains in arrears, this status remains in place until they are back below the credit limit. Customer creditworthiness is also monitored based on external sources. The limits are adjusted to reflect changes. In addition, they are reduced after repeated suspensions and/or arrears.

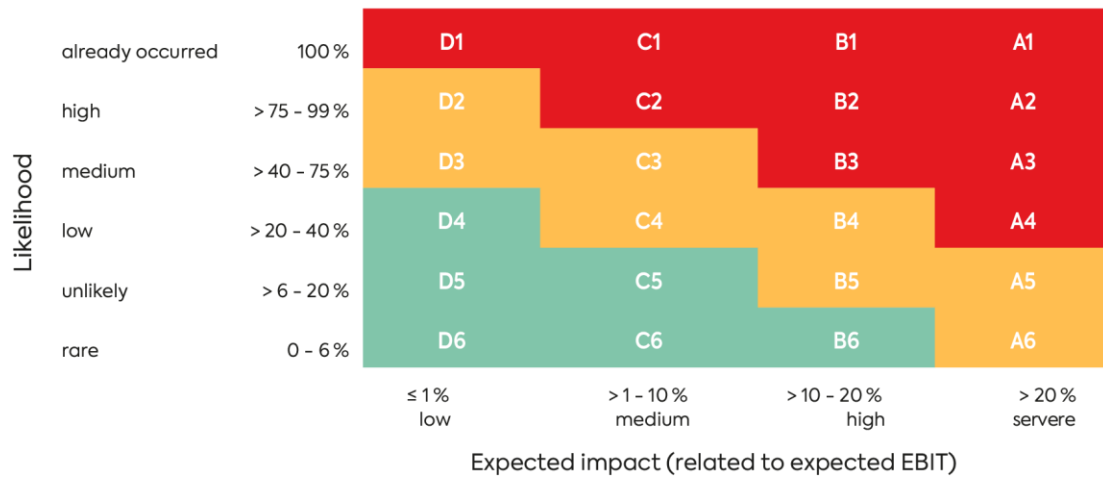
The Board of Management discusses in detail the risks determined and how they are rated in one-to-one talks and at routine meetings with top-tier management.

Those circumstances and events that cause a percentage deviation in the expected EBIT value in the annual planning are defined as risks and classified using a risk matrix.

Risks are also 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 categories (A1 to D6). These are then placed in relation to the planned net profit for the period (plan EBIT) to obtain the assessment basis for the risk category.

The current risk strategy of the technotrans Group is represented in the following risk matrix. technotrans takes this as the starting point in defining its risk categories for the financial year in question.

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 zone of the risk matrix.

Opportunities and risks profile

As a technology company, technotrans operates in a market environment in which new opportunities and risks continually arise. 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. Opportunity and risk management supports the management in achieving the corporate targets.

technotrans perceives opportunities in advantageous developments that mean it exceeds defined targets, therefore promoting the development of the business. Risks are taken to mean uncertain internal and external events that 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 presented in the Risks Report correspondingly also support the managing of opportunities. All employees of the technotrans Group fundamentally share responsibility for identifying opportunities and risks.

The risk management system groups together individual risks that are substantively related and treats them as a single overall risk. Based on the recommendations of German Accounting Standard No. 20 (DRS 20), technotrans categorises its risks as general economic, corporate strategy, financial, economic performance and legal risks.

The individual risk categories are explained below. Unless otherwise indicated, the risks apply to both the Technology and Services reporting segments. The Board of Management assessed the probability of all risks occurring simultaneously as low.

GENERAL AND INDUSTRY-SPECIFIC RISKS

The success of the technotrans Group depends substantially on the macroeconomic developments in its sales markets. These include especially the focus markets Plastics, Energy Management, Healthcare & Analytics and Print. It is also active in the Laser & Machine Tools market.

technotrans is equally not immune to cyclical fluctuations in the global economy. If this weakens, it must expect impacts on consolidated revenue and profit. technotrans has a well-diversified portfolio covering a range of sectors and regions. It is therefore in a position to absorb adverse effects to some degree. Management of the risk from the business cycle therefore primarily involves controlling capacities and costs. Flexible production structures allow technotrans to adjust at short notice to changes in the order situation.

The COVID-19 outbreak eased in core economic regions such as the EU and USA in the course of 2022. Conversely a renewed rise in case numbers was reported in China after its abandonment of the zero-COVID strategy. Since February 2022, the war in Ukraine and the resulting energy crisis, combined with high inflation rates, have also heaped pressure on the economic environment. For the German mechanical engineering sector and therefore technotrans, the disruptions to the supply of materials and supply chains along with price rises for key commodities and input materials remain the principal challenges in the period under review. For assessing future macroeconomic development, among

other tools technotrans uses forecasts by leading economic research institutes. These institutes expect subdued economic momentum for 2023 in core regions of the world.

To safeguard orderly business operations in the 2023 financial year, the measures already established to maintain an adequate supply of materials for production will remain in place. They include broadening the scope of ordering, placing long-term volume contracts, using alternative materials and components, identifying alternative suppliers, more flexibility in production planning and production, and short-term capacity management. Procurement-end price increases are passed on to the customer promptly. Revenue performance, liquidity and the cost situation will be monitored very closely.

The world's leading printing press manufacturers (OEMs) continue to account for a substantial portion of revenue. 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. The Board of Management does not expect this would have any lasting consequences because consolidation among manufacturers would probably not exercise any influence on overall sales of printing presses. As a whole, the development of the Print market has firmed up thanks to a strong stimulus from packaging printing for films and cartons, in a reflection of the increased online retail volume.

The Future Ready 2025 strategy appreciably improved the technotrans **Group's resilience, 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 the focus markets, creating a differentiated product range and building on its leading technological and innovative position.

Russia's attack on Ukraine and the lingering COVID-19 pandemic mean the economic environment and the situation on procurement markets worldwide remain challenging. There is the continuing challenge of how to secure a timely supply of materials and remain able to deliver. Matters are not expected to improve until the second half of 2023 at the earliest, assuming the geopolitical situation does not deteriorate.

As previously, the Board of Management therefore assesses the risks in this risk category as high.

CORPORATE STRATEGY RISKS

The effects of past strategic decisions in the form of corporate acquisitions as well as risks arising from the ongoing Future Ready 2025 strategy are regarded as corporate strategy risks.

technotrans SE has also achieved growth in the past through corporate acquisitions. Such ventures entail fundamental risks to the net assets, financial position and results of operations of the Group if expectations with regard to the economic development of the acquired companies are not met. To reduce these risks, acquired companies are included immediately in the technotrans **Group's reporting** and risk management system. The Group reported goodwill from past acquisitions 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 no write-downs were recognised.

The Future Ready 2025 Group strategy defines measures designed to safeguard attainment of 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. Over and above organic growth, technotrans also considers options to expand its technological expertise through acquisitions that are a perfect fit, access attractive international markets, provide even greater value added in the form of customer services and broaden the portfolio of products and services.

To maintain competitiveness, meet market requirements and attract new customers, technotrans is investing steadily in the further development and optimisation of its own technologies, products and processes, especially in the focus markets.

In unlocking new markets and customers as well as launching new products, there is fundamentally the risk that the defined targets will not be achieved. However the probability of such risks 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 adverse effects on the competitive position and revenue of the technotrans Group. technotrans tackles these risks and systematically expands its market position by maintaining an intensive dialogue with customers and conducting its own market observations. Upholding high quality standards is of major importance in this regard.

In drawing up its plans for the 2023 financial year, the Board of Management has based its estimates on realistic planning assumptions. If necessary it can take prompt, flexible corrective steps 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 especially the liquidity, interest and exchange risk, as well as the bad debt risk.

The individual Group companies fundamentally finance themselves from their business operations. If they are in need of financing, technotrans SE supports them in its capacity as the central lending institution for the Group. To keep all Group companies in a position to act at all times, technotrans SE holds appropriate liquidity reserves. Credit financing for the Group is spread across several core banks with good credit standing. This approach has the result of minimising financing risks from the failure of individual lenders.

Despite the challenging overall situation, technotrans was able to increase the cash flows from operating activities before working capital changes in the 2022 financial year. The sharply higher level of tied-up capital due to such factors as buffer stocks and increased inventories to allow for growth as well as higher trade receivables was additionally financed by the raising of short-term loans. The economic circumstances of the technotrans Group remained orderly and very sound. Fixed-interest agreements mean there are no interest rate risks to long-term financing. Short-term funds raised to finance the higher net working capital are exposed to an increased interest rate risk because inflation has driven up base rates.

A major negative variation in the results of operations, financial position and net assets from the plan for the 2023 financial year could necessitate drawing on the available borrowing facilities to a greater extent than planned. The Board of Management assesses this risk as moderate (previous year: low).

In view of the company's structure and the growth of its international activities, exchange rate movements influence the business activities of the technotrans Group. Because business operations are billed overwhelmingly in euros, there are only limited exchange rate risks. Exchange-rate developments can also affect the competitiveness of our customers and therefore affect the technotrans Group indirectly.

Exchange rate risks at financial reporting level arise at Group companies outside the eurozone from the translation of revenue, income and expenses as well as intragroup receivables and liabilities into euros. Exchange rate movements may correspondingly increase or reduce the consolidated result.

The hostilities between Russia and Ukraine are not expected to have any direct impact on the technotrans Group's economic development because of the only minor level of business activity in those countries. The situation does, however, give rise to incalculable indirect risks for example in the form of trade restrictions for our customers or higher financing costs due to base rate rises to tackle inflation.

Despite the difficult economic environment the order situation for mechanical engineering made good progress in the period under review, with a reach well into the 2023 financial year. The bad-debt and insolvency risk on the debtor side is correspondingly rated as low. Systems to continuously monitor creditworthiness, demand collateral and implement trade credit insurance are effective ways of minimising the risk for technotrans.

There are systematic checks to reduce financial risks from potential compliance cases 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

Upheaval in procurement markets creates economic performance risks in the form of supply bottlenecks, price increases and dependence on individual suppliers. Production shutdowns are the principal risk from such factors.

technotrans is dependent on receiving supplies of the required volume and quality at all times. Supplier management is therefore closely dovetailed with the risk management system. technotrans addresses expected shortages of raw materials and the associated price risks through long-term framework contracts with selected suppliers, for example. The strategic purchasing arrangements established across the Group help to realise economies of scale for the procurement of the principal categories of materials.

The procurement risks following the COVID-19 pandemic have increased with Russia's invasion of Ukraine. The technotrans Group continues to anticipate limited availability and substantial price increases for important input materials. 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 price rises cannot always be passed on directly and in full to customers. In terms of materials and procurement activities, the Board of Management expects the tight situation to continue especially in the first half of the 2023 financial year. The risk is assessed as high.

technotrans has taken extensive action to mitigate procurement risks. For details, please refer to the section **“General and industry-specific risks”**. In addition, the high level of vertical integration at the Meinerzhagen, Holzwickede and Bad Doberan locations fundamentally has a risk-reducing effect.

The sales risk represents another risk in this category. This refers to the failure to meet customer 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 help to reduce risks in this category. The upheaval on procurement markets means delays to delivery dates cannot be ruled out; this could ultimately lead to the loss of the customer. This risk is therefore classified as high.

A secure and effective IT infrastructure is the basis of a modern process-led organisation. The integration of numerous IT systems and the need for permanent, unrestricted 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.** Technically and organisationally, technotrans addresses potential risks from the failure of computer systems and networks, unauthorised accessing of data and data misuse through a central 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. That includes the use of virus scanners and the introduction of firewall systems, as well as penetration tests and access controls. 2022 saw more reports of cyber attacks on businesses. technotrans was not affected by this issue. The Board of Management currently classifies the IT risks as moderate (previous year: low).

The gradual implementation of a uniform SAP ERP system in all Group companies is an essential prerequisite for the Group to realise further synergy potentials. Unforeseen 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 and the Group. To minimise this risk a roll-out is preceded by extensive integration tests. SAP is already in use at all manufacturing companies apart from technotrans systems GmbH, which will switch to it in the 2023 financial year. The above risks are categorised as low, as a subset of IT risks.

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. technotrans reduces this risk through focused training and advancement measures, by spreading individual expertise among teams and by offering commensurate pay.

The Board of Management continues to assess the economic performance risks as moderate.

LEGAL RISKS

The international business activities of technotrans SE and its Group companies mean the companies are exposed to a variety of legal risks. The national and international drafting of contracts is of particular relevance. The nature of the individual companies’ business operations means there are risks

especially regarding guarantee and product liability claims from customer complaints. These risks are extensively covered by insurance policies as an element of the risk management system. To guard against the risks, provisions for payments to be made under warranty amounting to € 1.9 million (previous year: € 2.4 million) were accounted for in 2022.

In response to material 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 imposition of trade and competition restraints can have a negative impact. Effective contract and quality management plus a compliance management system can minimise these risks but not neutralise them altogether. As a precaution, technotrans has taken out insurance policies to cover these risks. 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 opportunity and 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.

Risks that pose an existential threat either by themselves or combined with other factors are not currently in evidence. The Group is well placed in that respect. With an acceptable risk profile, everything is in place for technotrans to achieve the goals of the medium-term corporate strategy and successfully maintain a course of profitable growth.

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 adequate risk resilience.

The overall opportunity and risk position has not changed significantly from the previous year.

In the Board of Management's view, the Group continues to be well positioned to achieve the goals of the Future Ready 2025 strategy with regard to its risk positions and resilience.

Future parameters

In its World Economic Outlook (WEO) dated January 2023, the International Monetary Fund (IMF) forecast a decline in global economic growth from 3.4 % to 2.9 % in 2023, followed by a rise to 3.1 % in 2024. It anticipates that eurozone growth will hit a low of 0.7 % in 2023 before rising again to 1.6 % in 2024. For the German economy, the IMF expects growth of 0.1 % in 2023 followed by 1.4 % in 2024. **The German government's economic forecast is similar, anticipating 0.2 % for 2023 and then 1.8 % in 2024.** The ifo Institute expects negative growth of -0.1 % for 2023 followed by growth of 1.6 % in 2024. Central banks' interest rate hikes to tackle inflation and the invasion of Ukraine by Russia continue to weigh on economic activity. The rapid spread of COVID-19 in China and the zero COVID strategy adopted in response damped growth in 2022. **The Chinese leadership's change of tack in December 2022** paved the way for a swifter-than-expected recovery. The IMF sees global inflation prospectively running at 6.6 %, then coming down to 4.3 % in 2024. The German government expects 6 % inflation for 2023. According to the IMF view, the risks compared with the WEO dated October 2022 have therefore eased. They nevertheless continue to outweigh the opportunities. A demand stimulus from catch-up effects or a swifter fall in inflation would boost confidence. On the other hand setbacks in tackling COVID-19 infections in China would slow the recovery, the geopolitical situation could escalate and the increased cost of financing globally could create debt problems for businesses and the public sector. Pinch points in the supply of energy, input materials and labour continue to present a major challenge to German businesses in 2023. If moreover it does not prove possible to bring inflation down, there is likely to be considerable pressure on consumer spending and investment activity. In light of **the German mechanical and plant engineering sector's demonstrable resilience**, the VDMA anticipates a moderate fall in output of 2 % for 2023.

All in all, the economic environment in 2023 remains challenging for the technotrans Group and makes planning difficult. The measures already taken in Phase I of the Future Ready 2025 strategy have now **increased the Group's resilience in the face of volatile economic conditions.**

EXPECTED CHANGE IN GROSS DOMESTIC PRODUCT (GDP, %)

	2023e	2024e
World	2,9	3,1
USA	1.4	1.0
Euro-Zone	0,7	1,6
Germany	0,1	1,4
Emerging Economies	5,2	4,5

Source: International Monetary Fund, World Economic Outlook, January 2023 (forecast)

Expected development of the markets of relevance for technotrans

Demand for customer-specific, energy-efficient thermal management solutions has risen steadily notwithstanding the difficult economic environment. The main drivers of this demand are the mega-trends digitalisation, decarbonisation and electrification. An additional factor is that significant rises in energy costs are prompting customers to bring replacement investment forward and creating higher demand for resource-light cooling and temperature control technology. The technotrans **Group's optimum** positioning as the technologically leading partner for thermal management development and systems is reflected in the record level of orders on the Group's books at the start of the 2023 financial year. The book-to-bill ratio of 1.2 is indicative of continuing growth. Nevertheless, this bright outlook is clouded by ongoing bottlenecks and price increases for commodities and input materials, which have been heightened by the conflict in Ukraine, to which there is currently no prospect of a resolution. Yet systematic implementation of the Future Ready 2025 strategy has increased the **Group's resilience to volatile conditions. That is evidenced by the improving revenue and EBIT performance** in Phase I of the strategy over 2021 and 2022. This achievement is mainly attributable to the strategic emphasis on four focus markets (Plastics, Energy Management, Healthcare & Analytics, Print) with an increased share of standard products, as well as to the sustainable, well-diversified customer base.

The expected development in the markets that are relevant for technotrans is as follows:

Plastics

The K, the leading trade fair for the plastics processing industry, was able to take place once more as an in-person event in Düsseldorf in 2022. It highlighted the industry's main directions of development and growth with its focal themes "circular economy, climate protection and digitalisation". technotrans positions itself in the sector as a preferred technology partner with a broad range of intelligent, energy-efficient cooling, temperature control and water distribution systems for injection moulding and extrusion machinery, along with custom-built process cooling devices. Whereas at the start of the 2022 financial year the industry had still perceived itself as going through some of the toughest times in recent decades, the fourth quarter brought growing optimism and the economic indicators again pointed to an upward trend. That trend continued at the start of 2023. In light of that, the Board of Management expects growing demand for application-specific solutions in every performance category.

The high order backlog in particular confirms expectations that the technotrans Group remains on track for growth in the 2023 financial year. Especially for large-scale refrigeration systems, the point of revenue realisation is still dependent on the prompt availability of the input materials required.

Energy Management

The Energy Management area basically comprises thermal management systems for battery-powered road, rail and special vehicles, for charging infrastructure and for data centres. This area continues to gather momentum thanks to its high importance for continued progress in electrification and decarbonisation. technotrans' **positioning among rail vehicle manufacturers is as** a development partner for battery thermal management systems (BTMS); it is steadily building on its established position as a tier 1 supplier. For 2023, it expects new business to continue in a strong vein, and the increasing serialisation of existing prototypes. Individual road transport is also experiencing dynamic growth. Around 470,500 battery-electric vehicles (BEV) were registered in Germany in 2022. That represents around 18 % of total vehicle registrations and an increase of some 32 %. There was a comparable development in zero-emission buses. New registrations for these vehicles in Germany were up 7 % to 632 units (previous year: 555). The related need for an adequate charging infrastructure suggests renewed growth in the volume of orders for high-power charging. technotrans has been developing suitable cooling technology for these for many years. Another element of the Energy Management focus market is liquid-based thermal management for servers and data centres. The process of digitalisation means data centre capacities are undergoing steady expansion. Not least in view of the sharp rise in electricity prices, the running costs are therefore especially important. New technologies for direct liquid-based heat transfer enable significantly energy-efficient operation. For this area, technotrans supplies customised solutions (whether new or retrofit) for racks, servers and entire data centres. 2022 brought in a high level of orders and year-on-year growth of 62 %. The Board of Management therefore likewise expects to see its market potential continue to grow, and to close attractive deals in 2023.

Healthcare & Analytics

The continuing development of forward-looking operation and treatment methods regularly provides fresh impetus for growth. technotrans is able to present itself to more and more customers as a development partner for innovative thermal management systems for medical applications. Due to the approval procedures involved, new customers usually have medium-term but sustained revenue potential. The solutions developed by technotrans are for use in such areas as laser-based treatment methods, heat and cold therapy, imaging diagnostic methods and analysis systems. technotrans has been an established player in this market for many years and enjoys long-established international customer relations. In the 2022 financial year, technotrans expanded its manufacturing expertise with the installation of a clean room for ISO 7 and ISO 6 production. Based on the high order backlog and high number of enquiries, the Board of Management expects the strong growth trend to continue in the 2023 financial year.

Print

Business involving systems for the printing industry proved decidedly resilient in the past financial year. The shedding of investment restraint combined with long project lead times produced a high order backlog for offset printing with a reach into 2023 and beyond. A complementary effect was the shift in consumer behaviour as a result of the COVID-19 pandemic, with continuing high demand for **solutions for packaging and flexo printing**. As the world's market-leading supplier to the printing industry, technotrans is participating in this positive development, starts the new year with well-filled order books and expects a positive business trend for 2023 again at a consistently high level.

Laser & Machine Tools

Within its Future Ready 2025 strategy, technotrans concentrates exclusively on selected sophisticated applications in the Laser & Machine Tools market. Products developed by the Group include specific cooling solutions for laser-based EUV lithography, a technology that is enjoying growing importance thanks to digitalisation and the manufacture of new chip generations for the semiconductor industry. The Group is also benefiting from long-established customer relationships and sustained high demand in the field of laser processing machines. Despite the selective sales strategy the order backlog is very solid, confirming the prospect of steady growth.

Prospective development of the technotrans Group in the 2023 financial year

The economic environment for the 2023 financial year remains challenging. This view is based substantially on ongoing problems with the supply of materials and capacity bottlenecks, which are restricting the fulfilment of the very many orders in hand in the mechanical and plant engineering sector. The war in Ukraine, which has been going on for one year, continues to be a burden on the European economy. Businesses and enterprises are having to contend with high producer prices and inflation rates even if the cost explosion could have passed its peak and there are initial signs of an easing. Energy prices especially for gas have been coming down since the start of the year and the inflation rate in the eurozone could stabilise in single digits. After almost three years of pandemic, the coronavirus appears to be under control with the result that many of the measures to prevent infections have been abandoned, because the WHO describes the pandemic as approaching a watershed. Amid some lingering general uncertainty, there is growing confidence in the German economy. This view is underlined by the ifo business confidence index, which climbed for the fifth time in a row in February 2023. The trend is echoed by the manufacturing industry, which has started 2023 with **positive expectations**. The German government's most recent economic forecast equally strikes a more optimistic note about the new year and forecasts gross domestic product (GDP) growth of 0.2 percent for 2023. It expects inflation rates to come down in the course of the year. On average for 2023, consumer prices are forecast to rise by 6.0 percent year on year. The electricity and gas price brakes are having a damping effect on the inflation rate.

With the successful completion of Phase I of the Future Ready 2025 strategy at the end of 2022, the **Group's stability and profitability were significantly boosted despite ongoing challenges**. Coupled with the high order backlog, this leads the Board of Management to be confident that the Group will continue along its successful path of growth in the 2023 financial year, taking account of the circumstances as described.

However the performance will still depend substantially on the situation on the procurement markets. The Board of Management again expect materials to be in limited supply in 2023, but especially in the first half of the year. The now lengthy and barely foreseeable lead times for important input materials continue to demand high flexibility in operational processes. The overriding goal remains to maintain production at all locations. In this respect technotrans' **fundamentally diverse markets and products** reduce the risk of a general interruption to production due to a lack of materials. In terms of the increased rates of inflation and secondary effects from pay increases etc, the Board of Management anticipates further price increases on the procurement side in the lower double-digit percentage range; these will inevitably affect the cost structure of all products and make it necessary to adjust selling prices, for example.

Report on Expected Developments

Human resources capacities will need to be increased to handle the high order backlog and the planned level of corporate growth. There is a growing bottleneck in finding suitably qualified specialists. technotrans has increased its recruitment expertise to cushion the current restrictions in the labour market. A project on strategic HR planning and an internal technotrans talent programme for future executives was also launched to create adequate resources of qualified personnel for the medium to long term.

In light of the economic environment described, the Board of Management expects consolidated revenue for the 2023 financial year to be within the range of € 255 to € 265 million, with an EBIT margin of between 6.2 % and 7.2 %. This represents a consolidated operating result (EBIT) of between € 15.8 and € 19.1 million. The return on capital employed (ROCE) will prospectively be in the range of 13.5 % to 14.5 %. This forecast is subject to no new strains from the general geopolitical and economic environment. On that basis, the Board of Management expects to see the underlying economic situation steadily stabilise from the second half of the 2023 financial year.

Group		Actual 2022	Forecast 2023
Revenue	€ million	238.2	255.0 - 265.0
EBIT	€ million	14.3	15.8 - 19.1
EBIT margin	%	6.0	6.2 - 7.2
ROCE	%	13.3	13.5 - 14.5

EBIT as stated in the table was derived from the limit points of the forecast for revenue and EBIT margin.

The 2023 financial year now brings the start of Phase II of the Future Ready 2025 strategy, in which the aim is to increase profitable growth by further optimising the Group and through targeted investment. For this phase, supplementary production and logistics capacity have been created at the new location in Steinhagen, for example, in order to process the rising order backlog even faster and more efficiently thanks to optimised production and logistics processes and create reserves for potential major contracts.

There are intensive sales activities in both reporting segments to expand business. In the Technology segment, the priority is to increase the EBIT margin further through the targeted acquisition of high-margin standard business. Meanwhile there is a focus on steadily improving the cost trend through standardisation and leveraging cost synergies. The Board of Management believes it should therefore **be possible to increase the segment's revenue and EBIT margin yet further as planned.** In the Services segment, the adjustment of the prices of framework agreements to reinforce the high margin continues. Also, the extended range of services will now include digital services and efficiency is being boosted. The expectation for the 2023 financial year is of moderate revenue growth and a renewed rise in the EBIT margin. The Board of Management equally expects revenue growth for the Technical Documentation area, which comes under the Services segment. The decisive factors in this development will be rising demand for technical translations and the growing market penetration of the proprietary content delivery systems "docuglobe" and "XR".

With regard to the markets, the order situation across the entire portfolio indicates a positive development. The highest growth in percentage terms in the 2023 financial year is expected in the Energy Management focus market, followed by Healthcare & Analytics, Print and Plastics. The Board of Management also anticipates that the selectively served Laser & Machine Tools market will contribute to growth.

Based on the positive business trend, cash flows from operating activities should rise. Provided the situation on the supply markets eases in the second half, it will impact inventories positively, permitting a positive free cash flow overall despite the higher level of tied-up capital necessitated by growth. To expand business activity, a higher level of investment than in the previous year will be considered. The repayment of debt and the dividend payout are to be financed from current cash flow. A mid to long-range financing strategy is being drawn up in the 2023 financial year for the existing short-term financing of the increased working capital needed and for further corporate growth. The Group equity ratio will remain well above 50 %.

For the medium term, by 2025 the technotrans Group is targeting **revenue in the range of € 265 to € 285 million**, ROCE above 15 % and an EBIT margin of 9.0 % to 12.0 %. This represents a consolidated **operating result (EBIT) of € 23.8 to € 34.2 million**. Growth may be further accelerated by targeted M&A transactions.

Prospective development of technotrans SE in the 2023 financial year

A dominant feature of the HGB separate financial statements of technotrans SE for the 2023 financial year will be the continuing organic growth of technotrans SE. The Board of Management expects a moderate rise in revenue and the EBIT margin for the 2023 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. Any impact on the business performance of an escalation of Russia's war of aggression against Ukraine and from growing supply bottlenecks and excessive energy prices has not been taken into account.

Overall statement of the Board of Management on the future business performance in the 2023 financial year

Phase I of the Future Ready 2025 strategy was brought to a successful conclusion despite appreciably greater geopolitical and economic challenges. By concentrating its sales activities rigorously on the four focus markets Plastics, Energy Management, Healthcare & Analytics and Print, based on its core skill of thermal management, technotrans was able to significantly increase consolidated revenue and the consolidated operating result (EBIT) in a year of change and a difficult economic environment. Building on this basis, technotrans has again set clear targets for the 2023 financial year and is consistently pursuing its adopted strategic course. Now that it has successfully **increased the Group's** stability and profitability, Phase II of the strategy places profitable growth and the investment that will be needed for it at the heart of its activities. Underpinned by an all-time-high order backlog, the Board of Management is optimistic that the technotrans Group will be able to maintain its profitable growth in 2023. However the outlook for the financial year carries considerable uncertainty. It remains to be seen what effect the availability of materials, the challenges for personnel recruitment, rising logistics and energy prices, high inflation rates and geopolitical upheaval will have on business operations. The situation is not expected to improve until the second half of the year at the earliest. In addition, the first half of the 2023 financial year will be impacted by the investment needed to develop the new location in Steinhagen so that the high order backlog can be processed swiftly and capacity created for potential major contracts. In light of this, the Board of Management assumes that the expected revenue and EBIT growth will materialise particularly in the second half of the year. The forecast remains subject to the geopolitical and economic environment not deteriorating.

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 13, 2023

The Board of Management



Michael Finger



Peter Hirsch



Robin Schaede

Consolidated Financial Statements

Consolidated Financial Statements

_ Consolidated Balance Sheet

Page 132

_ Consolidated Income Statement

Page 134

_ Consolidated Statement of
other Comprehensive Income

Page 135

_ Consolidated Cash Flow Statement

Page 136

_ Consolidated Statement of
Changes in Equity

Page 138

_ Notes

Page 140

_ Proposal of the Appropriation of Profit

Page 197

_ Responsibility Statement
by the Board of Management

Page 198

_ Independent Auditor's Report

Page 199

_ Further Informationen

Page 208



Consolidated Balance Sheet

Assets

	Note	31/12/2022	31/12/2021
		k€	k€
Non-current assets			
Property, plant and equipment	(1)	35,670	36,212
Right-of-use assets	(2)	3,925	2,476
Goodwill	(3)	23,513	23,513
Intangible assets	(4)	4,531	6,001
Other financial assets	(5)	215	168
Deferred tax	(28)	741	1,186
		68,595	69,556
Current assets			
Inventories	(6)	50,203	33,696
Trade receivables	(7)	27,394	21,617
Income tax receivable	(8)	565	589
Other financial assets	(9)	967	590
Other assets	(9)	2,546	2,498
Cash and cash equivalents	(10)	12,445	18,651
		94,120	77,641
Total assets		162,715	147,197

Equity and liabilities

	Note	31/12/2022	31/12/2021
		k€	k€
Equity	(11)		
Issued capital		6,908	6,908
Capital reserve		19,097	19,097
Retained earnings		61,494	57,935
Other reserves		-5,329	-6,180
Net profit for the period		8,900	7,020
Total equity attributable to technotrans SE shareholders		91,070	84,780
Non-controlling interests in equity		0	-4
		91,070	84,776
Non-current liabilities			
Financial liabilities	(12)	18,908	24,803
Employee benefits	(16)	1,058	608
Other financial liabilities	(13)	2,350	1,164
Deferred tax	(28)	821	1,216
		23,137	27,791
Current liabilities			
Financial liabilities	(12)	15,492	6,670
Trade payables	(14)	7,363	6,016
Advances received	(15)	6,820	5,725
Employee benefits	(16)	5,730	5,538
Provisions	(17)	3,394	3,963
Income tax payable	(18)	4,359	1,530
Other financial liabilities	(19)	3,267	2,530
Other liabilities	(19)	2,083	2,658
		48,508	34,630
Total equity and liabilities		162,715	147,197

Consolidated Income Statement

	Note	2022	2021
		k€	k€
Revenue	(20)	238,218	211,102
of which Technology		180,203	156,890
of which Services		58,015	54,212
Cost of sales	(21)	-171,178	-150,623
Gross profit		67,040	60,479
Distribution costs	(22)	-26,907	-24,363
Administrative expenses	(23)	-21,008	-20,265
Development costs	(24)	-5,165	-4,959
Income/expenses from value adjustment of financial assets and contract assets	(7)	-122	21
Other operating income	(25)	2,227	1,521
Other operating expenses	(26)	-1,736	-1,404
Earnings before interest and taxes (EBIT)		14,329	11,030
Financial income		147	23
Financial expenses		-949	-641
Financial result	(27)	-802	-618
Earnings before taxes		13,527	10,412
Income tax expense	(28)	-4,623	-3,391
Net profit for the period		8,904	7,021
of which:			
Profit attributable to technotrans SE shareholders		8,900	7,020
Profit attributable to non-controlling interests		4	1
Earnings per share (€)	(29)		
Basic		1,29	1,02
Diluted		1,29	1,02

Consolidated Statement of Other Comprehensive Income

	Note	2022	2021
		k€	k€
Net profit for the period		8,904	7,021
Other result			
Items not reclassified to the income statement			
Revaluation of the net liability from defined benefit pension plans	(16)	105	7
Deferred tax		-43	-2
		62	5
Items reclassified to the income statement or available for subsequent classification			
Exchange differences from the translation of foreign Group companies		-182	526
Change in the amount recognised within equity (net investments in a foreign operation)	(11)	889	17
Change in the market values of cash flow hedges		119	24
Deferred tax		-19	5
Change in the amount recognised within equity (cash flow hedges)	(31)	100	29
		807	572
Other profit after tax		869	577
Overall result for the financial year		9,773	7,598
of which:			
Profit attributable to technotrans SE shareholders		9,769	7,597
Profit attributable to non-controlling interests		4	1

Consolidated Cash Flow Statement

	Note	2022	2021
		k€	k€
Cash flow from operating activities			
Net profit for the period		8,904	7,021
Adjustments for:			
Depreciation and amortisation		6,778	7,038
Income tax expense	(28)	4,623	3,391
Gain (-)/loss (+) on the disposal of property, plant and equipment	(25), (26)	-129	-39
Foreign exchange losses (+)/gains (-)		40	593
Financial result	(27)	802	618
Other non-cash changes		631	-190
Cash flow from operating activities before working capital changes		21,649	18,432
Change in:			
Inventories	(6)	-16,507	-6,994
Receivables and other assets		-6,249	-971
Liabilities and advances received		2,310	4,752
Provisions and employee benefits	(16), (17)	73	632
Cash from operating activities		1,276	15,851
Interest income		4	3
Interest expense		-603	-523
Income taxes paid/income tax rebates		-1,720	-1,897
Net cash from operating activities		-1,043	13,434
Cash flow from investing activities			
Cash payments for investments in property, plant and equipment and in intangible assets		-2,899	-3,709
Proceeds from the sale of property, plant and equipment		204	230
Net cash used for investing activities		-2,695	-3,479

	Note	2022	2021
		k€	k€
Cash flow from financing activities			
Cash receipts from the raising of short-term and long-term loans		12,000	0
Cash payments from the repayment of loans		-9,073	-12,531
Distribution to investors		-3,523	-2,487
Cash payments from the repayment of lease liabilities		-1,946	-1,980
Net cash used in financing activities		-2,542	-16,998
Change in cash and cash equivalents		-6,280	-7,043
Cash and cash equivalents at start of period		18,651	25,749
Effects of currency translation on cash and cash equivalents		74	-55
Cash and cash equivalents at end of period	(10)	12,445	18,651

Consolidated Statement of Changes in Equity

(Notes 11)

	Issued capital	Capital reserve	Retained earnings
	k€	k€	k€
01/01/2021	6,908	19,097	60,417
Net profit for the period	0	0	7,020
Other result	0	0	5
Overall result for the financial year	0	0	7,025
Distributions	0	0	-2,487
Share-based payments	0	0	0
Transactions with owners	0	0	-2,487
Total transactions with owners of the company	0	0	-2,487
31/12/2021 / 01/01/2022	6,908	19,097	64,955
Net profit for the period	0	0	8,900
Other result	0	0	62
Overall result for the financial year	0	0	8,962
Distributions	0	0	-3,523
Share-based payments	0	0	0
Transactions with owners	0	0	-3,523
Total transactions with owners of the company	0	0	-3,523
31/12/2022	6,908	19,097	70,394

Notes

Other reserves				Total equity attributable to technotrans SE shareholders	Non-controlling interests in equity	Group equity
Exchange differences	Reserve for exchange rate differences from the financing of investments	Hedging reserve	Share-based payments			
k€	k€	k€	k€	k€	k€	k€
-3,687	-3,256	-56	0	79,423	-5	79,418
0	0	0	0	7,020	1	7,021
526	17	29	0	577	0	577
526	17	29	0	7,597	1	7,598
0	0	0	0	-2,487	0	-2,487
0	0	0	247	247	0	247
0	0	0	247	-2,240	0	-2,240
0	0	0	247	-2,240	0	-2,240
-3,161	-3,239	-27	247	84,780	-4	84,776
0	0	0	0	8,900	4	8,904
-182	889	100	0	869	0	869
-182	889	100	0	9,769	4	9,773
0	0	0	0	-3,523	0	-3,523
0	0	0	44	44	0	44
0	0	0	44	-3,479	0	-3,479
0	0	0	44	-3,479	0	-3,479
-3,343	-2,350	73	291	91,070	0	91,070

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, 2022 were approved for forwarding to the Supervisory Board by resolution of the Board of Management on March 14, 2023. 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 thermal management. 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 January 1 to December 31, 2022. Details of 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 euros (€) and unless otherwise stated are reported in thousand euros (k€).

II. Group

a) Scope of consolidation

The consolidated financial statements include technotrans SE and its 15 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 14 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 technotrans SE. 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, 2021, the Group of consolidated companies was reduced due to the mergers of KLH Kältetechnik GmbH with technotrans SE and of Reisner Cooling Solutions GmbH with technotrans solutions GmbH. The mergers took place retrospectively as of January 1, 2022 and had 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.

Consolidated Financial Statements

Company	Country	Domicile	Interest
			in %
technotrans SE	D	Sassenberg	Parent company
technotrans solutions GmbH	D	Meinerzhagen	100 ²⁾
technotrans systems GmbH	D	Baden-Baden	100 ²⁾
SHT Immobilienbesitz GmbH & Co. Vermietungs KG	D	Mainz	94 ¹⁾
technotrans Grundstücksverwaltungs GmbH	D	Sassenberg	100
gds GmbH	D	Sassenberg	100 ²⁾
gds Sprachenwelt GmbH	D	Hünfeld	100 ³⁾
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., (Singapore und Melbourne)	SGP	Singapore	100
technotrans india pvt ltd	IN	Chennai	100 ⁴⁾
technotrans japan K.K.	JP	Kobe	100
gwk Heating & Cooling Technology (Nanchang) Co. Ltd	CHN	Nanchang	100 ⁵⁾

¹⁾ Limited partnership interest held by technotrans SE; consolidation according to IFRS 10

²⁾ 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

³⁾ Indirect interest held through gds GmbH

⁴⁾ Indirect interest held through technotrans technologies pte. Ltd.

⁵⁾ 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, 2022.

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.

The macroeconomic environment in the 2022 financial year was characterised by an increase in interest rates as well as inflation with increased costs for energy and raw materials in particular. The increase in interest rates was a triggering event for the Group to perform an impairment test. The

impairment tests carried out as of June 30, 2022 did not result in a need for impairment; also the increased cost of capital as of December 31, 2022 as part of the annual impairment tests did not result in a need for impairment. The higher costs led in particular to a significant increase in inventories recognised. As higher purchasing costs due to inflation can generally be passed on to customers, there were no onerous contracts as of December 31, 2022, so that no provisions for onerous contracts had to be recognised.

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 2022, 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 2022, 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 2022, 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 2022, 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 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 2022, 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 2022, see Note 31 "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 2022, see Note 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 are depreciated on a straight-line basis over its useful life. Useful life and depreciation method are reviewed annually.

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.

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 at which 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 right-of-use assets 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.

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 31 "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 if employment is terminated by the Group or if an employee voluntarily leaves employment in return for a termination payment. The Group recognises such benefits when the Group can no longer withdraw the offer for such benefits.

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), or
- 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 31 "Financial instruments".

The Group measures its financial assets at amortised cost if 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 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 if 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 2022 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.

The following exchange rates were used for currency translation:

	Average exchange rates for the financial year		Mean exchange rates at balance sheet date	
	2022	2021	31/12/2022	31/12/2021
USD	1.053	1.183	1.067	1.133
JPY	138.035	129.877	140.660	130.380
GBP	0.853	0.860	0.887	0.840
CNY	7.080	7.628	7.358	7.195
BRL	5.441	6.378	5.639	6.310
INR	82.695	87.439	88.171	84.229

d) Change in accounting and valuation methods

The consolidated financial statements of technotrans SE at December 31, 2022 take account of all standards and interpretations adopted by the European Union and whose application is mandatory for the 2022 financial year.

The following standards were applicable for the first time in the 2022 financial year:

Standard/amendment/interpretation		Effective date	Impact on technotrans
IAS 16	Property, plant and equipment - proceeds before intended use (amendments to IAS 16)	January 1, 2022	None
IFRS 3	Reference to the conceptual framework	January 1, 2022	None
IAS 37	Onerous contracts - cost of fulfilling a contract (amendments to IAS 37)	January 1, 2022	Immaterial
Annual IFRS improvement cycle 2018 - 2021		January 1, 2022	Immaterial

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 January 1, 2023, 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 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 related to assets and liabilities arising from a single transaction (amendments to IAS 12)	January 1, 2023	None
IFRS 16	Lease liability in a sale and leaseback (amendments to IFRS 16)	January 1, 2024	None

III. Notes to the Consolidated Balance Sheet

Consolidated Statement of Changes in Fixed Assets

2021		Cost				
		Position at	Exchange	Additions	Disposals	Position at
		01/01/2021	differences			31/12/2021
		k€	k€	k€	k€	k€
Property, plant and equipment	(1)					
Real estate*		40,845	34	487	-114	44,635
Technical equipment and machinery		8,591	44	700	-887	6,710
Other equipment, plant and office equipment		12,784	88	1,417	-2,118	14,338
Construction in progress		3,839	0	2	0	29
		66,059	166	2,606	-3,119	65,712
Right-of-use assets	(2)					
Land and buildings		3,448	107	529	-495	3,589
Technical equipment and machinery		394	0	25	0	419
Other equipment, plant and office equipment		3,819	24	601	-634	3,810
		7,661	131	1,155	-1,129	7,818
Intangible assets	(4)					
Goodwill	(3)	23,513	0	0	0	23,513
Concessions, industrial property rights and similar rights		22,204	27	220	-388	22,098
Capitalised development costs		11,984	27	665	-869	11,807
Payments on account		35	0	218	0	218
		57,736	54	1,103	-1,257	57,636
2022		Cost				
		Position at	Exchange	Additions	Disposals	Position at
		01/01/2022	differences			31/12/2022
		k€	k€	k€	k€	k€
Property, plant and equipment	(1)					
Real estate*		44,635	2	83	0	46,022
Technical equipment and machinery		6,710	16	187	0	8,553
Other equipment, plant and office equipment		14,338	3	2,046	-962	12,509
Construction in progress		29	0	43	0	46
		65,712	21	2,359	-962	67,130
Right-of-use assets	(2)					
Land and buildings		3,589	14	2,392	-915	5,080
Technical equipment and machinery		419	0	29	0	448
Other equipment, plant and office equipment		3,810	-5	981	-986	3,800
		7,818	9	3,402	-1,901	9,328
Intangible assets	(4)					
Goodwill	(3)	23,513	0	0	0	23,513
Concessions, industrial property rights and similar rights		22,098	46	256	-7,340	15,244
Capitalised development costs		11,807	12	71	-5,660	6,230
Payments on account		218	0	213	0	247
		57,636	58	540	-13,000	45,234

*Land, land rights and buildings, including buildings on land owned by others

Depreciation and amortisation						Residual car- rying amounts
Position at 01/01/2021	Exchange differences	Depreciation for the year	Disposals	Transfers	Position at 31/12/2021	Position 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
29,278	152	3,002	-2,932	0	29,500	36,212
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
4,451	92	1,912	-1,113	0	5,342	2,476
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
27,207	48	2,124	-1,257	0	28,122	29,514

Depreciation and amortisation						Residual car- rying amounts
Position at 01/01/2022	Exchange differences	Depreciation for the year	Disposals	Transfers	Position at 31/12/2022	Position at 31/12/2022
k€	k€	k€	k€	k€	k€	k€
15,002	2	1,128	0	1,302	17,434	28,588
4,409	65	442	0	1,640	6,556	1,997
10,089	0	1,240	-917	-2,942	7,470	5,039
0	0	0	0	0	0	46
29,500	67	2,810	-917	0	31,460	35,670
2,687	10	854	-915	0	2,636	2,444
230	0	81	0	0	311	137
2,425	-5	1,022	-986	0	2,456	1,344
5,342	5	1,957	-1,901	0	5,403	3,925
0	0	0	0	0	0	23,513
18,934	11	1,302	-7,340	0	12,907	2,337
9,188	18	709	-5,632	0	4,283	1,947
0	0	0	0	0	0	247
28,122	29	2,011	-12,972	0	17,190	28,044

1) Property, plant and equipment

The additions to technical equipment and machinery as well as to other equipment, plant and office equipment mainly relate to replacement purchases. As in previous years, no internally generated property, plant and equipment was capitalised in the 2022 financial year. No extraordinary write-downs or write-ups were made **in the year under review**. **Real estate amounting to € 10,585 thousand** (2021: € 11,053 thousand) serves as collateral for long-term loans (cf. Note 12 “Financial liabilities”).

2) Leases

The Group has leases on various properties, vehicles, IT equipment and technical equipment and machinery. Because lease contracts are individually negotiated, they exhibit a wide range of different terms and conditions. The term for lease contracts is usually 3 to 4 years for vehicles, and 1 to 5 years for real estate. A number of property and equipment contracts contain renewal options. These contractual conditions are used to maintain maximum operational flexibility within the Group. 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

	31/12/2022	31/12/2021
	k€	k€
Up to 1 year	1,659	1,361
More than 1 year and up to 5 years	2,338	1,161
More than 5 years	5	0
	4,002	2,522

Amounts recognised in the income statement

	2022	2021
	k€	k€
Interest expenses on lease liabilities	50	52
Expenses for short-term leases	160	91
Expenses for leases of low-value assets	26	26
Expense for variable lease payments not included in the measurement of the lease liability	133	108
	369	277

3) Goodwill

The following table shows the residual carrying amounts of technotrans goodwill, broken down by segment:

	31/12/2022	31/12/2021
	k€	k€
Technology segment: laser cooling	5,672	6,858
Technology segment: plastics engineering	5,757	5,757
Technology segment: cooling technology	4,152	2,966
	15,581	15,581
Services segment: services	7,171	7,171
Services segment: translation services	585	585
Services segment: software solutions for technical documentation	176	176
	7,932	7,932
	23,513	23,513

The allocation of the purchase prices to the acquired assets and liabilities is in accordance with IFRS 3.

As a result of the merger of KLH Kältetechnik GmbH with technotrans SE with effect from January 1, 2022, a reallocation of the goodwill attributable to KLH became necessary. Based on KLH's share of the total recoverable amount of the laser cooling cash-generating unit as of October 31, 2021, the **pro rata goodwill of KLH of € 1,186 thousand was determined as of this date. This pro rata goodwill was allocated to the cooling technology unit.**

Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired.

As scheduled in December 2022, all six cash-generating units or groups of cash-generating units were subjected to an impairment test in accordance with IAS 36.10. This involves comparing the carrying amount of a cash-generating unit with the recoverable amount. The recoverable amount is the higher of the fair value less the costs of disposal or the value in use.

The increase in interest rates recorded in the financial year 2022 represented a triggering event for the Group in accordance with IAS 36.12 c). The additional impairment test for cash-generating units performed as of June 30, 2022 did not result in any impairment requirement. The impairment test was based on the interest rates and carrying amounts as of June 30, 2022. The cash flow forecasts are based on the corporate budget valid at that time.

At technotrans, the recoverable amount corresponds to the value in use. This value in use was based on key assumptions. The starting point for the cash flow forecasts for goodwill was the 2023 budget and revenue trends of the respective cash-generating unit for the financial years 2024 to 2027. 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 for 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 2021 and 2022, the average EBIT margins, the capital cost 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		Growth rate (perpetual annuity)	
	2022	2021	2022	2021	2022	2021	2022	2021
Parameters for the impairment test	%	%	%	%	%	%	%	%
Technology segment: laser cooling	7.2	6.7	9.7	9.3	14.6	12.2	1.5	1.5
Technology segment: plastics engineering	7.3	8.4	4.1	2.9	14.7	11.8	1.5	1.5
Technology segment: cooling technology	4.3	5.5	6.0	2.9	12.0	10.0	1.0	1.0
Services segment: services	4.1	4.0	15.0	16.6	13.4	10.7	0.9	0.8
Services segment: translation services	4.3	5.9	16.1	17.7	13.1	10.3	1.5	1.5
Services segment: software solutions for technical documentation	4.9	4.8	4.3	6.4	13.0	10.2	1.5	1.5

The values in use determined on the basis of these assumptions in each case exceed the carrying amounts of the cash-generating units. Within the framework of each impairment test, two sensitivity analyses were carried out. The analyses included a reduction of the EBIT margin by 10 % and an increase in the capital cost rate of 1 % point. 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 € 850 thousand (2021: € 894 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 2022 financial year, the Group capitalised intangible assets arising from development for own account in the amount of € 71 thousand (2021: € 665 thousand). Due to non-fulfilment of the recognition requirements of IAS 38, € 5,165 thousand (2021: € 4,959 thousand) of the development costs was recognised as an expense. These development expenses include costs for the development of products whose technical completion, sale or subsequent use is not sufficiently certain, cf. IAS 38.57.

There are no concessions, industrial and similar assets or capitalised development costs with an indefinite useful life. The useful life underlying the scheduled amortisation of software and capitalised development expenditure is three to five years.

The scheduled amortisation of capitalised development costs is allocated to the cost of sales in the income statement based on causation, according to the cost of sales method. Scheduled amortisation of concessions, industrial property rights and similar assets is allocated to cost of sales, distribution costs, general administrative expenses and development costs by means of cost centre accounting.

5) Other non-current financial assets

Other non-current financial assets mainly relate to rent deposits in the amount of € 215 thousand (2021: € 168 thousand).

6) Inventories

	31/12/2022	31/12/2021
	k€	k€
Raw materials and supplies	33,795	22,484
Work in progress	10,977	8,321
Finished goods and merchandise	5,431	2,891
	50,203	33,696

Of the total inventories, € 8,017 thousand (2021: € 4,770 thousand) is recognised at fair value less production costs and distribution costs still to be incurred. In the 2022 financial year, impairment on inventories amounting to € 1,615 thousand (2021: € 1,926 thousand) was recognised as an expense. In the same period, reversals of impairment in the amount of € 1,397 thousand (2021: € 1,320 thousand) resulted in income, as higher net realisable values were achieved than assumed in the previous year.

The vast majority of raw materials and supplies held in inventories at the balance sheet date and not yet paid for are subject to retention of title by our suppliers.

7) Trade receivables

Receivables from contracts with customers are included exclusively in trade receivables. At the reporting date, receivables from contracts with customers amount to € 27,394 thousand (2021: € 21,243 thousand).

In the year under review, the balance of income from the reversal of value adjustments and expenses from the addition to value adjustments on receivables in the amount of € -122 thousand (2021: € 21 thousand) is recognised through profit or loss. Impairment is applied in order to measure the receivables at the lower fair value. Impairment amounts to € 500 thousand individually (2021: € 673 thousand) and to € 285 thousand collectively (2021: € 222 thousand). € 324 thousand of impairment relates to the Technology segment and € 461 thousand to the Services segment. The figures are measured on the basis of the expected default risk. Impairment is applied in particular if the debtor has significant financial difficulties. The valuations of trade receivables are in principle 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 31 "Financial instruments".

The following table provides an overview of the impairments on the receivables portfolio:

	31/12/2022	31/12/2021
	k€	k€
Opening balance	895	1,290
Additions/reversals	122	-21
Derecognition of receivables	-189	-342
Cash receipts for receivables written off	-30	-41
Exchange differences	-13	9
Closing balance	785	895

The gross receivables of € 28,179 thousand (2021: € 22,512 thousand) are reduced by impairments of € 785 thousand (2021: € 895 thousand) to the amount of the reported net receivables of € 27,394 thousand (2021: € 21,617 thousand).

8) Income tax receivable

This mainly comprises ongoing income tax refund claims for the years 2021 and 2022.

9) Other current assets

	31/12/2022	31/12/2021
	k€	k€
Other financial assets		
Receivables from suppliers	422	328
Current assets from derivative financial instruments	87	0
Deposits	37	33
Other	421	229
	967	590
Other assets		
Prepayments	1,252	825
Creditable input tax	912	726
Other	382	947
	2,546	2,498
	3,513	3,088

10) Cash and cash equivalents

Cash and cash equivalents comprise balances with banks and cash on hand. The fair value of cash and cash equivalents corresponds to the carrying amount. There were no marketable securities at 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 equity of the Group totalled € 91,070 thousand at December 31, 2022 (2021: € 84,776 thousand).

Issued capital

The issued capital (share capital) of technotrans SE at December 31, 2022 comprises 6,907,665 no par value registered shares issued and outstanding. The shares outstanding are fully paid up. The **arithmetical share in the share capital is € 1 per no par value 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 (AktG) are met or if it concerns the acquisition of companies or participations in companies where the acquisition or participation is in the properly understood interests of the company; the subscription right may moreover be excluded if fractional amounts are to be compensated. No use was made of this authorisation in 2022.

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 and 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 total **nominal amount of the bonds may not exceed € 100 million or the respective** equivalent in another legal currency.

The shareholders are fundamentally 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 determined in detail and specifically by the authorisation.**

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 2022 financial year.

Capital reserve

The premium from the past share issues in the context of the issuance of subscription shares of the conditional capital and the issuance of ordinary shares of the authorised capital (capital increase for contribution in kind) was put into the capital reserve. The costs of the share issues were deducted. The IFRS capital reserve 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 (2021: € 691 thousand) relates to the legal reserve of technotrans SE pursuant to Section 150 (2) AktG.

Pursuant to Section 268 (8) HGB, an amount of € 822 thousand (2021: € 1,011 thousand) of retained earnings cannot be distributed due to the capitalisation of internally generated intangible assets and an amount of € 249 thousand (2021: € 0 thousand) cannot be distributed due to the capitalisation of deferred taxes. In addition, an amount of € 7 thousand (2021: € 12 thousand) is blocked for distribution due to the difference in accordance with Section 253 (6) HGB from the measurement of the provisions for pensions.

In the financial year a dividend of € 0.51 per no par value share was distributed on share capital of € 6,907,665.00 bearing dividend entitlements.

Other reserves

	31/12/2022	31/12/2021
	k€	k€
Exchange differences	-3,343	-3,161
Reserve for net investments in a foreign operation	-2,350	-3,239
Hedging reserve	73	-27
Share-based payment	291	247
	-5,329	-6,180

Pursuant to IFRS 9, the negative market value of the interest rate swaps used was offset in the hedging reserve after deduction of deferred taxes (see Note 31 “Financial instruments”). In the 2022 financial year, a gain of € 119 thousand (2021: gain of € 24 thousand) was recognised directly in equity. In return, deferred tax expense of € 19 thousand (2021: deferred tax income € 5 thousand) was recognised directly in equity.

technotrans SE has granted its subsidiaries loans that are to be regarded as net investments in foreign business operations. Pursuant to IAS 21.32 and IAS 12.61A, the accumulated translation differences up to the balance sheet date and any taxes on them are offset directly within equity. Exchange differences are not recognised through profit or loss until the liquidation or partial liquidation of the company.

In the 2022 financial year, translation gains from the aforementioned loans in the amount of € 889 thousand (2021: € 17 thousand) were offset directly within 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 € -2,350 thousand (2021: € 3,239 thousand).

The exchange differences include differences from the translation of the subsidiaries' equity to be consolidated at the historical rate and at the rate on the balance sheet date. This item furthermore includes the differences resulting from the translation of the assets and liabilities of the international subsidiaries at the exchange rate on the balance sheet date and from the translation of the expenses and income at the average rate for the year.

Treasury stock

At the Annual General Meeting on May 18, 2018 the shareholders authorised the Board of Management to buy back own shares in accordance with Section 71 (1) No. 8 AktG until May 17, 2023. This authorisation extends to the buyback 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.

Pursuant to IAS 32.33 the repurchased shares are deducted from equity at their cost (including incidental acquisition costs). The buyback is based on the strategic goals of the company. No transactions with treasury stock were conducted in the 2022 financial year.

Capital management

At December 31, 2022 the equity ratio was 56.0 % (2021: 57.6 %). The most important financial objectives of technotrans SE include ensuring solvency at all times and achieving a sustained increase in value of the Group.

The creation of sufficient liquidity reserves is of great importance in this context. To ensure this objective is achieved, various measures to reduce capital costs and optimise the capital structure are implemented and effective risk management is practised.

technotrans is not subject to any capital requirements under the Articles of Association. A sound capital structure gives technotrans 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

	31/12/2022	31/12/2021
	k€	k€
Short-term financial liabilities	15,492	6,670
Long-term financial liabilities	18,908	24,803
	34,400	31,473

There were no hedged liabilities as at the balance sheet date. Interest rate hedges only exist for financial liabilities.

Residual maturities of financial liabilities

2022	Collateral	Up to 1 year	1 to 5 years	Over 5 years	Total	Interest p.a.
		k€	k€	k€	k€	
	None	13,442	10,311	0	23,753	0.92 % - 3.99 %
	Land charge	1,591	5,453	1,787	8,831	0.80 % - 2.05 %
€ fixed rate credit	Chattel mortgage	30	7	0	37	2.10 % - 2.35 %
Variable € credit	None	429	1,350	0	1,779	0 % - 6-month EURIBOR interest rate swap (fixed rate: 1.91 %)
		15,492	17,121	1,787	34,400	
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 %
€ fixed rate credit	Chattel mortgage	30	37	0	67	2.10 % - 2.35 %
Variable € credit	None	858	1,778	0	2,636	0 % - 6-month EURIBOR interest rate swap (fixed rate: 1.91 %)
		6,670	22,016	2,787	31,473	

The secured bank loans are collateralised with land and buildings with a carrying amount of € 10,585 thousand (2021: € 11,053 thousand) and with property, plant and equipment with a carrying amount of € 0 thousand (2021: € 7 thousand).

No collateral was provided for loans in the amount of € 25,532 thousand (2021: € 20,773 thousand).

13) Other non-current financial liabilities

The other non-current financial liabilities mainly include the non-current lease liabilities of € 2,343 thousand (2021: € 1,161 thousand) resulting from the adoption of IFRS 16.

14) Trade payables

	31/12/2022	31/12/2021
	k€	k€
Trade payables	5,064	4,358
Outstanding purchase invoices	2,299	1,658
	7,363	6,016

All trade payables have a term of up to one year, as in the previous year.

15) Advances received

The advances received are mainly from project business. They finance the customer contracts currently in progress included in the inventories for which revenue could not yet be realised.

16) Employee benefits

	Obligations to personnel	Provisions for pensions	Total
	k€	k€	k€
Opening balance at 01/01/2022	5,658	488	6,146
Exchange rate movements	29	0	29
Used	3,062	11	3,073
Reversed	182	104	286
Compounding	7	4	11
Allocated	3,948	13	3,961
Closing balance at 31/12/2022	6,398	390	6,788
Long-term employee benefits	679	379	1,058
Short-term employee benefits	5,719	11	5,730

Obligations to personnel mainly consist of 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 0.30 % (2021: 0.35 %). Partial retirement obligations are secured against possible insolvency pursuant to Section 8a of the German Partial Retirement Act. As a hedge, cash was deposited in a money market fund (Deka Investments) and pledged in favour of the employee. In accordance with IAS 19.7 the assets represent “plan assets” and are netted with the corresponding provision. Income from the plan assets is netted against the corresponding expenses. No income was generated in the 2022 financial year and in the previous year. At December 31, 2022, cash and cash equivalents in the amount of € 93 thousand (2021: € 163 thousand) were invested.

The Group has defined benefit post-employment plans in Germany and France. Both plans are salary-based. 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 2022 amount to € 2 thousand (2021: € 1 thousand). The actuarial gain amounts to € 55 thousand (2021: € 11 thousand). The actuarial gain was recognised in other comprehensive income. In 2022, payments for pensions amounting to € 11 thousand (2021: € 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 15 pension beneficiaries, 15 employees (2021: 14) are actively working for the company. 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 for the country. The interest costs on the DBO in 2022 amount to € 2 thousand (2021: € 2 thousand). The actuarial gain amounts to € 49 thousand (2021: € 6 thousand loss). The actuarial gain is recognised in other comprehensive income. No pension payments were made in 2021 (2021: € 0 thousand).

The defined benefit pension commitments developed as follows in the financial year:

Present value of the obligation	2022	2021
	k€	k€
Opening balance at 01/01	488	487
Current service cost	13	14
Interest expense	4	3
Pensions paid	-11	-11
Total amount recognised in the income statement	6	6
Revaluations		
Actuarial gain/loss from change in financial assumptions	-105	-13
Experience adjustments	1	8
Total amount recognised in other comprehensive income	-104	-5
Closing balance at 31/12	390	488

The calculations are based on the following actuarial assumptions:

	Actuarial assumptions			
	Germany		France	
	2022	2021	2022	2021
	%	%	%	%
Discount rate	3.80	0.95	3.20	0.90
Salary growth rate	n/a	n/a	3.00	2.00
Fluctuation	n/a	n/a	1.33	1.33
Pension growth rate	2.00	2.00	n/a	n/a

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	
		2022	2021	2022	2021
		k€	k€	k€	k€
Discount rate	0.5 %*	-35	-48	41	56
Salary growth rate	1.0 %	42	42	-36	-36
Pension growth rate	1.0 %	7	13	-7	-12

*1 % at technotrans france s.a.r.l., France

17) Provisions

	Payments to be made under warranty	Other provisions	Total
	k€	k€	k€
Opening balance at 01/01/2022	2,366	1,597	3,963
Exchange rate movements	6	-1	5
Used	763	1,060	1,823
Reversed	316	199	515
Allocated	615	1,149	1,764
Closing balance at 31/12/2022	1,908	1,486	3,394
Short-term provisions	1,908	1,486	3,394

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 litigation both in and out of court, of which the outcome cannot be predicted with certainty. Litigation may 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 anticipated amount of the provision required can be reliably estimated. At the 2022 balance sheet date, no provisions for litigation (2021: € 0 thousand) were made.

Miscellaneous other provisions comprise costs relating to the annual financial statements, commissions and other obligations. Here again, the amount is the factor of uncertainty.

18) Income tax payable

In the year under review, income tax payable relates primarily to technotrans SE and its controlled companies as well as technotrans solutions GmbH.

19) Other current liabilities

	31/12/2022	31/12/2021
	k€	k€
Other financial liabilities		
Lease liabilities	1,659	1,361
Debtors with credit balances	1,397	1,066
Current liabilities from derivative financial instruments	0	32
Miscellaneous other financial liabilities	211	71
	3,267	2,530
Other liabilities		
Sales tax	525	1,116
Operating taxes	844	807
Liabilities in respect of social insurance	121	108
Miscellaneous other liabilities	593	627
	2,083	2,658
	5,350	5,188

In the context of adopting IFRS 16, recognised lease liabilities that exhibit a short-term character 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 € 238,218 thousand** (2021: € 211,102 thousand). Revenue recognition in the Group is in principle date-based.

For greater 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:

	31/12/2022	31/12/2021
	k€	k€
Contract assets	733	515
Contract liabilities	7,376	7,155

Contract assets mainly relate to the Group’s claims for consideration for services completed but not yet invoiced at the reporting date. Contract assets are reported in the balance sheet under trade receivables.

Contract liabilities are reported in the balance sheet mainly under advances received and other liabilities. **Of the contract liabilities of € 7,155 thousand reported at the beginning of the period, € 7,089 thousand was recognised as revenue in the 2022 financial year.** It is expected that the contract 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 purchase costs 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, right-of-use assets and intangible assets. The amount for inventories recognised as an expense in the reporting period essentially corresponds to the cost of materials (raw materials, consumables and changes in

inventories of finished goods and work in progress). The costs of the service sales force and the expenses incurred in connection with warranty obligations are also reported in the cost of sales. Other cost of sales mainly includes other building costs.

	2022	2021
	k€	k€
Cost of materials	99,319	83,781
Personnel costs	51,820	48,214
Subcontractors, personnel leasing	8,778	7,321
Depreciation and amortisation	3,500	3,681
Travel expenses	2,090	1,785
Energy costs	1,317	871
Operating requirements	1,247	1,095
Maintenance	879	1,084
Warranty and goodwill	796	1,690
Rent and leasing costs	242	141
Other	1,190	960
	171,178	150,623

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.

	2022	2021
	k€	k€
Personnel costs	16,335	14,998
Logistics costs	4,658	3,901
Depreciation and amortisation	1,858	1,859
Promotional and exhibition costs	1,458	1,184
Sales commissions	611	665
Travel expenses	734	465
Other	1,253	1,291
	26,907	24,363

23) Administrative expenses

Administrative expenses include personnel and material costs of the management and administration units, except where these have been charged to other cost centres as internal services.

	2022	2021
	k€	k€
Personnel costs	12,009	11,377
IT costs	1,943	1,897
Consultancy, audits	1,473	1,499
Depreciation and amortisation	1,231	1,316
Insurances	873	782
Energy and building costs	749	759
Rent and leasing costs	684	686
Investor relations	266	314
Travel expenses	261	142
Contributions	260	282
Other	1,259	1,211
	21,008	20,265

	2022	2021
	k€	k€
Fees for		
Auditing of the financial statements	351	290
Tax consultancy services	4	48
Other services	0	13
	355	351

In the 2022 financial year, the auditor's fee recognised as an expense within the meaning of Section 319 (1) sentences 1, 2 HGB totalled € 355 thousand (2021: € 351 thousand), which includes € 4 thousand (2021: € 0 thousand) in expenses unrelated to the accounting period. The disclosures for the 2022 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.

24) Development costs

No research costs were incurred. Development costs are charged to current expense until the criteria of IAS 38.57 are cumulatively met. From that point on, the development costs are capitalised (see Note 4 "Intangible assets"). The development costs relating to billed orders are recognised in cost of sales.

25) Other operating income

	2022	2021
	k€	k€
Income unrelated to the accounting period		
Reversal of provisions	291	193
Book profits on the disposal of assets	204	141
Other income unrelated to the accounting period	433	261
	928	595
Other operating income		
Foreign currency gains	649	314
Personnel-related revenue	169	139
Insurance payments	141	90
Rental income	38	36
Other	302	347
	1,299	926
	2,227	1,521

26) Other operating expenses

	2022	2021
	k€	k€
Expenses unrelated to the accounting period		
Book losses on the disposal of assets	75	102
Other expenses unrelated to the accounting period	78	43
	153	145
Other operating expenses		
Foreign currency losses	689	187
Other operating taxes	269	271
Other	625	801
	1,583	1,259
	1,736	1,404

27) Financial result

	2022	2021
	k€	k€
Financial income	147	23
Financial expenses	-949	-641
Financial result	-802	-618

Financial income in the amount of € 4 thousand (2021: € 3 thousand) results from interest on bank balances, and in the amount of € 143 thousand (2021: € 21 thousand) from the measurement of employee benefits.

Financial expenses mainly comprise interest on the Group's financial debt.

In addition, financial expenses from the compounding of lease liabilities in the amount of € 50 thousand (2021: € 52 thousand), (see Note 2 "Leases") and from the compounding of employee benefits in the amount of € 11 thousand (2021: € 18 thousand) are included in this item.

No borrowing costs were capitalised in the reporting period.

28) Income tax expense

	2022	2021
	k€	k€
Actual income tax expense		
Tax expense for the period	-3,914	-2,751
Tax expense unrelated to the accounting period	-659	82
	-4,573	-2,669
Deferred tax		
Occurrence or reversal of temporary differences	-17	-738
Reduction in tax rate	26	-4
Recognition or utilisation of tax loss carryforwards previously unrecognised	-59	16
Recognition of previously unrecognised or derecognition of previously recognised deductible temporary differences	0	4
	-50	-722
Income tax expense	-4,623	-3,391

Income tax expense includes the corporation and trade income taxes of the domestic companies as well as income taxes of the foreign businesses. Other operating taxes are included in other operating expenses.

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 29.98 % (2021: 30.26 %) is based on a corporate income tax rate of 15.00 %, a solidarity surcharge of 5.50 % and an effective trade tax rate of 14.15 % (2021: 14.43 %).

The tax rates applied to the foreign companies in the financial year ranged from 17.0 % to 34.6 %.

Consolidated Financial Statements

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:

2022	Position at 01/01	Exchange rate differences	Recognised in profit or loss	Recognised in OCI	Position at 31/12		
					Net	Deferred tax assets	Deferred tax liabilities
	k€	k€	k€	k€	k€	k€	k€
Non-current assets	-1,808	0	-33	0	-1,841	497	2,338
Inventories	415	0	-11	0	404	536	132
Receivables	119	0	-117	-32	-30	250	280
Provisions	376	0	-156	30	250	307	57
Liabilities	638	0	469	0	1,107	1,107	0
Loss carryforwards	230	0	-200	0	30	30	0
Tax assets (liabilities) before offsetting	-30	0	-48	-2	-80	2,727	2,807
Offsetting						1,986	1,986
Tax assets (liabilities) net					-80	741	821

2021	Position at 01/01	Exchange rate diffe- rences	Recognised in profit or loss	Recognised in OCI	Position at 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
Tax assets (liabilities) before offsetting	694	-5	-722	3	-30	2,611	2,641
Offsetting					0	1,425	1,425
Tax assets (liabilities) net					-30	1,186	1,216

Deferred tax liabilities from non-current assets include **deferred taxes in the amount of € 444 thousand (2021: € 669 thousand)** on intangible assets capitalised within the scope of the business combinations.

No deferred tax assets on loss carryforwards were **written down in the financial year (2021: € 29 thousand)**. **In total, there are tax loss carryforwards of € 1,623 thousand in 2022 (2021: € 2,829 thousand)**. **Deferred taxes in the amount of € 30 thousand (2021: € 255 thousand) were capitalised on € 98 thousand (2021: € 1,037 thousand)** in accordance with IAS 12.34. For the remaining loss carryforwards **amounting to € 1,525 thousand (2021: € 1,729 thousand)** and for deductible temporary differences in **the amount of € 0 thousand (2021: € 29 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 expected tax expense with actual income tax expense.

	2022	2021
	k€	k€
Applicable tax rate	29.98%	30.26%
Consolidated earnings before taxes on income	13,527	10,412
Theoretical tax expense/income	-4,055	-3,151
Differences compared with local tax rates	-3	37
Impairment (-) or reversal of impairment (+) on deferred tax assets on tax loss carryforwards and temporary differences	0	-29
Expense or income from the non-recognition of deferred tax assets on tax losses occurring in the financial year and temporary differences	7	12
Tax effect from the use of deferred taxes on temporary differences and from tax loss carryforwards following impairment	-59	0
Tax effect of non-deductibility of business expenses and tax-exempt income	120	-99
Changes to deferred tax resulting from tax rate changes	26	-4
Other taxes not relating to the period	-659	-157
Actual and deferred income tax expense	-4,623	-3,391

The other comprehensive income in the reporting period contains deferred tax expense amounting **to € 19 thousand (2021: € 5 thousand tax income)** from the change in cash flow hedges. The change **in the pension obligation resulted in a deferred tax expense in the amount of € 43 thousand (2021: € 2 thousand tax expense)**.

As in the previous year, exchange rate differences from net investments in a foreign operation did not lead to any deferred tax in the 2022 financial year. Of the total deferred taxes recognised in other **comprehensive income (€ 561 thousand; 2021: € 576 thousand)**, **€ 550 thousand (2021: € 550 thousand)** relates to exchange rate effects **from net investments in a foreign operation, € 47 thousand (2021: € 20 thousand)** to pension obligations and **€ -36 thousand (2021: € 6 thousand)** to cash flow hedges.

29) Earnings per share

		2022	2021
Net profit for the period	k€	8,904	7,021
of which:			
Profit attributable to technotrans SE shareholders		8,900	7,020
Profit attributable to non-controlling interests		4	1
Average number of ordinary shares outstanding in the year		6,907,665	6,907,665
Basic/diluted earnings per share	in €	1.29	1.02

In the 2022 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€
External revenue	2022	180,203	58,015	0	238,218
	2021	156,890	54,212	0	211,102
Inter-segment revenue	2022	0	1,197	-1,197	0
	2021	0	806	-806	0
Segment result	2022	7,349	7,047	-67	14,329
	2021	3086	8,140	-196	11,030
Depreciation and amortisation	2022	4,369	2,409	0	6,778
	2021	4,649	2,389	0	7,038

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 plant in the area of thermal management as well as revenue from the initial installation of plant. If revenues are generated in connection with customised developments, these are also allocated to this segment.

The Services segment generates revenue from after-sales service, installation, commissioning, maintenance, repair and the spare parts supply, as well as from compiling technical documentation and producing and distributing document creation software. The revenue generated by gds Sprachenwelt GmbH from translation services is also allocated to the Services segment.

The Board of Management assesses the performance of the segment on the basis of revenue and segment results. Assets, liabilities, financial income, financial expenses and income taxes are not determined for each segment, nor are they regularly reported to or reviewed by the Board of Management. The delivery prices for revenues are generally agreed between the segments as between third parties and mainly relate to technical documentation and translation services within the Group. Inter-segment revenue includes intercompany margins of € 67 thousand (2021: € 196 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 cumulative result of both segments of € 14,396 thousand (2021: € 11,226 thousand) less intercompany margins in the amount of € 67 thousand (2021: € 196 thousand) reduced by the financial result of € -802 thousand (2021: € -618 thousand) recognised in the income statement produces earnings before taxes of € 13,527 thousand (2021: € 10,412 thousand).**

Consolidated Financial Statements Notes

The revenue for the 2022 and 2021 financial years was generated in the following areas:

	2022	2021
	k€	k€
Technology		
Sale of equipment and systems	171,110	150,984
Initial installation	7,722	5,263
Development cost refunds	1,371	643
	180,203	156,890
Services		
Spare parts	34,335	31,848
Conversions and retrofits of equipment and plant	1,388	1,972
After-sales services	14,831	13,479
Technical documentation	7,461	6,913
	58,015	54,212

Geographically, revenue is made up as follows:

	2022	2021
	k€	k€
Technology		
Germany	111,237	96,107
Rest of Europe	40,011	35,655
America	15,175	11,836
Asia	13,006	13,085
Africa/Oceania	774	207
	180,203	156,890
Services		
Germany	30,081	28,230
Rest of Europe	14,705	14,052
America	9,425	8,106
Asia	3,175	3,582
Africa/Oceania	629	242
	58,015	54,212

The revenue amounting to € 238,218 thousand (2021: € 211,102 thousand) comprises € 141,318 thousand (2021: 124,337 thousand) generated in Germany and € 96,900 thousand (2021: € 86,765 thousand) generated internationally. Of the latter amount, € 20,518 thousand (2021: € 17,168 thousand) is attributable to the USA and € 9,624 thousand (2021: 9,478 thousand) to China. The composition of revenue is based on the registered office of the customer with which the revenue is realised.

Revenue was generated in the following markets:

	2022	2021
	k€	k€
Technology		
Plastics	44,877	43,105
Energy Management	14,613	8,874
Healthcare & Analytics	18,786	16,864
Print	52,526	44,626
Laser & Machine Tools	43,409	39,154
Other Markets	5,992	4,267
	180,203	156,890
Services		
Plastics	10,304	10,550
Energy Management	1,312	952
Healthcare & Analytics	1,296	877
Print	29,628	27,730
Laser & Machine Tools	6,687	5,759
Technical Documentation	7,461	6,913
Other Markets	1,327	1,431
	58,015	54,212

In the 2022 and 2021 financial years, no single customer generated more than 10 % of total sales.

The non-current assets of € 67,854 thousand (2021: € 68,370 thousand) can be broken down by region as follows: Germany € 65,370 thousand (2021: € 66,359 thousand) and international € 2,484 thousand (2021: € 2,011 thousand). The non-current assets do not include deferred tax assets.

Other notes

30) Notes to the Consolidated Cash Flow Statement

The cash flow statement in accordance with IAS 7 "Cash Flow Statements" records cash flows for a financial year in order to present information on the movements of the company's cash and cash equivalents. The cash flow statement is structured according to cash flows from operating activities, investing activities and financing activities. Cash and cash equivalents comprise cash and demand deposits. They correspond to the cash and cash equivalents shown on the balance sheet. The other non-cash changes include for example income of € 119 thousand from the change in the market value of the cash flow hedge.

31) Financial instruments

The financial instruments (financial assets and liabilities) have been 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:

Level 1: Quoted prices for identical assets and liabilities in active markets

Level 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)

Level 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

	Note	31/12/2022		31/12/2021		Fair value hierarchy
		Carrying amount	Fair value	Carrying amount	Fair value	
		k€	k€	k€	k€	
Derivatives in hedging relationships						
Market value of interest rate swaps	(19)	87	87	-32	-32	Level 2
Assets measured at amortised costs						
Rent deposits	(5), (9)	215	215	168	168	Level 2
Financial liabilities not measured at fair value						
Financial liabilities	(12)	-34,400	-32,776	-31,473	-31,353	Level 2
Other non-current liabilities	(13)	-7	-7	-3	-3	Level 2
		-34,407	-32,783	-31,476	-31,356	
		-34,105	-32,481	-31,340	-31,220	
Gains (+) or losses (-) not entered			1,624		120	

The carrying amounts of financial instruments (for example, cash and cash equivalents, trade receivables and payable, and other receivables and liabilities) in principle reflect their fair values. For receivables with a term to maturity 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 term to maturity 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 principal and interest payments. Current reference interest rates were requested from banks and used to determine the fair values at the balance sheet date. Depending on the term, the reference interest rates ranged from 2.05 % to 4.90 %. An appropriate risk premium was added.

The market 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			2022	2021
		At fair value	Currency translation	Allowance		
	k€	k€	k€	k€	k€	k€
Derivatives in hedging relationships	0	0	0	0	0	0
Financial liabilities measured at fair value (FVTPL)	0	0	0	0	0	0
Assets measured at amortised costs	4	0	100	-122	-18	11
Financial liabilities not measured at fair value	-603	0	39	0	-564	-573
	-599	0	139	-122	-582	-562

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 materialised 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 raise 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 € 41,021 thousand (2021: € 41,026 thousand). Trade receivables and contract assets are partly credit-insured. At the reporting

date there is a credit-**insured volume of € 10,423 thousand** (2021: **€ 41,026 thousands**) which is not included in impairment.

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 of 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 with reasonable outlay.

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 of financial assets is 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 receivable will progress through successive stages in the payment delay.**

The following table provides information on the estimated default risk and expected credit losses for trade receivables and contract assets:

	31/12/2022			31/12/2021		
	Loss rate	Gross carrying amount	Allowance	Loss rate	Gross carrying amount	Allowance
	%	k€	k€	%	k€	k€
Not individually impaired receivables:						
Not overdue	0.1	20,238	-12	0.4	18,156	-74
Overdue by up to 30 days	0.1	5,401	-4	1.3	2,799	-36
Overdue by between 31 and 60 days	1.3	1,136	-15	8.8	610	-54
Overdue by between 61 and 90 days	10.4	59	-6,16	32.5	160	-52
Overdue by more than 90 days	29.5	843	-248	10.0	66	-7
		27,678	-285		21,791	-222
Individually impaired receivables:		501	-500		721	-673
		28,179	-785		22,512	-895

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, 2022. This rate is multiplied by a scaling factor to reflect current and forward-looking information on macroeconomic factors that affect customers' ability to pay receivables.

The scaling factor is based on GDP forecasts and the industry outlook and is 1.7 % (2021: 3.0 %).

Impairment from trade receivables is 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.

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.

Note

The available liquid funds are held exclusively with financial institutions that have a very good credit rating. In addition, there are unused credit lines of up to € 7.1 million (2021: € 17.6 million) at the balance sheet date.

The following table shows the contractual maturities of financial liabilities, including any interest payments:

	Carrying amount	Contractual/ expected payment	Due within				
			6 months	6-12 months	1-2 years	2-5 years	Over 5 years
	k€	k€	k€	k€	k€	k€	k€
At 31/12/2022:							
Financial liabilities	34,400	35,405	9,739	6,216	4,111	13,466	1,873
Lease liabilities	4,002	4,084	914	775	1,168	1222	5
Other non-current financial liabilities	7	7	0	0	7	0	0
Trade payables	7,363	7,363	7,363	0	0	0	0
Other current financial liabilities	1,607	1,607	1,607	0	0	0	0
	47,379	48,466	19,623	6,991	5,286	14,688	1,878
At 31/12/2021:							
Financial liabilities	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
	41,183	42,014	11,236	3,950	6,854	17,137	2,837

Market risks

technotrans pursues the objective of only limited exposure to interest rate risks. Financial liabilities in the amount of € 32,121 thousand (2021: € 28,836 thousand) were therefore taken out at a fixed interest rate. Long-term, variable-rate loans are hedged through the use of interest rate swaps; this requirement does not exist for short-term loans. Variable-rate loans in the amount of € 1,350 thousand (2021: € 1,350 thousand) are converted into fixed-interest loans by means 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.

The carrying amounts of the interest rate swaps are equally exposed to an interest rate risk. An interest rate change of 1 % leads to an increase (interest rate rise) or decrease (interest rate reduction) in the fair value of the interest rate swap of approximately € 36 thousand.

The Group is exposed to exchange rate risks in the course of its operating activities. At December 31, 2022, 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 above-mentioned foreign currency holdings are essentially held by technotrans SE and the respective national companies of the Group.

		31/12/2022			31/12/2021		
		USD	CNY	GBP	USD	CNY	GBP
Trade receivables	k	3,082	4,504	196	2,468	7,311	129
	k€	2,890	612	220	2,179	1016	153
Cash and cash equivalents	k	1,952	5,073	762	2,554	5,984	769
	k€	1,830	689	859	2,255	832	915

Financial liabilities are mainly denominated in euros.

Net investments in a foreign operation are solely in Brazilian reals. 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 within the euro zone and the invoicing currency is generally the same as the production currency. In the event of significant deviations, this exchange risk is hedged by derivative financial instruments. As in the previous year, there were no currency hedges at December 31, 2022.

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 at the balance sheet date, assuming that all other variables, in particular interest rates, remain unchanged:

		Effect on equity		Effect on profit after tax	
	k€	Strengthening + 10 %	Weakening - 10 %	Strenghtening + 10 %	Weakening - 10 %
At 31/12/2022					
USD		-452	452	-193	193
GBP		-53	53	-12	12
BRL		412	-412	9	-9
At 31/12/2021					
USD		-624	624	-112	112
GBP		-45	45	-10	10
BRL		398	-398	1	-1

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 in 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

At the balance sheet date, the following derivative financial instruments were in place to hedge the interest rate risk of the variable-rate loans denominated in euros (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	87

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 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 recognised at € +87 thousand under other financial assets (2021: € -32 thousand other financial liabilities). 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 directly against the hedging reserve. The hedging reserve thus developed as follows:

	k€
Opening balance at 01/01/2021	-56
Amount reclassified to the income statement	0
Change in the market values of cash flow hedges	24
Deferred tax on these not affecting income	5
Balance at 31/12/2021 / 01/01/2022	-27
Amount reclassified to the income statement	0
Change in the market values of cash flow hedges	119
Deferred tax on these not affecting income	-19
Closing balance at 31/12/2022	73

Reconciliation of the movement in debt to cash flows from financing activities

	Liabilities	
	Financial liabilities	Lease liabilities
	k€	k€
01/01/2021	44,003	3,285
Change in cash flow from financing activities		
Cash receipts from the raising of loans	0	0
Cash payments from the repayment of loans	-12,530	0
Cash payments from the repayment of lease liabilities	0	-1,980
Overall change in cash flow from financing activities	-12,530	-1,980
Other changes		
Interest expense	523	52
Interest paid	-523	0
Repayment bonus	0	0
Other reductions of lease liabilities	0	48
Additions to lease liabilities	0	1,117
Total other changes related to liabilities	0	1217
31/12/2021 / 01/01/2022	31,473	2,522
Change in cash flow from financing activities		
Cash receipts from the raising of loans	12,000	0
Cash payments from the repayment of loans	-9,073	0
Cash payments from the repayment of lease liabilities	0	-1,946
Overall change in cash flow from financing activities	2,927	-1,946
Other changes		
Interest expense	603	50
Interest paid	-603	0
Other reductions of lease liabilities	0	0
Additions to lease liabilities	0	3,376
Total other changes relating to liabilities	0	3,426
31/12/2022	34,400	4,002

32) Future payment obligations

	31/12/2022			Total	31/12/2021
	Up to 1 year	1 to 5 years	Over 5 years		Total
	k€	k€	k€	k€	k€
Rent and operating lease agreements	496	263	0	759	590
Maintenance contracts	947	797	2	1,746	1,674
Framework contracts	8,268	3,508	0	11,776	11,792
Investment commitments for property, plant and equipment	918	0	0	918	153
Leases (IFRS 16)	226	831	0	1,057	786
Other	68	2	0	70	80
	10,923	5,401	2	16,326	15,075

Future payment obligations are measured at their nominal amount; foreign currency amounts were 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 to IFRS 16 and are thus not recognised as a lease liability, exercising the option on reporting. Expenses from rental and lease liabilities (minimum lease payments) amount to € 991 thousand in the reporting year (2021: € 868 thousand). The maintenance contracts mainly concern the ERP IT system.

Framework agreements exist with suppliers for the purchase of agreed quantities of goods.

33) Personnel expenses

	2022	2021
	k€	k€
Wages and salaries	69,768	64,930
Social insurance	13,748	12,441
Expenses for retirement benefits and maintenance payments	988	1,379
	84,504	78,750

The wages and salaries item also includes termination benefits in the amount of € 106 thousand (2021: € 415 thousand).

Social insurance includes expenses for defined contribution plans (employer contributions to statutory pension insurance) in the amount of € 6,323 thousand (2021: € 6,170 thousand).

34) Average number of employees over the year

	2022	2021
Average number of employees	1,448	1,416
of which in Germany	1,309	1,277
of which internationally	139	139
Technicians/skilled workers	960	938
Academic background	307	296
Trainees	93	97
Other	88	85

35) Related parties

Related parties include the members of the Board of Management and Supervisory Board of technotrans SE and their close family members, in line with IAS 24.

The remuneration system for the Board of Management complies with the legal requirements of the Act on the Appropriateness of Management Board Compensation (German VorstAG). Regarding the remuneration components, please refer to the Remuneration Report, which is published separately.

In the year under review, consultancy services in the amount of € 62 thousand net (2021: € 75 thousand) were billed by the law firm Hoffmann Liebs Partnerschaft von Rechtsanwälten mbB, Düsseldorf, where the former Supervisory Board member Dr Norbert Bröcker is a partner, 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 amounted to € 15 thousand net (2021: € 15 thousand). All services were concluded as arm's length transactions.

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 Supervisory Board are listed separately in the section "Governing Bodies".

Remuneration of members of the Board of Management and the Supervisory Board

	Michael Finger	Peter Hirsch	Robin Schaede (since December 1, 2022)	Dirk Engel (until July 31, 2021)	Hendrik Niestert (until January 31, 2021)	
2022	Granted	Granted	Granted	Granted	Granted	Total
Fixed remuneration	300	263	23	0	0	586
Short-term incentive (STI) 2022	115	102	9	0	0	226
Long-term incentive (LTI) 2022	95	87	7	0	0	189
Pension (defined contribution plans)	30	30	3	0	0	63
Fringe benefits	29	18	19	0	0	66
Total remuneration 2022	569	500	61	0	0	1,130
2021	Granted	Granted	Granted	Granted	Granted	Total
Fixed remuneration	270	225	0	149	13	657
Short-term incentive (STI) 2021	107	89	0	0	0	196
Long-term incentive (LTI) 2021	113	94	0	0	0	207
Bonus based on the old management contract	0	0	0	111	8	119
Pension (defined contribution plans)	30	30	0	15	0	75
Fringe benefits	27	18	0	11	1	57
Total remuneration 2021	547	456	0	286	22	1,311

As in the previous year, all of the above-mentioned remuneration components represent short-term benefits in line with IAS 24.17. The long-term variable remuneration is a share-based payment in accordance with IFRS 2 (see Note 36 “Share-based payment”). In total, personnel expenses within the meaning of IFRS 2 were recognised in the amount of € 264 thousand (2021: € 247 thousand), bringing the total personnel expenses in connection with the remuneration of the Board of Management to € 1,376 thousand (2021: € 1.315 thousand).

	2022	2021
	k€	k€
Supervisory Board		
Regular payments (short-term)		
- Fixed payments	354	379
- Variable payments	0	0
	354	379

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 Supervisory Board

	Number of Shares	
	31/12/2022	31/12/2021
Board of Management		
Michael Finger	6,700	4,000
Peter Hirsch	5,100	2,838
Robin Schaede ¹⁾		
Supervisory Board		
Andrea Bauer	0	0
Peter Baumgartner	100	100
Dr Norbert Bröcker ²⁾	250	250
Dr Gottfried H. Dutiné	650	650
Andre Peckruhn	76	76
Sebastian Reppegather ³⁾	0	0
Thorbjørn Ringkamp	385	385
Family members		
Katja Hirsch	71	71

¹⁾ Board of Management member since December 1, 2022

²⁾ Supervisory Board member until May 13, 2022

³⁾ Supervisory Board member since May 13, 2022

36) Share-based payment

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 employment contracts. The long-term variable remuneration is determined on the basis of a planning-oriented ROCE target. The ROCE target is set with a +/- range of 1.5 %. If the lower threshold (-1.5 % ROCE compared to the ROCE target) is reached, a 50 % shortfall is assumed; if the upper threshold is reached (+1.5 % ROCE compared to the ROCE target), a 50 % overshoot is assumed. If the ROCE figure achieved is below this range, the remuneration component expires; 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 statements for the year in question. The Board of Management must then, within three months, invest the amount paid out after tax in shares of the company, which are to be held for at least four years and may then be disposed of freely 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 member.

The grant date was defined as the date of signing the employment contract. The vesting period was defined as vesting of the last LTI remuneration tranche. Vesting is accounted for using the graded vesting method. The fair value of the total commitment at the grant date is € 313 thousand for Michel Finger, € 172 thousand for Peter Hirsch for the old employment contract until 2022, € 315 thousand for Peter Hirsch for the new employment contract and € 313 thousand for Robin Schaede. In the 2022

financial year, a total personnel **expense of € 264** thousand was recognised. **Equity includes € 291** thousand in other reserves for share-based payments.

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 € 95** thousand for Michael Finger (**2021: € 113 thousand**), to **€ 87** thousand for Peter Hirsch (**2021: € 94 thousand**) and to **€ 7** thousand for Robin Schaede. These amounts will be paid in April 2023.

37) Corporate governance

The Board of Management and Supervisory Board issued the Declaration of Compliance pursuant to Section 161 AktG on December 16, 2022 and made it permanently available to shareholders and interested parties on the company's website (<https://www.technotrans.com>).

38) Subsequent events

The date for release of the annual financial statements by the Board of Management in accordance with IAS 10.17 is March 14, 2023. These consolidated financial statements are subject to approval by the Supervisory Board (Section 171 (2) AktG).

Notification of voting rights pursuant to Section 40 of the German Securities Trading Act (WpHG): on January 9, 2023 Universal-Investment-GmbH fell below the 3 % threshold.

No further events of particular significance occurred after the end of the 2022 financial year.

Proposal on the appropriation of profit

In accordance with the German Stock Corporation Act, the dividends distributable to the shareholders are based exclusively on the accumulated profit at December 31, 2022, as reported in the annual financial statements of technotrans SE under commercial law.

The Board of Management and Supervisory Board will propose to the Annual General Meeting that the accumulated profit of technotrans **SE of € 23,711,103.82** as reported in the annual financial statements be distributed as follows:

Distribution of a dividend of **€ 4,420,905.60** (€ 0.64 per no par value share) on the dividend-bearing capital stock of **€ 6,907,665.00**. The remaining accumulated profit will be carried forward to new account.

The dividend shall be payable on May 17, 2023.

Sassenberg, March 14, 2023

technotrans SE

The Board of Management



Michael Finger



Peter Hirsch



Robin Schaede

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 net assets, financial position and results of operations 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 14, 2023

technotrans SE

The Board of Management



Michael Finger



Peter Hirsch



Robin Schaefer

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, 2022, the consolidated statement of comprehensive income, the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the financial year from January 1 to December 31, 2022 as well as 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, 2022. 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 at December 31, 2022 and of its financial performance for the financial year from January 1 to December 31, 2022
- 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 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 Opinions

We conducted our audit of the consolidated financial statements and the group management report in accordance with Section 317 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 judgement, were of most significance in our audit of the consolidated financial statements for the financial year from January 1 to December 31, 2022. Those 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 € 23.5 million (14.5 % of total assets and 25.8 % 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 amortisation. The impairment test is performed at the level of the cash-generating 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 cash-generating 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 cash-generating 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 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 Information

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 the section **"Corporate Governance Declaration in accordance with Section 289f HGB and Section 315d HGB"** of the management report
- The non-financial statement pursuant to Sections 289b to 289e HGB and Sections 315d to 315c HGB in the 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

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 audited group management report and our audit opinion.

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 the 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 controls 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 relating 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 misstatements due to fraudulent acts or errors, 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.

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 Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise through fraudulent acts or errors 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 scepticism throughout the audit. We also

- identify and assess the risks of material misstatements in the consolidated financial statements and the group management report, whether due to fraudulent acts or errors, 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 material misstatements resulting from fraudulent acts is higher than the risk of not uncovering material misstatements resulting from errors, because fraudulent acts 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 actions taken or safeguards introduced to eliminate threats to our independence.

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 for 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 STATUTORY 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-2022-12-31.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

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 opinion 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, 2022 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 of 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 (06.2022)) 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 preparing 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 judgement and maintain professional scepticism 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 of 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 enable an 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 the Delegated Regulation (EU) 2019/815 as applicable on the reporting date enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the Annual General Meeting on May 13, 2022. We were engaged by the Supervisory Board on December 20, 2022. We have been the group auditor of technotrans SE, Sassenberg, without interruption since the 2019 financial year.

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.

Independent Auditor's Report

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Dr Achim Lienau.

Osnabrück, March 14, 2023

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft

Dr Achim Lienau
Wirtschaftsprüfer
[German Public Auditor]

ppa Philipp Bußmann
Wirtschaftsprüfer
[German Public Auditor]

Glossary

Explanation of technical terms and key figures

BOOK-TO-BILL RATIO

Book-to-bill ratio = order intake for the period / revenue for the period

GROSS PROFIT

Gross profit = revenue – cost of goods sold (COGS)

CAGR

Compound annual growth rate

CO_{2e}

CO₂ equivalents are a unit of measurement for standardising the climate impact of the various greenhouse gases, usually considered over a period of 100 years. In addition to carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O) 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 + depreciation and amortisation

ESG KPI – environmental, social, governance key performance indicator

Generic term for sustainability indicators

FREE CASH FLOW

Free cash flow = net cash from operating activities + net cash from investing activities

Net cash from operating activities = net cash from operating activities + interest and taxes paid

Net 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 assets + liabilities and advances received + provisions

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 (CO₂), methane (CH₄), nitrous oxide (N₂O), and some fluorinated gases (F gases).

GWP

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. GWP is usually calculated over 100 years. Carbon dioxide (CO₂) is used as a reference gas and given a 100-year GWP of 1.

COO

Certificates 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 COO for each megawatt hour (MWh) of renewable electricity, which they can market if it is not remunerated under the Renewable Energies Act (German EEG). The COO is decommissioned (cancelled) after its one-time marketing; this avoids duplicate reporting.

GROSS MARGIN

Gross margin = gross profit / revenue

NET WORKING CAPITAL

Net working capital = inventories + receivables – trade payables – advances received

NET WORKING CAPITAL RATIO

Net working capital ratio = net working capital / rolling revenue

NET DEBT

Net debt = financial liabilities + lease liabilities – cash and cash equivalents

SCOPE 1

Direct greenhouse gas emissions from own or directly 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 and 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 – advances received

Financial Calendar

Publication	Date
Quarterly Communication 1-3/2023	May 9, 2023
Annual General Meeting	May 12, 2023
Interim Financial Report 1-6/2023	August 8, 2023
Quarterly Communication 1-9/2023	November 7, 2023

Event	
German Equity Forum	November 27 – 29, 2023

Current information on events can be found on our website at
<https://www.technotrans.com/investor-relations/financial-calendar>

This Version of the Annual Report in English language is a translation provided for information purposes only. The original German text shall prevail in the event of any discrepancies between the English translation and the German original. We do not accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may arise from the translation.

Rounding differences may occur.

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Key figures of the technotrans Group (IFRS)

		Δprevious year	2022	2021	2020	2019	2018
Revenue	k€	12.8 %	238,218	211,102	190,454	207,927	216,286
Technology	k€	14.9 %	180,203	156,890	141,916	148,424	156,476
Services	k€	7.0 %	58,015	54,212	48,538	59,503	59,810
EBITDA	k€	16.8 %	21,107	18,069	13,849	16,008	22,599
EBITDA margin	%		8.9	8.6	7.3	7.7	10.4
EBIT	k€	29.9 %	14,329	11,030	6,780	8,338	17,351
EBIT margin	%		6.0	5.2	3.6	4.0	8.0
Net profit for the period ¹	k€	26.8 %	8,900	7,020	4,956	6,088	12,383
as percentage of revenue	%		3.7	3.3	2.6	2.9	5.7
ROCE	%		13.3	12.5	7.8	9.6	21.2
Net profit per share	€		1.29	1.02	0.72	0.88	1.79
Dividend ²	€	25.5 %	0.64	0.51	0.36	0.00	0.88
Balance sheet	k€	10.5 %	162,715	147,197	148,117	146,003	136,032
Equity	k€	7.4 %	91,070	84,776	79,418	75,067	75,244
Equity ratio	%		56.0	57.6	53.6	51.4	55.3
Return on equity ³	%		9.8	8.3	6.2	8.1	16.5
Net debt ⁴	k€	69.2 %	25,957	15,344	21,539	24,232	19,435
Net working capital ratio ⁵	%		26.6	20.6	21.0	20.2	21.1
Free cash flow ⁶	k€	-137.5 %	-3,738	9,955	3,915	7,648	-3,753
Employees (balance sheet date)		4.7 %	1,500	1,433	1,409	1,474	1,453
Employee (FTE) (average)	Ø	2.2 %	1,275	1,247	1,263	1,280	1,236
Personnel expenses	k€	7.3 %	84,504	78,750	75,879	77,679	74,564
as percentage of revenue	%		35.5	37.3	39.8	37.4	34.5
Revenue per employee (FTE)	k€	10.5 %	187	169	151	162	175
Number of shares outstanding at end of period			6,907,665	6,907,665	6,907,665	6,907,665	6,907,665
Share price max ⁷	€		29.50	31.95	28.65	30.00	47.90
Share price min ⁷	€		21.55	23.90	10.14	15.52	24.00

¹ Net profit for the period:

² Dividend:

³ Return on equity:

⁴ Net debt:

⁵ Net working capital ratio:

⁶ Free cashflow:

⁷ Xetra closing price

Profit attributable to shareholders of technotrans SE

Proposal to the Annual General Meeting

Net profit of the period/equity of technotrans SE's shareholders

Interest-bearing financial liabilities (including lease liabilities in accordance to IFRS 16 – cash and cash equivalents

Net working capital/revenue

Net cash from operating activities

+ net cash used for investments according to cash flow statement

