Reaching New Levels

ANNUAL REPORT 2021

MUTARES

MUTARES IN FIGURES 2021

14 acquisitions
completed in 2021, additional two signed

Realized ROIC
>10x

Leading Private Equity
Special Situations Investor

WE SUPPORT
UN GLOBAL COMPACT

United Nations
Global Compact

Guidance
min. EUR 5 billion
Group Revenues by 2023

HOLDING

Revenues
EUR 50.5 million

Net Income
EUR 50.7 million

Invested Capital
EUR 131.9 million

GROUP

Revenues
EUR 2,504.0 million

EBITDA
EUR 566.5 million

Adjusted EBITDA
EUR –41.3 million

Dividend
EUR 1.50
for 2020

DEUTSCHLAND TEST
UNTERNEHMEN DES JAHRES 2022
MUTARES
ANALYSE KUNDENZUFRIEDENHEIT
AUSWERTUNG (FOCUS 03/22)
www.deutschlandtest.de
FOCUS MONEY

6 Exits
completed in 2021

Employees
>140
Mutares Holding incl. subsidiaries

Employees
>14,000

(per end of 2021)

Portfolio Companies
(per end of 2021)
23

OUR IDENTITY

Mutares creates value by transforming risks and opportunities into sustainable business success.

OUR VISION

To be the undisputed international leader for mid-market special situations, driven by our sustainable investment principles.

OUR MISSION

Transform distressed companies and their ownership into sustainable, lasting and value-enhancing opportunities for shareholders.

OUR VALUES

Entrepreneurship
Integrative Management
Sustainability
Personal Integrity

OUR GOAL

Industry-leading risk-optimized returns and direct performance contribution for each shareholder through sustainable and increasing dividends.

CONTENT

LEGEND

Content

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COMPANY PROFILE

Mutares is specialized on the acquisition of medium-sized companies in special situations. Mutares pursues the aim of leading the acquired companies onto a stable path of profitable growth through intensive operational cooperation. Our transaction teams at nine European locations identify suitable companies. After the acquisition, our own operational team, together with the management of the portfolio companies, develops a comprehensive improvement program along the entire value chain and supports its implementation. Our objective is to return the company to sustainable and long-term success and to subsequently support its value. This can also be done through add-on acquisitions.

Extensive operational industry and turnaround experience, combined with transactional and operational support, build the foundation for mastering the challenges involved in developing our portfolio companies.

MUTARES SE & CO. KGaA

Founded in 2008, Mutares acquires mid-sized companies that are headquartered in Europe to develop them long-term-oriented and sustainably.

MUTARES GROUP

As of 31 December 2021, the Mutares Group comprised 23 operating companies.

PORTFOLIO COMPANIES

The portfolio companies operate independently and are managed on their own reporting responsibility. They are integrated into the Mutares Group reporting.

www.mutares.com

FINANCIAL YEAR 2021

AT A GLANCE

JANUARY

Mutares **compensates CO_2 emissions of all flights** of the holding employees for the year 2020. The climate protection contribution benefits the organization atmosfair, which thereby promotes the expansion of renewable energies.

The **sale of the 80% stake in Nexive Group** to Poste Italiane with a double-digit return on invested capital (ROIC) is completed and goes down as the **fastest exit** in Mutares corporate history.

The portfolio company **Balcke-Dürr successfully sold Balcke-Dürr Rothemühle to the Howden Group** with a ROIC >10.

FEBRUARY

Mutares successfully places an **additional increase of the bond issued in February 2020 with a volume of EUR 10.0 million**, which will be listed on the stock exchanges in Frankfurt and Oslo and creates the financial prerequisites for value-enhancing add-on investments, among others.

MARCH

Mutares **signs the UN Global Compact** to successively expand the company's sustainability strategy. In the future, **ESG sustainability criteria** will be incorporated even more clearly into the decision-making process for all activities.

Mutares completes the **acquisition of** Ericsson Services Italia from Ericsson Telecomunicazioni. The company specializes in network expansion and maintenance services and strengthens the Goods & Services segment under the name **EXI**.

Mutares completes the **acquisition of** Primetals Technologies France from Primetals Technologies. The company, a provider of solutions for steel processing lines, will operate under the name **Clecim** after the acquisition and strengthen the Engineering & Technology segment.

APRIL

Mutares completes the **acquisition of the majority stake** in the Carglass® Maison Group from Belron. The specialist for home repairs and emergencies in private households strengthens the Goods & Services segment under the name **Repartim**.

Mutares completes the **acquisition of La Rochette Cartonboard** from RDM Group. The company produces folding boxboard based on virgin fibers mainly for the pharmaceutical and food packaging industries and strengthens the Engineering & Technology segment.

MAY

The Annual General Meeting of Mutares SE & Co. KGaA resolves **a dividend of EUR 1.50 per share**.

Mutares completes the **acquisition of Alan Dick Communications Limited** from Panasonic Europe. The provider of communication and safety systems for the UK rail sector strengthens the Engineering & Technology segment alongside the existing investment Gemini Rail.

As an **add-on investment, the Terranor Group acquires** the provider of road operation and maintenance services **NCC Road Service in Denmark** from NCC. The company now also operates under the name Terranor.

JUNE

Mutares completes the **acquisition of Lapeyre** from Saint-Gobain. The company produces windows, doors, kitchens, bathroom furniture and stairs at ten sites and distributes them throughout France. The **largest transaction in the history of Mutares in terms of revenues and number of employees** strengthens the Goods & Services segment.

Mutares has successfully completed the full **divestment of its majority stake in STS Group** to Adler Pelzer Group, achieving a **ROIC of >8**.

JULY

Mutares completes the **acquisition of Permasteelisa España** from Permasteelisa Group. The add-on investment **strengthens the Donges Group** in the Engineering & Technology segment.

Mutares completes the **acquisition of three exterior plants** from Magna in Germany. The company is a supplier of plastic components and strengthens the Automotive & Mobility segment under the name **Light Mobility Solutions (LMS)**.

Mutares **sold its subsidiary Cenpa to Accursia Capital**. Furthermore, three other French companies, **TréfilUnion, EUPEC and La Meuisienne, will be sold** to the financial investor LiCap.

SEPTEMBER

Mutares announces increased guidance **with a target of at least EUR 5 billion in consolidated revenues by 2023** and resolves a **rights issue to accelerate growth and achieve ambitious targets as well as uplisting to the Regulated Market (Prime Standard)** of the Frankfurt Stock Exchange.

Mutares completes the **acquisition of Innomotive Systems Hainichen** from a Chinese state-controlled company. The company produces complex hinges and will strengthen Mutares' Automotive & Mobility segment and complement the KICO Group.

OCTOBER

Donges Group **sold its subsidiary Norsilk to Protac**.

Mutares signs an agreement to **acquire Toshiba Transmission & Distribution Europe** from Toshiba Group as an add-on acquisition for the Balcke-Dürr Group in the Engineering & Technology segment.

Mutares completes the **acquisition of Rasche Umformtechnik** as an add-on investment for the PrimoTECS Group.

Successful placement of all 5,140,439 new shares with gross proceeds of approx. EUR 100 million and **successful uplisting to the Regulated Market (Prime Standard)** of the Frankfurt Stock Exchange.

NOVEMBER

Mutares completes the **acquisition of Ganter Group** from MIGATI Beteiligungsgesellschaft. The company acts as a general contractor for high-quality interior design and realizes projects for internationally renowned customers from the retail, commercial and residential sectors. As such it will strengthen the Goods & Services segment.

Mutares **expands the presence in the Benelux and opens a new office in Amsterdam** to better exploit opportunities in the market and further expand its M&A business.

Mutares signs an agreement to acquire **Sealynx International and its subsidiaries** from GMG Group as an add-on acquisition for the SFC Solutions Group, which is part of the ESF Solutions Group.

DECEMBER

Mutares completes the **acquisition of Allianceplus AB (Sweden)** from Polaris. The company is a service provider in facility management and will strengthen the Goods & Services segment as a new platform investment and will operate under the name **Asteri Facility Solutions**.

Mutares completes the **acquisition of Frigoscandia** from Posten Norge. The acquisition will strengthen the Goods & Services segment as a new platform investment. The company is a provider of temperature-controlled logistics services.

Mutares announces **changes in the Management Board**: At the end of 2021, Mutares will say goodbye to Dr. Kristian Schleede, who will retire from his position on the Management Board.

OUR MANAGEMENT

The Mutares Management Board consists of three members, all of whom have years of international experience in various industries.

CEO
ROBIN LAIK
born in 1972, is founder, CEO and main shareholder of Mutares. He is responsible for strategy and business development. Before founding Mutares, he held various management positions, among others at L'Oreal Group, at Bavaria Industries Group AG as CFO and at ESCADA AG as Head of M&A.

CIO
JOHANNES LAUMANN
born in 1983, joined Mutares in 2016. In 2019, he was appointed CIO. He is responsible for M&A and Investor Relations. In the past, he held various management positions at EY, Porsche Consulting GmbH and in the Oil & Gas Division of Atlas Copco.

CFO
MARK FRIEDRICH
born in 1978, has been with Mutares since 2012. In 2015, he took over the CFO position. He is responsible for the finance and reporting of the Mutares Group. Previously, he worked as a tax consultant and auditor at EY.

More information on the careers can be found at:
www.mutares.de/en/team/#vorstand

MESSAGE FROM THE MANAGEMENT BOARD

Dear Shareholders,
Ladies and Gentlemen,

Mutares looks back on the most successful financial year in the Company's history: This is reflected in another high level of activity in terms of transactions, both on the acquisition and the sell side, in the successful further operational development of our portfolio and, above all, in new record values in terms of key financial figures. However, the financial year 2021 was not only a new record year for Mutares, but with a view to the future it was also above all a year in which we laid the foundation for further growth into new dimensions with the capital increase in October 2021.

Result of the financial year 2021

Mutares' revenues result from consulting services and management fees Mutares provides to its subsidiaries. The increase to EUR 50.5 million (previous year: EUR 31.9 million) is a consequence of the high transaction activity. Revenues and dividends from the portfolio (mainly income from investments received in the same period) result in the so-called "Portfolio Income", which for the financial year 2021 amounts to EUR 64.9 million (previous year: EUR 66.5 million). The result is a net profit for the year of EUR 50.7 million, compared to EUR 33.4 million in the previous year. Per Mutares share, this corresponds to a net profit of EUR 2.46 (previous year: EUR 2.16).

In the financial year 2021, the **Mutares Group** generated revenues of EUR 2,504.0 million (previous year: EUR 1,583.9 million). The increase is mainly due to the high acquisition activity in the financial year 2021 with 14 completed acquisitions. The resulting gains from bargain purchases were also a key driver for the strong increase in EBITDA (earnings before interest, taxes, depreciation and amortization), which increased to EUR 566.5 million (previous year: EUR 142.7 million). Adjusted EBITDA, in particular adjusted for the effects of frequent changes in the composition of the portfolio that are inherent in the business model, amounted to EUR –41.3 million (previous year: EUR –28.8 million) and was negatively impacted by the price increases on the procurement markets as well as the still negative earnings contributions from the investments acquired in the past twelve months. At the same time, the various portfolio companies of Mutares have each implemented and executed comprehensive operational improvement programs in the course of the financial year 2021, with the aim of significantly increasing the value of the respective investment upon a subsequent exit. In particular, the development at BEXity, Lacroix + Kress, KICO Group, SABO, and Terranor Group are very positive. The start to the restructuring process, especially at Lapeyre, is considered promising.

Most transaction-intensive year in the Company's history

The financial year 2021 is the most transaction-intensive year in the history of Mutares. On the acquisition side, we successfully completed a total of 14 acquisitions across our three segments Automotive & Mobility, Engineering & Technology and Goods & Services. The acquisition of Toshiba Transmission & Distribution Europe agreed in the fourth quarter of the financial year 2021 was completed after the balance sheet date in the first quarter of 2022; the company will operate under the name Balcke-Dürr Energy Solutions in the future. The acquisition of Sealynx International announced in November 2021 as an add-on for the SFC Solutions Group is still expected to be completed in the second quarter of 2022. In the first quarter of 2022, two transactions have also already been signed; the acquisition of Vallourec Bearing Tubes from Vallourec and the ATI Sheffield business from Allegheny Technologies Incorporated as new platform investments.

The balanced maturity of Mutares' investments is increasingly reflected in the transactions on the sell side (so-called exits). In total, Mutares was able to hand over six investments to new owners in the financial year 2021. In the first half of 2021, the exits of Balcke-Dürr Rothemühle Deutschland to Howden Group, of Nexive to Poste Italiane and of STS Group to Adler Pelzer Group were successfully completed. This was followed in the second half of the year by the exits of TréfilUnion, EUPEC and La Meusienne to LiCap and of Cenpa to Accursia Capital. Finally, the Donges Group sold its subsidiary Norsilk to Protac in October. The final closing of the exit of BEXity to Raben Group, already agreed in December, took place in the first quarter of 2022. For the exits in the financial year 2021, the return on invested capital (ROIC) was on average above our medium-term target of 7 to 10.

Organizational prerequisites created for further growth

However, the past financial year was not only very successful in operational terms. Above all, we have also created the strategic conditions to make our communicated, strong growth targets tangible. An elementary building block for this is the expansion of our regional presence. In the financial year 2021, Mutares, in addition to the locations in Munich, Paris, Milan, London, and Frankfurt, opened further locations in Madrid, Stockholm, Vienna, and Amsterdam, so that we can now drive growth via acquisitions from nine locations across Europe with regional teams. In addition, further locations are planned in Finland and Poland. The expansion of our national companies gives us access to new opportunities for attractive acquisitions in the respective countries and regions. The basis for this is also the significantly expanded Mutares team consisting of in-house consultants and M&A specialists. Compared to the financial year 2020, our team of consultants has increased from 70 to 95. Our goal is to exploit the full potential of opportunities as they arise by building our operational team to more than 200 consultants by the end of the financial year 2023.

Financial flexibility for the growth spurt

Our M&A pipeline currently comprises around 40 material acquisition projects and is thus over-abundant. With the capital increase successfully placed in October 2021, Mutares has also created the financial prerequisites to take the Company to the next level in view of the opportunities arising in terms of consolidated revenues, especially as the financial scope allows for the acquisition of larger, more attractive acquisitions. Mutares' management participated to a significant extent in the capital measure, which was fully placed with a gross volume of approximately EUR 100 million. With the additional cash, Mutares also stands out from the competition for attractive deals. In addition to Mutares' strong reputation with a successful track record in the special situations private equity market, its financial flexibility is another pledge of trust for our transaction partners. This also applies to the uplisting to the Regulated Market of the Frankfurt Stock Exchange (Prime Standard) in connection with the capital increase. We are thus deliberately subject to strict disclosure requirements and the highest transparency standards, which gives our transaction partners and all other stakeholders a high degree of reliability with regard to the information published, creating additional trust. Furthermore, this step also broadens the investor base for the Mutares share by providing easier access for additional international institutional investors. Last but not least, the high demand from investors during the placement of the capital increase underlines that the business model and the resulting value creation are appreciated on the capital market.

Increase in medium-term targets

We have developed further on all levels in the financial year 2021 and are ideally prepared to set the next milestone with Mutares and to consolidate our position as one of the leading private equity investors in Europe focused on carve-outs and special situations. The Management Board sees a great opportunity to further increase the pace of transactions achieved in the financial year 2021 by tapping into the new markets in the future. By the financial year 2023, we thus aim to increase Group revenues to at least EUR 5 billion. Based on the still valid target range for Mutares' net income of 1.8%–2.2% of consolidated revenues for the financial year 2022, we expect consolidated revenues of at least EUR 4.0 billion with a net income in the range between EUR 72 million and EUR 88 million.

Dividend of EUR 1.50 per share at a repeated high level

We remain committed to our sustainable dividend policy, which provides for our shareholders to participate significantly in the success of the Company. The successful development in the financial year 2021 and the lucrative exit transactions with above-plan ROIC enable us to pay a dividend – despite turbulent times – at a high level once again. As the Management Board, we want our shareholders to participate in our success. We are therefore proposing a dividend of EUR 1.50 per share for the financial year 2021. Particularly in challenging times of the Ukraine crisis, raw material shortages, chip crisis, and COVID-19 restrictions, this illustrates our robust business model from which we all benefit. We are prepared and want to underline this with a sustainable dividend 2021.

Responsibility and sustainability

At Mutares, acting responsibly is firmly anchored in our corporate values. We understand corporate responsibility as an obligation to focus not only on organic growth and the sustainable success of our portfolio companies, but also on the compliance with and implementation of ecological, social, and corporate values and standards. Sustainability in practice goes beyond ecologically sensible measures and encompasses social aspects and the principles of good corporate governance as well. Against this backdrop, we signed the UN Global Compact in the reporting year 2021, committing ourselves to respect and implement the ten sustainable principles set out therein and to promote sustainable development worldwide. With our non-financial reporting, which will be carried out for the first time in 2021, we are ensuring a high level of transparency in this regard for investors and the public.

Outlook

In 2021, we have created the framework to grow further with Mutares and to lead the Mutares Group as a whole to a significantly higher level of consolidated revenues. For the financial year 2022, the Management Board expects an increase in consolidated revenues to at least EUR 4 billion based on the transactions carried out in the past year. According to current estimates, this development will be supported by all three segments. This financial guidance is naturally subject to certain uncertainties. Although the COVID-19 pandemic is losing its influence on the economic development, a complete overcoming of the pandemic on an international level as well as the associated effects, for example, on the supply situation for raw materials and intermediate products is not considered certain. Mutares has taken measures to mitigate the consequences in all portfolio companies. At the same time, the conflict between Russia and Ukraine, which has been fought militarily since the beginning of the conflict on 24 February 2022, leads to great uncertainty regarding future geopolitical and economic developments. However, the direct effects of this conflict only affect a small share of the Mutares Group's revenues with customers in Ukraine and the Ukrainian plant of the Plati Group. The indirect effects – in particular due to the international sanction measures on the supply chains of Mutares portfolio companies as well as the demand for their products and services by their customers cannot be reliably estimated at the moment. In particular, from today's perspective, the Management Board cannot rule out that the effects of the armed conflict between Russia and Ukraine will take on a disruptive character for individual portfolio companies and have a negative impact on the financial position, net assets, and results of operations of Mutares overall at Group level. For this reason, reliable forecasts with a longer-term perspective cannot be made, also with regard to the current war events in Ukraine.

Dear Shareholders,
In view of the great suffering and humanitarian catastrophe in Ukraine, we do not want to and will not simply go back to normal. At Mutares, we see ourselves as a global family and live this claim with deepest conviction. That is why we act decisively and in solidarity: silently and in public, through monetary and in-kind donations on site to those people affected as well as to aid organizations. Our subsidiary Frigoscandia for example, together with the Red Cross, drove an aid transport with tons of food to Ukraine. Our thoughts are with the people in Ukraine and the families who have had to leave their homes. We can only hope that this humanitarian catastrophe will come to a peaceful resolution as soon as possible.

We would like to thank the employees throughout the Group for their extraordinary commitment in the financial year 2021. Our gratitude also goes to our shareholders for the trust they have placed in us. We hope that you will continue to accompany us on our exciting journey that will take Mutares into new dimensions!

Sincerely,
The Management Board of Mutares Management SE,
General Partner of Mutares SE & Co. KGaA

Robin Laik, CEO | Mark Friedrich, CFO | Johannes Laumann, CIO

F.l.: Mark Friedrich, Johannes Laumann und Robin Laik

OUR BUSINESS MODEL

01 Acquisition

After the acquisition, Mutares initiates an extensive operational improvement program within the portfolio companies. The projects jointly defined with the company are implemented by Mutares consultants in close cooperation with the employees on site.

02 Realignment

Mutares develops its company successfully in strategic and operational terms until the long-term reorganization is achieved: Specialists support optimization projects on the ground, including investments in the development of innovative products, adapting and reorganization sales and production with a long-term perspective.

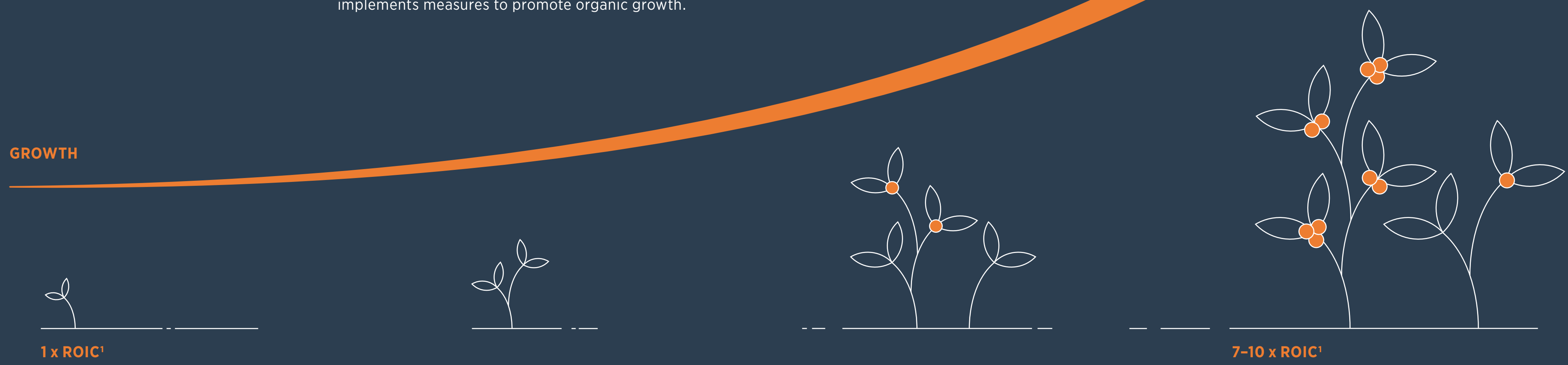
On completion of the improvement program, the company will have re-established itself as an independent, profitable company in its respective market. With the help of active investment management by Mutares, the company is continuously evaluated with a view to new business opportunities and supported in their development. In addition, Mutares then defines and implements measures to promote organic growth.

03 Optimization

Another option for the growth phase involves additional development through focused, strategic acquisitions (the buy-and-build approach). Mutares reviews the company for further business opportunities and strengthens its development during the growth phase through focused strategic add-ons to enter new markets or bring in new products or promising technologies. For these add-on acquisitions, the strategic fit is crucial, therefore no pre-defined deal criteria.

04 Harvesting

The objective of Mutares is to actively promote the realization of the company's value potential, thereby establishing the basis for a profitable sale of the company to ensure the sustainable development of the portfolio in the long term.



[1] Average estimate over time and may vary and deviate in individual cases

OUR BUSINESS MODEL

Mutares' business approach includes the acquisition, transformation (restructuring, optimization, and repositioning) and/or development of companies in special situations as well as their subsequent sale. When selecting target companies, Mutares focuses on the identification of existing value creation potential, which can be realized after an acquisition through extensive operational and strategic optimization and transformation measures.

Within the framework of its business model, Mutares actively and systematically searches for target companies in special situations in order to leverage existing value potential with innovative and individually tailored solutions.

Mutares thus acts like a typical private equity investor for special situations; however, through Mutares SE & Co. KGaA, which is now listed in the Prime Standard, it is possible for a broad range of investors to participate directly in the success of a private equity-oriented business model under these regulatory conditions.

Mutares is committed to its portfolio companies during the entire time they are part of the Mutares Group and acts as a responsible and entrepreneurial shareholder who reliably and actively supports the upcoming change phases – based on extensive, long-term industry and restructuring experience. The aim is to transform companies that were unprofitable into independent and dynamic medium-sized enterprises with a competitive and profitable business model, to develop them through organic and inorganic growth and finally to sell them at a profit. Against the background of these core elements of the business model, Mutares refers to itself as an "investment entrepreneur".

Value creation approach

Mutares' business success depends to a large extent on experienced key personnel who must have outstanding cross-industry expertise in corporate transactions, financing, and corporate law as well as operational restructuring, while at the same time being highly resilient. Mutares competes globally with private equity firms in recruiting and retaining these key personnel, who are also in high demand for this profile. Mutares faces this competition and ensures through a bundle of measures that the company has sufficient highly qualified personnel to operate its business model. This does not only include variable, high performance-related compensation structures commensurate with the high level of expertise required; through careful personnel selection, a high degree of autonomy for the restructuring managers deployed, and the most variable, highly performance-related compensation possible, Mutares offers an attractive working environment for entrepreneurial personalities.

Mutares currently has a team of more than 100 consultants, which is targeted to be doubled to 200 by 2023 in line with the communicated growth strategy.

OUR STRATEGY

Mutares pursues the typical private equity strategy of allowing shareholders to participate directly and continuously in the Company's success. Against this background, a sustainable and attractive dividend policy is one of the essential elements of the Mutares business model. The annual result of Mutares SE & Co. KGaA is derived from various sources, namely on the one hand from revenues from the consulting business and on the other hand from dividends from portfolio companies as well as exit proceeds from the sale of investments. Due to this diversified revenue structure, Mutares believes that even in an operationally difficult year for various portfolio companies, it is generally in a position to generate a sufficiently high net income to continue its long-term sustainable dividend policy.

In addition to its home market Germany, Mutares is present in other strategic core markets in Europe through its own offices. This makes it possible to compensate for regional fluctuations in the transaction markets and ensure a constant deal flow.

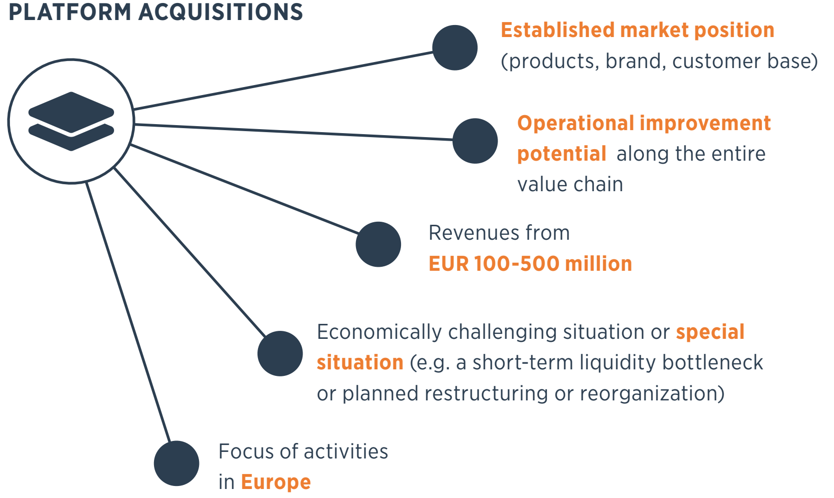
TRANSACTION FOCUS

In selecting its acquisition targets, Mutares focuses on three segments:

- **Automotive & Mobility**
- **Engineering & Technology**
- **Goods & Services**

Mutares invests throughout Europe in companies and corporate spin-offs meeting the following characteristics:

CRITERIA FOR PLATFORM ACQUISITIONS



Reaching New Levels

The financial year 2021 was the most successful in Mutares' history so far. Group revenues climbed by more than 58% to EUR 2.5 billion, setting a new record. We have thus exceeded our targets. With fourteen completed transactions on the acquisition side, two further signed acquisitions and a total of six completed exits, Mutares has made more transactions than ever before in terms of number and volume. This is also reflected in the dividend for 2021, which is also at a record level. "Reaching New Levels" applies to Mutares in two respects – as a description of the status quo and as a promise for the future! We have taken a big step forward in 2021 in all respects and at the same time have created the conditions to maintain the pace and grow further in the future.

+58%

EUR
2.5 billion
Revenues in 2021

WE ARE READY TO REACH NEW LEVELS!

Thanks to the successful capital increase of approx. EUR 100 million in the fall of 2021, in which the management participated to a considerable extent, Mutares has created the financial prerequisites to further expand the portfolio through new platform acquisitions as well as value-enhancing add-on acquisitions as part of a buy-and-build strategy.

“We deliver what we promise and we are ready to take Mutares to new dimensions. The additional financial strength makes us even more powerful for the emerging opportunities in the market and sets the stage to become the leading special situations private equity firm in Europe.”

Robin Laik, CEO and major shareholder

NEW LEVEL OF TRANSPARENCY

In the course of the capital increase in 2021, the company was also **uplisted to the Regulated Market of Deutsche Börse (Prime Standard)**. This is associated with more extensive publication obligations and higher transparency standards. This results in a broadening of the investor base due to improved access to institutional and international investors. The high level of transparency also provides transaction partners on the acquisition and exit side with a high level of information security and creates trust.

“We meet the highest transparency requirements in the Prime Standard. Mutares stands for the highest level of trust and integrity!”

Mark Friedrich, CFO

NEW LEVEL OF RETURNS

A sustainable and substantial participation of the shareholders in the success is a cornerstone of the dividend policy at Mutares. In the past financial year, Mutares distributed EUR 1.50 per share to shareholders amounting to a total distribution of EUR 23.1 million (previous year: EUR 15.2 million). For the financial year 2021 we are proposing a dividend of EUR 1.50 per share (planned total distribution: EUR 30.9 million). The basis for this success is the high value creation resulting from our business model. Also in this regard Mutares has reached new dimensions in the past year. The return on invested capital (ROIC) for the exits in 2021 was on average above the target of 7 to 10.

nexive >20 ROIC

BALCKE DÜRR ROTHEMÜHLE >10 ROIC

>8 ROIC

NEW LEVEL OF GLOBAL REACH AND HUMAN CAPITAL

The expansion of the regional presence is elementary for deal sourcing. In the course of 2021, Mutares opened additional offices in Stockholm, Madrid, Vienna and Amsterdam and is now driving expansion across Europe from nine branches with a significantly expanded team of consultants and M&A specialists. Thanks to its strong reputation in the special situations private equity market, Mutares is an attractive employer. Additional offices in Finland and Poland are already planned and will be opened by 2023. The increased local coverage in Europe opens up new opportunities for attractive acquisitions in the individual regions.

"Opening an office in Vienna does not only allow us to be closer to Austrian deals, but also to use the office as a gateway to Eastern Europe including the Baltic states."

Katerina Zenz, Head of M&A Austria

We see a large benefit with a local presence, as many of the M&A processes in the market are locally driven and various projects do not become visible across the border. Through the office, we are able to embrace the local culture and language and gain closer relationship with local sellers and advisors. Additionally, it gives us flexibility and speed when negotiating transactions as well as when executing our strategy in acquired companies later on.

"The Benelux is an important market for Mutares as it offers a combination of international activities and abundant local entrepreneurship, and we are convinced that our presence there provides valuable solutions for companies in transition."

Juren Soppe, Head of M&A BeNeLux

NEW LEVEL OF OPPORTUNITIES

The aftermath of the COVID-19 pandemic, but especially the reputation and financial strength of Mutares open up great opportunities for further growth. The M&A pipeline is very well filled with a large number of interesting projects and offers Mutares numerous opportunities.

READY REACHING NEW LEVELS

Mutares has set the stage to continue to grow and make 2022 another record year. The medium-term targets have been clearly communicated: Mutares aims to grow to consolidated revenues of at least EUR 5 billion by 2023. At the Mutares Holding Level, which is relevant for the dividend, we target a net profit of 1.8 to 2.2% of Group revenues. Along with the Group's growth, the Mutares Operations team is targeted to further expanded to 200 employees by 2023. This forms the cornerstone of our success and bring the necessary experience, combining industry and consulting backgrounds, to successfully master the turnaround in our portfolio companies.

"We are ‚first in mind – first in choice' for special situations private equity in Europe and, thanks to our reputation, have a full transaction pipeline and all the capabilities to acquire even larger investments. We will step on the gas even more in 2022 with an expanded team and more resources. Our aggressive medium-term targets are no wishful thinking, but a clearly defined roadmap to make the most of the opportunities that arise."
Johannes Laumann, CIO

"We have positioned Mutares optimally for the further expansion of the Group. Our international positioning and strengthened financial power give us great leverage here to seize the best opportunities at the right time and in the right place with our outstanding team."
Johannes Laumann, CIO

200
Consultants by 2023

min. EUR 5 billion
Group Revenues by 2023

FIRST IN MIND — FIRST IN CHOICE

ACTIVE DEVELOPMENT OF OUR PORTFOLIO

AUTOMOTIVE & MOBILITY

Portfolio company	Industry	Acquisition	approx. EURm annualized revenues	Phase
LMS	Supplier of plastic components for the automotive industry	2021	320	Realignment
ESF Industrial Solutions Group	Automotive supplier for fluid transfer systems, sealing solutions and cable harnesses	2009, 2019, 2020	215	Optimization
KICO and ISH Group	System supplier of high-quality automotive technology	2019, 2021	180	Optimization
PrimoTECS Group	Supplier of forges in the engine, transmission and driveline sectors	2020	110	Optimization
iinovis Group	Engineering service provider for automotive engineering	2020	35	Realignment
			860	

ACTIVE DEVELOPMENT OF OUR PORTFOLIO

ENGINEERING & TECHNOLOGY

Portfolio company	Industry	Acquisition	approx. EURm annualized revenues	Phase
Donges Group	Full-range provider for building envelopes and steel structures	2017	410	Harvesting
Lacroix + Kress	Manufacturer of oxygen free copper	2020	165	Optimization
La Rochette Cartonboard	Producer of folding boxboard	2021	130	Optimization
Balcke-Dürr Group	Supplier and service provider for heat exchangers and reactors	2016	110	Optimization
Royal de Boer and Japy Tech Group	Manufacturer of cooling tanks and barn equipment	2020	45	Realignment
Gemini Rail and ADComms Group	Industrial, technological, and infrastructure service provider for the rail industry	2018, 2021	40	Optimization
Clecim	Supplier of high-end steel processing line solutions	2021	30	Realignment
			930	

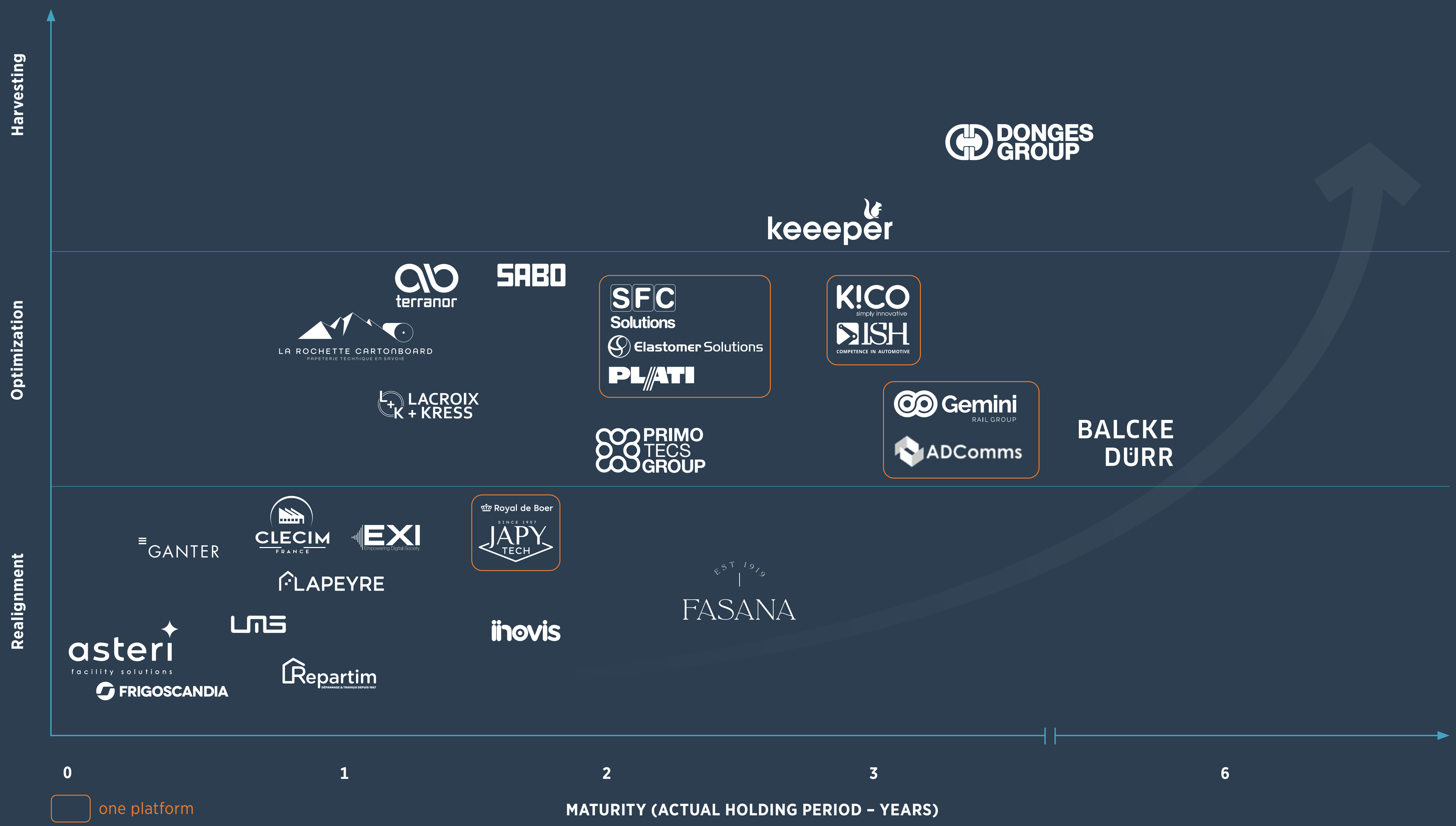
ACTIVE DEVELOPMENT OF OUR PORTFOLIO

GOODS & SERVICES

Portfolio company	Industry	Acquisition	approx. EURm annualized revenues	Phase
Lapeyre Group	Manufacturer and distributor of home equipment products	2021	680	Realignment
Frigoscandia Group	Provider of temperature-controlled logistic services	2021	255	Realignment
Terranor Group	Provider of road operations and maintenance services	2020	145	Optimization
Ganter Group	General contractor in interior construction and shop fitting	2021	80	Realignment
keeeper Group	Manufacturer of plastic and paper household products	2019	70	Harvesting
FASANA	Manufacturer of innovative and high-quality paper napkins	2020	35	Realignment
Repartim Group	Provider of house repair and emergency services	2021	35	Realignment
SABO	Manufacturer of lawnmowers	2020	25	Optimization
EXI	Service provider of information and communication technology	2021	20	Realignment
Asteri Facility Solutions	Service provider in the Soft Facility Management industry	2021	20	Realignment
			1,365	

MUTARES PORTFOLIO ACROSS LIFECYCLE STAGES

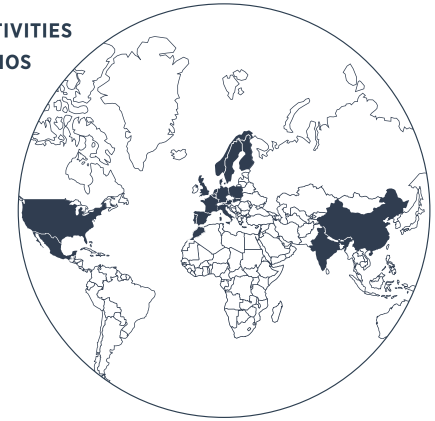
Attractive exit possibilities are increasing with maturity



OUR FOOTPRINT

Since its foundation in 2008, with the first office in Munich, Mutares has become a European investor with activities worldwide. Mutares has **9** offices and currently holds **22** portfolio companies.

WORLDWIDE ACTIVITIES OF THE PORTFOLIOS



PORTFOLIO COMPANIES / GROUPS

1. LMS (Obertshausen, Germany)
2. ESF Industrial Solutions Group (Częstochowa, Poland, and Porto, Portugal)
3. KICO and ISH Group (Halver, Germany)
4. PrimoTECS Group (Villar Perosa, Italy)
5. iinovis Group (Bad Friedrichshall, Germany)
6. Donges Group (Frankfurt/Main, Germany)
7. Lacroix + Kress (Bramsche, Germany)
8. La Rochette Cartonboard (Valgelon-La Rochette, France)
9. Balcke-Dürr Group (Dusseldorf, Germany)
10. Gemini Rail and ADComms Group (Wolverton, UK)
11. Royal de Boer and Japy Tech Group (Leeuwarden, Netherlands, and Dijon, France)
12. Clecim (Savigneux, France)
13. Lapeyre Group (Aubervilliers, France)
14. Frigoscandia Group (Helsingborg, Sweden)
15. Terranor Group (Stockholm, Sweden)
16. Ganter Group (Waldkirch, Germany)
17. keeeper Group (Stemwede, Germany)
18. FASANA (Euskirchen, Germany)
19. Repartim Group (Tours, France)
20. SABO (Gummersbach, Germany)
21. EXI (Rome, Italy)
22. Asteri Facility Solutions (Stockholm, Sweden)

OUR PORTFOLIO COMPANIES

Automotive & Mobility

Our Portfolio Companies in the Automotive & Mobility segment – our **early-cyclic business** – operate worldwide, supplying prominent international original equipment manufacturers ("OEMs") for commercial vehicles and passenger cars.

Engineering & Technology

Our portfolio companies in the Engineering & Technology segment – our **late-cyclic business** – serve customers from various sectors, including the energy and chemical industries, public infrastructure and the rail sector, in particular in the area of plant and mechanical engineering.

Goods & Services

Our portfolio companies in the Goods & Services segment – our **non-cyclic business** – offer specialized products and services for customers in various sectors.

AUTOMOTIVE & MOBILITY
Supplier of plastic components for the automotive industry

part of the portfolio since
2021

approx.
1,716
employees

approx. EUR
320 million
annualized revenues

Company profile LMS
LMS is a global supplier of plastic exteriors solutions for the Automotive Industry and addresses all leading European OEMs through comprehensive product portfolio ranging from complete fascias, grilles, rocker and side panels to spoilers and other exterior trim parts.

The company manufactures components and systems mainly for the automotive industry at the three production sites and is counting on a state-of-the-art injection moulding technology, painting, chroming and assembly. The company has established itself as a well-known supplier in the automotive sector directly delivering to the assembly lines of the OEMs.

LMS' mission is to shape innovative solutions for the customers through know-how and technologies. LMS commits to excellence and takes responsibility towards sustainability.
www.lms-automotive.com/en

Strategy
With the new name LMS which stands for Light Mobility Solutions, the company focuses on the further development of its current business, the use of the know-how it has acquired and the intensification of the cooperation with customers, supported by the Mutares inhouse consulting team.

HEADQUARTERS
OBERTSHAUSEN, GERMANY

Transactions
- **2021** – Acquisition of LMS from MAGNA Exteriors

Injection molded parts in the fixture ready for assembly

approx.
3,100
employees

approx. EUR
215 million
annualized revenues

AUTOMOTIVE & MOBILITY

Automotive supplier for fluid transfer systems, sealing solutions and cable harnesses

Company profile ESF Industrial Solutions Group

ESF Industrial Solutions Group was formed by the merger of SFC Solutions Group (leading supplier of high-performance fluid transmission systems and seals), Elastomer Solutions Group (manufacturer of rubber and thermoplastic components) and Plati Group (established international supplier of wire harnesses, special cables and connectors).

The three companies continued to drive the integration process in 2021 in order to achieve efficiencies from both a sales and operational perspective.

With manufacturing facilities in Europe (Italy, Spain, Poland, Ukraine, Portugal and Slovakia), Africa (Morocco), Central America (Mexico) and Asia (India), the company serves a broad customer base, including major global and local OEMs and several Tier-1 suppliers for the automotive industry and manufacturers of industrial goods.

All plants are state-of-the-art, complemented by strong engineering capabilities, and feature key industry-specific certifications such as ISO 14001, ISO 9001:2015, and IATF 16949:2016.

www.sfc-solutions.com
www.elastomer-solutions.com
www.plati.it

Strategy

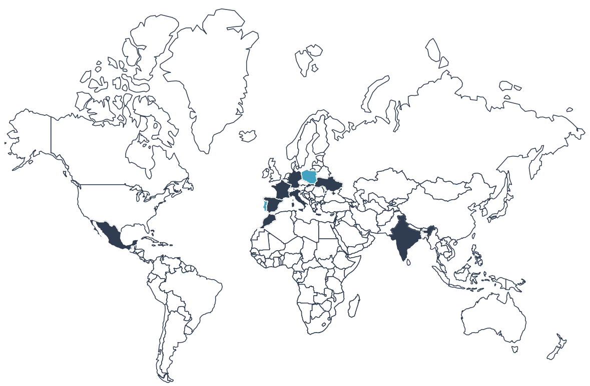
The Group will focus on three development areas:

- Sustain growth by developing business along all key markets, leveraging the distribution channels available to each company, taking advantage of market trends and development in the industry (i.e., battery electric vehicles and hybrid electric vehicles), and working closely with OEMs to develop new technologies and products.
- Efficiency gains through the implementation of a lean management approach in both, direct and indirect areas, the optimization of make-or-buy decisions in the context of existing production sites, the reduction of scrap as well as the simplification of logistics processes are operational focal points within the Group.
- Synergies such as the mutual use of free manufacturing capacities, the establishment of a joint shared services team and the harmonization of the IT platform are to be realized.

Elastomer Solutions Group part of the portfolio since
2009

Plati Group part of the portfolio since
2019

SFC Solutions Group part of the portfolio since
2020



HEADQUARTERS
CZĘSTOCHOWA, POLAND
PORTO, PORTUGAL

Transactions

- **2020** – Acquisition of selected sealing and liquid transfer businesses from Cooper Standard
- **2019** – Acquisition of Plati from Deren Group
- **2009** – Acquisition of Elastomer Solutions from Diehl Group

Compound mixing in the Italian SFC Solutions plant

K!CO simply innovative

ISH COMPETENCE IN AUTOMOTIVE

part of the portfolio since
2019
2021

approx.
1,070
employees

approx. EUR
180 million
annualized revenues

HEADQUARTERS
HALVER AND HAINICHEN, GERMANY

AUTOMOTIVE & MOBILITY
System supplier of high-quality automotive technology

Company profile KICO and ISH Group
KICO is a leading and traditional supplier for the international automotive industry. In addition to its headquarter in Germany, KICO operates two other sites in Poland and Mexico. KICO develops, industrializes and manufactures market-oriented, competitive safety components for passenger cars. The products meet the elevated requirements of the European automotive industry and range from active and passive hinges and closure systems, through mechatronic backrest adjusters to activeaerodynamic systems. As a Tier-1 supplier KICO mainly serves automotive OEMs and, thanks to its high flexibility and in-depth know-how, can offer its customers tailor-made solutions with the expected highest product and delivery quality. KICO employs around 700 people with annual revenues of approx. EUR 90 million.

Innomotive Systems Hainichen (ISH) is a leading manufacturer of high-precision machined door hinges made of steel or aluminium, as well as complex hinges for hoods, tailgates, and lids. The company is the world's number one supplier of aluminium hinges for automotive applications with headquarter in Hainichen, Germany and subsidiary in Nanjing, China. Since its founding in 1992, ISH established itself as a leading Tier-1 supplier serving automotive OEMs products for passenger as well as commercial vehicles. ISH offers to its customers a one-stop-shop covering the entire value chain from customer-specific development of products, CNC machining, broaching, welding, hardening to semi and fully automated assembly lines with integrated quality checks. ISH employs around 450 people with annual revenues of approx. EUR 120 million.

www.kico.de/en
www.ish-automotive.de/?lang=en

Strategy
ISH is deeply involved in the co-development of customer components taking advantage of its highly skilled engineers and R&D team. ISH focuses on strengthening its relationship with major OEMs to keep delivering customized products as well as on continuous development of complex aluminium parts. To support its international reach, ISH plans to further leverage its subsidiary in China and further develop its growth.

KICO positions itself as a preferred strategic partner with a high degree of connectivity and expertise for customers in the automotive industry. With its technical competence, KICO aims to further expand its market position in the areas of closure systems and hinges and to consolidate and strengthen the market position already achieved in the still young product area of aerodynamic systems. KICO focuses on the optimization of operational excellence to further strengthen the basis for future growth.

Transactions
- **2021** – Acquisition of Innomotive Systems Hainichen from a Chinese state-controlled enterprise
- **2019** – Acquisition of KICO Group from the owner family

Customized solutions are produced on state-of-the-art manufacturing and assembly lines.

PRIMO TECS GROUP

AUTOMOTIVE & MOBILITY

Supplier of forges in the engine, transmission and driveline sectors

part of the portfolio since
2020

approx.
800
employees

approx. EUR
110 million
annualized revenues

Company profile PrimoTECS Group

The company manufactures components for use in electric, hybrid and conventional drives at two production sites in northern Italy. The company has established itself as a well-known supplier in the automotive sector, as well as in the truck industry and related sectors.

In the fall of 2021, PrimoTECS acquired Rasche Umformtechnik GmbH & Co. KG as an add-on investment. Rasche is a leading manufacturer of forged parts in Germany and supplies customers in the automotive, fittings, aviation, forklift, agricultural and mechanical engineering industries.

The add-on investment provides access to new customers and customer segments as well as the expansion of the product portfolio into smaller series sizes with manual forging presses. The acquisition underlines the growth strategy and the vision to become the number 1 in the industry for forging and machining. Together, the two companies will benefit from various synergies such as supply chain optimization or production capacities.

www.primotecs.com
www.rasche.de

Strategy

With the name PrimoTECS, which stands for mobility, transmissions, engine components and solutions, the company focuses on the further development of its current business, the use of the know-how it has acquired and the intensification of the cooperation with customers, supported by the Mutares inhouse consulting team. The acquisition of Rasche enables the expansion into new industries as well as the extension of the product portfolio into smaller size series. This increases the diversification of PrimoTECS Group offering and new growth potential can be leveraged.

HEADQUARTERS
VILLAR PEROSA, ITALY

Transactions

- **2021** – Add-on acquisition: PrimoTECS acquires Rasche Umformtechnik
- **2020** – Acquisition of PrimoTECS from Tekfor Group

Quality control of parts after forging

AUTOMOTIVE & MOBILITY

Engineering service provider for automotive engineering

part of the portfolio since
2020

approx.
400
employees

approx. EUR
35 million
annualized revenues

Company profile iinovis Group

iinovis is a leading automotive engineering service provider with expertise in key growth areas such as simulation, testing, electrics/electronics and vehicle development (cars and motorcycles).
In addition to engineering services for OEMs and Tier-1 suppliers, the company is also active in prototyping as well as small series production and in the production of wire harnesses. The company operates at five locations in Germany and also has a test track access in Spain.
www.iinovis.com

Strategy

iinovis is well positioned for a future growth course and will benefit from the increasing demand of OEMs in the development area in the field of e-mobility.

Transactions

- **2020** – Acquisition of the Automotive Engineering Services segment of Valmet Automotive Inc.

HEADQUARTERS
BAD FRIEDRICHSHALL, GERMANY

iinovis performs airbag tests for well-known OEMs using high-speed cameras. The highly dynamic technology can record this concise phase of the test and evaluate it for the customer.

ENGINEERING & TECHNOLOGY

Full-range provider for building envelopes and steel structures

part of the portfolio since
2017

approx.
1,120
employees

approx. EUR
410 million
annualized revenues

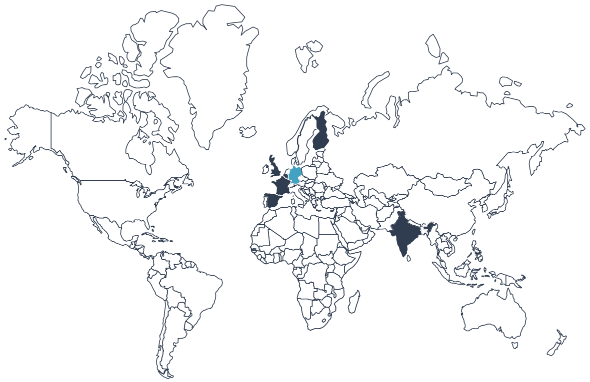
Company profile Donges Group

After five strategic acquisitions, the Donges Group is one of the leading full-range suppliers of steel bridges, steel structures as well as roof and facade systems in Europe. With the excellently positioned five brands Donges SteelTec, FDT, Kalzip, Nordec and Permasteelisa España, the Group delivers solutions for the construction of individual and sustainably designed buildings worldwide.

The product portfolio today includes steel structures, roof and facade solutions for a wide range of requirements. With its products, Donges serves architects, planners, building developers, general contractors and builders, the public sector as well as craftsmen and processing companies. The Donges Group employs over 1,100 people at ten production sites in Europe and international sales offices in 35 countries.
www.donges-group.com/?lang=en

Strategy

Following the recent add-on acquisition (Permasteelisa España), Donges is aiming for further growth and consolidation of its very good positioning in the European market. The cornerstones of this strategy are the realization of synergies through the joint processing of the existing customer portfolio and existing sales channels, as well as the development of Northern and Southern European markets in the areas of facade solutions and steel construction.



HEADQUARTERS
FRANKFURT AM MAIN, GERMANY

Transactions

- **2021** – Exit of Norsilk
- **2021** – Add-on acquisition: Donges Group buys Permasteelisa España from Permasteelisa Group
- **2020** – Add-on acquisition: Donges Group buys Nordec (Ruukki Building Systems) from SSAB
- **2019** – Add-on acquisition: integration of Norsilk, which is already part of the Mutares portfolio
- **2019** – Add-on acquisition: Donges Group buys FDT flat roof technology from private individual
- **2018** – Add-on acquisition: Donges SteelTec becomes Donges Group: acquisition of Kalzip from Tata Steel Europe
- **2017** – Acquisition of Donges SteelTec from Mitsubishi Hitachi Power Systems Europe

"We deliver solutions for innovative and future-oriented buildings and aim to be our customers' first choice in our market segments for steel structures and building envelope products."

Manufacturing parts for a highway bridge

LACROIX + KRESS

ENGINEERING & TECHNOLOGY
Manufacturer of oxygen free copper

part of the portfolio since
2020

approx.
250
employees

approx. EUR
165 million
annualized revenues

HEADQUARTERS
BRAMSCHE, GERMANY

Company profile Lacroix + Kress
Lacroix + Kress is one of the leading manufacturers of oxygen-free copper wire products in bare, tinned, silver-plated and nickel-plated finishes for industrial applications. The company serves customers worldwide from its two German production sites in Bramsche and Neunburg, with the majority of revenues coming from the European market. Thanks to the quality of its products and its high level of recognition among blue-chip customers, among others, the company has a strong market position.
www.lacroixundkress.de/en

Transactions

- **2021** – Acquisition of Lacroix + Kress from Nexans

Strategy
The market for oxygen-free copper is growing and will continue to grow significantly in the coming years. Due to its optimal surface quality in combination with high electrical conductivity and thermal properties, oxygen-free copper will be increasingly used in the electrical and electronic industry. The trend towards e-mobility will drive the automotive market. With its world-renowned wire rod process, Lacroix + Kress has a unique selling point in this market and will thus participate decisively in its growth.

Employee checking machine, which is making copper wire thinner by extending it

LA ROCHETTE CARTONBOARD
PAPETERIE TECHNIQUE EN SAVOIE

ENGINEERING & TECHNOLOGY
Producer of folding boxboard

part of the portfolio since
2021

approx.
320
employees

approx. EUR
130 million
annualized revenues

Company profile La Rochette Cartonboard
La Rochette Cartonboard was founded in 1873 and is a leading manufacturer of cartonboard packaging, mainly for the pharmaceutical and food sectors. From its production site in Valgelon-La Rochette (France), the company serves a diversified customer base mainly in Europe.
www.larochette-cartonboard.com

Strategy
La Rochette Cartonboard uses mainly domestic wood pulp for its folding boxboard, a virgin fiber board for the packaging industry. Various coating techniques and thicknesses can be used to achieve different product properties. The increasing demand for high quality and food safety standard of paper products will further support the development of La Rochette Cartonboard. A positive market trend towards the reduction of plastics in the packaging industry is an additional driving factor.

Transactions
- **2021** – Acquisition of La Rochette Cartonboard from Reno De Medici Group

HEADQUARTERS
VALGELON-LA ROCHETTE, FRANCE

Cutting machine bringing the cardboard in the right format

BALCKE DÜRR

ENGINEERING & TECHNOLOGY

Supplier and service provider for heat exchangers and reactors

part of the portfolio since
2016

approx.
430
employees

approx. EUR
110 million
annualized revenues

Company profile Balcke-Dürr Group

With more than 130 years of experience, the Balcke-Dürr Group offers innovative energy efficiency solutions for utilities, companies of the oil- and gas- as well as the chemical industry. The product portfolio ranges from standard modules to complete thermal systems. Balcke-Dürr's experienced engineers specialize in solutions that meet the highest safety and sustainability requirements. The product portfolio includes heat exchangers, cooling towers, nuclear decommissioning and maintenance services. The two partial exits of the activities in Poland and the Rothemühle business enabled the Balcke-Dürr Group to withdraw from the coal business.

www.balcke-duerr.com/en

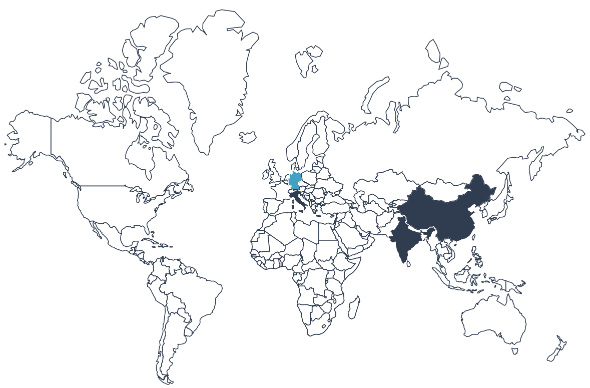
Strategy

The Balcke-Dürr Group focuses on three strategic goals: First, the Group wants to strengthen its position in the nuclear energy market; second, it wants to significantly expand its business with dismantling services for nuclear power plants; and third, it wants to strengthen its activities for customers in the oil- and gas- as well as the chemical industries. Extensions to the product portfolio are being examined, as is inorganic growth through acquisitions. The recent add-on acquisition of Balcke-Dürr Energy Solutions, formerly Toshiba Transmission & Distribution Europe, expands the product range to include battery storage systems, smart grid solutions and renewable energy installations.

"The realignment of Balcke-Dürr Group will continue to be consistently pursued and completed. In 2022, the company aims to expand the relevant market, both in terms of new areas of application for the existing range of products and services and through strategic acquisitions."

Transactions

- **2022** – Add-on acquisition of Balcke-Dürr Energy Solutions (formerly Toshiba Transmission & Distribution Europe)
- **2021** – Exit of La Meusienne
- **2021** – Exit of Rothemühle business
- **2020** – Exit of Balcke-Dürr Polska
- **2020** – Add-on acquisition of Loterios
- **2018** – Add-on acquisition of STF's heat exchanger division
- **2016** – Acquisition of the Balcke-Dürr Group from SPX



HEADQUARTERS
DUSSELDORF, GERMANY

Pipe bends as part of a replacement of boiler pressure parts

Royal de Boer

SINCE 1957 JAPY TECH

ENGINEERING & TECHNOLOGY

Manufacturer of cooling tanks and barn equipment

part of the portfolio since
2020

approx.
200
employees

approx. EUR
45 million
annualized revenues

Company profile Royal de Boer und Japy Tech Group

Royal de Boer is a leading manufacturer of barn equipment such as feed fences, cubicles, ventilation and manure systems. The company operates one production plant in Leeuwarden (Netherlands), with a large international installed base.

Japy Tech is a manufacturer of high-quality cooling tanks in various sizes and designs and for different applications. Based in Dijon (France) the company supplies products to the European and global dairy cooling industry.

www.royaldeboer.com
www.japy-tech.com/en

Strategy

The key steps for future growth for both companies are the establishment of direct contact with the end-customers leading to optimization of the product mix, exploitation of cross-selling opportunities, increase in overall efficiency and cost reduction among the supply chain.

Royal de Boer and Japy Tech can further build upon their well-known brands that are recognized in the international market for their high-quality products to deepen and widen the relationships with their customers. After a successful realignment, the companies will explore additional add-on opportunities in order to ensure growth supported by a comprehensive product portfolio for the farming market.

Transactions

- **2020** – Acquisition of Royal de Boer and Japy Tech from GEA Farm Technologies

HEADQUARTERS
LEEUWARDEN, NETHERLANDS
DIJON, FRANCE

Design of a future-oriented livestock housing system that contributes to sustainable livestock production

ENGINEERING & TECHNOLOGY

Industrial, technological, and infrastructure service provider for the rail industry

Gemini RAIL GROUP

ADComms

part of the portfolio since
2018
2021

approx.
270
employees

approx. EUR
40 million
annualized revenues

Company profile Gemini Rail and ADComms Group

Gemini Rail, one of the UK's leading rail engineering businesses, specializes in the modernization and refitting of rail vehicles. With its inhouse team of specialized engineers, Gemini Rail offers turnkey solutions for train refurbishment, modernization, and external project management. In addition, under the GemECO brand, the company has established itself as the leading technology retrofitter for hybrid rail vehicle propulsion systems. In the UK, Gemini is the second largest OEM-independent supplier and counts UK railway operating and stock owning companies as well as railroad manufacturer among its customers.

With extensive experience in the telecommunications and networks markets, ADComms works with clients to develop intelligent connected solutions that solve operational challenges. Predominantly working in the UK rail network, this includes radio and fixed network infrastructure, third party communications (including track-to-train and tunnel connectivity) and station communications and management systems (including single person/driver only operations and core CCTV systems). In particular, a new piece of in house developed software "CCTV Cloud Broker Solution" is leading the modernization of reliable retrieval of CCTV footage from on board systems in live time. The business offers end-to-end solutions and works closely with the key rail network infrastructure managers and major railway infrastructure operators and large transport companies.

www.geminirailgroup.co.uk
www.adcomms.ltd

Strategy

As a core part of the joint realignment, both ADComms and Gemini Rail will focus on expanding customer relationships within the UK rail industry, with an emphasis on network infrastructure operators and individual transport operators.

With its bespoke solutions operating at the forefront of contemporary transport technology, ADComms is a key player in the expanding rail network as the UK enters a period of sustained infrastructure investment.

Gemini Rail continues to focus on implementing a redefined market strategy and further developing its product portfolio. Gemini is a pioneer for hybrid propulsion systems in the UK and through the GemECO brand and realizes orders for the conversion of rail vehicles to electric, battery, and hydrogen hybrid propulsion systems.

HEADQUARTERS
WOLVERTON AND SCUNTHORPE, UK

Transactions

- **2021** – Acquisition of ADComms from Panasonic Europe
- **2018** – Acquisition of Gemini Rail Group from Knorr-Bremse

Restoration work on a train

CLECIM FRANCE

part of the portfolio since
2021

approx.
210
employees

approx. EUR
30 million
annualized revenues

ENGINEERING & TECHNOLOGY

Supplier of high-end steel processing line solutions

Company profile Clecim

Clecim is a renowned supplier of carbon and stainless-steel processing lines, stainless steel rolling mills as well as mechatronic products and metallurgical services, serving steelmakers around the world for more than 100 years. As a provider of plants, products and services for the iron, steel and non-ferrous industries, the company offers its customers high-end technological solutions, lifecycle services and equipment of the highest processing quality.

Based in Savigneux (France), the company can design and manufacture complete mechatronics, new spare parts and maintenance or modernization solutions. Its production includes qualified specialists in mechanical welding, machining, assembly, piping, painting and testing, whose skills are also recognized in the tires, forging and marine industries, amongst others.
www.clecim.com

Strategy

Clecim benefits from a very high level of expertise in high-end solutions for steel processing lines with leading-edge products in its market. The company is intensifying commercial efforts to further expand the new project business and the spare parts business. Furthermore, Clecim will focus on operational excellence in project planning and execution, more profitable projects and recurring services.

Transactions

- **2021** – Acquisition of Clecim from Primetals Technologies Group

HEADQUARTERS
SAVIGNEUX, FRANCE

Adjustment of piston in a roll force cylinder for Rolling Mill in Clecim's workshop

LAPEYRE

GOODS & SERVICES

Manufacturer and distributor of home equipment products

part of the portfolio since
2021

approx.
3,060
employees

approx. EUR
680 million
annualized revenues

HEADQUARTERS
AUBERVILLIERS, FRANCE

Company profile Lapeyre Group

Lapeyre is a leading manufacturer and distributor of home equipment products and furniture for indoor and outdoor use including windows, interior and exterior doors, stairs, kitchen and bathroom furniture. The company operates nine production sites, supplying an extensive network of 130 shops in France. The brand "Lapeyre" is well known in the French market.

A strong competitive position results from the company's vertically integrated model from production to distribution with innovation capability and fast time-to-market for new products.

www.lapeyre.fr

Strategy

Lapeyre capitalizes on its fundamental strengths and develop its product offering and network profitably. Thanks to strategic investments in its industrial tools, distribution network and support systems, the company is expected to return to profitability and growth within the next three years.

Transactions

- **2021** – Acquisition of Lapeyre from Saint-Gobain

Individual kitchen equipment with Lapeyre products

FRIGOSCANDIA

GOODS & SERVICES

Provider of temperature-controlled logistic services

part of the portfolio since
2021

approx.
790
employees

approx. EUR
255 million
annualized revenues

Company profile Frigoscandia Group

Frigoscandia is a Nordic market leading provider of temperature-controlled logistic services. The company is headquartered in Helsingborg (Sweden) with a large network and distinct presence in Europe with focus on the Nordics. Business areas include domestic transport, international transport and warehousing with a dynamic network of vehicles, terminals and warehouses.

www.frigoscandia.com/en

Strategy

Frigoscandia's strategic initiatives include strengthening its presence in the Nordics, developing its European network, optimizing the current infrastructure, optimizing and developing the existing service portfolio, capturing the digitalization potential, developing the operating model and growth through targeted acquisitions.

Transactions

- **2021** – Acquisition of Frigoscandia from Posten Norge

HEADQUARTERS
HELSINGBORG, SWEDEN

Packing of products for transport

terranor

part of the portfolio since
2020

approx.
400
employees

approx. EUR
145 million
annualized revenues

GOODS & SERVICES
Provider of road operations and maintenance services

Company profile Terranor Group
Terranor Group is the leading provider of operations and maintenance services to ensure safe traffic on and around roads in the Nordic countries. Services include snow removal, road maintenance, road markings and street cleaning. Customers are predominantly government and municipal entities, partly also private customers.

Operations are managed from Terranor Group's headquarter in Stockholm (Sweden) and offices in Helsinki (Finland) and Silkeborg (Denmark). Terranor Group has risen to become the largest cross-national player in road operation and maintenance services in the Nordic countries and continues to strive to expand market share through an expanded service offering and new customer contracts.
terranor.dk/en
terranor.fi/en
terranor.se/en

Strategy
Terranor Group stands for timely and high-quality execution of contracted services. These characteristics are key factors for success and on the way to further increasing profitability and expanding regional coverage to neighbouring areas. Terranor Group will also expand its range of services in the future to capture additional market share in all three countries.

Transactions
- **2021** – Add-on acquisition: Terranor Group acquires Terranor Denmark from NCC
- **2020** – Acquisition of Terranor Sweden and Terranor Finland from NCC

HEADQUARTERS
STOCKHOLM, SWEDEN **HELSINKI, FINLAND**
SILKEBORG, DENMARK

Asphalt infrastructure project in an urban area executed by a multi-skilled Terranor project team in Sweden

GANTER

GOODS & SERVICES
General contractor in interior construction and shop fitting

part of the portfolio since
2021

approx.
190
employees

approx. EUR
80 million
annualized revenues

Company profile Ganter Group

Ganter Construction & Interiors GmbH (GCI), founded in 1995 and headquartered in Waldkirch (Germany), is a former family-run company that realizes projects for internationally renowned customers as a general contractor and expert for high-quality interior design. The company has successfully completed more than 1,000 projects worldwide.

The Ganter Group operates as a general contractor and expert in high-quality interior design for customers in the commercial, public and private sectors. The customer spectrum today includes retailers, globally positioned brands and companies, as well as private and public builders whose creative designs and wishes Ganter turns into reality in collaboration with architects and designers. As part of its transformation processes since 2016/17 and a market shift in the retail sector, Ganter has developed the strategic growth areas of Commercial and Residential in addition to classic shopfitting in the luxury segment. The sectors are as diverse as the countries in which projects are realized – from fashion and lifestyle to gastronomy and hospitality to modern office space or private construction projects in France, Switzerland, Italy or China.

The group is a valued partner for architects and designers, (luxury) brands and retailers, commercial operators (hotels, restaurants, offices), shipyards, private property owners and investors.
www.ganter-group.com/en

Strategy

The Group adapts and applies its know-how and latest techniques to each individual project to meet customers' specific project requirements in terms of cost and schedule.

Transactions

- **2021** – Acquisition of Ganter Construction & Interiors from MIGATI Beteiligungsgesellschaft

HEADQUARTERS
WALDKIRCH, GERMANY

Interior construction and design of a Breuninger department store

GOODS & SERVICES
Manufacturer of plastic household products

part of the portfolio since
2019

approx.
490
employees

approx. EUR
70 million
annualized revenues

HEADQUARTERS
STEMWEDE, GERMANY

Company profile keeeper Group

The keeeper Group, a company with over 60 years of tradition, is one of the leading European suppliers of innovative and high-quality plastic household products. With four product lines for kitchen, household, storage and children, the group serves well-known customers from the DIY, food retail, wholesale and furniture retail sectors in around 50 countries. As trade partner, keeper fulfils not only product but also global delivery and service requirements in reliable quality.

www.keeeper.com/en

Strategy

keeeper Group is a brand and quality provider of durable and functional household products that are made of environmentally friendly materials, affordable for everyone and necessary for a sustainably organized household. The group sells its products through consumer channels under its customers' own brands and under the German Brand Award-winning keeeper brand.

The operational focus of the specialist for organization solutions is on the development of new products and the opening up of new markets and sales channels, such as the kids' segment and the expansion of online channels. Each product stands for at least one of the brand promises: ecological, efficient, essential – enjoy living!

Transactions

- **2019** – Acquisition of keeeper Group from Wrede Industrieholding

keeeper is a leading company for day-to-day convenience products in and around the home

GOODS & SERVICES
Provider of house repair and emergency services

part of the portfolio since
2021

approx.
360
employees

approx. EUR
35 million
annualized revenues

Company profile Repartim Group
Repartim is a renowned French home repair and emergency specialist with two main activities. On the one hand, emergencies that require quick intervention on site to fix everyday problems in the home, such as locksmith or plumbing work. And on the other hand, planned works and general renovations, such as painting, floor coating or drainage. Repartim is headquartered in Tours (France) and counts companies and individuals among its customers, who are served through a network of 20 agencies, over 300 in-house technicians and 1,000 subcontractors throughout France.
www.repartim.fr

Strategy
To support the business with new transformation projects, Mutares has entered into a strategic partnership with HomeServe, a leading home repair and maintenance specialist. Repartim will benefit from the current favorable market dynamics, the redesign of its core processes, significant commercial synergies with the HomeServe network and the investment in new IT tools to improve customer service and order execution.

Transactions
- **2021** – Acquisition of Repartim by Mutares (80%) and HomeServe (20%) from Belron

HEADQUARTERS
TOURS, FRANCE

Repartim employee
during an on-site operation

EST 1919

FASANA

part of the portfolio since
2020

approx.
210
employees

approx. EUR
35 million
annualized revenues

HEADQUARTERS
EUSKIRCHEN, GERMANY

GOODS & SERVICES

Manufacturer of innovative and high-quality paper napkins

Company profile FASANA

FASANA is a leading European brand and quality supplier of paper napkins and has been a reliable partner for food retailers, drugstores, discounters and AFH (away from home, for example hotels or catering) wholesale markets worldwide for over 100 years.

FASANA's services range from production on its own paper machine to the finished product for the trade. In addition to product requirements, also delivery and service requirements are met in compliance with global quality standards. The company sells its products through consumer channels under customers' own brands and under the FASANA Est 1919 brand.

www.fasana.com/en

Transactions

- **2020** – Acquisition of FASANA from Metsä Tissue

Strategy

The operational focus of FASANA GmbH is on the development of new sustainable products and the development of new markets and distribution channels, such as in the FASANA Bioline range.

Final product after packaging

SABO

GOODS & SERVICES
Manufacturer of lawnmowers

part of the portfolio since
2020

approx.
80
employees

approx. EUR
25 million
annualized revenues

Company profile SABO
SABO is one of the leading European manufacturers of innovative and high-quality lawn mowers. SABO serves customers in 25 countries with gasoline and electric mowers as well as battery-powered garden tools. The quality of the products and the high brand awareness make SABO a company with a strong market position.
www.sabo-online.com/en

Strategy
SABO Maschinenfabrik is a brand and quality supplier of electric, battery and gasoline-powered lawn mowers for private and professional use. The extensive product portfolio is complemented by hand tools such as leaf blowers, hedge trimmers and chainsaws as well as various accessories.

SABO works with over 1.400 specialized dealers and distributes its products nation-wide to companies and private customers. SABO's operational focus is on expanding into new markets and developing the growth market for battery-powered lawn mowers and garden equipment.

Transactions

- **2020** – Acquisition of SABO Maschinenfabrik from John Deere

HEADQUARTERS
GUMMERSBACH, GERMANY

Ensuring the highest quality through German craftsman-ship in Gummersbach

EXI Empowering Digital Society

GOODS & SERVICES
Service provider of information and communication technology

part of the portfolio since
2021

approx.
240
employees

approx. EUR
20 million
annualized revenues

Company profile EXI
EXI is a market leader in mobile telecommunication services, actively serving all major telecom operators in Italy. The focus of activities is currently on the expansion and maintenance of 4G networks and will shift accordingly in the future with the imminent nationwide rollout of 5G networks in Italy.

The company's capabilities and competencies range from network operations and design to network roll-out, project management and governance. EXI also plays a significant role in the Italian market as a systems integrator of large technology companies.

Many of the leading telecommunications companies and service providers have chosen to entrust EXI with the implementation of their innovative projects and the construction of telecommunications networks and infrastructures throughout the country.

Currently EXI employs around 240 people, including technicians, project managers, engineers and administrative staff in numerous offices and warehouses in every region of Italy. This allows the company to respond quickly to situations and carry out its activities efficiently.
www.exispa.com/en

Strategy
EXI's vision is to become the main player in Italy's digital transformation by continuing to grow its customer base in the mobile business (by providing excellent and profitable services), the geographic expansion by actively exploiting opportunities in emerging markets and by expanding into other areas such as broadband and fiber design.

HEADQUARTERS
ROME, ITALY

Transactions
- **2021** – Acquisition of EXI from Ericsson Telecomunicazioni

Employees during maintenance on site

asteri
facility solutions

GOODS & SERVICES

Service provider in the Soft Facility Management industry

part of the portfolio since
2021

approx.
560
employees

approx. EUR
20 million
annualized revenues

Company profile Asteri Facility Solutions

Asteri Facility Solutions (Asteri), formerly ALLIANCE+, is a provider of facility management services in Sweden. The company is headquartered in Stockholm (Sweden) and operates in Sweden's largest metropolitan areas. Services are structured in four areas: facility management, office services, conference services, and hotel services. This includes for example regular cleaning in hotels, offices or factories, special and intensive cleaning services, window cleaning, receptionist service, maintenance of coffee machines as well as landscaping and gardening. Asteri serves both public and private customers across a wide range of industries.

www.asteri-fs.se/en

Strategy

Strategic focus for Asteri is on expanding the service portfolio, grow sales, and increase market shares with the objective to become one of the leading providers of facility management solutions in Sweden.

Transactions

- **2021** – Acquisition of Asteri from Polaris

HEADQUARTERS
STOCKHOLM, SWEDEN

Office cleaning

MUTARES ON THE CAPITAL MARKET

- Share with +44.9% price increase above industry average in 2021 (54.5% including dividend)
- Dividend of EUR 1.50 per share distributed for financial year 2020
- Successful uplisting to Prime Standard of the Regulated Market
- Capital increase with gross issue proceeds of around EUR 100 million
- Increase of the bond by EUR 10.0 million
- Dividend proposal for the year 2021 in the amount of EUR 1.50 per share
- Market capitalization of over EUR 460 million at year-end
- All analyst ratings recommend to buy with price target of up to EUR 37.50

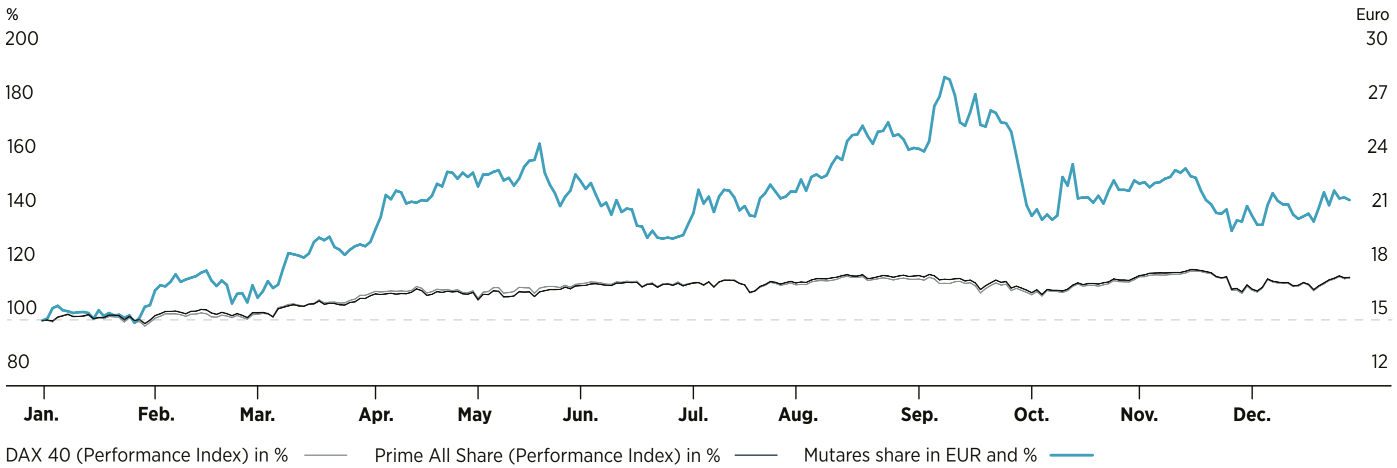
Global stock markets still under the influence of the COVID-19 pandemic

Developments on the international stock exchanges in 2021 continued to be determined by the COVID-19 pandemic and additionally by material availability. Global indices recorded a mixed start to the stock market year, due in particular to the different containment measures taken by the respective countries. Triggered by hopes of an end to the pandemic as a result of the vaccination campaigns starting in the first half of 2021, the stock markets made significant gains from March 2021. Then, from the summer onwards, global supply bottlenecks, logistics problems and inflation concerns led to a slow-down in the global economic recovery. The Omikron virus mutation added a further uncertainty factor, resulting in corrective movements on the stock markets from fall 2021. Consequently, the DAX fell by around 1,000 points from the interim high of 16,030 points to the beginning of October. Despite the existing pandemic-related uncertainties, stock markets worldwide proved robust in 2021 and delivered a strong performance overall. Over the course of the year, the DAX reached a new all-time high of 16,290 points on 18 November 2021, and closed 2021 with a gain of 15.8% compared with the closing price in 2020[1]. The economic outlook is positive. After a strong upturn in 2021 with GDP growth of 5.2%, economic activity in the euro area is projected by the OECD to grow by 4.3% in 2022 and 2.5% in 2023[2].

Mutares share again with above-average return in 2021

The Mutares share closed the year 2021 at EUR 22.75 with an increase of 44.9% compared to the closing price of the previous year (EUR 15.70). Thus, the development of the DAX 40 (+15.8%) as well as the Prime All Share Performance Index, in which the Mutares share is included (+16.1%), was clearly exceeded. The shares opened the stock market year 2021 on 4 January at EUR 15.72. Following the publication of the half-year report 2021 and the achievement of new record revenues including increased guidance until 2023 with a target of at least EUR 5 billion in consolidated revenues, the listing reached its highest level in the reporting year on 10 September 2021 at EUR 30.00. For Mutares' investors, taking into account the dividend of EUR 1.50 per share paid in May 2021, this resulted in

Price development including benchmark indices



[1] www.boerse-frankfurt.de/index/dax
[2] www.oecd-ilibrary.org/sites/66c5ac2c-en/1/3/2/15/index.html?itemId=/content/publication/66c5ac2c-en&_csp_=9b4ecb1aafc11518f34da944ee244a5b&itemIGO=oecd&itemContentType=book

an above-average pre-tax return of 54.5%. As a listed private equity company, Mutares strives to provide international investors with a liquid form of investment through the listed Holding Company for investment opportunities otherwise only available to private equity investors and to allow investors to participate in the long-term success of the company.

The average daily trading volume on Xetra incl. Tradegate was 57,498 shares in the reporting year (previous year: 72,135 shares). In Euro, the average daily traded volume incl. Tradegate increased significantly to EUR 1,246,167.00 in 2021, compared to EUR 781,453.00 in the previous year, thus underlining the increased interest of investors in Mutares' business model. As of 30 December 2021, the market capitalization of Mutares SE & Co. KGaA amounted to EUR 469.5 million with 20.6 million shares outstanding and a closing price of EUR 22.75 (previous year: EUR 243.3 million).

Mutares with capital increase and successful uplisting to Prime Standard

Mutares successfully completed a rights issue in October 2021. A total of 5,140,439 new registered no-par value ordinary shares of the Company were offered in the subscription period from 30 September 2021 to 13 October 2021 (both dates inclusive) at a subscription ratio of 3:1 at a subscription price of EUR 19.50 per new share in accordance with the terms and conditions of the subscription offer published in the German Federal Gazette. 5,059,274 new shares have been subscribed under the subscription offer. This corresponds to around 98.4% of the total of 5,140,439 new shares offered. The new shares, where no subscription right was exercised, were placed in the market and demand exceeded supply many times over. Following the registration of the capital increase in the Commercial Register, the Company's share capital thus increased by EUR 5,140,439.00 from EUR 15,496,292.00 to EUR 20,636,731.00 through the issue of the 5,140,439 new shares.

The gross proceeds from the capital increase amounted to approximately EUR 100 million. With the proceeds from the capital increase, Mutares intends to leverage current opportunities to accelerate growth through platform acquisitions of new portfolio companies, add-on acquisitions to strengthen existing portfolio companies as part of its buy-and-build strategy, and investments in existing portfolio companies. In addition, Mutares intends to further expand growth by opening new markets in Finland and Eastern Europe.

In connection with the capital measure, the share was also uplisted to the Regulated Market (Prime Standard), which is associated with the highest transparency standards. This makes the Mutares share accessible to a broader and more international group of investors.

EUR **100** million
gross proceeds from capital increase

Key figures of the Mutares share

		2019	2020	2021
Number of shares	Million pieces	15.5	15.5	**20.6**
Thereof treasury shares	Million pieces	0.2	0.3	**0.01**
Market capitalization	EUR m	197.1	243.3	**468.6**
Closing price[1]	EUR	12.72	15.70	**22.75**
Highest price[1]	EUR	13.06	16.86	**30.00**
Lowest price[1]	EUR	8.15	6.07	**15.04**
Trading volume (daily average)	Piece	47,502	72,135	**57,498**

[1] www.boerse-frankfurt.de/equity/mutares-se-co-kgaa

Sustainable dividend policy plus distribution of a performance dividend

Mutares continues to adhere to its dividend policy based on continuity and sustainability. It remains the objective to allow shareholders to participate appropriately in the Company's success with a sustainable and attractive distribution. Due to the pleasing business development in 2020, Mutares was able to distribute a dividend of EUR 1.50 per share in 2021, following a resolution by the Annual General Meeting on 20 May 2021. The dividend of EUR 1.50 per share from the retained earnings 2020 consists of the base dividend of EUR 1.00 plus a performance dividend from the successful sale of investments in the amount of EUR 0.50. Taking into account the treasury shares not entitled to dividends, this corresponds to a total distribution of EUR 23.1 million (previous year: EUR 15.2 million). Based on the year-end share price 2020, the Mutares share thus records an attractive dividend yield of 9.6% (previous year: 7.9%).

9,6%
dividend yield

Director's Dealings

In the reporting year, members of the Management Board and the Supervisory Board acquired further shares in the amount of approximately EUR 21.8 million. The unrestricted trust of the Management is a clear signal of their conviction to achieve the set targets and thus confirmed their sustainable confidence in the strategy and the outlook of Mutares' growth value.

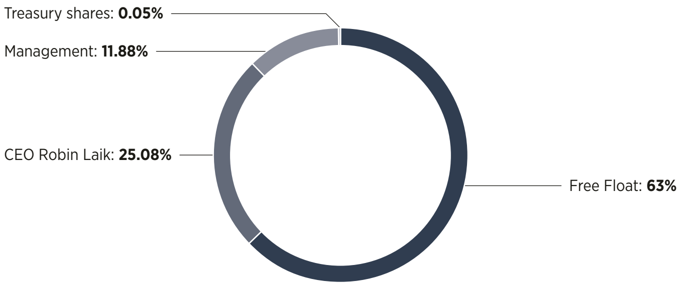
Broad shareholder structure

The number of Mutares shareholders continued to increase in 2021 and broadened significantly with the capital increase. At the end of the reporting year, around 14,000 shareholders were entered in the share register (previous year: 9,464).

The main shareholder with just over 25% is still Robin Laik, CEO and founder of Mutares. Members of the Management Board and Supervisory Board hold a further approx. 12% of the shares in total. Around 63% of the shares are in free float (as defined by Deutsche Börse), including institutional investors, family offices, large individual shareholders and asset managers, as well as private investors. Mutares itself holds around 0.05% of the share capital as treasury shares.

At around 85.4%, the largest proportion of shares outstanding in free float is held by German investors, followed by investors from Luxembourg with around 4.5%. Investors from Switzerland hold 4.4% of the shares, 1.3% investors from Ireland, investors from Austria around 1.1% and investors from France just under 1.0%. The shareholder structure is to be further internationalized in the current financial year, reflecting Mutares' global orientation and growth.

Shareholdings by investor[1]



As at 31 December 2021

[1] Includes Management Board and Supervisory Board

Successful second increase of the Mutares bond

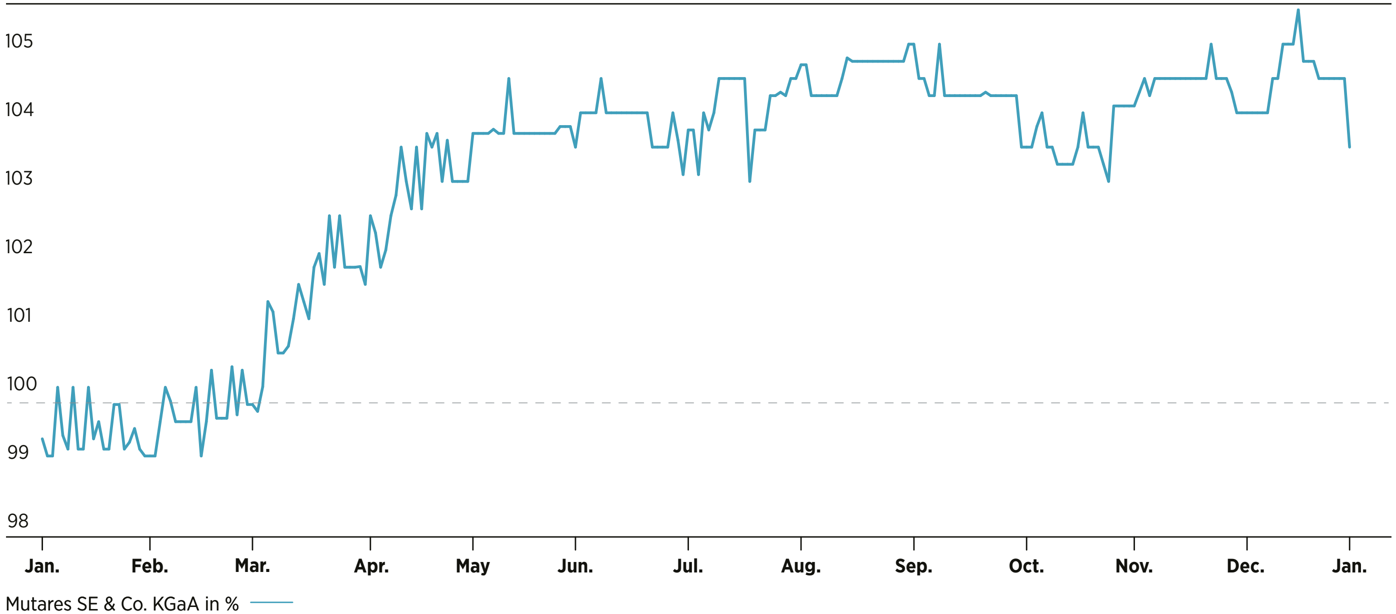
In February 2021, Mutares increased the bond issued in financial year 2020 by a volume of EUR 10.0 million within one day under the existing increase option due to very high investor demand. Thus, the maximum nominal volume of EUR 80.0 million was reached.

The funds from the bond issue will be used for general corporate financing and support the further growth of the Mutares Group, for example through value-creating add-on acquisitions. The bond has a term of four years and bears interest at the 3-month-EURIBOR plus a margin of 6.00%.

Master data of the Mutares bond

WKN	A254QY
ISIN	NO0010872864
Market segment	Open Market
Stock exchanges	Frankfurt, Oslo
Denomination	1,000
Nominal volume	80,000,000
Nominal volume outstanding (31/12/2020)	70,000,000
Issue date	14 February 2020
Maturity	14 February 2024
Interest rate	3-month-EURIBOR plus 600 basis points
Interest dates	Quarterly

Mutares SE & Co. KGaA 6% 20/24 – Development January 2021 – January 2022[1]



[1] The chart shows the development of the bond on the German Stock Exchange.

Master data of the Mutares share as at 31 December 2021

Symbol	MUX
WKN	A2NB65
ISIN	DE000A2NB650
Index membership	Prime All Share
Transparency level	Prime Standard
Market segment	Regulated Market
Stock exchanges	Xetra, Frankfurt, Berlin, Dusseldorf, Munich, Stuttgart, Tradegate
Sector	Corporate investments
Number of shares	20,636,731 (thereof 10,475 treasury shares)
Share class	Registered shares
Designated Sponsor	Hauck & Aufhäuser Lampe Privatbankiers Aktiengesellschaft

Investor Relations in financial year 2021

April 2021	Publication of the Annual Report 2020
May 2021	Publication of Q1 2021 results
May 2021	Annual General Meeting 2021
June 2021	Investor Weeks DACH & Italy
August 2021	Hamburg Investor Days
September 2021	Investor Weeks Europe
September 2021	Publication of the Interim Financial Repor 2021
September 2021	IPEM, Paris
September 2021	Capital Markets Day, Frankfurt/Main
September 2021	Baader Conference
November 2021	Publication of Q3 2021 results
November 2021	German Equity Forum

Financial calendar 2022

16 February 2022	M.M. Warburg Investment Conference
29–31 March 2022	Jefferies Conference
12 April 2022	Publication of the Annual Report 2021
10 May 2022	Publication of Q1 2022 results
17 May 2022	Virtual Annual General Meeting
19 May 2022	5th German SMID Cap Forum, Frankfurt/Main
23–24 May 2022	Spring Conference
11 August 2022	Publication of the Interim Financial Report 2022
24–25 August 2022	Hamburg Investor Days
20–22 September 2022	IPEM, Cannes
20 October 2022	Capital Markets Day, Frankfurt/Main
8 November 2022	Publication of Q3 2022 results
28–30 November 2022	German Equity Forum

Investor Relations

Mutares further accelerated its growth in 2021 with a total of fourteen completed transactions on the acquisition side, two further signed acquisitions and a total of six completed exits and significantly expanded its capital market communication despite the pandemic-related restrictions. Together with the attractive and sustainability-oriented dividend policy, this forms the foundation for strengthening investor confidence. Mutares continued to maintain a regular, constructive and transparent dialog with all stakeholders such as institutional investors, private investors, financial analysts and media representatives in the reporting year and held numerous international roadshows as part of the capital increase. Mutares successfully held its third Capital Markets Day as a hybrid event on 15 September 2021 in Frankfurt am Main. This met with high response with more than 150 investors, analysts and press representatives attending. During the Capital Markets Day, CEO Robin Laik and CIO Johannes Laumann presented the key points of the new and significantly accelerated growth strategy under the motto "Creating Value by Mastering Special Situations". The event was concluded with reports from the Managing Directors of the Portfolio Companies Terranor Group, Lapeyre Group and Light Mobility Solutions.

Further relevant information on the share and the bond is available to interested investors at ir.mutares.de/en.

Financial analysts recommend buying the Mutares share

The Mutares share is currently analyzed and rated by four investment banks. The buy ratings of the analyst houses reflect the confidence in the business model, the development and the Management of Mutares. The price targets for the Mutares share range up to EUR 37.50 (average: EUR 32.11). This corresponds to a potential of up to 65% based on the closing price on 31 December 2021.

EUR **37,50**

share price target

Further information is available in the financial analysis section at ir.mutares.de/en.

5 REASONS TO INVEST IN THE MUTARES SHARE

1. EXPERIENCED MANAGEMENT WITH SUCCESSFUL TRACK RECORD

Mutares is an owner-managed private equity company that stands for entrepreneurship, integrative management, sustainability and personal integrity. The business model is based on the acquisition, usually 100% of the shares, of medium-sized companies in special situations and the subsequent organic and inorganic growth of the company. The investments are part of turnaround or succession processes as well as carve-out transactions of large corporations that have an established business model, combined with a strong brand, and above-average development potential. **The management and the team of more than 100 consultants have a high expertise in carve-outs, restructurings and turnarounds and can point to a successful track record.** The planned expansion of the operational consulting team to 200 employees by 2023 and the opening of further offices in Finland and Eastern Europe are an expression of the growth ambitions.

2. FOCUSED ON GROWTH

Mutares is pursuing correspondingly ambitious growth targets. The capital increase of gross proceeds of approximately EUR 100 million placed in financial year 2021 creates the financial flexibility to accelerate the expansion of the portfolio. The international M&A approach with deal sourcing via nine offices in Munich (HQ), Amsterdam, Frankfurt, London, Madrid, Milan, Paris, Stockholm and Vienna ensures a constant deal flow. This is supported by an extensive M&A pipeline with a revenue volume of more than EUR 11 billion. **The fixed and communicated goal is to grow Group revenues to at least EUR 5.0 billion by 2023** and to generate a net result of approximately 1.8 to 2.2% of Group revenues at Holding level.

5 REASONS TO INVEST IN THE MUTARES SHARE

3. BALANCED PORTFOLIO WITH ATTRACTIVE DIVIDEND PROSPECTS

Mutares has an ideally diversified portfolio consisting of the three segments Automotive & Mobility, Engineering & Technology as well as Goods & Services with different economic cycles, so that the achievement of growth targets is largely independent of economic fluctuations. Thanks to a high level of deal activity, Mutares is able to draw continuous returns from the portfolio companies, which are in different stages of maturity. These returns form the basis for a solid and sustainable dividend policy with attractive returns. The increasing maturity level also enables significant additional proceeds from successful exit transactions. **The strict orientation towards shareholder value is a self-commitment. Mutares pursues a sustainable dividend policy oriented towards a high return.** The aim is to allow shareholders to participate directly and continuously in the Company's success via a stable base dividend and an additional performance dividend from the successful disposal of portfolio companies.

4. HIGH TRANSPARENCY

The Mutares share is listed in the Prime Standard of the German Stock Exchange and is therefore subject to strict disclosure requirements and transparency standards. This ensures a high level of information security for investors and partners. **The increased regulatory transparency requirements are also associated with a broadening of the investor base and better access to institutional and international investors.** Active, personal and transparent capital market communication creates additional trust.

5 REASONS TO INVEST IN THE MUTARES SHARE

5. SUSTAINABILITY ORIENTED

Mutares sees sustainable action and management as an integral part of its corporate philosophy. Both the Management Board and the employees take responsibility for the Company's success and for a better and sustainable future. **In 2021, Mutares signed the UN Global Compact and is thus aligned with the UN Sustainable Development Goals (UNSDG) in the areas of human rights, labor, environment and anti-corruption.** As an operating active investor, Mutares resolutely pays attention to the compliance and implementation of environmental, social and corporate values and standards. The three sustainability-related areas of responsibility Environmental, Social and Governance (ESG) provide the guidelines.

For more information on sustainability, please refer to our separately published non-financial report at: www.mutares.de/en/sustainability

E

With the aim of minimizing our environmental impact, we implement continuous measures to consolidate the reduction of our CO_2 footprint. For this purpose, Mutares has participated in climate protection projects of atmosfair since 2019 and compensates all unavoidable flights of the Holding employees. In 2021, 335,000 kg of CO_2 were offset. We focus our portfolio companies on sustainability and take appropriate measures to actively protect the environment. Approx. 74% of our portfolio companies are certified according to ISO 14001:2015 (environmental management system) (as of 31 December 2021).

S

As an international player, we are aware of our social responsibility and pay attention to the impact of our business activities. We therefore consider the demonstration and initiation of participation in humanity to be essential fixed points of our social value framework. For Mutares, a positive “social impact” means both creating a healthy and safe working environment and supporting communities. We take responsibility and promote initiatives and partnerships. In total, we have supported and promoted four different foundations/initiatives in 2021.

G

Mutares is committed to acting in compliance with the law and with integrity according to nationally and internationally recognized standards. Responsible, ethical correct and integrity behavior is expected from all employees and business partners. We do not tolerate any form of corruption or bribery. Accordingly, we introduced a compliance management system with a complaints office in 2021 and adopted a Code of Conduct.

Good Corporate Governance is deeply rooted in the corporate culture of Mutares. It has been an integral part of Mutares' business practice for many years.

The Management Board and the Supervisory Board of Mutares SE & Co. KGaA are committed to the principles of a modern Corporate Governance.

An active, open and transparent communication, a responsible risk management as well as an intensive and continuous dialog between Management Board and Supervisory Board are a substantial matter for us as private equity master of special situations.

CORPORATE GOVERNANCE

REPORT OF THE SUPERVISORY BOARD

Dear shareholders of Mutares SE & Co. KGaA,

the financial year 2021 was the most successful in the history of Mutares SE & Co. KGaA ("Company") so far, notwithstanding significant adverse effects of the ongoing COVID-19 pandemic on the Company's business and the economic environment. Mutares has successfully mastered the operational challenges and resolutely seized the opportunities presented by a business model focused on restructuring in a difficult economic environment. The Supervisory Board is very satisfied with what was achieved in 2021 and sees this as an excellent basis for Mutares' further positive development.

Personnel and structure

There were no changes to the Supervisory Board of the Company in the reporting year 2021; the terms of office of the four Supervisory Board members in office in accordance with the Articles of Association, Volker Rofalski (Chairman of the Supervisory Board), Dr. Axel Müller (Deputy Chairman of the Supervisory Board), Prof. Dr. Micha Bloching and Dr. Lothar Koniarski, end at the close of the Annual General Meeting in 2024.

In 2021, the Audit Committee of the Company's Supervisory Board consisted unchanged of the two members Dr. Axel Müller (Chairman) and Volker Rofalski.

The general partner Mutares Management SE assumes the management and representation of the Company through its Management Board, in the reporting year 2021 consisting of Robin Laik (Chairman), Mark Friedrich, Dr. Kristian Schleede and Johannes Laumann (hereinafter "Management Board").

The Supervisory Board of the Company would like to thank the Management Board of Mutares Management SE for its continued trusting and close cooperation in the financial year 2021. The Supervisory Board would like to express its special thanks to Dr. Kristian Schleede, who left the Management Board by mutual agreement on 31 December 2021, for his many years of successful work for Mutares. Since 1 January 2022, the Management Board has thus been composed of Robin Laik (Chairman), Mark Friedrich (CFO) and Johannes Laumann (CIO). Kristian Schleede's responsibilities have been distributed across several shoulders on the Management Board.

Activity report for the financial year 2021

The Supervisory Board of the Company performed the duties incumbent upon it by law, the Articles of Association and the Rules of Procedure. It met five times with all members of the Supervisory Board present (in some cases by video conference) and at least one member of the Management Board present; the Supervisory Board also met regularly without the Management Board. In addition, resolutions of the Supervisory Board of the Company were prepared, discussed and adopted by electronic means of communication at eleven resolution meetings, each attended by all members of the Supervisory Board.

Composition of the Supervisory Board

Meetings of the Supervisory Board of Mutares SE & Co. KGaA and its committees

Overview of plenum and committee meetings and individual attendance in the financial year 2021:

Member	Term	Plenum	in %	Audit committee	in %
Volker Rofalski (Chairman)	until 2024	5/5	100	5/5	100
Dr. Axel Müller (Deputy Chairman) (Chairman of the Audit Committee)	until 2024	5/5	100	5/5	100
Dr. Lothar Koniarski	until 2024	5/5	100		
Prof. Dr. Micha Bloching	until 2024	5/5	100		

Meetings of the Supervisory Board of Mutares Management SE

Overview of the plenum meetings as well as individual participation in the financial year 2021:

Member	Term	Plenum	in %
Volker Rofalski	until 2024	5/5	100
Dr. Axel Müller	until 2024	5/5	100
Dr. Lothar Koniarski (Deputy Chairman)	until 2024	5/5	100
Prof. Dr. Micha Bloching (Chairman)	until 2024	5/5	100

In particular, the Supervisory Board of the Company accompanied the Management Board both in the operational development of the Group and in all portfolio decisions on the basis of a timely exchange of information and dealt regularly and in detail with the situation of the Company.

To this end, the Supervisory Board obtained regular reports from the Management Board on current developments in the Company and its net assets, financial position and results of operations, and discussed this information in detail with the Management Board. This also included information on deviations of the actual development from previously reported targets of the Company as well as deviations of the actual business development from the Company's planning.

In addition, the Management Board provided regular and comprehensive information on all relevant topics relating to operational management, including significant developments at the individual portfolio companies and their economic results. In the reporting period, this included an intensive continuous exchange of information on the effects of the COVID-19 pandemic on the Company and the operating businesses of the portfolio companies and the measures taken in this regard, acquisitions and disposals of portfolio companies, financing topics such as the bond increased in February 2021 by EUR 10.0 million to a total volume of EUR 80.0 million, and a rights issue with gross proceeds of around EUR 100 million in connection with the uplisting to the Prime Standard (Regulated Market) of the Frankfurt Stock Exchange in October 2021, and finally the topics of IT structure, human resources, compliance, risk management, material litigation, and IR activities.

The Supervisory Board fulfilled its duty to audit the content of the separate non-financial Group report by providing continuous audit support during its preparation. It was involved from the outset in the process of identifying the main issues and associated concepts, measures and results. It was regularly informed by the responsible CSR project team at the Audit Committee meetings about the progress of the preparation of the non-financial Group report and provided with key information. The Supervisory Board was directly involved in the management concepts and selection of the non-financial indicators to ensure congruence with the long-term orientation of the Company.

Outside of meetings, the Management Board also provided the members of the Supervisory Board of the Company with regular and timely information on current business, updated key financial figures and matters of particular importance. The Management Board submitted without delay all documents of the Company which the Supervisory Board wished to inspect in the course of fulfilling its statutory duties and answered all questions raised in this context to the full satisfaction of the Supervisory Board.

The Supervisory Board regularly reviews its activities for efficiency. Against this background, it has established an Audit Committee. In view of the small size of the Supervisory Board, there is no need for further committees or other efficiency-enhancing measures.

Each member of the Supervisory Board discloses to the Chairman of the Supervisory Board any conflicts of interest that may arise in accordance with the recommendations of the German Corporate Governance Code ("GCG"). In the past financial year, there were no indications or notifications regarding conflicts of interest on the part of Supervisory Board members. The same applies to conflicts of interest of members of the Management Board.

The members of the Supervisory Board are responsible for their own training and development. They are supported in this by the Company. In the reporting period, the members of the Supervisory Board took part in various internal and external events to maintain and expand their expertise. At one meeting, the Supervisory Board dealt in detail with current regulatory developments in the areas of compliance and corporate governance.

Audit Committee

The Audit Committee of the Supervisory Board of Mutares SE & Co. KGaA met five times in the reporting period, in addition to several informal votes. All meetings of the Audit Committee were attended by all committee members and at least one member of the Management Board during the reporting period.

In addition to preparing the audit and approval of the annual financial statements, topics included a review of the process for preparing the Company's annual financial statements and consolidated financial statements for the financial year 2020 together with the auditor and representatives of the Company's finance department, as well as an update on the preparation of the audits and the determination of audit priorities. In addition, the Audit Committee dealt intensively with the Company's first non-financial Group report for the financial year 2021 with the aim of gaining a direct impression of the quality of the preparation process sufficient for an audit of the report prepared by the Management Board, on which the Supervisory Board could then base its final audit opinion.

Corporate governance, responsibility and sustainability

In the reporting year 2021, the Company has decided to uplist to the Prime Standard of the Regulated Market of the Frankfurt Stock Exchange and thus also to the highest level of transparency with regard to corporate governance. The Supervisory Board continuously monitors the development of corporate governance practices. Particularly against the background of the move to the Regulated Market (Prime Standard) of the Frankfurt Stock Exchange, the Supervisory Board has dealt intensively with the principles, recommendations and suggestions of the GCGC. Together with the Supervisory Board, the Management Board reports in detail on the Company's corporate governance in the "Declaration on Corporate Governance". The Management Board and Supervisory Board last issued their annual Declaration of Conformity based on the GCGC in its version of 16 December 2019 in December 2021 (Section 161 AktG); the Company makes this permanently available to the public on its website.

Responsible action is firmly anchored in the corporate values at Mutares. Mutares has already committed to the UN initiative "Global Compact" on corporate responsibility and its four principles in the areas of human rights, labor, environment and corruption prevention in March 2021.
The Supervisory Board welcomes this extra-mandatory voluntary commitment as an important signal for long-term sustainable corporate governance.

Mutares has published a non-financial reporting for the first time for the financial year 2021 and thus fully informs investors and the public about the sustainability position of the Mutares Group according to CSR-RUG and EU taxonomy. The non-financial (consolidated) report is publicly available on the Company's website.

Audit of the annual financial statements and consolidated financial statements for the financial year 2021

Deloitte GmbH Wirtschaftsprüfungsgesellschaft audited the annual financial statements of Mutares SE & Co. KGaA (prepared in accordance with the German Commercial Code) and the consolidated financial statements of Mutares SE & Co. KGaA (prepared in accordance with IFRS), each as of 31 December 2021, prepared by the managing Mutares Management SE as general partner. The annual financial statements and the consolidated financial statements were each issued with an unqualified audit opinion.

At its meeting on 7 April 2022, which was also held by means of telecommunications against the background of the current COVID-19 pandemic, the Supervisory Board discussed and reviewed the annual financial statements and the consolidated financial statements for the financial year 2021 in detail; the auditor's reports were available to the Supervisory Board in each case. Both the Management Board of Mutares Management SE and the undersigned auditors from Deloitte GmbH Wirtschaftsprüfungsgesellschaft were connected to the meeting. They were thus available for detailed explanations of both sets of financial statements and answered all of the Supervisory Board's questions to its complete satisfaction. The auditors reported on the scope, focus and main findings of their audit, in particular on the main points of the audit and the audit procedure. No material weaknesses in the internal control and risk management system were reported.

As a final result of its own review, the Supervisory Board – following the proposal of the Audit Committees meeting on 4 April 2022 – determined that there were no objections to the annual financial statements, the consolidated financial statements and the combined management report. Following the proposal of the Audit Committee at its meeting on 4 April 2022, the Supervisory Board approved both the annual financial statements and the consolidated financial statements of the Company. At the same time, in agreement with the Management Board of Mutares Management SE, it resolved to propose to the Annual General Meeting of the Company that the annual financial statements of the Company for the financial year 2021 be adopted as prepared by the general partner in accordance with Section 286 (1) sentence 1 AktG.

In addition, the Management Board of Mutares Management SE has also prepared a non-financial (consolidated) report in accordance with Sections 289b, 315b HGB. The Supervisory Board reviewed the non-financial reporting in its meeting on 7 April 2022 – prepared on 4 April 2022 by the meeting of the Audit Committee – and did not find any objections.

Valuation of the financial year 2021

In the view of the Supervisory Board, the business model of the Mutares Group as a listed private equity house focused on restructuring has not only proven to be resilient, but additionally promising, even in the pandemic-related economic crisis of 2021.

Pandemic-related threats to the continued existence of individual portfolio companies were successfully averted, not least thanks to the intensive support provided by the Group's own consultants; significant restructuring progress was made at numerous portfolio companies despite multiple operating challenges.

The market opportunities that open up for restructuring specialists in economic crises were very actively exploited: Transaction activity as the core of Mutares' business model was increased again to a record number of 20 transactions closed in 2021, thereof 14 on the buy side and 6 on the sell side.

As a basis for a further intensified use of opportunities, the corporate bond issued in 2020 was increased by EUR 10.0 million from EUR million 70.0 to EUR 80.0 million in the first quarter of 2021. A special milestone is the successful rights issue in October 2021 with a volume of around EUR 100.0 million in gross proceeds in connection with the uplisting to the highest transparency level of the Regulated Market of the Frankfurt Stock Exchange, the Prime Standard.

Thanks to significant contributions from all three earnings pillars of the Mutares business model – intragroup consulting services, dividend payments from portfolio companies, and exit proceeds – Mutares SE & Co. KGaA was thus able to achieve the highest net profit in its history in 2021, to the great satisfaction of the Supervisory Board.

A resistant and promising business model alone does not guarantee such outstanding economic successes in times of unforeseeable economic crises; rather, they are very much based on the impressive commitment and outstanding drive with which the enormous challenges of 2021 were tackled by the Management Board. The Supervisory Board would like to express its great appreciation and special thanks to the Management Board for this.

We would also like to express our gratitude and appreciation to all employees of the Mutares Group for their excellent performance and great commitment – especially in the still difficult pandemic situation.

Proposal for the appropriation of profits

According to the German Stock Corporation Act (AktG), the dividend distributable to shareholders is based on the retained earnings reported in the annual financial statements of Mutares SE & Co. KGaA.

The Supervisory Board of the Company follows the proposal for the appropriation of profits of the general partner Mutares Management SE and has in turn also resolved to propose to the Annual General Meeting of the Company to distribute to the shareholders an amount of EUR 30,939,384.00 (excluding treasury shares) from the Company's retained earnings as of 31 December 2021 of EUR 75,865,346.02, which corresponds to a dividend of EUR 1.50 per dividend-bearing share, and to carry forward the remaining amount of EUR 44,925,962.02.

As a private equity company listed in the Prime Standard on the stock exchange, Mutares allows its shareholders to participate very directly in the profits of its successful business model, which is focused on restructuring, subject to a corresponding resolution by the Annual General Meeting.

Outlook

In the past financial year, Mutares has set an important course with the capital measures designed for further growth, the high level of transaction activity, the opening of additional offices in Stockholm, Madrid, Vienna and Amsterdam, the expansion of the investment team and, last but not least, the uplisting to the Prime Standard.

The ongoing conflict between Ukraine and Russia has been at war since 24 February 2022. In particular, from today's perspective, the Supervisory Board cannot rule out the possibility that the overall effects will have a negative impact on the financial position, net assets and results of operations of Mutares.

The Supervisory Board is optimistic that, despite the continuing challenging economic environment, the Group's success factors – a promising business model, excellent management, highly committed employees and the highest standards of transparency – will continue to have a positive impact in 2022.

With this assessment, the Supervisory Board assumes that Mutares SE & Co. KGaA and the entire Mutares Group will continue their success story in the financial year 2022.

The Supervisory Board of Mutares SE & Co. KGaA,

V. Rofalski

Volker Rofalski
Chairman of the Supervisory Board

Munich, April 2022

OUR SUPER-VISORY BOARD

The Supervisory Board of Mutares consists of four members elected in accordance with the provisions of the German Stock Corporation Act. The members of the Supervisory Board are elected by the Annual General Meeting, whose terms of office end with the termination of the Annual General Meeting in 2024.

CHAIRMAN OF THE SUPERVISORY BOARD

VOLKER ROFALSKI

born in 1970, has been a member of the Supervisory Board of Mutares since 2008 and a member of the Audit Committee since 2019. He has also been a member of the Supervisory Board of Mutares Management SE since July 2019. He is active in the field of private equity and venture capital.

MEMBER OF THE SUPERVISORY BOARD

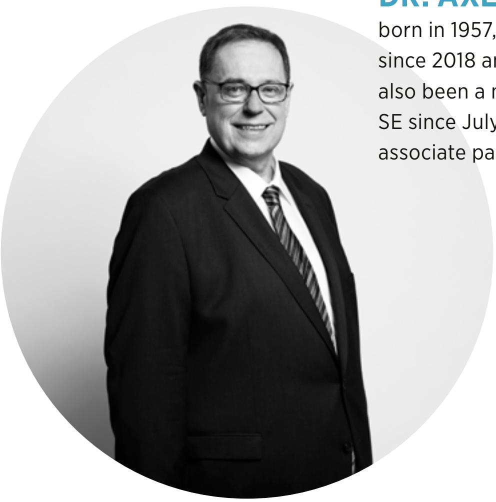
DR. LOTHAR KONIARSKI

born in 1955, has been a member of the Supervisory Board of Mutares since 2018 and Deputy Chairman of the Supervisory Board of Mutares Management SE since July 2019. He is CEO at ELBER GmbH and Chairman of the Finance and Tax Committee of the Chamber of Industry and Commerce in Regensburg.

VICE CHAIRMAN OF THE SUPERVISORY BOARD

DR. AXEL MÜLLER

born in 1957, has been a member of the Supervisory Board of Mutares since 2018 and the chairman of the Audit Committee since 2019. He has also been a member of the Supervisory Board of Mutares Management SE since July 2019. He is an independent management consultant and associate partner at Fidelio Healthcare Partners.



MEMBER OF THE SUPERVISORY BOARD

PROF. DR. MICHA BLOCHING

born in 1968, has been a member of the Supervisory Board of Mutares since 2008 and Chairman of the Supervisory Board of Mutares Management SE since July 2019. He works as a lawyer and tax advisor and runs his own business in Munich. He also teaches business law at the University of Applied Sciences in Augsburg.

More information on the careers can be found at:
www.mutares.com/team

REMUNERATION REPORT

Preliminary note

The remuneration report summarizes the principles applied for determining the remuneration of the members of the Supervisory Board of Mutares SE & Co. KGaA (“**Company**”) as well as the members of the Management Board and the Supervisory Board of Mutares Management SE. Mutares Management SE is the managing general partner of the Company (“**Mutares Management SE**”). The remuneration report presents and explains the remuneration granted and owed to the current and former members of the Supervisory Board of the Company and the members of the Management Board of Mutares Management SE (“**Management Board**”) and the Supervisory Board of Mutares Management SE. The report complies with the requirements of Section 162 AktG. The remuneration report explains the amount and structure of the remuneration of the members of the Management Board and Supervisory Board. In addition, the remuneration of Mutares Management SE as general partner of the Company is also reported. The members of the Company’s Shareholders’ Committee did not receive any remuneration in the reporting year.

The compensation structure of the Management Board does not yet comply with the requirements of sections 87a, 120a AktG. Since the admission of the Company’s shares to the Regulated Market of the Frankfurt Stock Exchange (Prime Standard), no Annual General Meeting of the Company has yet taken place that has resolved on the approval of a remuneration system for the members of the Management Board in accordance with Sections 87a, 120a AktG. The Supervisory Board of Mutares Management SE resolves on a remuneration system for the members of the Management Board, which will be presented to the next Annual General Meeting of the Company in accordance with Section 120a AktG and which complies with the requirements of Section 87a AktG and takes into account the recommendations of Section G. I of the German Corporate Governance Code (GCGC), unless a deviation is declared.

OVERVIEW AND HIGHLIGHTS OF THE PAST FINANCIAL YEAR

- The year 2021 was again characterized by the expansion of the portfolio, which increased significantly in terms of both number and revenue size in relation to consolidated revenues in the reporting year 2021. In connection with the expansion of the portfolio, there was a significant increase in the Company's consulting activities, which led to an increase in revenues of more than 50% to EUR 50.4 million.
- The sale of the remaining shares in the listed STS Group AG to the Adler Pelzer Group in June 2021 marked the most successful exit to date in terms of total profit with a portfolio company. The sale contributed more than EUR 20 million to the Company's net income in the reporting year.
- The Company’s net income increased by 52% from EUR 33.4 million to EUR 50.7 million compared to the financial year 2020.
- On 20 May 2021, the Annual General Meeting resolved the Stock Option Program 2021, which allows the granting of stock options to four different groups of persons. Stock options have been and continue to be an important instrument for the Company to focus on sustainably increasing shareholder value, which is reflected in the share price development.
- The positive development of the Mutares Group was also rewarded on the capital market with a significant increase in the share price. In the reporting year, the Company’s share price rose by around 54% from EUR 14.80 at the beginning of the year to EUR 22.75 at the end of the year. In addition, a dividend of EUR 1.50 per dividend-bearing share was distributed. The Company had also successfully completed a rights issue on 14 October 2021. A total of 5,140,439 new no-par value shares of the Company were offered at a subscription price of EUR 19.50 per new share in accordance with the terms and conditions of the subscription offer published in the Federal Gazette. The share capital of the Company was increased by EUR 5,140,439.00 from EUR 15,496,292.00 to EUR 20,636,731.00. At the same time, the shares of the Company were admitted to trading on the Regulated Market of the Frankfurt Stock Exchange with simultaneous admission to the sub-segment of the Regulated Market with additional post-admission obligations (Prime Standard) with the uplisting on 19 October 2021.
- There was a change in the Management Board at the end of the financial year 2021. Dr. Kristian Schleede left the Management Board effective 31 December 2021. As of 1 January 2022, the Management Board consists of three members who take over Dr. Schleede’s previous areas of responsibility: Robin Laik (CEO), Mark Friedrich (CFO) and Johannes Laumann (CIO).

MAIN FEATURES OF THE COMPENSATION SYSTEM IN THE FINANCIAL YEAR 2021

The total remuneration of the Management Board is composed of

- a fixed salary,
- a one-year variable compensation,
- a multi-year variable remuneration as well as
- fringe benefits.

The yardsticks for determining the appropriateness of compensation are in particular the duties of the respective Management Board member, his personal performance and the economic situation, success and future prospects of the Company. On the one hand, the compensation structures and the level of compensation are taken into account, as they are customary in the private equity business and necessary for attracting and retaining qualified executives. On the other hand, the compensation structures and compensation levels of comparable listed companies and an individual peer group are used. In order to ensure the appropriateness of the remuneration, the Supervisory Board of Mutares Management SE regularly conducts a horizontal as well as vertical remuneration comparison.

The Supervisory Board of Mutares Management SE is no longer entitled to grant a special bonus under the Management Board service agreements since the financial year 2021. A subsequent change of target values or comparison parameters for the variable remuneration also does not take place.

The service contracts of the Management Board members are regularly concluded with a term of three to five years. The Supervisory Board of Mutares Management SE may deviate from this in justified individual cases. Payments to Management Board members in the event of premature termination of the Management Board service contract are limited to the remuneration for the remaining term of the Management Board service contract that would have been owed without the premature termination. Even in the event of termination of the contract, any outstanding variable compensation components attributable to the period up to termination of the contract will be paid out in accordance with the originally agreed targets or comparison parameters and on the agreed due dates.

The monthly paid fixed compensation and the fringe benefits form the non-performance-related components of total compensation. The fixed monthly compensation ensures an appropriate basic income for attracting and retaining highly qualified Management Board members and at the same time prevents Management Board members from taking unreasonable risks. In this way, the basic monthly compensation contributes to the long-term development of the Company. The monthly fixed compensation also reflects the role of the individual Management Board member and his area of responsibility on the Management Board.

The one-year variable compensation (“**bonus**”) is based on the Company’s business performance in the reference period, which in this report is the reporting year. The bonus is exclusively (100%) dependent on the Company’s net income. The basis for calculating the bonus is the audited annual financial statements of the Company in accordance with the German Commercial Code (HGB). The bonus is calculated as a percentage of the audited net income and for the Chairman of the Management Board amounts to 4% of net income for a net income of EUR 10.0 million and increases on a straight-line basis up to 6% of net income for a net income of at least EUR 30.0 million. The percentage remains unchanged at 6% of net income for a net income of EUR 30.0 million and above. For ordinary members of the Management Board, half the percentage of the Chairman has been agreed, i.e. the bonus amounts to 2% of net income for net income of EUR 10.0 million and increases on a straight-line basis up to 3% of net income for net income of at least EUR 30.0 million. The maximum payment amount (“**cap**”) of the bonus amounts to EUR 3 million for the Chairman of the Management Board and EUR 1.5 million for each of the ordinary members of the Management Board (corresponds to net income of at least EUR 50.0 million). The members of the Management Board do not receive a bonus if the Company’s net income for the year is below EUR 10 million. The bonus is intended to incentivize the ongoing achievement of high net income in line with the business strategy. A high net profit is an expression of the Company’s performance and at the same time promotes the Company’s dividend strategy.

The bonus is paid annually in April for the previous year. If a Management Board member’s service contract commences during the year, he or she receives the bonus for the respective financial year on a pro rata temporis basis.

The **multi-year variable compensation** of the members of the Management Board consists of stock options, the exercise of which is linked to the achievement of a performance target (share price increase). The following three stock option programs were resolved by the Company’s Annual General Meeting:

1. the Stock Option Program 2016 (“**SOP 2016**”) by the Annual General Meeting on 3 June 2016,
2. the Stock Option Program 2019 (“**SOP 2019**”) by the Annual General Meeting on 23 May 2019, and
3. the Stock Option Program 2021 (“**SOP 2021**”) by the Annual General Meeting on 20 May 2021.

In all stock option programs, a stock option granted to the respective Management Board member entitles the holder to subscribe for one share at a price (“**exercise price**”) corresponding to 70% of the average, volume-weighted closing price of the Company’s share in XETRA trading during the last 20 stock market trading days prior to the issue date of the stock options. The stock options granted under the 2016 SOP, 2019 SOP and 2021 SOP can only be exercised if the average, volume-weighted closing price of the Company’s shares in XETRA trading during the last 20 stock market trading days prior to the start of the respective exercise period (“**comparison price**”) exceeds the exercise price by at least 85.7% (“**performance target**”).

All stock option programs contain an anti-dilution clause in the event of capital increases from company funds and other capital measures that have a comparable effect. SOP 2019 and SOP 2021 also provide for a corresponding adjustment of the exercise price if the Company pays, distributes or grants a cash or non-cash dividend to its shareholders after the issue date and before the effective exercise of the stock option by the Management Board member. There is a waiting period of four years for the exercise of the option for each tranche granted. On the day after expiry of the waiting period, the stock options may in principle be exercised for the first time, provided that the exercise conditions, in particular the achievement of the performance target described above, have been met. The exercise period following the waiting period is two years. If not exercised, the stock options expire without compensation six years after the issue date.

The share subscription as part of the multi-year variable compensation allows the Management Board members to participate in the development of the share price. This aligns the objectives of the Management Board and the shareholders and promotes the strategy of sustainably increasing shareholder value. The vesting period and subsequent exercise period incentivize the Management Board members to increase the value of the Company on a long-term and sustainable basis.

In the financial year 2021, a total of 180,000 stock options were issued to the members of the Management Board.

Information on the allocation of stock options of tranches 2019 and 2021 in calendar year 2021

	Tranche	Allocated stock options	Date of issue	Exercise price	Expiration waiting time	Exercise period	Performance target (share price)	Fair value at grant date
Robin Laik	SOP 2019	35,598	21.5.2021	EUR 17.13	20.5.2025	2 years	EUR 31.81	EUR 7.81
	SOP 2021	**54,402**	**10.11.2021**	**EUR 16.32**	**9.11.2025**	**2 years**	**EUR 30.31**	**EUR 7.56**
Mark Friedrich	SOP 2019	17,799	21.5.2021	EUR 17.13	20.5.2025	2 years	EUR 31.81	EUR 7.81
	SOP 2021	**27,201**	**10.11.2021**	**EUR 16.32**	**9.11.2025**	**2 years**	**EUR 30.31**	**EUR 7.56**
Johannes Laumann	SOP 2019	17,799	21.5.2021	EUR 17.13	20.5.2025	2 years	EUR 31.81	EUR 7.81
	SOP 2021	**27,201**	**10.11.2021**	**EUR 16.32**	**9.11.2025**	**2 years**	**EUR 30.31**	**EUR 7.56**
Total		180,000						

Development of stock options from the 2016, 2019 and 2021 SOPs in financial year 2021

	Balance at beginning of 2021	Allocated in FY 2021	Exercisable in reporting year 2021	Exercised in reporting year 2021	Balance at end of 2021
Robin Laik	360,000	90,000	90,000	90,000	**360,000**
Mark Friedrich	185,000	45,000	90,000	90,000	**140,000**
Johannes Laumann	110,000	45,000	15,000	15,000	**140,000**
Dr. Kristian Schleede	75,000	0	30,000	30,000	**50,000**
Total	**730,000**	**180,000**	**225,000**	**225,000**	**690,000**

No variable compensation components were withheld or clawed back in the financial year 2021.

There is no pension commitment between the Company and the members of the Management Board. Therefore, the members of the Management Board are not entitled to a company pension.

The members of the Management Board are granted the following **fringe benefits**:

- Company car, which may also be used privately,
- Smartphone, which may also be used privately,
- Contributions to statutory or private health and long-term care insurance,
- Assumption of the costs for a service apartment,
- Company's D&O insurance (without the corresponding deductible).

The fringe benefits granted mainly consist of contributions to statutory or private health insurance and D&O insurance, as well as the use of a company car. The Company's D&O insurance (pecuniary loss liability insurance) includes a deductible for the members of the Management Board in accordance with the statutory requirements (Section 93 (2) sentence 3 AktG). No advances or loans were granted to members of the Management Board.

APPROPRIATENESS OF THE REMUNERATION OF THE MANAGEMENT BOARD

In accordance with the remuneration system, the Supervisory Board of Mutares Management SE conducts a review of the market appropriateness of the Management Board remuneration at regular intervals, whereby this is generally based on a horizontal and vertical comparison. The horizontal review of the appropriateness of the remuneration is carried out on the basis of a comparison with other listed portfolio companies from the private equity sector and comparable industries. The peer group comprises the four companies AURELIUS Equity Opportunities SE & Co. KGaA, Deutsche Beteiligungs AG, INDUS Holding AG and MBB SE. A high variable compensation component is typical for the industry.

When determining the remuneration for the Management Board positions, the Supervisory Board of Mutares Management SE also takes into account in particular that there is global competition in the private equity industry for key personnel with industry experience, who are considered the central success factor in this industry. Non-competitive compensation for highly successful managers, as evidenced by their business results, both at Management Board level and at the other management levels, would pose a risk of key personnel leaving the Company and thus a significant risk to the Company's business success.

COMPENSATION GRANTED AND OWED IN THE FINANCIAL YEAR 2021

The following tables show the compensation granted and owed individually in accordance with section 162 (1) sentence 1 AktG to the members of the Management Board in office in the financial year 2021. This relates to the fixed compensation and fringe benefits granted in the financial year 2021, the bonus for the 2021 financial year and the multi-year variable compensation.

Compensation is deemed to have been granted within the meaning of Section 162 (1) sentence 1 AktG if it actually, i.e. in fact, accrues to the board member and thus becomes part of his or her assets, irrespective of whether the accrual is made in fulfilment of an obligation or without legal basis. In the following table, compensation is also deemed to have been granted within the meaning of Section 162 (1) sentence 1 AktG if the underlying one-year or multi-year activity has been performed in full by the end of the financial year and the compensation is not transferred to the recipient's account until the beginning of the next financial year. The amounts reported from the bonus correspond to the payments for the financial year 2021, as the underlying service was performed in full by the end of the financial year on 31 December 2021 and the bonus was therefore earned in full (performance period: January 2021 to December 2021, payment expected in April 2022). The bonus for the financial year 2021 is therefore regarded as compensation granted within the meaning of section 162 (1) sentence 1 AktG. The stock options granted in the financial year 2021 under the 2021 SOP and the 2019 SOP are considered to have been granted in the financial year 2021 and are measured at their fair value at the time of grant. In calculating the fair value, recourse was made to a recognized valuation method, namely the Cox-Ross-Rubinstein binomial model.

Compensation shall be deemed to be owed within the meaning of Section 162 (1) sentence 1 AktG if the Company has a legally existing obligation towards a member of a governing body which is due but not yet fulfilled.

Remuneration granted and owed

	Robin Laik, CEO				Mark Friedrich, CFO				Johannes Laumann, CIO				Dr. Kristian Schleede, CRO			
	2021		2020		2021		2020		2021		2020		2021		2020	
	in TEUR	in %	in TEUR	in %	in TEUR	in %	in TEUR	in %	in TEUR	in %	in TEUR	in %	in TEUR	in %	in TEUR	in %
Basic remuneration	1,000	21	800	26	500	21	400	25	500	20	400	25	460	20	390	28
Fringe benefits[1]	78	2	9	0	89	4	24	2	101	4	27	2	74	3	9	1
Total fixed remuneration	1,078		809		589		424		601		427		534		399	
Short-term variable compensation																
Bonus 2021	3,000	63			1,500	62			1,500	61			1,500	66		
Bonus 2020			2,004	64			1,002	64			1,002	63			1,002	72
Long-term variable compensation																
SOP 2019	278	6	311	10	139	6	156	10	139	6	156	10				
SOP 2021	411	8			206	8			206	8						
Other													250	11		
Total (total compensation within the meaning of Sec. 162 (1) AktG)	**4,767**	**100**	**3,124**	**100**	**2,434**	**100**	**1,582**	**100**	**2,446**	**100**	**1,585**	**100**	**2,284**	**100**	**1,401**	**100**

[1]The Company maintains directors' and officers' liability insurance (D&O insurance) for the members of its corporate bodies. The pro-rata amount attributable to the individual Management Board members is included in the fringe benefits.

THIRD PARTY SERVICES

The members of the Management Board participate in the Company's participation model for indirect participation of the members of the Management Board and selected employees in the operating subsidiaries via investments from their private assets. This involves participation in the relevant cash flows between the Company and the subsidiaries. Relevant cash inflows are inflows in the form of dividend or profit distributions, other distributions/payments from the share capital and/or repayments of acquired shareholder loans.

As participation in the Company's shareholding program is financed from the private assets of the Management Board members, the benefits are not promised or granted as consideration for or with regard to the Management Board activity, but with regard to the respective privately financed participation as (indirect) shareholder of the operating subsidiaries. In addition, the benefits are not in the abstract likely to give rise to conflicts of interest with regard to the activity as a member of the Management Board. Nevertheless, as a matter of precaution, they are presented as third-party benefits in accordance with § 162 (2) no. 1 AktG.

The members of the Management Board were promised and granted the following benefits in connection with the Company's participation model in financial year 2021:

Benefits in the amount of EUR 372 thousand were promised and granted to Mr. Robin Laik by Nexive Beteiligungs GmbH & Co. KG and EUR 150 thousand by SABO Beteiligungs GmbH & Co. KG in the financial year 2021.

Benefits in the amount of EUR 124 thousand were promised and granted to Mr. Mark Friedrich by Nexive Beteiligungs GmbH & Co. KG and benefits in the amount of EUR 50 thousand were promised and granted by SABO Beteiligungs GmbH & Co. KG in the financial year 2021.

Benefits amounting to EUR 186 thousand were promised and granted to Mr. Johannes Laumann by Nexive Beteiligungs GmbH & Co. KG and benefits amounting to EUR 75 thousand by SABO Beteiligungs GmbH & Co. KG in the financial year 2021.

Benefits amounting to EUR 62 thousand were promised and granted to Dr. Kristian Schleede by Nexive Beteiligungs GmbH & Co. KG and benefits amounting to EUR 25 thousand by SABO Beteiligungs GmbH & Co. KG in the financial year 2021.

Beyond this, no benefits were promised or granted to the Management Board members by a third party with regard to their Management Board activities.

OUTLOOK – CHANGE IN THE BASIC FEATURES OF THE COMPENSATION SYSTEM IN 2022

The Supervisory Board of Mutares Management SE will adopt a new remuneration system in the financial year 2022 that takes into account the changes in the legal requirements for management board remuneration from the Act Implementing the Second Shareholders' Rights Directive (ARUG II). The remuneration system shall be submitted to the next Annual General Meeting of the Company for approval pursuant to Section 120a (1) AktG.

SUPERVISORY BOARD COMPENSATION

Remuneration of the members of the Supervisory Board of Mutares SE & Co. KGaA

The current remuneration of the members of the Company's Supervisory Board was determined by resolution of the Company's Annual General Meeting on 23 May 2019. The members of the Supervisory Board of the Company receive a fixed basic remuneration of EUR 15 thousand p.a. The Chairman of the Supervisory Board receives a fixed basic remuneration of EUR 45 thousand and his deputy receives a fixed basic remuneration of EUR 22.5 thousand for the respective financial year of the Company. As the Supervisory Board currently consists of a Chairman, a Deputy Chairman and two other members, the total basic remuneration of the members of the Supervisory Board of the Company amounted to EUR 97.5 thousand in the financial year 2021. For work on a committee of the Supervisory Board, the Chairman of the committee receives EUR 7.5 thousand and each other member of the committee receives EUR 2.5 thousand for the respective financial year of the Company. The Company has an Audit Committee, to which Dr. Axel Müller, as Chairman and Mr. Volker Rofalski belong. In addition to the aforementioned remuneration, the members of the Supervisory Board are reimbursed for expenses incurred in the performance of their duties, which also include any value-added tax incurred.

The compensation is payable at the end of the respective financial year. Supervisory Board members who are members of the Supervisory Board, a committee, chair/deputy chair of the Supervisory Board or chair of the Audit Committee for only part of the financial year shall receive remuneration on a pro rata basis.

For the individual members of the Supervisory Board of the Company, the compensation pursuant to Section 162 (1) Sentence 1 of the German Stock Corporation Act (AktG) for the financial year 2021 and 2020 presented below resulted, whereby the compensation of the members of the Supervisory Board included therein reflects the "compensation granted and owed" pursuant to Section 162 (1) Sentence 1 of the German Stock Corporation Act (AktG) as understood above under Compensation *granted and owed in the financial year 2021.*

Acting Members of the Supervisory Board of Mutares SE & Co. KGaA

	Year		Basic remuneration	Additional remuneration for committee work	Total compensation within the meaning of Sec. 162 (1) AktG
Volker Rofalski (Chairman)	2021	in TEUR	45.0	2.5	47.5
		in %	95	5	100
	2020	in TEUR	45.0	2.5	47.5
		in %	95	5	100
Dr. Axel Müller (Vice Chairman)	2021	in TEUR	22.5	7.5	30.0
		in %	75	25	100
	2020	in TEUR	22.5	7.5	30.0
		in %	75	25	100
Dr. Lothar Koniarski	2021	in TEUR	15.0	0.0	15.0
		in %	100	0	100
	2020	in TEUR	15.0	0.0	15.0
		in %	100	0	100
Prof. Dr. Micha Bloching	2021	in TEUR	15.0	0.0	15.0
		in %	100	0	100
	2020	in TEUR	15.0	0.0	15.0
		in %	100	0	100
Total compensation	2021		97.5	10.0	107.5
	2020		97.5	10.0	107.5

In addition, the Company maintains a directors' and officers' liability insurance policy (D&O insurance) for the members of its corporate bodies. Of the D&O insurance premium paid in the financial year 2021, EUR 72 thousand is attributable pro rata to each member of the Company's Supervisory Board.

REMUNERATION OF THE MEMBERS OF THE SUPERVISORY BOARD OF MUTARES MANAGEMENT SE

The remuneration of the members of the Supervisory Board of Mutares Management SE was resolved at the Annual General Meeting of Mutares Management SE on 9 April 2019. The members of the Supervisory Board of Mutares Management SE receive a fixed basic remuneration of EUR 40 thousand p.a. The Chairman of the Supervisory Board receives a fixed basic remuneration of EUR 80 thousand and his deputy receives a fixed basic remuneration of EUR 60 thousand for the respective financial year of the Company. As the Supervisory Board currently consists of a Chairman, a Deputy Chairman and two other members, the total basic remuneration of the Supervisory Board members amounted to EUR 220 thousand in the financial year 2021. The Supervisory Board of Mutares Management SE has no committees.

Remuneration of the Supervisory Board of Mutares Management SE

Incumbent Members of the Supervisory Board of Mutares Management SE	Year		Basic remuneration	Additional remuneration for committee work	Total compensation within the meaning of Sec. 162 (1) AktG
Prof. Dr. Micha Bloching (Chairman)	2021	in TEUR	80.0	0.0	80.0
		in %	100	0	100
	2020	in TEUR	80.0	0.0	80.0
		in %	100	0	100
Dr. Lothar Koniarski (Vice Chairman)	2021	in TEUR	60.0	0.0	60.0
		in %	100	0	100
	2020	in TEUR	52.0	0.0	52.0
		in %	100	0	100
Dr. Axel Müller	2021	in TEUR	40.0	0.0	40.0
		in %	100	0	100
	2020	in TEUR	20.0	0.0	20.0
		in %	100	0	100
Volker Rofalski	2021	in TEUR	40.0	0.0	40.0
		in %	100	0	100
	2020	in TEUR	48.0	0.0	48.0
		in %	100	0	100
Total compensation	2021		220.0	0	220.0
	2020		200.0	0	200.0

REMUNERATION OF MUTARES MANAGEMENT SE AS GENERAL PARTNER

Mutares Management SE as general partner receives an annual remuneration, independent of profit and loss, in the amount of 4% of its share capital, plus any value added tax due, for assuming the management of the Company and the liability pursuant to Section 7 (7) of the Company's Articles of Association. For the financial year 2021, this remuneration amounted to EUR 4,800.00.

COMPARATIVE PRESENTATION OF EARNINGS DEVELOPMENT AND ANNUAL CHANGE IN COMPENSATION

In accordance with § 162 (1) sentence 2 no. 2 AktG, the following overview presents the relative development of the compensation granted and owed to the members of the Management Board and Supervisory Board in the respective financial year compared with the development of the Company's earnings. A comparative presentation of Management Board compensation with the compensation of employees on a full-time equivalent basis pursuant to § 162 (1) sentence 2 no. 2 AktG is provided in accordance with § 26j (2) sentence 2 EGAktG only for the financial years 2020/2021.

The development of earnings is generally presented on the basis of the development of the Company's net profit for the year in accordance with section 275 (2) no. 17 HGB. Since the remuneration of the members of the Management Board also depends to a significant extent on the development of Group key figures, the development of the IFRS consolidated net profit reported in the consolidated financial statements is also presented as the earnings performance of the Mutares Group.

The comparison with the average compensation of employees is based on the current first management level of the Mutares Group. The employees of the individual operating investees are not taken into account.

Munich, 6 April 2022

For Mutares Management SE

Robin Laik
Chairman of the
Management Board

Mark Friedrich
Member of the
Management Board

For the Supervisory Board

Volker Rofalski
Chairman of the Supervisory Board

The chart shows the percentage development in the respective year compared to the previous year and includes, among other things, the ancillary costs for D&O insurance.

	Financial year				
in %	2021	2020	2019	2018	2017
Earnings performance					
Consolidated net income (IFRS)	2,144	18	39	–73	66
Net income for the year (HGB)	52	48	12	14	219
Average employee compensation	50				
Management Board compensation					
Robin Laik	53	58	–1	38	21
Mark Friedrich	54	57	9	42	13
Johannes Laumann[1]	54	90			
Dr. Kristian Schleede	63	49	10	108	6
Dr. Wolf Cornelius			–5	46	52
Dr. Axel Geuer				–42	17
Supervisory Board compensation					
Prof. Dr. Micha Bloching	62	–5	18	16	–5
Volker Rofalski	55	–23	45	90	–8
Dr. Lothar Koniarski[2]	96	–5	179		
Dr. Axel Müller[3]	144	–11	147		
Dr. Ulrich Hauck[4]			–69	49	–8

[1] Appointed to the Management Board effective 1 June 2019
[2] Supervisory Board since 21 July 2018
[3] Supervisory Board since 2 August 2018
[4] Supervisory Board until 31 March 2019

CORPORATE GOVERNANCE STATEMENT

The principles of responsible and good corporate governance determine the actions of the management and control bodies of Mutares SE & Co. KGaA. The Management Board of the general partner of Mutares SE & Co. KGaA, Mutares Management SE, as well as the Shareholders' Committee and the Supervisory Board of Mutares SE & Co. KGaA report below on corporate governance in accordance with Principle 22 of the German Corporate Governance Code (GCGC) and pursuant to Sections 289f, 315d HGB.

A. Declaration on the German Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Act (AktG)

The Management Board of Mutares Management SE as general partner as well as the Shareholders' Committee and the Supervisory Board of Mutares SE & Co. KGaA declare pursuant to Section 161 of the German Stock Corporation Act (AktG) that Mutares SE & Co. KGaA ("Company") has complied with the recommendations of the German Corporate Governance Code ("GCGC") as amended on 16 December 2019 since 19 October 2021, the date of the first admission of the shares of the Company to trading on the regulated market, and will continue to comply in the future, subject to the legal form-specific features of the partnership limited by shares ("KGaA") described below and the structuring of this legal form by the Articles of Association, as well as with the exception of the deviations listed below.

I. SPECIAL FEATURES SPECIFIC TO LEGAL FORMS

The GCGC is tailored to companies in the legal form of a stock corporation ("AG") or a European Company (Societas Europaea, SE) and does not take into account the special features of the legal form of a KGaA. Many recommendations of the GCGC can therefore only be applied to the Company in modified form. Significant particularities result in particular from the following legal form-specific features.

1. Management

In the case of a KGaA, the tasks of a Management Board of an AG are performed by general partners. The sole general partner of the Company is Mutares Management SE, whose Management Board ("Management Board") is thus responsible for managing the Company's business.

2. Shareholders' Committee

The legal form of the KGaA, unlike that of the AG, offers the possibility of creating further optional corporate bodies. The Shareholders' Committee established at the Company in accordance with the Articles of Association and elected by the General Meeting of the Company has power of representation and management authority for the legal relationships between the Company on the one hand and the General Partner and/or its board members on the other.

In addition, he exercises all rights in connection with the shares held by the Company in the General Partner; in particular, he is responsible for exercising voting rights at the General Partner's Annual General Meeting and for disposing of the Company's shares in the General Partner.

3. Supervisory Board

Compared to the supervisory board of an AG, the rights and duties of the supervisory board of a KGaA are limited. In particular, the Supervisory Board of the Company has no personnel authority with respect to the management of the Company. The supervisory board of the KGaA is therefore not responsible for appointing or dismissing the general partner or its management board members. Thus, it is also not responsible for regulating their contractual terms and conditions such as, in particular, remuneration or consideration of the relationship of the remuneration of the Management Board to the remuneration of the senior management and the workforce; likewise, the Supervisory Board of the KGaA has no competence with regard to setting an age limit for the members of the Management Board, the duration of the appointment, succession planning, issuing rules of procedure for the Management Board or determining transactions requiring approval. These tasks are performed by the Supervisory Board of Mutares Management SE.

4. Annual General Meeting

The Annual General Meeting of a KGaA basically has the same rights as the Annual General Meeting of an AG. In addition, it resolves on the approval of the annual financial statements of the company, the discharge of the general partner and the election and discharge of the shareholders' committee. Numerous resolutions of the Annual General Meeting require the approval of the general partner; this includes, among other things, the approval of the annual financial statements of the Company.

II. DEVIATIONS FROM RECOMMENDATIONS OF THE GCGC

Taking into account the specific features of its legal form and Articles of Association, the Company complies with all recommendations of the GCGC with the following exceptions:

Recommendation D.5 GCGC

According to Recommendation D.5 DCGK, the Supervisory Board shall form a Nomination Committee composed exclusively of shareholder representatives which nominates suitable candidates to the Supervisory Board for its proposals to the Annual General Meeting for the election of Supervisory Board members. Due to the current size of the Supervisory Board, which consists of four shareholder representatives, the Supervisory Board does not consider it necessary to form a nomination committee. The decision on the Supervisory Board's election proposals to the Annual General Meeting can be prepared and made by the full Supervisory Board.

Recommendation F.2 GCGC

According to Recommendation F.2 DCGK, the consolidated financial statements and the Group management report shall be publicly accessible within 90 days of the end of the financial year. The Company shall make the consolidated financial statements and the Group management report publicly accessible in accordance with the provisions of commercial and stock exchange law (sections 325 (3), (4) sentence 1 HGB and sections 51 (2), 50 BörsO of the Frankfurt Stock Exchange) within four months of the reporting date for the financial year 2021. The Company believes that publication within these deadlines is sufficient for the information interests of shareholders, creditors and other stakeholders as well as the public. Nevertheless, the Company intends to further adjust the accounting process for the following financial years and to comply with recommendation F.2 GCGC in this respect as well.

Section G.I DCGK

Recommendations G.1 to G.16 DCGK contain detailed requirements which the Supervisory Board should take into account when determining the compensation of the Management Board. However, the Supervisory Board of the Company has no authority to determine the remuneration of the Management Board of the General Partner, so the recommendations on Management Board remuneration do not apply to the Company due to their structure. The compensation of the Management Board of the General Partner is determined by the Supervisory Board of the General Partner. Only as a highly precautionary measure, the Company also declares a deviation from the aforementioned recommendations.

Notwithstanding the above, the Supervisory Board of the General Partner intends to adopt a compensation system for the members of the Management Board of the General Partner which will be presented to the next Annual General Meeting of the Company and which complies with the requirements of Sections 87a, 120a AktG and takes into account recommendations of Section G.I of the GCGC.

Munich, December 2021

The Management Board of the General Partner

The Shareholders' Committee

The Supervisory Board

The declaration of compliance is available on the website of Mutares SE & Co. KGaA at ir.mutares.de/en/corporate-governance.

B. Relevant disclosures on corporate governance practices

Mutares SE & Co. KGaA acts as an international investor that actively supports its portfolio companies in defining and implementing comprehensive turnaround and optimization programs. In all its decisions, however, the company not only focuses on the organic growth and lasting success of the portfolio companies, but also pays attention to the compliance and implementation of ecological, social and corporate values and standards. Responsible action is anchored in the corporate values at Mutares SE & Co. KGaA. Sustainability is more than just an environmental issue for us. As a group of companies, we have a responsible duty towards our employees and society and are committed to good corporate governance. Mutares SE & Co. KGaA sets itself as guidelines the three most important sustainability-related areas of responsibility of a company: Environmental, Social and Governance.

Sustainability plays a fundamental role at the Company. In 2021, the UN Global Compact was signed and the company committed itself to respecting and implementing the ten sustainable principles set out therein and to promoting sustainable development worldwide. The Company also fulfills this responsibility through Group-wide reporting and monitoring activities relating to environmental, social and governance issues.

ENVIRONMENTAL

We see environmental protection as a success factor for the future sustainable development of our business activities. In this context, we continuously work on identifying the essential topics and challenges for the business activities of the Mutares Group. Particularly at the subsidiaries, attention is paid to the implementation of environmentally friendly behavior in the internal corporate processes. A large number of our portfolio companies are therefore certified according to ISO 14001:2015 (environmental management system).

SOCIAL

The company places a particularly high value on its employees. In this regard, Mutares SE & Co. KGaA is guided by the principles of labor standards and human rights of the United Nations Global Compact. Occupational safety and health protection are important aspects for the Mutares Group. We strive to introduce and maintain a “Zero Accident” safety culture at our subsidiaries. Respect for and observance of human rights are anchored in our Code of Conduct and are thus important components of our corporate responsibility. In addition, it is part of our standard to treat everyone equally with respect, trust and dignity. Our goal is to create a working environment that is free of any discrimination and harassment. Our Code of Conduct provides guidance for conducting our business in accordance with our values and applicable laws. Our Code of Conduct applies to all employees and business partners of Mutares.

GOVERNANCE

The company is committed to acting with integrity and in compliance with nationally and internationally recognized standards, assuming corporate responsibility and paying attention to the impact of its business activities. All employees, our suppliers and third parties who have a business relationship with us must comply with the applicable laws of the country in which the site is located. As a global company, this means that the laws and regulations of each location in which we do business also apply. Failure to comply with these laws may result in civil, criminal and labor law consequences.

COMPLIANCE MANAGEMENT SYSTEM, RISK MANAGEMENT AND CONTROL SYSTEM

The company has established a compliance management system with a code of conduct for all relevant areas. Responsible, ethically correct and integrity behavior is expected of all employees at all levels. This expectation also applies to third parties, such as business partners and suppliers, who contribute to the good image of our company. Individual policies are in place for anti-corruption, capital market compliance, antitrust law, terrorist financing and money laundering, and data protection, among others. The policy management software implemented ensures that employees always have access to the policies in force. In addition, the company has set up a whistleblower portal which enables whistleblowers to report possible violations of the law or the company’s Code of Conduct, also anonymously. The company’s compliance department investigates all such reports independently.

The Company’s Compliance function consists of a Compliance Officer with overall responsibility for the implementation and monitoring of the compliance management system at the holding level of the Company and its direct subsidiaries.

In addition, the portfolio companies, as indirect subsidiaries of the Company, are required to establish appropriate compliance management systems, including a specifically defined responsible position, as part of their corporate governance. In order to ensure compliance with the common standards, the Company intends to establish a regular exchange between the compliance functions at the different levels within the Mutares Group.

For more information, visit www.mutares.de/en/sustainability.

C. Partnership limited by shares

Mutares SE & Co. KGaA is a partnership limited by shares (KGaA). A KGaA is a company with its own legal personality (legal entity), in which at least one shareholder has unlimited liability to the company’s creditors (general partner) and the other shareholders have an interest in the share capital, which is divided into shares, without being personally liable for the company’s obligations (limited shareholders, Section 278 (1) AktG).

The legal form of a KGaA is a hybrid of a stock corporation (AG) and a limited partnership with a focus on stock corporation law. The main differences to an AG are as follows: The tasks of the Management Board of an AG are performed by Mutares Management SE – acting through its Management Board – as the sole general partner of Mutares SE & Co KGaA.

Compared to the supervisory board of an AG, the rights and duties of the supervisory board of a KGaA are limited. In particular, the supervisory board does not have the competence to appoint personally liable partners and to regulate their contractual conditions, to issue rules of procedure for the management or to determine transactions requiring approval. These tasks are performed at the Company by the Supervisory Board of Mutares Management SE.

The Annual General Meeting of a KGaA basically has the same rights as the Annual General Meeting of an AG. This means that it resolves, among other things, on the appropriation of profits, the election and discharge of the members of the Supervisory Board, the election of the auditor, and on amendments to the Articles of Association and capital measures to be implemented by the Management Board. In addition, depending on the legal form of the Company, it resolves on the approval of the annual financial statements of the Company and the discharge of the General Partner, as well as on the election and discharge of the members of the Shareholders' Committee established in accordance with the Articles of Association. Resolutions of the General Meeting require the approval of the General Partner insofar as they relate to matters for which, in the case of a limited partnership, the consent of the General Partners and the limited partners is required (Section 285 (2) AktG) or it relates to the approval of the annual financial statements (Section 286 (1) AktG).

As an additional body, a Shareholders' Committee has been established at Mutares SE & Co. KGaA to perform the duties assigned to it by the Annual General Meeting and by the Articles of Association (for details, see section D.IV.).

There were no changes to the Group management and supervisory structure in the reporting year.

D. Description of the working methods and composition of the corporate bodies of Mutares SE & Co. KGaA and Mutares Management SE and their committees

I. DESCRIPTION OF THE FUNCTIONING OF MUTARES MANAGEMENT SE INCLUDING ITS MANAGEMENT BOARD AND SUPERVISORY BOARD

A basic principle of German stock corporation law is usually a dual management system with a Management Board as the Management Body and a Supervisory Board as the Monitoring Body. In the legal form of a KGaA, there is the special feature that its business is managed by a general partner. At Mutares SE & Co. KGaA, Mutares Management SE assumes the role of the Management Body as general partner according to the Articles of Association. The Supervisory Board of Mutares SE & Co. KGaA monitors the management of the general partner in accordance with the competences assigned to it by law and the Articles of Association. Mutares Management SE is a dualistically structured European stock corporation (SE). The corporate bodies of Mutares Management SE are the General Meeting, the Management Board and the Supervisory Board. Mutares Management SE – represented by its Management Board – manages the business of Mutares SE & Co. KGaA with the diligence of a prudent and conscientious manager and is thereby committed to the corporate interest of Mutares SE & Co. KGaA. It also represents Mutares SE & Co. KGaA externally.

1. The Management Board of Mutares Management SE

a) Functioning of the Management Board

The members of the Management Board conduct the business with the diligence of a prudent and conscientious manager in accordance with applicable law, the GCGC – insofar as the General Partner and the Supervisory Board have decided to comply with its recommendations –, the Articles of Association and the rules of procedure of the Management Board. The Management Board of Mutares Management SE consists of four members who are appointed by the Supervisory Board of Mutares Management SE. Chairman of the Management Board of Mutares Management SE is Robin Laik. The Management Board of Mutares Management SE is governed by the rules of procedure issued by the Supervisory Board of Mutares Management SE and the schedule of responsibilities for the allocation of departments attached thereto as annex.

Notwithstanding the allocation of responsibilities, a resolution of the Board of Management as a whole is required in matters for which the law, the Articles of Association of the Company or the Rules of Procedure require a decision by the full Board of Management.

As a rule, the Management Board meets once a month. Meetings must also be held if the welfare of the Company so requires or if a member of the Management Board requests that a meeting be convened, stating the subject matter of the meeting.

Resolutions of the Board of Management shall be adopted unanimously if possible. If unanimity cannot be achieved, the resolutions of the Board of Management shall be adopted by a simple majority of the members participating in the adoption of the resolution, unless otherwise required by law.

The members of the Management Board are obliged exclusively to act in the interests of the Company. In making their decisions, the members of the Board of Management may neither pursue personal interests nor exploit business opportunities of the Company for themselves, for a natural person or legal entity closely associated with them, or for any other institution or association in which or for which they are active.

The express prior consent of the Supervisory Board of Mutares Management SE is required for certain transactions or measures of Mutares Management SE in its capacity as general partner of Mutares SE & Co. KGaA as defined in the Articles of Association and the Rules of Procedure of the Management Board. This concerns, among others, the following transactions and measures:

- Establishment of new or the discontinuation of existing business areas of the Company, insofar as sales amounting to at least 10% of the consolidated sales generated in the last completed financial year are affected;
- Establishment of continuing obligations with a basic contractual term of more than 10 year each;
- Taking out loans if the loan amount exceeds EUR 10,000,000.00 in an individual case;
- Granting of loans to members of the Management Board and related persons and companies, as well as to employees.

The Supervisory Board of Mutares Management SE may subject further transactions or measures to a reservation of consent (cf. also section D.I.3).

b) Composition of the Management Board

As of 31 December 2021, the Management Board of Mutares Management SE comprised the following members:

Robin Laik (*1972)

- Chairman of the Management Board, CEO
- First appointment (effective): 22 February 2019 (previously member of the Management Board of Mutares AG since 2008)
- Appointed until: 31 December 2024

Membership of statutory supervisory boards or comparable German or foreign boards of business enterprises (as of 31 December 2021):

- none

Mark Friedrich (*1978)

- CFO
- First appointment (effective): 9 April 2019 (previously member of the Management Board of Mutares AG since 2015)
- Appointed until: 31 December 2023

Membership of statutory supervisory boards or comparable German or foreign boards of business enterprises (as of 31 December 2021):

- none

Johannes Laumann (*1983)

- CIO
- First appointment (effective): 9 April 2019
- Appointed until: 31 March 2024

Membership of statutory supervisory boards or comparable German or foreign boards of business enterprises (as of 31 December 2021):

- none

Dr. Kristian Schleede (*1958)

- CRO
- First appointment (with effect from): 9 April 2019 (previously member of the Management Board of Mutares AG since 2010)
- Appointed until: 31 December 2023
- End of term: 31 December 2021

Memberships in supervisory boards required by law or in comparable domestic or foreign supervisory bodies of business enterprises (as of 31 December 2021):

- BEXity GmbH, Vienna
  (Member of the Supervisory Board)

The curricula vitae of the Management Board members are published and regularly updated on the website of Mutares SE & Co. KGaA at ir.mutares.de/en/corporate-governance. Information on the remuneration of the Management Board members can be found in the Annual Report 2021 in the Corporate Governance chapter.

Age limit

The Rules of Procedure for the Management Board of Mutares Management SE stipulate that, as a rule, only persons who have not reached the age of 65 at the time of the election.

Long-term succession planning

The Supervisory Board of Mutares Management SE ensures long-term succession planning together with the Management Board. This is based on discussions with the members of the Management Board and impressions of executives who present at the meetings of the Supervisory Boards of Mutares Management SE and Mutares SE & Co. KGaA. In this way, the Supervisory Board of Mutares Management SE forms a picture of potential successors within the corporate group.

2. The Supervisory Board of Mutares Management SE

a) Functioning of the Supervisory Board

The Supervisory Board of Mutares Management SE consists of four members. Chairman of the Supervisory Board of Mutares Management SE is Prof. Dr. Micha Bloching. The Supervisory Board of Mutares Management SE appoints the members of the Management Board of Mutares Management SE and advises the Management Board on the management of the company. The Supervisory Board of Mutares Management SE has issued rules of procedure for itself as well as for the Management Board of Mutares Management SE.

The Supervisory Board of Mutares Management SE conducts its business in accordance with the provisions of the law, taking into account the provisions of the Articles of Association of Mutares Management SE and the Rules of Procedure. The Supervisory Board of Mutares Management SE and the individual members of the Supervisory Board are guided by the recommendations of the GCGC – taking into account the specific legal form of Mutares SE & Co. KGaA – unless deviations are declared in the declaration of conformity pursuant to Section 161 AktG. The Supervisory Board of Mutares Management SE cooperates closely and in a spirit of trust with the other bodies of Mutares Management SE, in particular the Management Board, for the benefit of the company.

The Supervisory Board of Mutares Management SE meets at least twice per calendar half-year. Resolutions are generally passed in meetings. The Supervisory Board of Mutares Management SE constitutes a quorum if at least half of the members of which it must consist in total participate in the passing of resolutions. All resolutions and elections of the Supervisory Board of Mutares Management SE are passed by a simple majority of the members participating in the passing of the resolution, unless the law or the Articles of Association mandatorily provide otherwise. Abstentions do not count as votes cast for this purpose. If a vote results in a tie, the Chairman shall have the casting vote.

Each member of the Supervisory Board shall immediately disclose to the Chairman of the Supervisory Board any existing and potential conflicts of interest, in particular those that arise or may arise as a result of a consultancy or board function with customers, suppliers, lenders of the Company or other third parties.

The Supervisory Board of Mutares Management SE may form and appoint committees with at least two members from among its members and delegate decision-making powers to them to the extent permitted by law. At the time of reporting, the Supervisory Board of Mutares Management SE has not formed any committees.

b) Composition of the Supervisory Board

In the financial year 2021, the Supervisory Board of Mutares Management SE comprised the following members:

Prof. Dr. Micha Bloching (*1968)
- Chairman of the Supervisory Board
- Member since: 2019
- Elected until: End of the Annual General Meeting in the calendar year 2024
- Main activity: tax consultant, lawyer, university lecturer

Membership of statutory supervisory boards or comparable German or foreign boards of business enterprises (as of 31 December 2021):

- Mutares SE & Co. KGaA, Munich (Member of the Supervisory Board, Member of the Shareholders' Committee)

Dr. Lothar Koniarski (*1955)
- Vice Chairman of the Supervisory Board
- Member since: 2019
- Elected until: End of the Annual General Meeting in calendar year 2024
- Main activity: Managing Director of ELBER GmbH

Memberships in supervisory boards required by law or in comparable domestic or foreign supervisory bodies of business enterprises (as of 31 December 2021):

- Mutares SE & Co. KGaA, Munich (Member of the Supervisory Board, Member of the Shareholders' Committee)
- CANCOM SE, Munich (Deputy Chairman of the Supervisory Board and Chairman of the Audit Committee)
- SBF AG, Leipzig (Chairman of the Supervisory Board)
- Alfmeier Präzision SE, Treuchtlingen (Member of the Administrative Board)
- Regensburg University Foundation, Hans Vielberth University Foundation and Hans Vielberth University Foundation for Real Estate Management (Member of the Foundation Board)

Volker Rofalski (*1970)
- Member since: 2019
- Elected until: End of the Annual General Meeting in the calendar year 2024
- Main activity: Managing Director of only natural munich GmbH

Memberships in supervisory boards required by law or in comparable domestic or foreign supervisory bodies of business enterprises (as of 31 December 2021):

- HELIAD Equity Partners GmbH & Co. KGaA, Frankfurt am Main (Chairman of the Supervisory Board)
- Bio-Gate AG, Nuremberg (Member of the Supervisory Board)
- Mutares SE & Co. KGaA, Munich (Member of the Supervisory Board, Member of the Shareholders' Committee, Member of the Audit Committee)
- Mountain Demekon AG, Munich (until 31 December 2021, Member of the Supervisory Board)
- paycentive AG, Augsburg (Member of the Supervisory Board)
- paycentive Group AG, Augsburg (Member of the Supervisory Board)
- FinLab AG, Frankfurt (since 14 December 2021, Member of the Supervisory Board)

Dr. Axel Müller (*1957)
- Member since: 2020
- Elected until: End of the Annual General Meeting in the calendar year 2024
- Main activity: Self-employed management consultant

Memberships in supervisory boards required by law or in comparable domestic or foreign supervisory bodies of business enterprises (as of 31 December 2021):

- Mutares SE & Co. KGaA, Munich (Member of the Supervisory Board, Member of the Shareholders' Committee, Chairman of the Audit Committee)
- Mellifera Sechsunddreißigste Beteiligungsgesellschaft mbH (MIP Pharma group of companies), Berlin (Chairman of the Advisory Board)

The curricula vitae of the Supervisory Board members are published and regularly updated on the website of Mutares SE & Co. KGaA at ir.mutares.de/en/corporate-governance. Information on the remuneration of the Supervisory Board members can be found in the Corporate Governance 2021 section of the Annual Report.

Age limit

The Rules of Procedure for the Supervisory Board of Mutares Management SE stipulate that, as a rule, only persons who have not reached the age of 75 at the time of the election.

Self-assessment

The Supervisory Board of Mutares Management SE regularly assesses itself how effectively the Supervisory Board as a whole and its committees fulfill their tasks. In addition to qualitative criteria to be defined by the Supervisory Board, the subject of the efficiency review is in particular the procedural processes in the Supervisory Board as well as the timely and sufficient provision of information to the Supervisory Board. The most recent self-evaluation was carried out in December 2021.

3. Cooperation between the Management Board and Supervisory Board of Mutares Management SE

The Management Board reports to the Supervisory Board of Mutares Management SE in accordance with the statutory provisions, the Articles of Association and the rules of procedure of the Supervisory Board and the Management Board, as well as at the request of the Supervisory Board in individual cases. The reports of the Management Board shall comply with the principles of conscientious and faithful accountability. Reporting shall be carried out in such a way that the Supervisory Board is informed regularly, promptly, comprehensively and generally in text form about all issues relevant to the enterprise, in particular strategy, planning, business development, risk situation, risk management and compliance. In doing so, the Board of Management must address any deviations in the course of business from the targets agreed in the plans drawn up, stating the reasons for such deviations.

In addition, the Chairman of the Supervisory Board shall receive reports on other important occasions; an important occasion shall also be a business transaction at an affiliated company of which the Management Board becomes aware and which may have a significant influence on the situation of the Company.

The Supervisory Board of Mutares Management SE may at any time request a report from the Management Board on matters concerning Mutares Management SE, on its legal and business relationships with affiliated companies as well as on business transactions at these companies which may have a significant influence on the situation of Mutares Management SE. An individual member may also request a report, but only to the Supervisory Board.

Pursuant to Section 9 (7) of the Articles of Association of Mutares Management SE, the Supervisory Board of Mutares Management SE may, without prejudice to the overall responsibility of the Management Board, allocate the Management Board duties to the individual members of the Management Board and, within the framework of the statutory provisions and the Articles of Association, regulate the relationships of the members of the Management Board with each other and with Mutares Management SE and determine that certain transactions or types of transactions may only be conducted with the consent of the Supervisory Board. The Supervisory Board of Mutares Management SE may grant approvals for a certain group of transactions revocably also in general, for a limited or unlimited period of time, or in advance in the event that the individual transaction meets certain requirements, also to individual members and in particular to the Chairman of the Management Board.

II. DESCRIPTION OF THE WORKING PROCEDURES AND COMPOSITION OF THE SUPERVISORY BOARD OF MUTARES SE & CO. KGAA AND ITS COMMITTEES

1. Working methods of the Supervisory Board of Mutares SE & Co. KGaA

The main task of the Supervisory Board of Mutares SE & Co. KGaA is to monitor the management by Mutares Management SE as general partner. This is done on the basis of the statutory provisions, taking into account the recommendations of the GCGC – with the exception of the deviations mentioned in the Declaration of Conformity -, the Articles of Association of Mutares SE & Co. KGaA and the Rules of Procedure for the Supervisory Board. The rules of procedure, which contain more detailed provisions on convening and holding Supervisory Board meetings and on forming committees, can be viewed on the website of Mutares SE & Co. KGaA at ir.mutares.de/en/corporate-governance.

2. Composition of the Supervisory Board of Mutares SE & Co KGaA

The Supervisory Board of Mutares SE & Co. KGaA consists of:

- **Volker Rofalski**
  (for personal details see above under D.I.2.b) as Chairman of the Supervisory Board;
- **Dr. Axel Müller**
  (for personal details see above under D.I.2.b) as Vice Chairman of the Supervisory Board;
- **Dr. Lothar Koniarski**
  (for personal details see above under D.I.2.b) as member of the Supervisory Board;
- **Prof. Dr. Micha Bloching**
  (for personal details see above under D.I.2.b) as member of the Supervisory Board.

Age limit

The Rules of Procedure for the Supervisory Board of Mutares SE & Co. KGaA stipulate that, as a rule, only persons who have not reached the age of 75 at the time of the election.

Audit Committee

To increase the efficiency of its activities, the Supervisory Board of Mutares SE & Co. KGaA has established an Audit Committee. The Audit Committee consists of two members. The members of the Audit Committee are Dr. Axel Müller and Volker Rofalski. The Chairman of the Audit Committee is Dr. Axel Müller. The Audit Committee deals in particular with the audit of the financial statements, the monitoring of the financial reporting process, the effectiveness of the internal control system, the risk management system and the audit of the financial statements, in particular the selection and independence of the auditor, the quality of the audit and the additional services provided by the auditor, and compliance. The Audit Committee may make recommendations or proposals to ensure the integrity of the financial reporting process.

Self-assessment

The Supervisory Board of Mutares SE & Co. KGaA regularly assesses itself how effectively the Supervisory Board as a whole and its committees fulfill their tasks. In addition to qualitative criteria to be defined by the Supervisory Board, the subject of the efficiency review is in particular the procedural processes in the Supervisory Board as well as the timely and sufficient provision of information to the Supervisory Board. The most recent self-evaluation was carried out in December 2021.

Competence profile

According to Recommendation C.1 DCGK, the Supervisory Board shall specify concrete objectives for its composition and develop a competence profile for the entire body, paying attention to diversity. Applying Recommendation C.1 DCGK accordingly, the Supervisory Board of the Company has developed corresponding objectives for its composition and a competence profile.

The Supervisory Board of Mutares SE & Co. KGaA shall have overall competencies that are considered essential in view of the company's activities. These include, in particular, in-depth experience and knowledge

- in the management of a large or medium-sized (international) company,
- in industrial business and value creation along different value chains,
- in the fields of production, marketing, sales, digitalization, restructuring,
- to the main markets in which the Mutares Group operates,
- in accounting and financial reporting,
- in controlling and risk management,
- in the area of governance and compliance

At least one member of the Supervisory Board must have expertise in the field of accounting and at least one other member of the Supervisory Board must have expertise in the field of auditing.

Diversity

The Supervisory Board of Mutares SE & Co. KGaA strives for sufficient diversity in terms of personality, gender, internationality, professional background, expertise and experience, and age distribution.

The distribution does not yet meet the target by 2026.

Independence

In the opinion of the Supervisory Board of Mutares SE & Co. KGaA, all of its members are independent. Thus, it also includes what it considers to be an appropriate number of independent members who are independent of the Company and the Management Board of the General Partner as well as independent of the controlling shareholder.

This also applies to Mr. Volker Rofalski and Prof. Dr. Micha Bloching, who have been members of the Supervisory Board of the Company for a long time, namely Mr. Rofalski for more than twelve years without interruption and Prof. Dr. Bloching for more than twelve years with an interruption in 2018. The two members continue to maintain the necessary distance to the Company, the General Partner as well as to the controlling shareholder, which is required for the supervision of the management of the Company by Mutares Management SE. Their past and present performance of their duties proves that they continue to be in a position to advise and monitor the General Partner properly. The Supervisory Board is convinced that the duration of membership of more than twelve years is not suitable in the present case to give rise to conflicts of interest that could jeopardize the independence of the two members.

III. COOPERATION OF THE SUPERVISORY BOARD OF MUTARES SE & CO. KGAA WITH THE GENERAL PARTNER

The basis of the cooperation between the Supervisory Board of Mutares SE & Co. KGaA and the general partner, Mutares Management SE, is the principle of the dual management system as prescribed by law for the structure of a KGaA. Essential to this is the separation of the management and executive duties assigned to the general partner from the supervisory duties assigned to the Supervisory Board. Further foundations are provided by the rules of procedure, which the responsible bodies have issued taking into account the legal form-specific particularities of a KGaA as well as – with regard to the general partner – of a dualistic European stock corporation (Mutares Management SE).

The Supervisory Board is informed by the General Partner – acting through its Management Board – in a regular, timely and comprehensive manner and generally in text form about all issues relevant to the Company, in particular strategy, planning, business development, risk situation, risk management and compliance. In addition, reports are to be submitted at least once a year on fundamental issues of corporate planning, in particular financial and personnel planning. The Chairman of the Supervisory Board maintains regular contact with the General Partner, in particular with the Chairman of the Management Board of the General Partner, and discusses the strategy, business development, compliance and risk management of the Company with him. The Chairman of the Supervisory Board is informed without delay by the Chairman of the Management Board of the General Partner about important events that are of material significance for the assessment of the situation and development as well as for the management of the Company. The Chairman of the Supervisory Board then informs the Supervisory Board and, if necessary, convenes an extraordinary meeting of the Supervisory Board.

IV. THE SHAREHOLDERS' COMMITTEE OF MUTARES SE & CO. KGAA

1. Overview and Working Procedures of the Shareholders' Committee of Mutares SE & Co. KGaA

In accordance with the Articles of Association, in addition to the Supervisory Board there is also a Shareholders' Committee consisting of four members elected by the Annual General Meeting. The term of office is five years, unless otherwise specified at the time of election. The Shareholders' Committee must hold at least one meeting per calendar year. The Shareholders' Committee shall pass its resolutions by a majority of the votes cast, unless the Articles of Association mandatorily provide otherwise. The Members' Committee shall be responsible for carrying out the matters assigned to it by the General Meeting or by the Articles of Association. It has power of representation and management authority for the legal relationships between the Company on the one hand and the General Partner and/or its corporate bodies on the other. It exercises all rights arising from or in connection with the shares held by the Company in the General Partner, in particular it is responsible for exercising voting rights at the General Meeting of the General Partner and for disposing of the shares in the General Partner. For further details, the Shareholders' Committee has adopted rules of procedure.

2. Composition of the Shareholders' Committee of Mutares SE & Co. KGaA

The Shareholders' Committee of Mutares SE & Co. KGaA consists of:

- **Volker Rofalski**
  (for personal details see above under D.I.2.b) as Chairman of the Shareholders' Committee;
- **Dr. Axel Müller**
  (for personal details see above under D.I.2.b) as Vice Chairman of the Shareholders' Committee;
- **Prof. Dr. Micha Bloching**
  (for personal details see above under D.I.2.b) as a member of the Shareholders' Committee;
- **Dr. Lothar Koniarski**
  (for personal details see above under D.I.2.b) as a member of the Shareholders' Committee.

E. Diversity

I. GENDER-RELATED COMPOSITION OF THE SUPERVISORY BOARD OF MUTARES SE & CO. KGAA AND MANAGEMENT LEVELS

In accordance with Section 111 (5) AktG, the Supervisory Board of Mutares SE &Co. KGaA set the percentage of women on the Supervisory Board at 25% on 16 December 2021 and a deadline of 31 December 2026.

Pursuant to Section 76 (4) AktG, the Management Board of the general partner of Mutares SE & Co. KGaA, Mutares Management SE, on 16 December 2021 set the target for the proportion of women in the first management level of Mutares SE & Co. KGaA below the Management Board to at least 33.33% (this corresponds to 3 women) and a deadline of 31 December 2026, and the target for the proportion of women in the second management level of Mutares SE & Co. KGaA below the Management Board to at least 26.31% (this corresponds to 5 women) and a deadline of 31 December 2026.

II. DIVERSITY CONCEPT WITH REGARD TO THE COMPOSITION OF THE MANAGEMENT BOARD OF THE GENERAL PARTNER AND THE SUPERVISORY BOARD OF MUTARES SE & CO. KGAA

In accordance with recommendation C.1 DCGK, the Supervisory Board of Mutares SE & Co. KGaA strives for sufficient diversity in terms of personality, gender, internationality, professional background, expertise and experience, and age distribution.

Furthermore, the Supervisory Board of Mutares Management SE pays attention to diversity in the composition of the Management Board in accordance with recommendation B.1 GCGC.

F. Accounting, audit of financial statements

Mutares SE & Co. KGaA prepares its consolidated financial statements and interim financial statements in accordance with International Reporting Standards (IFRS) as adopted by the European Union. After preparation by the general partner, the financial statements are audited by the auditor elected by the Annual General Meeting. On the basis of the audit reports and the documents relating to the consolidated financial statements, the Supervisory Board approves the consolidated financial statements, if necessary after a preliminary review by its Audit Committee. The Annual General Meeting of Mutares SE & Co. KGaA is legally responsible for adopting the annual financial statements. This resolution requires the approval of Mutares Management SE as general partner. Interim announcements and half-year reports are discussed by the general partner with the Audit Committee of the Supervisory Board of Mutares SE & Co. KGaA prior to publication.

G. Transparency

Uniform, comprehensive and timely disclosure of information is a high priority at Mutares SE & Co. KGaA. Reporting on the business situation and the results of Mutares SE & Co. KGaA takes place in the annual report, in the quarterly reports, half-year reports, at the annual analysts' and investors' conference and through regular conference calls. Furthermore, information is provided through press releases or ad hoc announcements as well as other mandatory publications, to the extent required by law. Mutares SE & Co. KGaA maintains insider lists. The respective persons concerned have been or will be informed about the legal obligations and sanctions.

The members of the Management Board and the Supervisory Board, as well as persons closely associated with them, are required under Art. 19 of the Market Abuse Regulation to disclose proprietary transactions in shares, debt instruments and related derivatives or other financial instruments. The directors' dealings made in the reporting year are published at ir.mutares.de/en/corporate-governance/directors-dealings.

COMBINED MANAGEMENT AND GROUP MANAGEMENT REPORT FOR FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2021

1. FUNDAMENTALS OF THE COMPANY AND THE GROUP

1.1 Business model and organization

The business approach of Mutares SE & Co. KGaA, Munich, (hereinafter "the Company" or also "Mutares") comprises the acquisition, transformation (restructuring, optimization, and repositioning) and/or development of companies in special situations as well as their subsequent sale. When selecting target companies ("targets"), Mutares focuses on the identification of existing value enhancement potential, which can be realized after an acquisition through extensive operational and strategic optimization or transformation measures.

As part of its business model, Mutares actively and systematically seeks targets in special situations in order to leverage existing value potential with innovative and individually tailored solutions.

Mutares thus acts like a typical private equity investor for special situations; however, through Mutares SE & Co. KGaA, which is now listed in the Prime Standard, it is also possible for broad groups of investors to participate directly in the business success of a private equity-oriented business model under these regulatory conditions.

Mutares' investment focus is on European companies with high development potential, which already have an established business model – often combined with a strong brand. Against this background, targets with the following characteristics are of particular interest to Mutares for an initial **acquisition** as so-called "platform investments" – i.e., as targets without direct operational links to a company already in the Mutares portfolio:

- Spin-off of groups
- Turnover from EUR 100–500 million
- Established market position (products, brand, customer base)
- Economically challenging situation or situation of upheaval (e.g., pending restructuring)
- Operational improvement potential along the value chain
- Focus on activities in Europe

Mutares is committed to its portfolio companies during the entire time they are part of the Mutares Group and acts as a responsible and entrepreneurial shareholder who reliably and actively supports the upcoming change phases – based on extensive, long-term industrial and restructuring experience. The aim is to turn companies that were unprofitable at the time of acquisition into independent and dynamic medium-sized enterprises with competitive and profitable business models, to develop them further through organic and inorganic growth and finally to sell them at a profit. Against the background of these core elements of the business model, Mutares summarizes itself as an "investment entrepreneur".

Other core aspects of Mutares' business approach are:

- After acquiring targets through its own acquisition companies, Mutares identifies improvement projects along the entire value chain in the portfolio companies using its own specialists and in close cooperation with the local management, which in total result in a comprehensive optimization or transformation program.

- The management and employees of the portfolio company play a central role in managing the change associated with **operational optimization**. Involving employees and management in the company's success is a central element of the development strategy for Mutares. Through their close cooperation with Mutares consultants on site, the recovery course of the acquired companies is supported in a targeted manner by bringing in Mutares' extensive restructuring know-how. Even after the successful completion of an initial optimization or transformation program, Mutares continues an active investment management. This includes the continuous improvement of processes and the monitoring of further development progress, for example through regular reviews in the context of so-called "audits".

- Already during the operational stabilization of a company acquired as a platform investment, **measures for growth** are examined, developed, and implemented. These include initiatives for internal growth such as the broadening of the product portfolio through the development of innovative products or the development of new markets and sales channels, partly by means of investments in sales and (production) facilities. In addition, Mutares systematically looks for opportunities to develop its investments inorganically as well: With strategic additions, so-called "add-on acquisitions", the planned growth strategy of a focused buy-and-build approach can be implemented quickly.

- A **sale** of a portfolio company to realize the value potential is usually targeted by Mutares within a period of three to five years after their acquisition and pursues the goal of achieving an appropriately high return on invested capital over the holding period. Over the entire life cycle (i.e., the period between acquisition and sale), the return on invested capital (ROIC) for Mutares should be a multiple of 7–10.

Mutares' business success depends to a large extent on experienced **key personnel**, who must have outstanding cross-industry expertise in corporate transactions, financing, and corporate law, as well as operational restructuring, while at the same time being highly resilient. Mutares competes globally with private equity firms in recruiting and retaining these key personnel, who are also in high demand for this profile. Mutares faces this competition and ensures through a bundle of measures that the company has sufficient highly qualified personnel to operate its business model. This includes not only variable, highly performance-related compensation structures commensurate with the high level of expertise required; through careful personnel selection, a high degree of autonomy for the restructuring managers deployed, and the most variable, highly performance-related compensation possible, Mutares offers an attractive working environment for entrepreneurial personalities.

Mutares pursues the strategy typical for private equity companies of allowing shareholders to participate directly and continuously in the company's success. Against this background, a sustainable and attractive **dividend policy** is one of the essential elements of the Mutares business model. The net income of Mutares SE & Co. KGaA is derived from various sources, namely on the one hand from revenues from the consulting business and on the other hand from dividends of portfolio companies as well as exit proceeds from the sale of investments. Due to this diversified revenue structure, Mutares believes that even in an operationally difficult year for various portfolio companies it is in principle in a position to generate a sufficiently high net profit for the year to be able to continue its long-term sustainable dividend policy.

In addition to its home market Germany, Mutares is present in other strategic core markets in Europe through its own offices. This makes it possible to compensate for regional fluctuations in the transaction markets and to ensure a constant deal flow.

As of 31 December 2021, the portfolio of Mutares SE & Co. KGaA contains a total of 23 operating investments or investment groups (previous year: 20), which are divided into three segments:

- **Automotive & Mobility:**
  The portfolio companies in the Automotive & Mobility segment operate worldwide and supply renowned international original equipment manufacturers ("OEMs") for passenger cars and commercial vehicles.

  (1) Light Mobility Solutions
  (2) ESF Industrial Solutions Group[1]
  (3) KICO and ISH Group
  (4) PrimoTECS Group
  (5) iinovis Group

- **Engineering & Technology:**
  The portfolio companies in the Engineering & Technology segment serve customers from various sectors, including the energy and chemical industries, public infrastructure, and the rail sector, in particular in the area of plant and mechanical engineering.

  (6) Donges Group
  (7) Lacroix + Kress
  (8) La Rochette Cartonboard
  (9) Balcke-Dürr Group
  (10) Gemini Rail and ADComms Group
  (11) Royal de Boer and Japy Tech Group
  (12) Clecim

- **Goods & Services:**
  The portfolio companies in the Goods & Services segment offer specialized products and services for customers from various sectors.

  (13) Lapeyre Group
  (14) Frigoscandia Group
  (15) BEXity
  (16) Terranor Group
  (17) Ganter Group
  (18) keeeper Group
  (19) FASANA[2]
  (20) Repartim Group
  (21) SABO
  (22) EXI
  (23) Asteri Facility Solutions

1.2 Research and development

The Group's research and development activities are conducted exclusively in Mutares' operating companies. As a rule, these investments of Mutares do not conduct basic research. Product-related development is carried out in particular in the technology-driven investments of the Mutares Group.

Research and development activities at **ESF Industrial Solutions Group** account for the largest share of research and development expenditure within the Group. The availability of in-house resources and laboratories strengthens competitiveness in a dynamic market that requires short response times and fast solutions. For example, the companies of the ESF Industrial Solutions Group address opportunities arising in the electrification of the automotive sector and develop battery packs and thermal management solutions. The development of such specific solutions, which precisely meet the specifications required by customers, is a key to the long-term success and the targeted profitable growth of this group.

Overall, as in the previous year, the Group invested a single-digit million amount in research and development in financial year 2021; capitalized development costs are of minor importance for the Group as a whole.

[1] In the financial year 2020, SFC Solutions, Elastomer Solutions and Plati were listed as independent portfolio companies. In view of the ongoing integration of the entities, they are now presented as one investment group.
[2] FASANA was still treated as part of the keeeper Group under the company name keeeper Tableware in the financial year 2020. However, due to its extensive operational independence, it is now presented as an independent portfolio company.

2. ECONOMIC REPORT

2.1 General economic and industry-specific conditions

WORLD

The global economy continued to be strongly influenced by the COVID-19 pandemic in 2021. According to the economic report of the Munich-based ifo Institute ("ifo Economic Forecast Winter 2021"[3], published in December 2021), the gross domestic product of the advanced economies returned to pre-pandemic levels for the first time in the third quarter of 2021. While the European economy recovered in the summer half of 2021, the U.S. economy was again weakened by the rising incidence of infection in the third quarter of 2021. The Chinese economy, on the other hand, recovered rapidly from the impact of the pandemic, bringing the gross domestic product of the emerging markets as a whole back to its pre-pandemic level a year earlier. A slowdown in China's economy in the third quarter of 2021 was due to stricter financing regulations for real estate companies and the associated downturn in this part of the economy.

Industrial production, whose interim slump of 10% has now been compensated for, was no longer significantly dependent on the course of the pandemic by the end of 2021. The rapid recovery in global demand for goods led to supply bottlenecks and consequently to higher prices for raw materials, intermediate products, and finished goods. In addition, there were geographical imbalances in global shipping, which further exacerbated the demand overhang. These developments pushed up prices, with the result that raw material prices, as measured by the Hamburg Institute of International Economics index, were up to 60% higher than pre-crisis levels. Global consumer prices were influenced in particular by price increases for fossil energy sources and intermediate products such as semiconductors.

EUROPE

According to the European Commission's "Winter 2022 Forecast"[4], economic activity in Europe, which experienced a strong upswing from spring to early fall of 2021, flattened out in the fourth quarter of 2021. This was due to the renewed rise in COVID-19 infection figures, high energy prices and increased supply shortfalls. Some EU countries were under pressure in this regard, particularly due to strained healthcare systems. In addition, there were logistics and supply bottlenecks, for example in relation to semiconductors and various metals, which impacted the production activities of affected sectors.

According to the European Commission's "Winter Forecast 2022," the current high energy prices are also weighing on economic growth and at the same time increasing inflationary pressure. On average, the inflation rate in the euro area was 2.6% in 2021.

GERMANY

According to the "ifo Economic Forecast Winter 2021"[5], German economic output grew strongly in the second and third quarters of 2021 by almost 2% compared with the respective previous quarter. This narrowed the pandemic-related output gap of the first quarter of 2021 and led to a reduction in the pandemic-related underutilization of capacity in the German economy.

Service companies were able to increase their revenues as a result of the easing of pandemic restrictions in early summer 2021, thus making a positive contribution to economic development. In the manufacturing sector, however, demand was also high but met with persistent supply bottlenecks for industrial precursors; the supply shortage also affected the retail and construction sectors. This situation led to a contraction in value added in the manufacturing sector in 2021 and to sharp price rises on the producer and ultimately the consumer side.

At around 5%, the inflation rate in Germany reached its highest level in around 30 years in November 2021. This was due to price increases, especially in the energy sector, but also to distorting base effects, such as in particular the lowered VAT rates in the comparative period of the second half of 2020.

The economic development towards the end of 2021 was then influenced by the renewed sharp rise in pandemic activity in connection with the "omicron" virus variant.

Financial policy in Germany continued to be expansionary. The government's spending programs to combat the pandemic determined the degree of focus.

INVESTMENT INDUSTRY

According to the German Private Equity and Venture Capital Association (BVK) ("Der deutsche Beteiligungskapitalmarkt 2021"[6], as of March 2022),the private equity industry has been able to demonstrate strength despite the challenging times.

Investments by the investment companies based in Germany reached EUR 12.6 billion at (previous year: EUR 15.0 billion). The volume of investment disposals was EUR 4.0 billion in 2021, even higher than the previous year's figure of EUR 3.0 billion. The exit channels that are significant for Mutares, namely strategic investors or other investment companies (21% and 36%, respectively), were responsible for the majority of the total exit volume.

There was a 16% decrease compared to the previous year, but investment volumes remained high despite the COVID-19 pandemic and also compared to the two record years of 2019 as well as 2020.

[3] www.ifo.de/node/67010
[4] germany.representation.ec.europa.eu/news/winterprognose-2022-kommission-erwartet-starkes-wirtschaftswachstum-im-laufe-des-jahres-2022-02-10_de
[5] www.ifo.de/node/67010
[6] www.bvkap.de/sites/default/files/page/20220316_bvk-statistik_2021_vorlaeufig_in_charts_final.pdf

2.2 Business performance

In the financial year 2021, the **Mutares Group** generated revenues of EUR 2,504.0 million (previous year: EUR 1,583.9 million) and EBITDA according to IFRS of EUR 566.5 million (previous year: EUR 142.7 million). Adjusted EBITDA (as defined below in connection with the presentation of financial performance indicators) amounts to EUR –41.3 million (previous year: EUR –28.8 million).

The revenues of the **Mutares Holding**, i.e., Mutares SE & Co. KGaA, result from consulting services to affiliated companies and management fees. The increase to EUR 50.5 million (previous year: EUR 31.9 million) is a consequence of the high transaction activity in the past and a resulting enlarged portfolio. Revenues and dividends from the portfolio (mainly income from investments received in the same period) result in the so-called "**portfolio income**", which for the financial year 2021 amounts to EUR 64.9 million (previous year: EUR 66.5 million). As a result, the net profit for the year according to HGB amounts to EUR 50.7 million, compared to EUR 33.4 million in the previous year.

Mutares' business performance in the financial year 2021 was characterized by the following significant events:

- **Attractive, long-term dividend policy confirmed by the Annual General Meeting**
  On 20 May 2021, the Company's Annual General Meeting, which was again held on a purely virtual basis, approved a **dividend of EUR 1.50 per share** for the financial year 2020. This consists of a basic dividend of EUR 1.00 per share and a performance dividend of EUR 0.50 per share.

- **Completion of a total of 14 acquisitions**
  In the reporting period, all three segments of Mutares were further developed through a total of 14 completed acquisitions:

  Mutares completed the acquisition of the Italian communications services provider of Ericsson Services Italia S.p.A. (now operating as **EXI** S.p.A.) at the end of March 2021. The company specializes in network expansion and maintenance services and is allocated to the Goods & Services segment.

  Also at the end of March, Mutares completed the acquisition of Primetals Technologies France S.A.S., a provider of solutions for steel processing lines with a production site in France. The company now operates under **Clecim** and strengthens the Engineering & Technology segment.

  Mutares completed the acquisition of the majority stake of 80% in Carglass® Maison Group, a French home repair and emergency service provider, at the beginning of April 2021, strengthening the Goods & Services segment. The remaining 20% of the shares are held by HomeServe France, a specialist in home repairs and maintenance. The company now operates on the market under the **Repartim** brand.

  At the end of April 2021, Mutares completed the acquisition of RDM La Rochette from the Italian Reno De Medici Group. **La Rochette** Cartonboard is based in France and produces folding cartonboard based on virgin fibers mainly for the pharmaceutical and food packaging industries. The acquisition strengthens the Engineering & Technology segment.

  Mutares acquired Alan Dick Communications Limited ("ADComms") from Panasonic Europe at the end of May 2021. **ADComms** supplies communications and safety systems to the UK rail sector. The business is highly complementary to Gemini Rail from the Engineering & Technology segment. Significant operational synergies are expected as part of the future collaboration.

  Terranor Group, a platform investment in the Goods & Services segment, has successfully completed the acquisition of **NCC Road Service** AS (now operating as Terranor AS) from NCC at the end of 2021. With the acquisition of NCC's Danish Road operation and maintenance services business, Terranor Group is further expanding its presence in the Scandinavian countries.

  The acquisition of **Lapeyre** S.A.S. and its subsidiaries in France from Saint-Gobain in June 2021 represents the largest acquisition in the history of Mutares – in terms of revenues and the number of employees of the acquired company. The company produces windows, doors, kitchens, bathroom furniture and staircases at ten French sites and distributes them together with merchandise through an extensive network of stores in France. As a platform investment, Lapeyre strengthens the Goods & Services segment.

  The geographical growth path of the Donges Group as an investment from the Engineering & Technology segment continued with the acquisition in July 2021 of **Permasteelisa España**, a supplier of glass structures for cladding building facades with a strong presence on the Iberian Peninsula.

  To strengthen the Automotive & Mobility segment, Mutares completed the acquisition of three exterior plants from Magna, now operating under the name **Light Mobility Solutions** GmbH ("LMS"), in July 2021. LMS is a supplier of plastic exteriors and systems whose products include fascias, grilles, sill and side panels, spoilers, and other exterior trim parts for leading automotive manufacturers.

  At the end of September, Mutares completed the acquisition of **Innomotive Systems Hainichen** GmbH and a Chinese subsidiary ("ISH"). ISH is a supplier of aluminum hinges for automotive applications and manufactures steel or aluminum door hinges as well as complex hinges for hoods, liftgates and trunk lids. The acquisition strengthens the Automotive & Mobility segment and promises synergies with the existing portfolio company KICO.

  The acquisition of **Rasche Umformtechnik** GmbH & Co. KG ("Rasche") in October 2021 will enable PrimoTECS, a portfolio company in the Automotive & Mobility segment, to access new customers and customer segments as well as to expand its product portfolio into smaller series sizes with manual forging presses.

  As a new platform acquisition, the acquisition of **Ganter Construction & Interiors** GmbH and its subsidiaries ("Ganter Group") in October 2021 strengthens the Goods & Services segment. Ganter Group acts as a general contractor for high-quality interior construction and implements projects for internationally renowned customers from the retail, commercial and residential sectors. Customers include architects, hotels, offices, restaurants, luxury brands and private property owners.

The acquisition of **Asteri Facility Solutions** (formerly: Alliance Plus) was completed at the end of December 2021 and strengthens the Goods & Services segment as a new platform investment with the option of future add-on acquisitions in the Northern European countries as well as mainland Europe. The company provides facility management services throughout Sweden from its headquarters near Stockholm.

The acquisition of **Frigoscandia** at the end of December 2021 will be allocated to the Goods & Services segment. Frigoscandia is a leading player in logistics solutions for fresh, chilled and frozen food, mainly in Northern Europe. The company has 25 warehouses and terminals in Sweden and Norway and operates in three areas: domestic transport, international transport, and warehousing.

All acquisitions, with the exception of the acquisition of Ganter Group, which resulted in goodwill, led to gains from bargain purchases totaling EUR 692.7 million, which are included in other income. The acquisition of Lapeyre accounted for the largest share with EUR 460.8 million.

- **Completion of six exits**
  In the reporting period, six disposals of portfolio companies (so-called "exits") were successfully completed:

Following the sale of its Polish company in April 2020, Balcke-Dürr had also signed an agreement to sell its German Rothemühle business in December 2020. Accordingly, **Balcke-Dürr Rothemühle** GmbH, an integrated service, engineering and original equipment supplier for heat exchangers in air and flue gas passages of power plants and industrial facilities, was sold to the strategic investor Howden Group. The transaction was successfully completed in January 2021.

In November 2020, Mutares had initially signed a letter of intent to sell its shares in **Nexive** to the Italian market leader Poste Italiane. The transaction was then completed in January 2021. The uncharacteristically quick exit took advantage of a limited window in Italian legislation to allow acquisitions for consolidation in the Italian postal and parcel services market under certain conditions.

On 11 March 2021, Mutares SE & Co. KGaA signed a share purchase agreement with Adler Pelzer Holding GmbH, a company of the Adler Pelzer Group, for the complete sale of its majority shareholding of approximately 73.25% in the share capital of **STS Group AG** at a purchase price of EUR 7.00 per share sold. The closing of the transaction took place on 30 June 2021.

In the second half of financial year 2021, Mutares sold numerous activities in France: The divestment of TréfilUnion, EUPEC and La Meusienne was completed in July, as was the sale of Cenpa. Finally, Donges Group sold its subsidiary Norsilk in October.

The deconsolidations resulted in deconsolidation gains of EUR 32.8 million[7] (previous year: EUR 6.9 million) and deconsolidation losses of EUR 36.7 million (previous year: EUR 2.0 million), which are recognized are reported in other income and other expenses, respectively.

- **Restructuring and development progress**
  In addition to the extensive activities related to the buy-side and sell-side transactions, Mutares' various portfolio companies have each implemented and executed comprehensive operational improvement programs during the course of the financial year 2021, with the aim of significantly increasing the value of the respective investment upon a subsequent exit. In particular, the Management Board considers the development at BEXity, Lacroix + Kress, KICO Group, SABO, and Terranor Group to be positive. The Board of Management considers the start of restructuring at Lapeyre in particular to be promising.

[7] This also includes the result from the deconsolidation of Gemini Rail Technology UK Ltd. due to the liquidation of the company in September 2021.

- **Capital increase and uplisting**
  On 14 October 2021, Mutares completed the **capital increase** resolved on 28 September 2021, under which the Company's share capital was increased by EUR 5.1 million from previously EUR 15.5 million to EUR 20.6 million through the issuance of 5.1 million new registered no-par value ordinary shares. The capital increase with subscription rights for the limited liability shareholders of the Company was carried out in return for cash contributions, making partial use of the existing Authorized Capital 2019/I. The capital increase was carried out in accordance with the Articles of Association of the Company.

  The gross proceeds from the capital increase amount to approximately EUR 100 million. The Company intends to use the net proceeds to take advantage of current opportunities to accelerate growth through platform acquisitions of new portfolio companies, add-on acquisitions to strengthen existing portfolio companies as part of its buy-and-build strategy, and investments in existing portfolio companies.

  As a result of the **uplisting**, the shares are now admitted to trading on the Regulated Market (Prime Standard) of the Frankfurt Stock Exchange, i.e., the stock exchange segment with the highest transparency and post-admission obligations in Europe. Mutares expects that the uplisting to the Prime Standard will significantly increase the attractiveness of the Mutares share for new institutional investor groups.

- **Increase of the placed bond to a nominal volume of EUR 80.0 million**
  On 12 February 2021, Mutares increased the bond listed on the Open Market of the Frankfurt Stock Exchange as well as on the Nordic ABM of the Oslo Stock Exchange by a nominal volume of EUR 10.0 million to as part of the exercise of the existing increase option to the maximum nominal volume of EUR 80.0 million under the bond terms and conditions valid at that time.

- **Opening of an office in Amsterdam**
Following the establishment of its own national companies in Sweden, Spain, and Austria in the previous year, Mutares expanded its local office presence to the Benelux countries in financial year 2021 with the establishment of a company in the Netherlands and the opening of an office in Amsterdam.

- **Retirement of long-serving Management Board member Dr. Kristian Schleede**
Mutares will say goodbye to Dr. Kristian Schleede at the end of 2021, who has retired from his position on the Management Board of Mutares Management SE. Based on his long-standing and high level of commitment, he has contributed a great deal to the success of Mutares so far and thus significantly helped to pave the way for further growth and the ambitious goals. Since 1 January 2022, the Management Board of Mutares Management SE has thus been composed of Robin Laik (CEO), Mark Friedrich (CFO) and Johannes Laumann (CIO).

2.3 Reports from the portfolio companies

The following explanations reflect the developments of the individual segments or portfolio companies in the Mutares Group in the financial year 2021. The planning of the individual segments and portfolio companies for the financial year 2022 presented below was prepared in the second half of the financial year 2021 and does not yet include the effects of the Russia-Ukraine conflict, which has been at war since 24 February 2022. The direct effects of this conflict only affect a small share of the Mutares Group's revenues with customers in Ukraine and the Ukrainian plant of the Plati Group. The indirect effects – in particular due to the international sanction measures on the supply chains of Mutares portfolio companies as well as the demand for their products and services on the customer side – cannot be reliably estimated at present, i.e., as of the date of preparation of this combined management and group management report.

Segment Automotive & Mobility

No.	Participation	Branch	Headquarters	Acquisition
1	**Light Mobility Solutions**	Supplier of plastic components for the automotive industry	Oberts-hausen/DE	07/2021
2	**ESF Industrial Solutions** Group[8]	Automotive supplier for fluid transfer systems, sealing solutions as well as cabling	various	08/2009 06/2019 07/2020
3	**KICO** and **ISH** Group	System supplier for automotive technology	Halver/DE Hainichen/DE	07/2019 09/2021
4	**PrimoTECS** Group	Supplier of forged parts in the fields of engine, transmission, and drivetrain.	Avigliana/IT	01/2020
5	**iinovis** Group	Engineering service provider for Automotive Engineering	Munich/DE	11/2020

[8] In the management report for the financial year 2020, SFC Solutions, Elastomer Solutions and Plati were each presented as independent investments. In view of the ongoing integration of the entities, they are presented as a single investment group for the first time in this group management report.

According to the German Association of the Automotive Industry ("VDA"), the international automotive markets experienced a turbulent 2021. Due to the low revenue figures in the previous year, significant growth was generated in the first half of the year as a result of catch-up effects. However, the second half of the year was much weaker in terms of business performance. The reasons for this were the lack of availability of semiconductors and shortages of precursors and raw materials. In addition, the industry's profitability and liquidity were impacted by rising raw material and energy prices. While revenues in the automotive sector in Europe thus declined overall in the full year 2021, the markets in the USA and China grew slightly.

The revenues of Mutares' segment Automotive & Mobility for the financial year 2021 amount to EUR 719.9 million (previous year: EUR 602.4 million). The increase was mainly due to the acquisitions of LMS, ISH and Rasche, which were included in the Group in financial year 2021 as of the date of acquisition. In addition, SFC Solutions as part of the ESF Industrial Solutions Group and iinovis, which were acquired in the course of the financial year 2020, also contributed to the increase. Contrary the STS Group was included for the last time with six months until the closing of the disposal on 30 June 2021. The EBITDA of this segment for the financial year 2021 amounts to EUR 86.4 million (previous year: EUR 65.7 million). This includes gains from bargain purchases from the acquisitions totaling EUR 123.9 million (previous year: EUR 84.3 million), in particular from the acquisitions of LMS and ISH. Adjusted EBITDA was negatively impacted on balance by the above-mentioned factors and the still negative earnings contributions from the new acquisitions, and therefore decreased to EUR –20.0 million (previous year: EUR –13.3 million).

LIGHT MOBILITY SOLUTIONS

Light Mobility Solutions is a supplier of exterior elements and systems for the automotive industry, supplying all leading European OEMs with a comprehensive product portfolio that includes fascias, radiator grilles, sill, side and roof panels as well as spoilers and other exterior trim parts. The company manufactures at three production sites in Germany with technology focus on injection molding, surface treatment (painting and chrome plating) and assembly. Together with the local management, a transformation program was initiated directly after the acquisition of LMS in July 2021. The aim is to improve the product and customer portfolio, the use of know-how and cooperation with customers and other partners and creating competitive cost structures. In financial year 2021, LMS achieved an operating result that was still materially negative. However, as a result of the measures initiated under the transformation program, the management believes that the company is on track to achieve significant improvements in financial year 2022, despite a market situation that remains tense, and thus to already bring the operating result to a nearly balanced level.

ESF INDUSTRIAL SOLUTIONS GROUP

In view of the ongoing integration, the newly created ESF Industrial Solutions combines SFC Solutions, Elastomer Solutions and Plati, which were previously run as independent holdings.

SFC Solutions, an automotive supplier in the field of fluid transfer systems and sealing solutions with sites in Europe and India, was able to increase productivity in financial year 2021 through the measures initiated in the restructuring program initiated in financial year 2020 and to implement most of the cost reduction measures. However, activity was impacted by the volatility of revenues as well as price increases on the procurement markets. As a result, the profitability of the original planning could not be achieved. For financial year 2022, however, management expects a market recovery and thus a significant increase in revenues with a slightly positive operating result.

Elastomer Solutions, with production sites in Portugal, Slovakia, Morocco, and Mexico, manufactures rubber and thermoplastic components. Due to lower demand on the customer side in the context of a lack of availability of semiconductors, revenues for the 2021 financial year fell materially short of original expectations. The consistent implementation of cost-cutting measures counteracted the negative effects of this and of the increase in raw material prices, and a clearly positive operating result was achieved. For the financial year 2022, the management expects a significant increase in revenues due to the already emerging recovery in demand. The operating result is to be significantly increased through the further consistent implementation of efficiency-enhancing measures and the optimization of production.

Plati is a manufacturer of wire harnesses, special cables, and connectors with two production sites, whose cooperation was also reorganized by means of a modern ERP system. Despite the resulting efficiency gains, the lack of availability of semiconductors in the automotive and household appliance markets led to significant delays in financial year 2021, so that the planned revenues level was substantially missed, with a corresponding negative impact on the operating result, which contrary to planning thus reached a clearly negative level. In financial year 2022, Plati's revenues are expected to increase extraordinarily, also due to new projects in the areas of e-mobility and electrical engineering, as well as benefiting from cooperation with other investments in the segment, and thus a recognizably positive operating result is likely to be achieved.

KICO AND ISH GROUP

As a supplier to the automotive industry, KICO develops, industrializes, and manufactures safety components for passenger cars. Temporary plant closures or line stoppages at automotive manufacturers and material bottlenecks at suppliers presented KICO with challenges in financial year 2021, as did price increases for raw materials, especially steel. Thanks to the consistent implementation of the initiated improvement measures, mainly relating to the increase in operational excellence in the processing of customer orders, as well as the participation of customers in the material price increases, operating profit increased extraordinarily compared with the previous-year period and reached a visibly positive level. For the financial year 2022, the management expects a material increase in revenues and another extraordinary increase in operating profit, favored by an easing of the situation on the procurement and revenues markets.

At the end of the third quarter of financial year 2021, Innomotive Systems Hainichen GmbH ("ISH"), a manufacturer of sophisticated, high-precision door hinges made of steel or aluminum as well as complex hinges for hoods, liftgates and tailgates, was acquired. ISH has a subsidiary in China and offers its customers products and services along the entire value chain from customized product development, CNC machining, broaching, welding, hardening to semi- and fully automated assembly lines with integrated quality control from a single source. Immediately after the acquisition, a Mutares team worked with local management to define and implement a transformation plan focused on increasing efficiency in production operations while reducing direct material and other costs. In financial year 2022, ISH's focus will be on intensifying relationships with automotive manufacturers, also involving its subsidiary in China. At the same time, synergies with KICO are expected to materialize, so management anticipates a slightly positive operating result in financial year 2022.

PRIMOTECS

PrimoTECS, a supplier to the automotive and related industries, manufactures forged parts used in electric, hybrid and conventional powertrains at two sites in Northern Italy. After meeting management expectations in the first quarter of financial year 2021 due to PrimoTECS' good positioning, there was a subsequent decline in demand from automotive manufacturers in the context of a lack of semiconductor availability and rising raw material and energy costs. The local management countered this with further flexibility measures, including short-time work. However, this did not fully compensate for the negative effects, and the operating result remained at a materially negative level, as in the previous year. For financial year 2022, management expects an extraordinary recovery in sales revenues. PrimoTECS is countering the rising raw material and energy costs with a proactive approach and is passing on most of the increases to customers. On this basis, management expects a break-even operating result for financial year 2022.

In the fourth quarter of financial year 2021, Rasche Umformtechnik GmbH & Co KG ("Rasche"), a producer of forged parts, was acquired by PrimoTECS as an add-on acquisition. Since then, a Mutares team has been working with local management to identify and exploit synergies with PrimoTECS. In this context, a program of measures has also been initiated with the aim of increasing efficiency in production processes and gradually automating manufacturing operations. In financial year 2022, the focus will also be on further diversification.

IINOVIS GROUP

iinovis provides engineering services with a focus on the automotive industry, in particular for German premium car manufacturers. In addition to the service areas of vehicle development, testing and simulation, the portfolio also includes manufacturing areas, prototype construction and cable harness production. The restructuring plan, which is mainly aimed at stabilizing revenues and reducing costs, was largely implemented in financial year 2021: Following the closure of a site in November 2020, a comprehensive reduction of the workforce was additionally implemented in financial year 2021 by means of a social plan, so that iinovis is positioned competitively in terms of costs. Furthermore, the management has initiated a shift to new technologies such as e-mobility and a realignment of the service portfolio. However, due to the difficult situation on the sales markets, sales revenues in financial year 2021 were significantly lower than planned, resulting in a materially negative operating result (excluding the costs for the social plan). On the basis of the cost-cutting measures implemented and the switch to new technologies such as e-mobility and a realignment of the service portfolio, the management expects a significant increase in sales revenue and an improvement in operating profit to a recognizably positive level in financial year 2022.

Segment Engineering & Technology

No.	Participation	Branch	Headquarters	Acquisition
6	**Donges** Group	Full-range supplier of steel structures, roof and facade systems	Darmstadt/DE	11/2017
7	**Lacroix + Kress**	Oxygen free copper wire manufacturer	Bramsche/DE	11/2020
8	**La Rochette Carton-board**	Folding carton manufacturer	Valgelon-La Rochette/FR	04/2021
9	**Balcke-Dürr** Group	Heat exchanger and reactor manufacturer	Düsseldorf/DE	12/2016
10	**Gemini Rail** and **ADComms**	Industrial, technological and infrastructure service provider for the British railroad industry	Wolverton/UK Scunthorpe/UK	11/2018
11	**Royal de Boer** and **Japy Tech** Group	Cooling tank and barn equipment manufacturer	Leeuwarden/NL Dijon/FR	12/2020
12	**Clecim**	Supplier of high-end solutions for steel processing lines	Savigneux/FR	03/2021

The investments of the Engineering & Technology segment generated revenues of EUR 871.9 million (previous year: EUR 534.7 million) in the financial year 2021. The full-year effect of Lacroix + Kress, acquired in the course of the previous year, as well as Royal de Boer and Japy Tech, which were only acquired towards or at the end of the financial year 2020, contributed to the increase in revenues. In addition, the financial year 2021 acquisitions also contributed for the first time from the date of their respective acquisitions. Benefiting from the gains from bargain purchases of EUR 75.0 million related to the segment's transactions, in particular from the acquisitions of La Rochette Cartonboard and Clecim, EBITDA amounts to EUR 64.3 million (previous year: EUR 59.7 million). Adjusted EBITDA was negatively impacted in particular by the still negative contributions from the recent acquisitions and delays in the awarding of tenders and in the execution of ongoing projects at Gemini Rail and amounted to EUR –2.0 million (previous year: EUR 7.6 million).

DONGES GROUP

The Donges Group offers comprehensive solutions for steel structures, roof and facade systems. Since the initial acquisition of Donges SteelTec GmbH in financial year 2017, numerous add-on acquisitions have created a European full-service provider. The geographical growth path was most recently continued with the acquisition of Permasteelisa España, a supplier of glass structures for cladding building facades with a strong presence on the Iberian Peninsula.

By dovetailing the operating units, both product-side and operational synergies can be realized without sacrificing the independence of the individual units. The shortage of raw materials in the roofing and cladding solutions business was largely absorbed by to the stable supplier network, and production was continued without major restrictions. Price increases were passed on to customers with a time lag.

Overall, the Donges Group achieved significantly higher sales revenues and a visibly positive operating result in financial year 2021 compared to the previous year, including the acquisition of NORDEC in financial year 2020. For financial year 2022, management expects a visible increase in sales revenues despite the sale of the French subsidiary Norsilk in the fourth quarter of financial year 2021. Operating profit will benefit from the further implementation of synergy measures and will again increase substantially compared to financial year 2021.

LACROIX + KRESS

Lacroix + Kress is a manufacturer of oxygen-free copper wire with two sites in Germany and customers within Tier 1 and Tier 2 representatives from the automotive industry as well as white goods and general industrial applications. The transformation plan initiated after the acquisition in November 2020 was fully implemented in financial year 2021 and positive effects were achieved in the areas of productivity improvement, working capital optimization and capacity increase. To finance value-creating investments in machinery, in particular the dip rolling mill, the company raised external financing and implemented the investments in the second half of 2021. Benefiting from revenues above expectations, a visibly positive operating result was achieved in financial year 2021. For the financial year 2022, the management expects that the positive market environment will lead to a further noticeable increase in revenues and that the implementation of the transformation plan will result in another positive operating result.

LA ROCHETTE CARTONBOARD

In April 2021, Mutares successfully completed the acquisition of RDM La Rochette S.A.S. in France from the Italian Reno De Medici Group. The company now operates under the name La Rochette Cartonboard and produces folding cartons based on virgin fibers mainly for the pharmaceutical and food packaging industries.

Immediately after the takeover, a Mutares team together with the company's management initiated a transformation plan aimed on the one hand at detaching the company from the group structures of the former owner and thus establishing it as an independent company, and on the other hand at increasing efficiency. The positive influences from this were inhibited in financial year 2021 by the rise in energy prices, and overall a still visibly negative operating result was achieved. Nevertheless, the market environment, such as the trend towards avoiding plastic packaging, is promising and offers opportunities for further positive development. Thus, the management also expects an increase in the operating result to a clearly positive level in financial year 2022.

BALCKE-DÜRR GROUP

The sale of the German Rothemühle business was completed in the first quarter of 2021, so that the Balcke-Dürr Group has now completely withdrawn from activities related to coal-fired power generation and at the same time is increasingly focusing on product developments for chemical processes as well as on dismantling in the nuclear plant sector. Furthermore, the French subsidiary La Meusienne was sold in the third quarter of the financial year.

Although the situation regarding the award of major international projects improved year-on-year, the situation on the sales markets remained tense in financial year 2021 and the resulting negative effects on profitability could not be fully offset. To reduce structural costs and exploit synergies, further optimization measures were implemented in financial year 2021, in particular the relocation of all manufacturing activities from Germany to Italy. Full integration is scheduled to be completed in the course of 2022. The first major projects are already being implemented at the new manufacturing site.

For the financial year 2022, management expects a significant increase in sales revenue through improved utilization of manufacturing synergies. In addition, after the end of the financial year in the first quarter of 2022, the acquisition of Toshiba Transmission & Distribution (in future operating as Balcke-Dürr Energy Solutions) was completed, from which Management expects further positive impetus for the development of the Balcke-Dürr Group.

GEMINI RAIL UND ADCOMMS

Gemini Rail provides engineering and maintenance services for rail vehicles in the UK rail market. Due to delays in the award of tenders in the context of the COVID-19 pandemic and delays in the execution of ongoing projects, operating profit in financial year 2021 was impacted and did not reach the planned level.

At the end of May 2021, Alan Dick Communications Limited ("ADComms") was acquired by Panasonic Europe. The business is highly complementary to Gemini Rail and significant operational synergies may arise as part of the future collaboration. Immediately after the acquisition, the implementation of measures to increase efficiency as part of a comprehensive transformation program was started. However, operating earnings in financial year 2021 were extraordinarily impacted by two major projects progressing below expectations.

For the financial year 2022, the management expects a more positive development with an extraordinary revenues growth compared to the financial year 2021 and a recognizable positive operating result due to positive signals in the tendering of projects towards the end of the financial year 2021.

ROYAL DE BOER AND JAPY TECH GROUP

The acquisition of Royal de Boer and Japy Tech Group, with production sites for the manufacture of milk cooling tanks and barn equipment for dairy farms in France and the Netherlands, was completed by the end of financial year 2020. In cooperation with the respective local management, Mutares teams identified transformation measures and substantially completed them in financial year 2021. In essence, these were aimed at streamlining the product portfolio and adjusting the pricing strategy, reducing indirect costs, and establishing new sales structures to establish a direct relationship with distributors and end customers. In particular, the streamlining of the product portfolio showed the expected positive effects. Royal de Boer also managed to exploit further markets and drive growth, particularly in the USA. On this basis, management expects revenues to be materially higher than in financial year 2021, with a visibly positive operating result.

CLECIM

In March 2021, Mutares acquired Clecim, a supplier of steel processing lines, stainless steel rolling mills, and mechatronic products and services in France. Together with the management, a Mutares team initiated the restructuring of Clecim immediately after the acquisition and implemented it to a large extent by the end of the financial year. The action plan is aimed in particular at intensifying sales activities to increase revenues on the basis of a concrete product and service strategy, adjusting cost structures, among other things with the help of extensive staff reductions, and further measures to increase efficiency. Management expects the measures introduced to show their full effect in financial year 2022, so that Clecim is already expected to achieve a slightly positive operating result.

Segment Goods & Services

No.	Participation	Branch	Headquarters	Acquisition
13	**Lapeyre** Group	Manufacturer and distributor of DIY products	Aubervillier/FR	06/2021
14	**Frigo-scandia** Group	Supplier for temperature-controlled logistics	Helsingborg/SE	12/2021
15	**BEXity**	Provider of transport and logistics services	Vienna/AT	12/2019
16	**Terranor** Group	Provider of road operation and maintenance services	Solina/SE Helsinki/FI Silkeborg/DK	11/2020
17	**Ganter** Group	General contractor in interior design and store fitting	Waldkirch/DE	10/2021
18	**keeeper** Group	Manufacturer of plastic and paper household products	Stemwede/DE	06/2019
19	**FASANA**[9]	Paper napkins manufacturer	Euskirchen/DE	02/2020
20	**Repartim**	Home repair and emergency services provider	Tours/FR	04/2021
21	**SABO**	Lawn mower manufacturer	Gummersbach/DE	08/2020
22	**EXI**	Information and communication technology service provider	Rome/IT	03/2021
23	**Asteri Facility Solutions**	Service provider in the field of soft facility management	Solna/SE	12/2021

[9] FASANA was still treated as part of the keeeper Group under the name keeeper Tableware in the financial year 2020. However, due to its largely operational independence, it is now presented as a separate independent portfolio company.

Revenues of the Goods & Services segment in financial year 2021 amount to EUR 912.4 million (previous year: EUR 446.7 million). The development is mainly transaction-related: In addition to Lapeyre, the largest acquisition in Mutares history in terms of revenues and number of employees, the investments acquired in the course of financial year 2020, above all Terranor Group, also contributed. In contrast, the disposal of Nexive at the beginning of financial year 2021 led to a year-on-year decline in revenues. The last two acquisitions of financial year 2021, Frigoscandia Group and Asteri Facility Solutions, did not yet contribute to earnings in 2021, with the exception of the recognized gains from bargain purchases. EBITDA amounted to EUR 450.8 million (previous year: EUR 29.0 million), boosted by gains on bargain purchases of EUR 493.8 million, in particular due to the acquisition of Lapeyre. In terms of Adjusted EBITDA, some investments, above all BEXity, Terranor Group and SABO, showed a pleasant development in financial year 2021. However, the still negative earnings contributions of the new acquisitions and the increased raw material prices, especially at keeeper Group, burdened Adjusted EBITDA, which decreased to EUR –13.2 million (previous year: EUR –17.0 million).

LAPEYRE GROUP

Lapeyre manufactures products for the exterior and interior of homes, such as windows, doors, kitchens, bathroom furniture and stairs at ten French sites. The company distributes and installs these along with merchandise through an extensive network of stores in France under the well-known corporate brand.

Immediately after the takeover at the end of May 2021, a Mutares team, together with the new and industry-experienced managing director and with the involvement of external consultants, started working on strategic issues such as a redesign of the product offering, the improvement of purchasing conditions and the optimization of the supply chain as well as the production sites. By emphasizing the high quality of the product offering, the aim is to strengthen Lapeyre's positioning in the market. In addition to the development of the strategic plan, several measures and activities have already been implemented in the second half of 2021. These include the implementation of supply chain performance measurement tools that will allow better monitoring of logistics operations, quantification of the potential for reducing inventories, renegotiation of several key contracts with suppliers, and optimization of internal processes. The optimization of purchasing and the completion of a comprehensive productivity improvement plan should also contribute to the rapid optimization of Lapeyre's results. Furthermore, targeted price increases cushioned the negative effects of higher raw material prices. Lapeyre's operating result was negatively impacted by one-time expenses, in particular the spin-off of all activities from the former owner's group structures, mainly in the IT area, and was still negative according to plan, but positively exceeded management's expectations. For the financial year 2022, management expects an extraordinary increase in profitability and consequently an improved operating result due to the strategic measures introduced and operational improvements.

FRIGOSCANDIA GROUP

The acquisition of Frigoscandia, a leading player in logistics solutions for fresh, chilled and frozen food mainly in Northern Europe, was completed by the end of financial year 2021. The company has 25 warehouses and terminals in Sweden and Norway and operates in three areas: domestic transport, international transport and warehousing.

Since January 2022, a Mutares team has been working with local management to develop a transformation plan, which essentially involves realigning warehouse and logistics concepts, sales initiatives, and cost-cutting measures. The continuing high energy costs are also to be countered in financial year 2022 by targeted price increases and surcharges. On this basis, the Management Board expects a positive operating result overall for the financial year 2022.

BEXITY

BEXity is a provider of cross-border transport logistics and warehousing services with a nationwide network in Austria. In the first half of 2021, catch-up effects from the financial year 2020, which was burdened by the COVID-19 pandemic, led to higher shipment volumes. However, due to the slower start-up of new customer business and the discontinuation of the bulk business, total revenues in the financial year 2021 remained significantly below plan. However, the measures initiated in the previous year under the optimization program showed their positive effects and led to a clearly positive operating result in financial year 2021.

On 7 December 2021, Mutares signed an agreement with Raben Group N.V., a Dutch logistics company, for the sale of all shares in BEXity. The sale was subject to the approval of the Austrian and German antitrust authorities and the former owner, the Austrian Federal Railways (ÖBB). The transaction was completed after the end of the financial year 2021 in the first quarter of 2022.

TERRANOR GROUP

Terranor Group is a provider of operations and maintenance services to ensure safe traffic on and around roads in Scandinavian countries.

In the financial year 2021, key aspects of the transformation plan for the road service business in Sweden and Finland acquired in November 2020 were successfully implemented. Due to optimized tender management and the resulting increased competitiveness of the Terranor Group's services, revenues in the financial year 2021 were well above the planned level. Operating profit already reached a recognizably positive level.

In the second quarter of the financial year, it was also possible to acquire the Danish operations and maintenance business with mainly government and municipal contracts as well as further specialization services (e.g. sweeping, drainage) as an add-on acquisition from NCC. The "Terranor" brand has thus gained further momentum and the results of the transformation to date provide evidence of already improved competitiveness. On this basis, management expects continued positive development in financial year 2022 with an exceptional improvement in operating profit, which is forecast to be at a significantly positive level.

GANTER GROUP

In the fourth quarter of the financial year 2021, the acquisition of Ganter Construction & Interiors GmbH and its subsidiaries ("Ganter Group"), a general contractor in interior construction and shop-fitting, was completed. The formerly family-run company implements interior construction projects for international customers. Immediately after the acquisition, a Mutares team together with the local management initiated the transformation aimed at restructuring the project and market portfolio, adjusting cost structures and increasing capacity utilization. The measures of the optimization plan, which are currently being implemented, will take effect within the financial year 2022 and have a positive impact on the operating result.

KEEEPER GROUP

In the first half of financial year 2021, keeeper Group, a manufacturer of household products, was affected by the temporary closures of home improvement stores and furniture retailers in connection with the COVID-19 pandemic. However, the negative effects of this were fully offset in the further course of the year, so that overall, the planned level of sales was exceeded. At the same time, the extraordinarily increased prices on the raw material markets for plastic granules, which could only partially be passed on to customers, burdened the profitability of the keeeper Group. This more than compensated for the measures initiated in the previous year to reduce the cost base, in particular the relocation of production activities relating to the manufacture of plastic products to the Polish site. For the financial year 2022, the management expects that the prices for the raw material will recover by the second half of the year, that further price increases can be implemented to customers and that the resulting significant increase in gross profit will lead to a clearly positive operating result.

FASANA

The investment, which will operate under the name “FASANA” from the beginning of the 2022 financial year, was still part of the keeeper Group as keeeper Tableware in the management report for the 2020 financial year. However, due to its largely operational independence, it is now presented as a separate investment.

As a manufacturer of innovative and high-quality paper napkins for the consumer and bulk market, FASANA continued to be affected by restrictions such as closures of restaurants, ongoing contact restrictions in the private environment as well as in hotels, restaurants, cafés and canteens, so that revenues in financial year 2021 materially fell short of the planned level. At the same time, high raw material prices for pulp adversely affected profitability, resulting in a significantly negative operating result. For the first quarter of financial year 2022, management still expects continued restrictions and contact limitations. However, a strong market recovery is expected in the further course of the year, resulting in materially increased revenues for the full year 2022. Continued high prices for pulp and energy will burden the operating result significantly less than in the financial year 2021, so that the management expects an overall slightly positive operating result for the financial year 2022.

REPARTIM

Mutares has completed the acquisition of a majority stake of 80% in Carglass Maison Group, a French home repair and emergency service provider, in early April 2021. The remaining 20% stake is held by HomeServe France, a specialist in home repairs and maintenance. Meanwhile, the company operates under the Repartim brand.

Immediately after the acquisition, a Mutares team together with the local management has developed a restructuring plan, which essentially aims to redesign all core processes, further develop revenues structures including commercial synergies with HomeServe and Lapeyre and achieve significant savings in procurement and personnel costs. On this basis, management expects an extraordinary increase in profitability for financial year 2022 with a break-even in the fourth quarter.

SABO

The restructuring plan developed after the acquisition of the manufacturer of lawn mowers and other outdoor power tools in summer 2020 was fully implemented in financial year 2021. The measures to reduce personnel and overhead costs were completed, while at the same time management is continuously analyzing and pursuing further potential for cost reduction and revenues growth. The development of revenues in financial year 2021 is above the original planning, mainly positively influenced by the expansion of the product portfolio and the geographical expansion of business activities. At the same time, gross profit increased in the reporting period despite material cost increases due to consistent cost management and optimization of sales conditions. The availability of individual components continues to prove a challenge, but management is countering this with appropriate measures in procurement as well as production. For financial year 2022, SABO continues to expect high demand and, on this basis and benefiting from the expansion of the product portfolio and geographic expansion, forecasts a material increase in sales revenue and a clearly positive operating result.

EXI

Immediately after the acquisition of the Italian communications service provider EXI at the beginning of the second quarter of 2021, a Mutares team has developed a restructuring plan with the local management, which essentially aims at optimizing the organizational structure, significantly reducing costs and establishing a new sales structure. The savings measures on the cost side will be achieved through measures to reduce material and personnel costs, the latter also through temporary reductions in working hours.
The growth targets in terms of EXI’s revenues are to be achieved by opening up new business areas, such as fiber-optic expansion. The first new projects have already been initiated in financial year 2021 by signing customer contracts. Starting from a still significantly negative operating result in financial year 2021 as planned, the management expects an extraordinary increase in revenues for financial year 2022 and, due to the largely completed transformation of the organization with adjusted cost structures, an already visibly positive operating result.

ASTERI FACILITY SOLUTIONS

The acquisition of Asteri Facility Solutions (formerly: Alliance Plus) was completed at the end of financial year 2021. The company provides facility management services throughout Sweden from its headquarters near Stockholm.

In January 2022, a Mutares team together with local management initiated an optimization program for the company. The strategic focus is on expanding the service portfolio, reviewing the cost structure, increasing revenues by increasing market shares. For the financial year 2022, the management expects a positive development in terms of revenues and first effects from the optimization measures, which will have a positive impact on the operating result.

3. SITUATION OF THE GROUP INCLUDING NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS

The success of the Mutares Group mainly depends on the restructuring and development progress of the investments as well as completed M&A transactions, which contribute to an increase in value after a successful turnaround and a further development of the investments depending on the situation.

In view of the numerous M&A transactions, Mutares' business model thus involves regular changes in the scope of consolidation that have a significant impact on the consolidated financial statements. This again applies to the financial year 2021, in which the first-time consolidations and deconsolidations presented above had a significant impact on the items of the consolidated statement of comprehensive income and statement of financial position.

Regarding the **transaction activities** in financial year 2021, the Management Board is extremely satisfied due to the large number and quality of acquisitions and exits; the high frequency from the transaction-rich financial year 2020 was successfully continued.

The operating result of the Mutares Group depends on the business development of the individual investments – in particular on the respective restructuring and development progress – and is also influenced by the timing of the acquisition of new investments and the resulting regular bargain purchase gains.

The Management Board is very satisfied with the **progress made in restructuring and development at some** portfolio companies – particularly in view of the negative impact of the in some cases massive price increases for raw materials and energy costs in financial year 2021 – but still sees significant potential for improvement at other portfolio companies. In particular, the Management Board considers the development at BEXity, Lacroix + Kress, KICO Group, SABO and Terranor to be positive. The Management Board considers the start to the restructuring process, particularly at Lapeyre, to be promising.

The Management Board is satisfied with the course of business in financial year 2021 against the background of the special charges due to the availability of materials and the development of raw material and energy prices at some of the investments. The Management Board considers the ambitious growth course to be on a successful path thanks to the acquisitions made.

3.1 Earnings

In the financial year 2021, the Mutares Group generated consolidated **revenues** of EUR 2,504.0 million (previous year: EUR 1,583.9 million). The increase is largely due to changes in the scope of consolidation. With regard to the allocation of revenues to the individual segments as well as the developments in the investments of the segments, we refer to the above explanations in the reports from the portfolio companies (note 2.3).

Revenues are broken down by geographical markets based on the location of the customer as follows:

EUR million	2021	2020
Europe	2,301.5	1,406.2
France	647.4	211.1
Germany	585.7	356.9
Sweden	282.0	107.8
Austria	155.3	154.3
Italy	153.8	222.0
United Kingdom	76.8	79.9
Finland	67.0	58.0
Netherlands	49.7	28.9
Poland	43.1	35.0
Belgium	29.0	24.3
Czech Republic	24.3	29.4
Rest of Europe	187.4	98.4
Asia	148.7	133.6
America	36.8	33.2
Africa	17.0	10.9

The **other income** of EUR 770.1 million in the financial year 2021 (previous year: EUR 241.3 million) is again driven in particular by consolidation effects: The acquisitions resulted in gains from bargain purchases totaling EUR 692.7 million (previous year: EUR 207.8 million). The deconsolidation gains included in other income amount to EUR 32.8 million (previous year: EUR 6.9 million). The other components of other income are shown in the following table:

EUR million	2021	2020
Bargain Purchase Income	692.7	207.8
Gains from deconsolidation	32.8	6.9
Income from raw material and waste recycling	9.4	3.0
Income from renting and leasing	5.1	2.7
Income from risk allowance	2.6	1.2
Income from other services	2.5	1.8
Currency translation	2.0	2.9
Other capitalized self-produced assets	1.8	1.6
Income from the disposal of fixed assets	1.0	1.3
Miscellaneous other income	20.2	12.2
Other operating income	**770.1**	**241.3**

The **cost of materials** for the financial year 2021 amounts to EUR 1,579.7 million (previous year: EUR 974.6 million). The cost of materials ratio (in relation to revenues) amounts to 63% (previous year: 62%).

Personnel expenses for the financial year 2021 amount to EUR 660.4 million (previous year: EUR 423.9 million). The increase reflects the higher number of employees due to the high transaction activity of Mutares. By using short-time work, personnel expenses could also be relieved in the financial year 2021.

The **other expenses** of EUR 474.3 million (previous year: EUR 260.8 million) can be broken down into the individual components as follows:

EUR million	2021	2020
Selling expenses	116.4	49.0
Legal and consulting expenses	66.9	38.7
Administration	57.0	39.5
Rent, leases and licence fees	39.3	22.2
Maintenance and servicing	38.9	30.1
Losses from deconsolidation	36.7	2.0
Advertising and travel expenses	28.0	14.5
Basic levies and other taxes	10.2	6.9
Damage claims, guarantee and warranty	10.0	8.8
Fleet	9.3	3.9
Expenses for general partners	8.8	5.6
Expenses from expected credit loss	5.3	2.7
Expenses from subsequent measurement of earn-out receivables	1.2	3.6
Miscellaneous expenses	46.4	33.4
Other operating expenses	**474.3**	**260.8**

As a result, the **EBITDA** of the Mutares Group for the financial year 2021 amounts to EUR 566.5 million (previous year: EUR 142.7 million).

The Group's investments differ according to market, business model and progress in the restructuring cycle, so that Group EBITDA is naturally subject to major fluctuations. In this respect, the consolidated EBITDA of the Mutares Group can only be used to a limited extent to draw conclusions about the actual operating performance of the Group or individual investments.

In order to improve transparency, Mutares uses the performance indicator **Adjusted EBITDA**, which is adjusted in particular for the effects of frequent changes in the composition of the portfolio that are inherent in the business model. This Adjusted EBITDA (as defined below in the presentation of financial performance indicators) amounts to EUR –41.3 million (previous year: EUR –28.8 million). In the financial year 2021, Adjusted EBITDA was burdened, among other things, by the price increases on the procurement markets described above and the still negative earnings contributions of the investments acquired in the past twelve months.

The reconciliation from EBITDA as reported in the consolidated income statement to the performance indicator of adjusted EBITDA is as follows:

EUR million	2021	2020
EBITDA	**566.5**	**142.7**
Income from bargain purchases	–692.7	–207.8
Restructuring and other non-recurring expenses	80.9	41.1
Deconsolidation effects	3.9	–4.9
Adjusted EBITDA	**–41.3**	**–28.8**

Regarding gains on bargain purchases and deconsolidation effects, please refer to the comments above on business performance (Item 2.2) or in the reports on the portfolio companies (note 2.3).

The restructuring and other non-recurring expenses in financial year 2021 include the following items in particular:

- Expenses for severance payments and social plans totaled EUR 26.9 million (previous year: EUR 15.0 million) and relate primarily to restructuring at LMS (EUR 10.3 million) and iinovis (EUR 5.5 million).
- Costs of EUR 24.0 million (previous year: EUR 5.9 million) have been recognized for carve-out activities (particularly in the IT area), most of which resulted from Lapeyre (EUR 17.9 million).
- Due to the COVID-19 pandemic, a major customer project at a Gemini Rail Group company was discontinued, assets (inventories, current contract assets and receivables) were written down and the corresponding expenses of EUR 10.3 million were recognized as other non-recurring expenses. Due to two major projects running below expectations, the operating result of ADComms in the financial year 2021 was extraordinarily burdened and the corresponding expenses of EUR 10.9 million were recognized as other non-recurring expenses.
- Consulting expenses were incurred in connection with restructuring (EUR 2.3 million; previous year: EUR 2.6 million), M&A activities (EUR 2.0 million; previous year: EUR 3.9 million) or other legal and consulting expenses of a non-recurring nature (EUR 2.2 million; previous year: EUR 2.2 million) were incurred.
- Also included are expenses from the valuation of an earn-out agreement in connection with a company sold in the financial year 2017 of EUR 1.1 million (previous year: EUR 3.3 million).

Depreciation and amortization amounting to EUR 119.2 million (previous year: EUR 101.5 million) includes impairment losses of EUR 3.8 million, in particular for a property of the Balcke-Dürr Group in the context of the relocation of all manufacturing activities from Germany to Italy. Impairment losses of EUR 18.3 million in the previous year were mainly attributable to two subsidiaries, for which the review of the recoverable amount of the respective cash-generating unit identified a need for impairment due to changes in the economic environment, which were significantly intensified by the outbreak of the COVID-19 pandemic.

The **financial result** of EUR –18.7 million (previous year: EUR –24.3 million) consists of financial income of EUR 8.5 million (previous year: EUR 3.9 million) and financial expenses of EUR 27.2 million (previous year: EUR 28.2 million).

As in the previous year, **income taxes** totaled income of EUR 13.7 million (previous year: EUR 2.8 million) and include current taxes (EUR –5.5 million; previous year: EUR –3.8 million) and deferred taxes (EUR 19.2 million; previous year: EUR 6.6 million).

The developments described above resulted in a positive **consolidated net income** of EUR 442.3 million (previous year: EUR 19.7 million).

Other comprehensive income includes exchange rate differences of EUR 4.0 million (previous year: EUR –6.1 million) and actuarial gains of EUR 4.5 million (previous year: EUR 0.4 million) in connection with the measurement of provisions for pensions at portfolio companies. Furthermore, other comprehensive income includes effects from the change in fair value of the bond of EUR –3.3 million (previous year: EUR 0.2 million).

3.2 Net assets and financial position

Total assets of the Mutares Group as of 31 December 2021 amount to EUR 2,560.4 million (previous year: EUR 1,327.2 million). The increase is mainly due to the inclusion of the newly acquired investments.

Non-current assets increased from EUR 498.3 million as of 31 December 2020 to EUR 1,120.6 million as of 31 December 2021, mainly due to increases in property, plant and equipment (EUR 314.1 million), the utility bill (EUR 171.2 million), intangible assets (EUR 58.1 million) and other financial assets (EUR 64.9 million). This was mainly due to the acquisitions of Lapeyre and LMS, while the disposal of STS had an opposite effect.

The increase in **current assets** to EUR 1,439.8 million as of 31 December 2021 (previous year: EUR 828.9 million) is mainly due to an increase in inventories (EUR 219.7 million), other financial assets (EUR 150.1 million) and cash and cash equivalents (EUR 109.8 million).

Cash and cash equivalents as of 31 December 2021 amount to EUR 255.1 million (previous year: EUR 145.3 million). This is offset by current liabilities to banks and loans as part of the balance sheet item current financial liabilities amounting to EUR 64.6 million (previous year: EUR 63.4 million), which result from current account and loan liabilities and from the recognition of “unreal” factoring. The net cash position as of 31 December 2021 amounts to EUR 190.5 million (previous year: EUR 81.9 million).

Assets and **liabilities held for sale** in connection with non-current assets held for sale included in the previous year the assets and liabilities of Balcke-Dürr Rothemühle GmbH and Nexive Group, which were sold at the beginning of financial year 2021. As of the reporting date 31 December 2021, the assets and liabilities of BEXity are included in these balance sheet items, as an agreement on the disposal of all shares in the company was signed in December 2021 and the disposal was actually completed after the reporting date in the first quarter of 2022. Furthermore, as of the reporting date of 31 December 2021, the sale of 26 businesses from the Lapeyre subgroup and of one property of ISH as part of sale-and-leaseback transactions was highly probable, which is why the carrying amounts of the assets concerned have also been reclassified in accordance with IFRS 5.

Shareholders' equity as of 31 December 2021 amounts to EUR 736.3 million (previous year: EUR 207.2 million). In addition to the positive consolidated net income of EUR 442.3 million (previous year: EUR 19.7 million), the capital increase led to a net increase in equity (i.e. less costs related to the capital increase) of EUR 93.9 million. In contrast, the dividend distribution to the shareholders of the parent company, the shareholders of Mutares SE & Co. KGaA, of EUR 23.1 million (previous year: EUR 15.2 million) reduced equity. The equity ratio as of 31 December 2021 amounts to 29 % (previous year: 16%). With regard to the disclosures concerning the acquisition of treasury shares pursuant to Section 160 (1) No. 2 of the German Stock Corporation Act (AktG), we refer to the disclosures in the notes to the annual financial statements of Mutares SE Co. & KGaA (note 3.4).

The **non-current liabilities** of EUR 799.3 million (previous year: EUR 405.4 million) include long-term lease liabilities of EUR 262.7 million (previous year: EUR 115.1 million) and provisions for pensions and similar obligations of EUR 153.0 million (previous year: EUR 116.1 million) of various Group entities (but not of Mutares SE & Co. KGaA itself). The increase in other financial liabilities to EUR 145.9 million (previous year: EUR 115.8 million) can be explained, among other things, by the increase in the bond by EUR 10.0 million in the financial year. Non-compliance with covenants in connection with the bond issued may in principle lead to termination of the bond. The resulting repayment obligation therefore poses a potential risk to the financial position of the Company and the Group. However, due to the fact that the relevant key figures are considerably higher than the agreed covenants, the Management Board does not see any specific risk of non-compliance with the covenants resulting in a loss of earnings. Non-current leasing and other financial liabilities are predominantly denominated in euros. Other financial liabilities arising from loans are mostly subject to fixed interest rates. Non-current financial liabilities with variable interest rates exist almost exclusively in the form of the bond. The deferred tax liabilities amount to EUR 137.8 million (previous year: EUR 15.1 million) and mainly result from acquisitions made during the financial year.

Current liabilities as of 31 December 2021 amount to EUR 1,024.8 million (previous year: EUR 714.6 million) and relate to trade payables of EUR 372.2 million (previous year: EUR 250.0 million) relate to trade payables. The increase in other financial liabilities (EUR 141.2 million; previous year: EUR 109.7 million) and other liabilities (EUR 148.0 million; previous year: EUR 91.6 million) reflects, among other things, the easing of payment terms, deferrals of payments to public-sector creditors and the raising of additional financing. Current other financial liabilities are mainly denominated in euros and are subject to variable interest rates. The reference interest rate used is in particular EURIBOR with the corresponding maturities.

Cash flow from operating activities in the financial year 2021 amounts to EUR –103.5 million (previous year: EUR –34.3 million). This is due to a consolidated net profit for the year of EUR 442.3 million (previous year: EUR 19.7 million), which includes non-cash expenses and income totaling EUR 553.7 million (previous year: EUR 101.1 million), changes in the balance sheet items of working capital (trade working capital and other working capital) with a decrease of EUR 12.0 million (previous year: increase of EUR 31.2 million) and effects from interest and taxes of EUR –1.9 million (previous year: EUR 18.6 million).

Cash flow from investing activities in financial year 2021 of EUR 171.5 million (previous year: EUR 51.4 million) mainly results from net cash inflows from additions to the scope of consolidation of EUR 188.8 million (previous year: EUR 78.6 million). Proceeds from disposals of property, plant and equipment, intangible assets and assets held for sale amounted to EUR 11.9 million (previous year: EUR 17.0 million). This was offset by payments for investments in property, plant and equipment and intangible assets (EUR –59.7 million; previous year: EUR –35.5 million). Disposals from the scope of consolidation resulted in a total cash inflow of EUR 29.5 million (previous year: cash outflow of EUR 9.1 million).

Cash flow from financing activities amounts to EUR 47.9 million (previous year: EUR 57.8 million) and mainly includes proceeds from the capital increase of EUR 94.3 million net (previous year: EUR 0.0 million) as well as proceeds from bonds and (financial) loans of EUR 61.7 million (previous year: EUR 133.0 million). In contrast, lease liabilities of EUR 49.5 million (previous year: EUR 27.6 million) and (financial) loans of EUR 17.7 million (previous year: EUR 29.0 million) were repaid in financial year 2021. Cash inflows and outflows from (unreal) factoring amounted to EUR –9.9 million (previous year: EUR 5.9 million). The dividend to the shareholders of the parent company, the shareholders of Mutares SE & Co. KGaA, amounted to EUR 23.1 million (previous year: EUR 15.2 million).

At the balance sheet date, as in the previous year, unused credit lines amount to a low double-digit million-euro amount at and are largely attributable to undrawn factoring lines for which saleable trade accounts receivable are available at the same time.

The Management Board assumes that the Group as well as individual major Group companies will continue to be in a position to meet their payment obligations on time at all times in the future.

4. SITUATION OF THE COMPANY INCLUDING NET ASSETS, FINANCIAL POSITION, AND RESULTS OF OPERATIONS

Mutares SE & Co. KGaA is the parent company of the Mutares Group. The company's business performance is fundamentally dependent on developments in the individual portfolio companies. Their opportunities and risks therefore generally also have an impact on the opportunities and risks of Mutares SE & Co. KGaA. However, the net income of Mutares SE & Co. KGaA is fed from different sources, namely on the one hand from revenues from the consulting business and on the other hand from dividends of portfolio companies as well as exit proceeds from the sale of investments. Due to this diversified revenue structure, Mutares sees itself in principle in a position to generate a sufficiently high net profit for the year to be able to continue its long-term sustainable dividend policy, even in an operationally difficult year for various portfolio companies.

The following comments on the results of operations, net assets and financial position relate to the annual financial statements of the Company, which have been prepared in accordance with the requirements of the German Commercial Code (HGB) and the German Stock Corporation Act (AktG).

4.1 Earnings

Revenues result from consulting services to affiliated companies and management fees. The increase to EUR 50.5 million (previous year: EUR 31.9 million) is a consequence of the high transaction activity in the past and a resulting enlarged portfolio, which was countered by a timely build-up of internal operational consulting capacity.

Other operating income amounted to EUR 3.8 million (previous year: EUR 13.0 million) and includes EUR 3.4 million (previous year: EUR 0.8 million) from impairment losses recognized in previous years on receivables from subsidiaries. In the previous year, other operating income included income of EUR 11.8 million from a direct subsidiary in which hidden reserves in the shares were disclosed as part of a contribution.

The **cost of purchased services** of EUR 14.8 million (previous year million (previous year: EUR 2.8 million) consist of services provided by external consultants or consultants employed by the foreign subsidiaries, which are invoiced to the Company and charged on by the Company to affiliated companies in connection with the provision of consulting services. For the reclassification of expenses in the previous year, please refer to the comments on other operating expenses.

Personnel expenses amounted to EUR 14.0 million compared to EUR 11.5 million in the previous year. The increase results from the increase in the number of employees at the Company (60; previous year: 53) in connection with the increased portfolio of investments due to the high transaction activity.

Other operating expenses of EUR 43.6 million (previous year: EUR 25.7 million) include expenses of EUR 20.7 million (previous year: EUR 16.5 million) from the recharging of Mutares Management SE and the Mutares national companies and legal and consulting services of EUR 13.7 million (previous year: EUR 5.4 million), thereof EUR 6.3 million in connection with the capital increase and the uplisting of the Company. In the previous year, other operating expenses against affiliated companies from oncharging of subsidiaries included expenses in the amount of EUR 6.6 million, which will be reclassified to cost of purchased services in 2021 due to their nature as third-party services directly related to the consulting services provided by Mutares SE & Co. KGaA and increase this by the amount.

Income from investments and gains on the disposal of investments amounted to EUR 72.5 million (previous year: EUR 34.6 million). This includes income from the (phased) collection of gains from investments of EUR 14.4 million (previous year: EUR 34.6 million). Revenues and dividends from the portfolio (mainly income from investments received in the same period) result in the so-called "**portfolio income**", which for the financial year 2021 amounts to EUR 64.8 million (previous year: EUR 66.5 million). Gains from the disposal of investments include not only disposals of investments to third parties but also gains from two intra-Group disposals and amount to a total of EUR 58.1 million (previous year: EUR 0.0 million).

Net interest income includes interest income of EUR 3.5 million (previous year: EUR 1.0 million) and interest expenses of EUR 6.0 million (previous year: EUR 4.8 million). The latter mainly includes current coupon payments and expenses incurred in connection with the bond increase. Write-downs on financial assets amount to EUR 0.9 million (previous year: EUR 2.1 million).

As a result, the **net income for the year** amounted to EUR 50.7 million compared to EUR 33.4 million in the previous year.

4.2 Net assets and financial position

The **non-current assets** of Mutares SE & Co. KGaA amounting to EUR 65.9 million (previous year: EUR 70.1 million) mainly include financial assets of EUR 65.4 million (previous year: EUR 69.6 million), which in turn are attributable to shares in affiliated companies (EUR 47.8 million; previous year: EUR 51.4 million) and loans to affiliated companies (EUR 17.6 million; previous year: EUR 18.2 million).

The **current assets** include EUR 195.4 million (previous year: EUR 81.9 million) in receivables from affiliated companies, of which EUR 66.5 million (previous year: EUR 18.6 million) relate to loans receivable from subsidiaries, EUR 32.3 million (previous year: EUR 8.6 million) to receivables from consulting services and EUR 64.1 million (previous year: EUR 54.6 million) to receivables from profit distributions. This item also includes securities in the form of bearer bonds of EUR 29.9 million (previous year: EUR 0.0 million) and bank balances of EUR 44.9 million (previous year: EUR 26.5 million).

After the distribution of a dividend of EUR 23.1 million for the previous year, corresponding to EUR 1.50 per no-par value share entitled to dividend, the **equity** of the company amounts to EUR 231.9 million (previous year: EUR 94.5 million). In the financial year 2021, the Company's share capital was increased from EUR 15.5 million to EUR 20.6 million by issuing 5.1 million new registered no-par value ordinary shares, resulting in an equity inflow of EUR 100.2 million.

As of 31 December 2021, **provisions** amount to EUR 7.8 million (previous year: EUR 6.3 million) and mainly relate to personnel costs, as in the previous year. **Liabilities** increased to EUR 105.5 million (previous year: EUR 79.4 million), which is mainly due to the increase in the bond with a nominal volume of EUR 10.0 million as well as higher liabilities to affiliated companies of 15.4 million (previous year: EUR 3.3 million).

5. PERFORMANCE INDICATORS AND THE MANAGEMENT BOARD'S ASSESSMENT OF BUSINESS PERFORMANCE

5.1 Financial performance indicators

The significant financial performance indicators of the **Mutares Group** are:

- Revenues
- Operating result (EBITDA = earnings before interest, taxes, depreciation and amortization)
- Adjusted EBITDA (see below)

In addition, other significant financial performance indicators in the past including financial year 2021 were:

- Net cash position (cash and cash equivalents less current liabilities to banks and loans) and
- Cash flow from operating activities

Both financial performance indicators are measured individually at the level of the individual portfolio companies. Due to their low informative value for the situation of the Group, these financial performance indicators will no longer be considered as performance indicators for the Mutares Group in the future, i.e., from the financial year 2022 onwards.

Gains on bargain purchases are recognized in income immediately in the year of the transaction. Restructuring and other non-recurring expenses, on the other hand, may also be incurred in subsequent periods. Due to the regularly significant non-operational volatility of Group EBITDA associated with these transactions, the Management Board has introduced an additional performance measure in the form of EBITDA adjusted for non-recurring effects for reasons of transparency – referred to as "Adjusted EBITDA" in internal management and reporting. The calculation is based on reported Group EBITDA (earnings before interest, taxes, depreciation and amortization) adjusted for gains on bargain purchases, restructuring and other nonrecurring expenses, and deconsolidation effects. This provides a more transparent presentation of operating developments and enables a better assessment of operating earnings power.

The Management Board has issued an attractive and long-term dividend policy, so that it sees as a further significant financial performance indicator for **Mutares SE & Co. KGaA** its net profit for the year, on the basis of which the ability to pay dividends is to be ensured. Mutares' net income for the year is fed from various sources, namely on the one hand from sales revenues from the consulting business and on the other hand from dividends from portfolio companies as well as exit proceeds from the sale of investments. Even in an operationally difficult year for various portfolio companies, Mutares sees itself in principle in a position to generate a sufficiently high net income to continue its long-term sustainable dividend policy in view of these diversified income structures.

For information on the development of the individual financial performance indicators, please refer to the comments above on the results of operations of the Group (note 3.1) and of the company (para. 4.1) and on the net assets and financial position (note 3.2).

With regard to the forecasts made in the combined management and Group management report of the previous year for the financial year 2021, the actual development is as follows:

- The Management Board expected a significant increase in **revenues** for the Mutares Group in the financial year 2021 due to the acquisitions completed and signed by the preparation date for the combined management and group management report for the financial year 2020, to which again all three segments should contribute. With revenues in financial year 2021 of EUR 2,504.0 million, i.e. an increase of EUR 920.1 million or 58% compared to the previous year’s figure of EUR 1,583.9 million, this target was exceeded thanks to continued high acquisition activity. Regarding the contribution of the individual segments to this development, we refer to the comments above under (2.3).

- Regarding **EBITDA**, the previous year’s forecast of again achieving a clearly positive (reported) EBITDA was also achieved. Benefiting from gains from bargain purchases in connection with the acquisitions in financial year 2021 totaling EUR 692.7 million, the EBITDA of the Group amounts to EUR 566.5 million (previous year: EUR 142.7 million). Regarding the main influencing factors, we refer to the comments above under para. 3.1.

- As expected, **Adjusted EBITDA** was negatively impacted by the negative earnings contributions of the new acquisitions. Accordingly, Adjusted EBITDA decreased to EUR –41.3 million, a decrease compared to the previous year (EUR –28.8 million). Furthermore, the increased raw material and energy costs also burdened the profitability of several investments and thus the Group’s Adjusted EBITDA.

- In accordance with the forecast, **cash flow from operating activities** was impacted by the negative contributions of the new acquisitions as well as the partly massive price increases for raw materials and amounts to EUR –103.5 million for financial year 2021 (previous year: EUR –34.3 million).

- Compared to 31 December 2020, the **net cash position** has increased in line with expectations and amounts to EUR 190.5 million.

- The **net profit** of Mutares SE & Co. KGaA as a prerequisite for the continuation of the long-term, sustainable dividend policy could again be increased compared to the previous year to EUR 50.7 million, compared to EUR 33.4 million in the previous year, thus meeting market expectations. Contributing to this were higher sales revenues of EUR 50.5 million (previous year: EUR 31.9 million). In combination with the dividends from the portfolio (mainly income from investments received in the same period), this results in the so-called “portfolio income”, which for the financial year 2021 amounts to EUR 64.9 million (previous year: EUR 66.5 million). Gains from the disposal of investments totaling EUR 58.1 million (previous year: EUR 0.0 million) also made a significant contribution to net income, which includes gains from the disposal of investments to third parties as well as gains from two intra-Group disposals. The higher net income for the year enabled Mutares SE & Co. KGaA to expand its ability to pay dividends.

The Mutares Group is currently managed primarily on the basis of financial performance indicators. The non-financial Group report pursuant to Section 315b (3) of the German Commercial Code (HGB) in accordance with the CSR Directive Implementation Act will be submitted in a separate sustainability report – for the first time for the financial year 2021.

5.2 Management Board’s assessment of business performance

The benchmark for the success of the Mutares Group is mainly the restructuring and development progress of the investments as well as completed M&A transactions, which contribute to an increase in value in the Group after a successful turnaround and a further development of the investments depending on the situation.

The Management Board is very satisfied with the **progress made in restructuring and development** at some portfolio companies – particularly in view of the negative impact in some cases, of the massive price increases of raw materials and energy costs in financial year 2021 – but still sees significant potential for improvement at other portfolio companies. In particular, the Management Board considers the development at BEXity, Lacroix + Kress, KICO Group, SABO and Terranor Group to be positive. The Management Board considers the start to restructuring at Lapeyre in particular to be promising.

Regarding the **transaction activities** in financial year 2021, the Management Board is extremely satisfied due to the large number of acquisitions. It considers the large number of platform acquisitions, which offer new potential for the future, to be positive.

The Management Board is satisfied with the course of business in financial year 2021 in view of the special charges resulting from the shortage of materials and the increased raw material and energy costs.

6. OTHER INFORMATION

6.1 Supplementary Report

Regarding significant events after the balance sheet date, we refer to the explanations in the notes of the consolidated financial statements (para. 50) and in the notes to the annual financial statements (note 5.10) of Mutares SE & Co. KGaA.

6.2 Takeover-relevant information

The following explanations contain the disclosures pursuant to §§ 289a, § 315a HGB on capital stock, voting rights, and the transfer of shares.

COMPOSITION OF CAPITAL/GRADE OF SHARES

The share capital of Mutares SE & Co. KGaA totaled EUR 20,636,731.00 as of 31 December 2021, divided into 20,636,731 no-par value shares (shares without par value). The shares of the Company are registered shares. There is only one class of shares; the same rights and obligations are attached to all shares, which result from the statutory regulations.

RESTRICTIONS AFFECTING VOTING RIGHTS OR THE TRANSFER OF SHARES

Each share entitles the holder to one vote at the Annual General Meeting and is decisive for the shareholders' share in the Company's profits. This does not apply to treasury shares held by the Company, from which the Company has no rights. In the cases of Section 136 AktG, the voting rights from the shares concerned are excluded by law.

On the basis of a contractual agreement, Robin Laik may hold voting rights for a total of 5,175,771 shares (as of 19 October 2021). The voting rights for these shares are exercised uniformly by Mr. Robin Laik.

DIRECT OR INDIRECT INTEREST IN SHARE CAPITAL EXCEEDING 10% OF VOTING RIGHTS

According to current information, Robin Laik, Munich, and ELBER GmbH, Regensburg, each hold more than 10% of the voting rights directly. The members of the Laik family, all resident in Germany, indirectly hold more than 10% of the voting rights. Dr. Johann Vielberth, Regensburg, holds more than 10% of the voting rights indirectly via ELBER GmbH.

PROVISIONS STATUTORY/STATUTES APPOINTMENT AND DISMISSAL BOARD OF DIRECTORS AND AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Company is represented by the general partner, Mutares Management SE, and thus by its Management Board. Pursuant to Section 8 of the Articles of Association of Mutares Management SE, the Management Board may consist of one or more persons. The Supervisory Board determines the specific number of members of the Management Board. For their appointment as well as dismissal, a simple majority of the votes cast by the members of the Supervisory Board is required. In the event of a tie, the Chairman shall have the casting vote pursuant to Section 13 (7) of the Articles of Association of Mutares Management SE. The members of the Management Board may be appointed for a maximum period of six years; reappointments are permitted. Pursuant to Section 7 of the Articles of Association, the shareholders' resolution of Mutares SE & Co. KGaA may exempt individual, several or all members of the Management Board of the general partner in general or for the individual case from the prohibition of multiple representation pursuant to Section 181 Alt. 2 of the German Civil Code (BGB); § 112 of the German Stock Corporation Act (AktG) remains unaffected.

Amendments to the Articles of Association are made by resolution of the Annual General Meeting in accordance with § 179 AktG. This means that amendments to the Articles of Association generally require the approval of at least three quarters of the capital stock represented at the time the resolution is adopted. Pursuant to Art. 10 par. 4 of the Articles of Association, the Supervisory Board is authorized to make amendments to the Articles of Association that relate only to the wording. Furthermore, the Supervisory Board is authorized to amend Art. 4 par. 5 of the Articles of Association in line with the respective issue of subscription shares and to make all other related amendments to the Articles of Association that only affect the wording. The same applies in the event that the authorization to issue subscription rights is not utilized.

AUTHORITY OF THE BOARD OF MANAGEMENT TO ISSUE OR REPURCHASE SHARES

Conditional capital

The Annual General Meeting of the Company on 3 June 2016, authorized the Management Board, with the consent of the Supervisory Board, to issue up to 1,500,000 subscription rights ("stock options") to members of the Management Board of the Company, members of the management of affiliated domestic and foreign companies of the Company, and employees of the Company and employees of affiliated domestic and foreign companies until 2 June 2020 ("Mutares Stock Option Plan 2016"). The stock options entitle the holder to subscribe to up to 1,500,000 no-par value registered (previous year: bearer) shares of the Company with a notional interest in the share capital of EUR 1.00 each. Furthermore, the Annual General Meeting resolved to conditionally increase the share capital of the Company by EUR 1.5 million by issuing up to 1,500,000 no-par value bearer shares to service the Mutares Stock Option Plan 2016 ("Conditional Capital 2016/I"). The Annual General Meeting of the Company on 23 May 2019, resolved to cancel the Conditional Capital 2016/I to the extent that it relates to the stock options not issued under the Mutares Stock Option Plan 2016. As a result, the Conditional Capital 2016/I amounts to EUR 747 thousand after reduction as of the reporting date.

The Annual General Meeting of the Company on 23 May 2019, created Conditional Capital 2019/I in the amount of EUR 3 thousand for the purpose of granting shares upon exercise of conversion or option rights or upon fulfillment of conversion or option obligations to the holders or creditors of convertible bonds, bonds with warrants, profit participation rights and/or participating bonds or combinations of these instruments issued on the basis of the authorization resolution of the Annual General Meeting on 23 May 2019.

After the partial cancellation of the Conditional Capital 2016/I became effective, the share capital of Mutares SE & Co. KGaA was conditionally increased by up to EUR 802 thousand through the issuance of up to 802,176 no-par value registered shares ("Conditional Capital 2019/II") by resolution of the Annual General Meeting on 23 May 2019. The Conditional Capital 2019/II serves to grant subscription rights to members of the Management Board and employees of the Company, members of the management and employees of companies affiliated with the Company.

Authorized capital

By resolution of 23 May 2019, the Annual General Meeting of the Company resolved to cancel the Authorized Capital 2015/I and instead authorized the Management Board to increase the share capital of the Company in the period until 22 May 2024, with the consent of the Supervisory Board, by a total of up to EUR 7.7 million by issuing up to 7,748,146 new registered no-par value shares against cash contributions and/or contributions in kind ("Authorized Capital 2019/I"). The Management Board of the Company's general partner, Mutares Management SE, resolved on 28 September 2021, with the approval of the Supervisory Board, to increase the Company's share capital from previously EUR 15.5 million to EUR 20.6 million by issuing 5.1 million new no-par value registered shares. The capital increase with subscription rights for the Company's limited liability shareholders was carried out in return for cash contributions, making partial use of the existing Authorized Capital 2019/I. After the partial utilization, this still amounts to EUR 2,608 thousand.

Acquisition of treasury shares

By resolution of the Annual General Meeting on 23 May 2019, the Management Board was authorized to acquire treasury shares of the Company up to a total of 10% of the Company's capital stock existing at the time of the resolution or – if this value is lower – at the time the authorization is exercised, subject to compliance with the principle of equal treatment (Section 53 AktG), until the end of 22 May 2024. The shares acquired on the basis of this authorization, together with other treasury shares of the Company which the Company has acquired and still holds or which are attributable to it in accordance with sections 71a et seq. of the German Stock Corporation Act (AktG), may at no time exceed 10% of the respective capital stock of the Company.

On the basis of corresponding resolutions, the Management Board, with the approval of the Supervisory Board, has launched share buyback programs in the past financial years. In this context, a total of 261,875 shares were acquired in the period from 15 January to 6 March 2015, and in the period from 1 June to 15 July 2018, with each share representing EUR 1.00 of the capital stock.

The Management Board of the general partner of Mutares SE & Co. KGaA resolved on 17 September 2020, with the approval of the Supervisory Board of the general partner, to launch a share buyback program using the authorization granted by the Annual General Meeting on 23 May 2019 ("Share Buyback Program 2020/I"). Under the share buyback program 2020/I, up to a total of 250,000 treasury shares (corresponding to up to 1.61% of the Company's share capital) could be repurchased in the period from 17 September 2020 to 31 March 2021 at a total purchase price (excluding incidental acquisition costs) of up to EUR 2.5 million. A total of 210,600 shares were acquired during this period. The difference between the acquisition cost and the notional value of the treasury shares amounts to a total of EUR 2.3 million and was offset against retained earnings.

The Company used part of the 472,475 treasury shares existing as of 31 December 2020 to service the stock options exercised under the 2016 Stock Option Plan. This reduced the number of treasury shares to 10,475 as of 31 December 2021, representing EUR 10,475 or 0.1% of the share capital (31 December 2020: EUR 472,475 or 3.0%).

Further details of the existing authorizations can be found in the aforementioned resolutions of the Annual General Meeting. Information on authorized and conditional capital and on the acquisition of treasury shares can also be found in the notes to the annual financial statements (note 3.4) and in the notes to the consolidated financial statements (note 31).

AGREEMENTS THAT ARE CONDITIONAL ON A CHANGE OF CONTROL FOLLOWING A TAKEOVER BID

In February 2020, Mutares SE & Co. KGaA placed a bond, which was drawn down in full in the amount of EUR 80.0 million as of 31 December 2021. The agreement concluded under the bond grants the other contracting party a right of termination, inter alia, in the event, (i) that the listing of the shares on the Frankfurt Stock Exchange is discontinued, (ii) that 50% of the shares are held by a natural person or legal entity or group of persons (with the exception of Robin Laik), (iii) that the disposal of all or any material assets takes place, irrespective of whether it is a single transaction or a series of related transactions.

6.3 Corporate governance and non-financial statement

The Management Board and Supervisory Board of Mutares are committed to the principles of corporate governance focused on long-term and sustainable value creation. To this end, they issue a summarized "Corporate Governance Statement" pursuant to Sections 289f and 315d of the German Commercial Code (HGB). The full text of the current declaration is available on the company's website at ir.mutares.de/en/corporate-governance. As part of the corporate governance statement, in December 2021 the Management Board and Supervisory Board of the Company issued the declaration required by Section 161 of the German Stock Corporation Act (AktG) and made it publicly available on the Company's website at ir.mutares.de/en/corporate-governance.

Mutares complies with the obligation to issue a non-financial consolidated statement pursuant to sections 289b and 315b HGB by publishing a separate non-financial consolidated report on the company's website at ir.mutares.de/en/corporate-governance.

7. OPPORTUNITY AND RISK REPORT

7.1 Risk management and internal control system

Mutares' business activities, like any entrepreneurial activity, are associated with opportunities and risks. We define "risk" as possible future developments or events that, if they occur, could lead to a negative deviation from the forecast or target for the Group. Conversely, "opportunities" can lead to a positive deviation from forecasts or targets if they materialize.

RISK MANAGEMENT SYSTEM

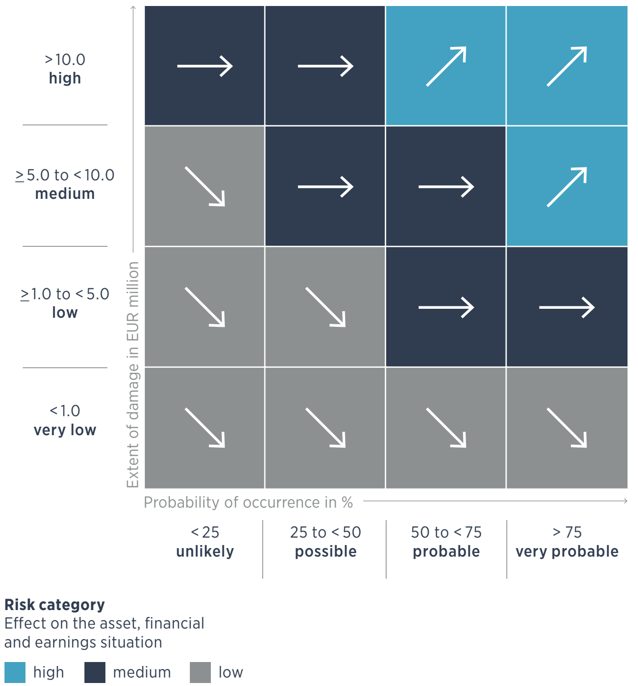
Risk management, as the totality of all organizational regulations and measures for the early identification of risks and the adequate handling of the risks of entrepreneurial activity, has a high priority in the Group and plays a central role in the Mutares business model. The Management Board has therefore installed and organizationally anchored a systematic, multi-level risk management system.

The primary objective of Mutares' risk strategy is to identify existential risks and reliably avert them from the company while limiting risk costs to a necessary level. Furthermore, risks that threaten to miss the published forecasts if they materialize and thus lead to a failure to meet the expectations of the capital market are to be avoided. Using the risk management process,[10] actual and potential risks are identified, assessed and reported:

[10] The identification of opportunities and the entrepreneurial perception of the identified opportunities represent the core of the Mutares business model and are therefore performed by original entrepreneurial functions. The focus of the Mutares risk management system is therefore on the management of risks in the narrower sense.

Relevant risks are **identified** by a combination of bottom-up and top-down analyses based on defined risk areas. The risks identified in this way are assessed on the basis of two relevant dimensions, namely their monetary impact (extent of damage) on the earnings and/or financial situation of the company or the Group and their expected probability of occurrence in relation to a one-year observation horizon. The focus of the assessment is on the most likely risk scenario in each case. The **risk assessment** distinguishes between gross and net assessment: Measures already taken can mitigate the gross risk in terms of both monetary impact and the possible occurrence of the risk. The net risk then represents the amount of damage and probability of occurrence, taking into account the damage-reducing measures already initiated by the reporting date.

The risk classes, as a result of this assessment, can be presented in a **risk matrix**:



The identified risks are **actively managed** in order to achieve the risk reduction targeted by the company. The management of risks that have only a minor impact on the Group is the responsibility of the operational management of the respective subsidiary.

Mutares has installed a standardized **reporting** process for the reporting of actual and potential risks: Accordingly, quarterly reports are submitted to the Company by the operating portfolio companies and assessed together with the Company's risk analysis. In the case of particularly significant new risks or material changes in existing risk positions, immediate reporting is also carried out (ad hoc risk process).

The **risk-bearing capacity** represents the maximum extent of risk that can be borne by the Company without jeopardizing its continued existence and is generally the upper limit for a cumulative risk position. It is calculated both on the basis of liquidity and in relation to the Company's equity. Both figures are compared with the sum of the assessed risks as an aggregated risk position. In order to analyze the risk-bearing capacity and thus also the overall risk position of Mutares and to be able to initiate suitable countermeasures, all recorded and assessed risks are aggregated into risk portfolios. A quantitatively recognized method is used for this purpose. The scope of consolidation of the risk management corresponds to the scope of consolidation of the consolidated financial statements. In this context, the total risk positions determined are considered in relation to the risk-bearing capacity of Mutares for the period under review using a suitable key figure, the total net expected loss, and are regularly monitored by the Management Board with regard to the coverage of the net assets, financial position and results of operations. The analyses of the risk-bearing capacity did not lead to any adjustment or non-existent viability.

Risk management is further flanked by the following activities: All critical contractual components, business developments and liability risks are subjected to rigorous review and regularly followed up in the reviews of the portfolio companies and in the Management Board and Supervisory Board meetings. Standardized reporting of all portfolio companies on a weekly or monthly basis provides the Management Board with a comprehensive picture of developments across the portfolio. In addition, Mutares works closely with its own operational teams in the portfolio companies, which review compliance with the internal guidelines on site in the respective subsidiaries and develop concrete steps for their implementation together with Mutares. The Management Board monitors the business performance of the portfolio companies in regular reviews and is informed about the revenue, earnings and liquidity situation of all investments on the basis of the implemented reporting system. If necessary, Mutares maintains sufficient free personnel and financial capacities to be able to react flexibly and appropriately.

In the interests of **continuous improvement**, adjustments to the risk management system are evaluated and made on a regular basis.

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM AS PART OF THE ACCOUNTING PROCESS

The internal control and risk management system as part of the accounting process is designed to ensure that all business processes and transactions are recorded in a timely, uniform, and correct manner for accounting purposes. The aim of the internal control system for the consolidation of the subsidiaries included in the consolidated financial statements is to ensure compliance with legal standards, accounting regulations and internal accounting instructions. Changes to these are analyzed on an ongoing basis with regard to their relevance and impact on the consolidated financial statements and taken into account accordingly. The Company's finance department actively supports all business areas and Group companies in this regard, both in developing uniform guidelines and work instructions for accounting-relevant processes and in monitoring operational and strategic targets. In addition to defined controls, system-related and manual reconciliation processes, the separation of executive and controlling functions, and compliance with guidelines and work instructions are an essential part of the internal control system.

The Group companies are responsible for compliance with the applicable guidelines and accounting-related processes and for the proper and timely preparation of the financial statements. The Group companies are supported in the accounting process by central contacts at the Group parent company.

7.2 Risks to future development

The table shows the risks discussed in the following[11] and classifies them into the risk classes defined above (low/medium/high) on the basis of the two relevant dimensions (extent of damage and probability of occurrence).

		Current balance sheet date	Previous year
Future economic conditions	Economic development	High	High
	Geopolitical development	High	Medium
Business model-immanent opportunities and risks	Increased competitive situation	Medium	Medium
	Opportunities and risks from the acquisition process	Medium	Medium
	Failure to achieve restructuring success	Medium	Medium
	Diversification of the portfolio	Low	Low
Other risk areas and significant individual risks	Legal and compliance risks	Medium	Medium
	Financial risks and financing risks	High	High
	Distribution and sales risks	Medium	High
	Sustainability risks	Low	Low
	Supply chain risks	Medium	Medium
	Personnel risks	Low	Low
	IT risks and data security	Medium	Medium
	Tax risks	Low	Low

The order in which the following explanations are presented does not reflect the Management Board's assessment of the extent of damage and/or probability of occurrence. Unless explicit information is provided on which segments are (particularly) affected by the risks presented, they generally apply to the entire Group. The opportunities and risks inherent in the business model, on the other hand, focus on the business activities of Mutares itself, consisting of the acquisition, transformation (restructuring, optimization, and repositioning) and/or development of companies in situations of transition and their subsequent sale. In addition to the presentation of risks, the following also includes information on opportunities (if relevant).

FUTURE ECONOMIC CONDITIONS

Economic development

According to the ifo Institute ("ifo Konjunkturprognose Winter 2021"[12], published in December 2021), global economic development continues to be directly linked to the course of the COVID-19 pandemic and possible ongoing supply bottlenecks.

In the fall and winter of 2021, the incidence of infection in Europe increased again, mainly in connection with the new virus variant omicron. Depending on the level of vaccination rates there will therefore be restrictions on economic and social activities in some countries. The resulting economic downturn in Europe is expected to be followed by a strong recovery.

The excess demand caused by the existing supply bottlenecks and shortages should be alleviated by adjustments in production processes, the forecast improvement in the pandemic situation and price allocation mechanisms. This development will have a positive impact on the current inflation momentum, so that global GDP should increase by +4.4% in 2022.

[11] In view of the fact that the identification and exploitation of (investment) opportunities is the core of Mutares' business, the comments here focus quite predominantly on the risks of our business activities.
[12] www.ifo.de/node/67010

Geopolitical development

The **conflict between Ukraine and Russia**, which has been going on for years, has been at war since 24 February 2022. The direct effects of this conflict affect only a small share of the Mutares Group's sales with customers in Ukraine as well as the Ukrainian plant of the Plati Group. The indirect effects – in particular due to the international sanction measures on the supply chains of Mutares portfolio companies and the demand for their products and services by their customers – cannot be reliably estimated at present, i.e., as of the date of preparation of this management report and group management report. In particular, from today's perspective, the Management Board cannot rule out that the effects of the armed conflict between Russia and Ukraine could take on a disruptive character for individual portfolio companies and could have a significant negative impact on the financial position, net assets, and results of operations of Mutares at Group level.

The **trade conflict** between the United States and the People's Republic of China, which has been ongoing since 2018, continues to have an impact also on global trade and thus fundamentally also on Mutares' portfolio companies. China has also imposed new tariffs in response to punitive tariffs on imports from China introduced under the presidency of Donald Trump. The resulting uncertainty and decline in the flow of goods led to a dampening of global growth. A partial agreement reached between the two economies during the pandemic was not fully honored, so even today there is no complete easing of tensions. In October 2021, the current US President Biden announced that the punitive tariffs imposed on China would be maintained.

OPPORTUNITIES AND RISKS INHERENT IN THE BUSINESS MODEL

The success of Mutares' business model depends to a large extent on the ability to identify suitable target companies for acquisition, to acquire them on appropriate terms, and to develop them through active investment management. In this context, the selection of suitable individuals in management positions is essential. The acquisition of companies in economically challenging situations or situations of upheaval (e.g., pending restructuring) with potential for operational improvement holds high value enhancement potential. To this end, extensive transformation plans are being implemented at the portfolio companies. Finally, Mutares must succeed in either selling the investment at an attractive price in order to achieve a high return on invested capital or to sustainably collect dividends from profitable portfolio companies.

Increased competitive situation

Strategic realignments of major groups are leading to a stable supply of acquisition opportunities, which may be particularly high due to additional opportunities in a context of continuing economic uncertainty. Price expectations on the seller side remain fundamentally high but could also be depressed by economic developments. The fundamental attractiveness of the "companies in transition" market segment has also led to increased competition. For example, funds have entered the market as competitors, particularly in France. In addition to the growing number of direct competitors, strategists, particularly from China, are increasingly entering the market segment with the aim of expanding entrepreneurially. However, Mutares successfully relies on its reliability and competence as an experienced expert for transformation and repositioning.

Opportunities and risks from the acquisition process

As part of its business model, Mutares actively and systematically looks for targets in special situations. In times of high uncertainty, additional opportunities may open up, especially on the buy side. The M&A pipeline for purchase transactions comprises a mid-double-digit number of significant acquisition projects. With the capital increase successfully placed in October 2021, Mutares has also created the financial conditions to pursue promising opportunities, especially as the financial headroom allows for the acquisition of larger and more attractive acquisitions. The additional cash also sets Mutares apart from the competition for attractive deals. In addition to Mutares' strong reputation with a successful track record in the special situations private equity market, the financial flexibility is another pledge of trust for our transaction partners.

Significant tax, legal and economic risks are associated with the acquisition of companies in situations of transition, even if an in-depth analysis of the company (due diligence) has taken place prior to the acquisition. Liabilities, obligations, and other encumbrances of the respective target company that were not known or identifiable at the time of acquisition despite the due diligence performed may have a material adverse effect on Mutares. This applies in particular if inventory or other guarantees are given to the sellers. In these cases, even if the seller provides significant financial resources for restructuring as consideration, the net assets, financial position, and results of operations of the Mutares Group may be significantly impacted.

For fundamental considerations and in order to minimize the effects of a possible insolvency of individual companies within the Group, no profit transfer or cash pooling agreements are concluded within the Mutares Group. In some cases, guarantees, sureties, loans or similar commitments are given or extended to investments after detailed examination to exploit business opportunities, growth or working capital financing. The utilization of the guarantees and sureties or the default of the loans may have negative consequences on the net assets, financial position, and results of operations of Mutares.

In order to reduce the extent of potential risks, Mutares also uses a corporate structure in which the operating risks of each individual investment are ring-fenced via a legally independent company (intermediate holding company). This is to ensure that the sum of any risks that may arise cannot exceed the previously assessed maximum risk. This generally corresponds to the purchase price paid, plus further financing measures and off-balance-sheet obligations, less the returns received from the operating activities of the respective company over the holding period.

Failure to achieve restructuring success

If the investments can be successfully restructured and developed as planned, there is a high potential for value enhancement for Mutares. In individual cases, Mutares may also acquire investments whose restructuring turns out to be more difficult than assumed in the previous due diligence. Even with a careful and conscientious selection of the target companies, it cannot be excluded that in individual cases the success Mutares strives for from the restructuring situation does not occur or does not occur quickly enough, or that the economic or political framework conditions in the countries important for the portfolio companies deteriorate.

If the positioning in the market, the potential for value enhancement or other key success factors are incorrectly assessed, this may have consequences for the operational development of the investment and thus for the return at Mutares. Furthermore, it cannot be ruled out that the ability to restructure is incorrectly assessed or that risks are not fully recognized or incorrectly assessed prior to an acquisition. It is therefore possible that the value of investments develops negatively, that the measures initiated are not successful and that the return targeted by Mutares is not achieved for a variety of reasons. This would result in portfolio companies having to be resold below their acquisition price or, in the worst case, ultimately having to file for insolvency. In this case, Mutares would suffer a total loss of the capital invested, i.e., lose all financial resources used for the acquisition, ongoing support and, if applicable, financing of this company. In addition, there could be the threat of claims by third parties arising from commitments made by Mutares.

Diversification of the portfolio

When selecting investments, Mutares is not limited to specific regions. The focus is on companies with the main focus of activities in Europe, which are in a situation of transition. In terms of industries, the focus is on the three segments Automotive & Mobility, Engineering & Technology and Goods & Services. This can lead to a concentration of investments within one industry or region, which exposes Mutares to fundamental industry or regional risk. Mutares strives to minimize these risks through a diversified portfolio of companies, thus limiting the risks of individual industries or regions from economic fluctuations or geopolitical developments. However, diversification of the investment portfolio can only reduce risks that are limited to specific sectors or regions. However, economic or geopolitical developments and the development of the financial markets as a whole regularly affect all sectors and regions. Their influence on business success can therefore only be reduced to a limited extent by diversification.

OTHER RISK AREAS AND SIGNIFICANT INDIVIDUAL RISKS

Legal and compliance risks

In connection with its business activities, Mutares may be confronted with various legal disputes and legal proceedings. Some of the associated risks are significant. Details on ongoing proceedings are presented in the section “Litigation”. Furthermore, regulatory proceedings may be threatened in the event of non-compliance with legal requirements and regulations.

On the one hand, in individual cases commitments made in the purchase agreements or business plans communicated prior to a transaction are not met, and on the other hand, legal cases taken over for the investments may turn out to be significantly more positive or critical in the course of time than originally assumed. Both may result in legal disputes, the probable outcome of which cannot always be clearly estimated.

Capital Market Compliance

In particular, Mutares is subject to capital market regulations in the European Union and is therefore exposed to risks regarding related enforcement measures. A finding of a violation of capital market regulations could have adverse effects on Mutares in various ways, including fines and reputational damage.

Data Protection

Data protection requirements apply to the Mutares Group with regard to, among other things, the use and disclosure of personal data as well as the confidentiality, integrity, and availability of such data. In particular, Mutares is subject to the strict requirements of the EU’s General Data Protection Regulation (GDPR), which has been in force since May 2018. If Mutares Group does not comply with this regulation, this could lead to claims for damages and other liability claims, high fines and other penalties, as well as damage to business relationships with various partners and Mutares’ reputation.

Risk from pass-through liability

The Mutares Group operates in many foreign jurisdictions. There is a risk that due to the more restrictive legal systems abroad compared to Germany, there are increased liability risks, for example in the form of a liability to pass through. In France, for example, where several of the shareholdings have their economic center of gravity, there are rulings on pass-through liability with regard to the status of employee (so-called “co-employeur” or so-called “employeur conjoint”), which extends the obligations of an employer to its parent company as well. Most recently, the argumentation towards co-employer status has been clarified by case law. Mutares has aligned its employee deployment in such a way that a pass-through liability is avoided as far as possible. However, it cannot be ruled out that a claim will nevertheless be made.

Obligations from company acquisitions and disposals

In connection with contracts for the purchase or sale of companies, Mutares may issue guarantees under which it can be held liable or which may lead to legal disputes (an overview of all current guarantees can be found in note 45 to the consolidated financial statements). The issuance of guarantees can be a differentiating factor in the competition for potential takeover targets if competitors cannot issue guarantees due to their own articles of association. In individual cases, a possible claim under the guarantees given may have a significant negative impact on the net assets, financial position and results of operations of the Mutares Group.

In principle, the Management Board does not anticipate any utilization of the obligations arising from the acquisition and sale of companies. However, depending on further economic developments, the probability of utilization may increase, and it cannot be ruled out that the obligations entered into may be utilized.

Litigation

Mutares had been sued by some of the former employees of the Artmadis Group in France. One lawsuit was based on alleged employee liability, another on alleged corporate liability. Mutares considered the claims to be without merit but has settled with the plaintiffs in consideration of further internal and external costs and has settled the litigation.

Another lawsuit was pursued by the liquidator of the former investment Grosbill, based on an alleged corporate liability of Mutares. At the same time, the former seller of this investment is being sued on similar grounds. Mutares has defended itself in full against this action, which it considered to be without merit. The litigation was deleted from the list of ongoing proceedings at the request of Mutares due to the lack of a filed statement of claim and is considered provisionally terminated in France unless the plaintiff restarts the litigation by a certain date.

Other obligations

Indirect subsidiaries of Mutares SE & Co. KGaA from the Engineering & Technology segment are involved as partners in joint arrangements under joint ventures or consortium agreements. These have been entered into with the aim of implementing customer projects. The majority of the joint ventures are based in Germany. The share of ownership ranges from 27% to 75%.

As of the reporting date, the joint and several liability from the investment in the civil law companies relates to projects with a total contract value equivalent to approximately EUR 368 million (previous year: EUR 342 million). The subsidiaries’ own share of this amounts to EUR 162 million (previous year: EUR 126.4 million). Based on the ongoing credit assessments of the consortium partners, we do not expect any claims to be made on the shares of other companies. With the exception of the amounts recognized as provisions for onerous contracts or as part of the loss-free valuation, we also do not expect any utilization for our own share.

There are further guarantees, warranties, commitments, and obligations totaling EUR 0.4 million (previous year: EUR 1.4 million).

Financial risks and financing risks

Price change, default, and liquidity risk

Fluctuations in prices, revenues and demand, including supply bottlenecks on the part of customers and suppliers, as well as general fluctuations on the commodity, capital and currency markets can have a negative impact on the Group’s net assets and results of operations. Mutares counters the risks at the level of the portfolio companies by continuously and promptly monitoring the business results and project progress, among other things with the help of indicators (e.g., cash position and cash flow development), in order to be able to take countermeasures at an early stage. To this end, in addition to extensive on-site reviews, a central management information system has been introduced which enables the performance of the portfolio companies to be monitored in real time. Cash and cash equivalents are monitored on a weekly basis. Nevertheless, there is a risk that the management information system may provide necessary information insufficiently, too late or incorrectly, resulting in incorrect decisions being made. Financial instruments are used as required to hedge commodity, currency, and interest rate risks. The main focus of these instruments is on forward contracts that provide for a fixed payment or cash out in the future. The aim of using financial instruments is to hedge underlying transactions and reduce risks from cash flow fluctuations. The discontinuation of the underlying transaction or a change in the assumptions essential for hedging can lead to an increased liquidity risk.

The main risks are the correct quantification of the future prospects and the restructuring effort of the portfolio companies, the provision of appropriate financing and the corresponding human resources on the part of Mutares. This risk is limited as best as possible through focused due diligence and subsequently continuously monitored.

In the case of trade receivables, there is a risk of loss for the Group if one of the parties fails to meet its contractual obligations. In some cases, credit default insurance is taken out to hedge against this risk. In addition, business relationships should only be entered into with creditworthy contractual parties and, if appropriate, with the provision of collateral, in order to mitigate the risks of loss arising from the non-fulfillment of obligations. Nevertheless, especially in connection with negative effects of the COVID-19 pandemic on the economic performance of customers of Mutares companies, additional bad debt losses cannot be excluded.

Financing risks

Management considers the further development of the Group to be dependent to a not inconsiderable extent on financing risks, which can have an important influence on the net assets, financial position, and results of operations.

Increasing regulatory requirements for banks and insurance companies as well as a change in the credit rating of individual portfolio companies can lead to more difficult or less favorable financing conditions or to more difficult and more expensive procurement of sureties and guarantees. In addition to the terms and conditions of the bonds, the agreements in connection with financing lines at the portfolio companies generally contain covenants and other obligations, the breach of which could entitle the financing partner to terminate the agreement and thus have a negative impact on the financial position.

Investments with existing financing in the form of credit, loan, leasing, guarantee or factoring agreements at the time of acquisition are exposed to the risk that the financing partners may terminate these financing agreements at short notice in the event of a change of ownership or provide them with less favorable terms. In addition, a development that falls short of the planning can lead to the fact that the repayment of (loan) liabilities is only possible with a delay or not completely. Mutares tries to counter this risk by contacting financing partners already before or shortly after the takeover and, as a rule, also explaining the current financial situation and the restructuring plan for the investment in detail. In the case of a takeover, there is always the risk that the financing partner cannot be fully convinced and therefore terminates the financing. The same can happen due to a breach of agreed covenants.

The longer-term yield curve in the euro zone has already responded to the current inflation trend by rising. If the current inflationary momentum continues, short-term interest rates are also expected to rise in the medium term, which may have an impact in particular on short-term financing without fixed interest rates and on the floating-rate bond. The possible interest rate risk can be hedged by means of suitable instruments (e.g., interest rate swaps, options) after examining the individual case. Even hedging does not fully protect against the effects of rising interest rates in such constellations. In addition, hedging transactions involving the use of financial instruments may give rise to valuation and liquidity effects that have a negative impact on the net assets, financial position, and results of operations.

Particularly in the case of investments that are to be developed with a new strategy following successful repositioning, access to external financing is an essential prerequisite for further growth. Despite a generally positive financing environment at present, as well as the liquidity available on the credit and capital markets due to the European Central Bank's current ongoing expansionary monetary policy, it may not always be possible to secure such financing.

Distribution and sales risks

Adjusting the product and customer portfolio to eliminate negative contribution margins is generally part of the restructuring process. The loss of profitable customers or the delay of major orders in particular can have a negative impact on the net assets, financial position and results of operations of portfolio companies whose business is highly concentrated on a small number of major customers or projects. The same applies to sales markets characterized by high competitive pressure, from which the contribution margins and margins of the portfolio companies suffer. Finally, problems with customers that have arisen at one investee may also have a negative impact on other investees of the Group, especially those in the same segment. Due to the COVID-19 pandemic and the resulting continuing economic uncertainties, the Management Board generally sees an intensification of the aforementioned risks. Due to the continuing uncertainty in the context of the COVID-19 pandemic and further measures to combat its spread, the forecast of revenues and unit sales figures is subject to uncertainty to a greater extent than usual.

This is countered by active relationship management with customers and a systematic sales structure and work at the level of the respective shareholding. Particularly for customers who account for a large proportion of sales, the aim is to conclude longer-term contracts, thereby increasing the ability to plan. The intensive cultivation of relationships can lead to better opportunities for orders or for large orders, especially if order processing has been satisfactory to both sides in the past.

Sustainability risks

Sustainability risks can include environmental, social or governance risks ("environmental, social, governance" or "ESG" for short) and, if realized, can have an impact on Mutares' reputation in addition to its earnings and liquidity position.

Environmental risks[13] can be climate-related risks or regulatory risks due to new legislation and other structural changes. The increasing orientation of consumers towards environmental responsibility, climate change and related risks such as rising energy prices or the introduction of a CO_2 tax, may have a negative impact on business activities. Dealing with these risks is crucial for Mutares and its sustainable development.

[13] Social and governance risks can be found in the comments on other risk areas, so that environmental risks in particular are discussed under the heading of sustainability risks.

Therefore, we continue to work on establishing and continuously improving a system for the operational and strategic control of sustainability goals, risks, and measures. The aim is to track the effectiveness of the identified measures and the successful implementation of the Group's ESG goals in order to adequately counter sustainability risks that may negatively impact Mutares' business development.

Supply chain risks

Procurement risks

In the area of purchasing, the Group companies are exposed to risks such as supplier default, late or poor-quality delivery, and price fluctuations, especially of raw materials. Mutares counters these risks by establishing a procurement management as well as a strict monitoring of the respective suppliers. At various investments of Mutares, partly dramatic price increases of raw materials (e.g., steel, plastic granules, and pulp) up to restrictions in availability due to a shortage of raw materials in the procurement markets were observed in the financial year 2021. Depending on further developments, this may have potentially negative and, in some cases, also very negative effects on profitability in the Group, especially if it is not possible to pass on these price increases to customers to an appropriate extent.

On 3 March 2021, the German cabinet launched the government's draft of a Due Diligence Act, also known as the Supply Chain Act. The Bundestag passed the draft on 11 June 2021, and the Bundesrat finally approved it on 25 June 2021. The aim of the law is to ensure compliance with fundamental human rights standards in global supply chains. This was already a matter of course for the companies of the Mutares Group before. Additional requirements resulting from the amendments to the law are still under review; necessary measures will be implemented until the Supply Chain Act comes into force in 2023. Companies within the scope of the Supply Chain Act are required, among other things, to extensively expand their risk assessment and supply chain management. At the heart of the expanded risk management is a comprehensive risk analysis, which must be carried out once a year as well as on an ad hoc basis if the company expects risks in its supply chain to have changed significantly or expanded.

Production risks

The individual subsidiaries of the Mutares Group are exposed to various production risks. There is a risk that after the acquisition of a company, the optimization measures implemented by Mutares may not have an effect or may only have an effect with a delay, and that cost savings may not be implemented or may only be implemented with a delay. In addition, quality problems and delays in new and further product developments may lead to a loss of orders and customers at individual investments, which may have a negative impact on the net assets, financial position, and results of operations of the respective company. Mutares addresses such risks by deploying personnel and closely monitoring production processes.

Trade credit insurance

In the past, it has been observed that trade credit insurers subject their commitments to intensive scrutiny, particularly in the event of changes of ownership (and especially in the case of those in the context of asset deals), with the risk of a deterioration in the insurance conditions or a cancellation of the limits/cover commitments. For individual subsidiaries, this may result in increased liquidity requirements due to advance payments required from suppliers. At the same time, risks may arise from increased bad debt losses if these cannot be sufficiently covered by trade credit insurance. Mutares counteracts these risks in the portfolio companies by a tight accounts payable and receivable management adapted to the circumstances or tries to reach an agreement with the seller already in the purchase agreement, provided that the seller remains a major supplier after the acquisition.

In order to prevent the risk of a deterioration in insurance conditions or a cancellation of the limits/cover commitments, contact is made with trade credit insurers before or shortly after the takeover and, as a rule, the current financial situation and the restructuring plan for the investment are also explained in detail. Proactive communication and regular reporting of the investments to the trade credit insurers create a basis of trust that enables constructive cooperation.

Personnel risks

Mutares' business success depends to a large extent on experienced key personnel, who must have outstanding cross-industry expertise in corporate transactions, financing, and corporate law, as well as operational restructuring, while at the same time being highly resilient. Mutares competes globally with private equity firms in recruiting and retaining these key personnel, who are also in high demand for this profile. Mutares faces this competition and ensures through a bundle of measures that the company has sufficient highly qualified personnel to operate its business model. This includes not only variable, highly performance-related compensation structures commensurate with the high level of expertise required; through careful personnel selection, a high degree of autonomy for the restructuring managers deployed, and the most variable, highly performance-related compensation possible, Mutares offers an attractive working environment for entrepreneurial personalities.

The recruitment of qualified personnel is also a key success factor in the portfolio companies. Here, local factors – such as locations without an attractive local living environment or high demand from other employers in the region – can represent an additional risk.

IT risks and data security

The business and production processes and internal and external communications of companies are based to a large extent on information technologies. The data protection requirements resulting from the new General Data Protection Regulation are increasing and changing continuously – especially with regard to the confidentiality, availability and integrity of personal data. Secure protection against unauthorized access is particularly important, for example to sensitive information on potential transactions, the portfolio companies or economic information of the Mutares Group. There is a risk of unauthorized access due to a hacker attack or vulnerabilities in the Mutares Group network. A significant disruption or failure of the systems used may lead to an impairment of the business and production systems up to a complete loss of data.

Therefore, the preparation, monitoring and training of IT documentation on the hardware used, software licenses, the network and security policies, including access and data protection security concepts, is an integral part of risk prevention in the Mutares Group. The IT structures and data flows in the Mutares Group are largely standardized. In order to prevent potential failures, data loss, data manipulation and unauthorized access to the IT network, Mutares SE & Co. KGaA uses current, and in some cases industry-specific, standard software from renowned providers. If necessary, this is supplemented by the Group's own specific developments, which are subject to continuous quality control. Back-up systems, mirrored databases and defined contingency planning safeguard the data inventory and ensure availability. The IT systems are protected by special access and authorization concepts as well as effective and continuously updated anti-virus software.

All business processes of Mutares SE & Co. KGaA have been recorded, evaluated, and transferred to a data protection management system within the scope of DSGVO or GDPR compliance. All employees of Mutares SE & Co. KGaA are provided with detailed guidelines and work instructions on the subject of data protection, data security and general IT security The IT infrastructure of Mutares SE & Co. KGaA is also continuously kept up to date with the latest technical standards.

Newly acquired group companies of Mutares are regularly confronted with the challenge of separating the existing IT systems from the IT landscape of the former parent company in a timely, cost-effective manner and without system failures. Such changeover phases are also subject to the risks outlined above. Mutares generally pursues the approach of subjecting the group companies to a technical modernization as part of the carve-out, replacing obsolete systems and hardware and thereby increasing the IT security standard. As part of IT due diligence, risks are recorded, assessed and measures for elimination defined. The goal is always the use of state-of-the-art systems and applications and the use of cloud technologies for the efficient and secure provision of business processes.

Tax risks

Mutares SE & Co. KGaA and its subsidiaries operate worldwide and are therefore subject to various tax laws. Significant uncertainties for the net assets, financial position, and results of operations of the Mutares Group thus result in particular from ongoing, but also in connection with the COVID-19 pandemic, changes in legislation, case law and different legal interpretations by the respective tax authorities. In order to be able to respond appropriately to the associated tax risks, changes in tax legislation are continuously monitored by the tax department and countered by means of appropriate measures. External experts are consulted where necessary.

OVERALL STATEMENT ON THE OPPORTUNITY AND RISK SITUATION

Based on the information currently available to the Management Board from the systematic, multi-level risk management system, no risks can be identified that, individually or in combination, could jeopardize the continued existence of the Mutares Group or individual material Group companies. or individual material group companies. However, it is generally possible that future results may deviate from the Management Board's current expectations. In particular, the further course of the COVID-19 pandemic, which has been ongoing since the beginning of 2020, as well as the armed conflict between Russia and Ukraine, which started on 24 February 2022, and their respective economic effects cannot be reliably estimated at the time of preparation of this combined management and group management report; however, in the opinion of the Management Board, this does not affect the positive going concern forecast for the Mutares Group as a whole.

8. FORECAST REPORT

The forecast for financial year 2022 in the combined management and group management report for financial year 2021 continues to be influenced by the COVID-19 pandemic, which has been ongoing since the beginning of 2020, and its impact on the stability of supply chains and the price development of key precursors and raw materials. In addition, the likely manifold effects of the armed conflict between Russia and Ukraine, which began with the military invasion of Russian forces on 24 February 2022, on the business development, risks, and earnings situation of Mutares cannot be validly estimated at present. As a result, the following forecast of the Management Board is not only still subject to uncertainty to a greater extent than usual due to the high degree of uncertainty regarding the future economic development, but also explicitly assumes that risks from the armed conflict between Russia and Ukraine will not materialize to an extent significant for the financial position, financial performance, and cash flows of Mutares.

In this environment, the Management Board is aiming for a **transaction volume** in financial year 2022 at least at the level of financial year 2021. At present, it is not foreseeable that the current high level of transaction activity will decline; the Management Board is confident that it will achieve this goal.

Against the background of the acquisitions of the current financial year 2022 completed and signed by the preparation date of this combined management and group management report, the assumptions regarding further intended transactions in the course of the year as well as the plans of the individual portfolio companies, which were prepared in the second half of the financial year 2021 and therefore do not yet include the effects of the Russia-Ukraine conflict that has been waged since 24 February 2022. The Management Board continues to expect an extraordinary increase in annualized **revenues** for the Mutares Group to at least EUR 4.0 billion in the financial year 2022, based on the assumptions of further intended transactions and the individual portfolio companies, which were prepared in the second half of the financial year 2021 and therefore do not yet include the effects of the Russia-Ukraine conflict, which has been at war since 24 February 2022.

Taking into account the acquisitions completed, signed and intended by the preparation date for the current financial year 2022, (reported) **EBITDA** is again expected to reach a clearly positive level, in particular due to the gains from bargain purchases arising in this context.

From today's perspective, the Management Board expects an increase in **Adjusted EBITDA** compared with the financial year 2021 due to offsetting effects. Adjusted EBITDA will be negatively impacted by the negative earnings contributions of the newly acquired investments. On the other hand, from today's perspective the Management Board expects a clearly positive contribution from the acquisitions in financial years 2020 and 2021 due to the initiated restructuring measures and the resulting increase in profitability. However, Adjusted EBITDA is expected to continue to be negatively impacted by the partly massive price increases for raw materials (e.g., steel, plastic granules and pulp) at various investments. Depending on the further development of raw material prices in financial year 2022 and beyond, negative and in some cases very negative effects on the Group's profitability cannot be ruled out, especially if it is not possible to pass on these price increases to an appropriate extent to the customers of the portfolio companies affected.

The **net profit** of Mutares SE & Co. KGaA is regularly expected to be in a range of 1.8% to 2.2% of the consolidated revenues of the Mutares Group. Based on expected revenues for the Mutares Group of at least EUR 4.0 billion the Management Board therefore expects a net profit in the range of EUR 72 million to EUR 88 million in the financial year 2022. Based on the current planning and weighing up the risk factors, the Management Board therefore assumes that a sufficiently high net profit can also be generated for the financial year 2022 to ensure the ability of Mutares SE & Co. KGaA to pay dividends at least at the level of the market expectation.

Beyond this, the Management Board has no new information to suggest that the most recent forecasts and other statements – despite changes in the underlying conditions in some cases – regarding the expected development of the Group for the financial year 2022 have changed significantly.

Munich, 6 April 2022

Mutares Management SE,
General Partner of Mutares SE & Co. KGaA

The Board

Robin Laik

Mark Friedrich

Johannes Laumann

CONSOLIDATED FINANCIAL STATEMENTS

1. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

From 1 January to 31 December 2021

EUR million	Note	2021	2020
Revenues	6	2,504.0	1,583.9
Change in inventories		6.8	–23.1
Other income	7	770.1	241.3
Cost of material	8	–1,579.7	–974.6
Personnel expenses	9	–660.4	–423.9
Other expenses	10	–474.3	–260.8
Earnings before interest, taxes, depreciation and amortization (EBITDA)		**566.5**	**142.7**
Depreciation and amortization expenses		–119.2	–101.5
Earnings before interest and taxes (EBIT)		**447.3**	**41.2**
Financial income	11	8.5	3.9
Financial expenses	11	–27.2	–28.2
Profit before tax		**428.6**	**16.9**
Income tax expense/income	12	13.7	2.8
Net income for the year		**442.3**	**19.7**
Of which attributable to:			
Shareholders of the parent company		449.0	27.1
Non-controlling interest		–6.7	–7.4
Earnings per share in EUR (basic)	14	**26.85**	**1.78**
Earnings per share in EUR (diluted)	14	**26.83**	**1.78**

EUR million	Note	2021	2020
Net income	13	**442.3**	19.7
Other comprehensive income		**5.5**	**–5.5**
Items reclassified to profit or loss in future if certain conditiones are met			
Currency translation differences		4.0	–6.1
Items not subsequently reclassified to profit or loss			
Actuarial gains/losses	37	4.5	0.4
Change in fair value of financial assets/liabilities	35	–3.3	0.2
Other		0.3	0.0
Total comprehensive income	13	**447.8**	**14.2**
Of which attributable to:			
Shareholders of the parent company		453.8	22.2
Non-controlling interest		–5.9	–8.0

2. CONSOLIDATED BALANCE SHEET

As at 31 December 2021

ASSETS

EUR million	Note	31/12/2021	31/12/2020
Intangible assets	16	**134.0**	76.0
Property, plant and equipment	17	**556.7**	242.6
Right of use assets (RoU assets)	18	**318.6**	147.4
Trade and other receivables	23	**5.1**	1.9
Other financial assets	21	**73.6**	8.7
Income tax receivables	12	**0.9**	0.9
Other non-financial assets	22	**0.5**	1.8
Deferred tax assets	12	**27.4**	18.9
Non-current contract assets	20	**3.7**	0.0
Non-current assets		**1,120.6**	**498.3**
Inventories	19	**423.2**	203.5
Current contract assets	20	**50.6**	36.7
Trade and other receivables	23	**285.9**	256.6
Other financial assets	21	**179.4**	29.3
Income tax receivables	12	**2.8**	2.7
Other non-financial assets	22	**65.7**	37.2
Cash and cash equivalents	25	**255.1**	145.3
Assets held for sale	24	**177.1**	117.6
Current assets		**1,439.8**	**828.9**
Total assets		**2,560.4**	**1,327.2**

EQUITY AND LIABILITIES

EUR million	Note	31/12/2021	31/12/2020
Share capital	26	**20.6**	15.0
Capital reserves	27	**134.0**	37.9
Retained earnings	28	**565.8**	144.0
Other components of equity	29	**0.8**	-6.6
Share of equity attributable to shareholders of the parent company		**721.2**	**190.3**
Non-controlling interests	30	**15.2**	16.9
Total equity		**736.4**	**207.2**
Trade payables and other liabilities	34	**0.6**	0.4
Other financial liabilities	35	**145.9**	115.8
Lease liabilities	36	**262.7**	115.1
Provisions for pensions and other post-employment benefits	37	**153.0**	116.1
Other provisions	38	**88.9**	40.4
Other non-financial liabilities	39	**2.9**	2.3
Deferred tax liabilities	12	**137.8**	15.1
Non-current contract liabilities	20	**7.6**	0.1
Non-current liabilities		**799.3**	**405.4**
Trade payables and other liabilities	34	**372.2**	250.0
Other financial liabilities	35	**141.2**	109.7
Lease liabilities	36	**60.1**	33.4
Provisions	38	**80.5**	50.2
Income tax liabilities	12	**3.4**	3.5
Other non-financial liabilities	39	**148.0**	91.6
Current contract liabilities	20	**144.8**	68.6
Liabilities related to assets held for sale	24	**74.5**	107.6
Current liabilities		**1,024.8**	**714.6**
Total equity and liabilities		**2,560.4**	**1,327.2**

3. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

From 1 January 2020 to 31 December 2021

	Equity attributable to shareholders of the parent company						
EUR million	Share capital	Capital reserve	Retained earnings	Other equity components	Total	Non-controlling interests	Total equity
As at 01/01/2020	**15.2**	**37.3**	**134.9**	**–2.1**	**185.3**	**22.9**	**208.2**
Net income for the year	0.0	0.0	27.1	0.0	27.1	–7.4	19.7
Other comprehensive income after income taxes	0.0	0.0	0.0	–4.9	–4.9	–0.6	–5.5
Total comprehensive income for the financial year	**0.0**	**0.0**	**27.1**	**–4.9**	**22.2**	**–8.0**	**14.2**
Dividends paid	0.0	0.0	–15.2	0.0	–15.2	0.0	–15.2
Transactions with treasury shares	–0.2	0.0	–2.3	0.0	–2.5	0.0	–2.5
Equity-settled share-based payment	0.0	0.6	0.0	0.0	0.6	0.0	0.6
Minority interest transactions	0.0	0.0	0.0	0.0	0.0	2.0	2.0
Reclassification due to consolidation	0.0	0.0	–0.4	0.4	0.0	0.0	0.0
As at 31/12/2020	**15.0**	**37.9**	**144.0**	**–6.6**	**190.3**	**16.9**	**207.2**
As at 01/01/2021	**15.0**	**37.9**	**144.0**	**–6.6**	**190.3**	**16.9**	**207.2**
Net income for the year	0.0	0.0	449.0	0.0	449.0	–6.7	442.3
Other comprehensive income after income taxes	0.0	0.0	0.0	4.8	4.8	0.7	5.5
Total comprehensive income for the financial year	**0.0**	**0.0**	**449.0**	**4.8**	**453.8**	**–5.9**	**447.8**
Capital increase with subscription rights	5.1	95.1	0.0	0.0	100.2	0.0	100.2
Costs in connection with the rights issue capital increase	0.0	0.0	–6.3	0.0	–6.3	0.0	–6.3
Dividends paid	0.0	0.0	–23.1	0.0	–23.1	0.0	–23.1
Transactions with treasury shares	0.5	0.0	4.9	0.0	5.4	0.0	5.4
Recognition of share-based payments	0.0	1.0	0.0	0.0	1.0	0.0	1.0
Minority interest transactions	0.0	0.0	0.0	0.0	0.0	4.2	4.2
Reclassification due to consolidation	0.0	0.0	–2.6	2.6	0.0	0.0	0.0
As at 31/12/2021	**20.6**	**134.0**	**565.8**	**0.8**	**721.2**	**15.2**	**736.4**

4. CONSOLIDATED CASH FLOW STATEMENT

From 1 January to 31 December 2021

EUR million	Note	2021	2020
Net income for the year	13	442.3	19.7
Bargain purchase gains (–) from business combinations	5	–692.7	–207.8
Result from deconsolidations (–)	5	3.9	–4.9
Depreciation and amortization of intangibles and non-current assets	16, 17, 18	119.2	101.5
Gain (–)/loss (+) from the disposal of non-current assets	16, 17	–0.1	0.4
Other non-cash expenses (+)/income (–)		15.9	9.7
Interest expenses (+)/interest income (–)	11	18.7	24.3
Income tax expense (+)/income (–)	12	–13.7	–2.8
Income tax payments (–)	12	–6.9	–2.9
Increase (–)/decrease (+) in inventories	19	–22.4	16.5
Increase (–)/decrease (+) in trade receivables	23	43.1	7.1
Increase (+)/decrease (–) in trade payables	34	38.4	48.0
Variations in trade working capital		**59.1**	**71.6**
Increase (–)/decrease (+) in contract assets	20	2.3	2.2
Increase (–)/decrease (+) in other receivables	21, 22, 24	–6.4	–45.5
Increase (+)/decrease (–) in provisions	37, 38	–19.2	7.2
Increase (+)/decrease (–) in contract liabilities	20	17.7	24.5
Increase (–)/decrease (+) in other liabilities	24, 35, 39	–41.4	–28.9
Variations in other working capital		**–47.1**	**–40.4**
Currency translation effects		–2.2	–2.7
Cash flow from operating activities		**–103.5**	**–34.4**

EUR million	Note	2021	2020
Proceeds (+) from the disposal of property, plant and equipment	17	**8.7**	5.6
Disbursements (–) for investments in property, plant and equipment	17	**–47.7**	–28.7
Proceeds (+) from disposal of intangible assets	16	**0.3**	0.9
Disbursements (–) for investments in intangible assets	16	**–12.0**	–6.8
Proceeds (+) from disposal of assets held for sale	24	**3.0**	10.5
Payments (–) for additions to the consolidation group	5	**–25.7**	–13.7
Proceeds (+) from additions to consolidation group	5	**214.5**	92.3
Proceeds (+) from disposals from the consolidation group	5	**57.6**	7.1
Payments (–) for disposals from the consolidation group	5	**–28.1**	–16.2
Interest received (+)	11	**0.8**	0.4
Cash flow from investing activities		**171.5**	**51.4**
Proceeds (+) from capital increases	26, 27	**100.2**	0.0
Payments (–) in connection with proceeds from capital increases	26, 27	**–5.9**	0.0
Dividends paid (–) to shareholders of the parent company	28	**–23.1**	–15.2
Payments (–) for the acquisition of own shares	33	**5.4**	–2.5
Proceeds (+) from (financial) loans	35	**61.7**	133.0
Repayments (–) of (financial) loans	35	**–17.7**	–29.0
Payments (–) for the repayment of lease liabilities	36	**–49.5**	–27.6
Proceeds (+)/payments (–) from factoring	35	**–9.9**	5.9
Interest paid (–)	11	**–13.4**	–6.7
Cash flow from financing activities		**47.9**	**57.8**
Change in cash and cash equivalents		**115.9**	**74.9**
Effect of currency translation on cash and cash equivalents		**0.5**	–0.5
Change in cash and cash equivalents due to IFRS 5 reclassification	24	**–6.6**	–8.7
Cash and cash equivalents at the beginning of the period	25	**145.3**	79.7
Cash and cash equivalents at the end of the period	**25**	**255.1**	**145.3**

A. BASICS/GENERAL INFORMATION

1. Reporting company

Mutares SE & Co. KGaA, Munich (hereinafter referred to as "the Company" or also "Mutares") has its registered office in Munich and is registered there with the local court in the commercial register section B under number 250347. The registered office and at the same time the head office of the Company is Arnulfstraße 19, 80335 Munich.

Mutares' business approach comprises the acquisition, transformation (restructuring, optimization and repositioning) and development as well as the sale of companies in transition situations. When selecting targets, Mutares focuses on identifying existing value creation potential that can be realized within one to two years through extensive operational and strategic optimization or transformation measures.

In addition to its home market Germany, Mutares is present in other strategic core markets in Europe through its own offices.

As of 31 December 2021, the portfolio of Mutares SE & Co. KGaA contains 23 operating investments or investment groups (previous year: 20), which are classified into the three segments (1) Automotive & Mobility, (2) Engineering & Technology and (3) Goods & Services.

2. Basis of preparation of the financial statements

On 14 October 2021, Mutares completed the capital increase and uplisting announced on 28 September 2021. The shares of Mutares SE & Co. KGaA will be admitted to trading on the Regulated Market (Prime Standard) of the Frankfurt Stock Exchange as a result of the uplisting, i.e. to the stock exchange segment with the highest transparency and post-admission obligations in Europe.

The Company's financial year is the calendar year. The consolidated financial statements of Mutares for the financial year 2021, consisting of the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements, have been prepared in accordance with International Financial Reporting Standards, as adopted by the European Union, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB. The term IFRS also includes all International Accounting Standards (IAS) still in force as well as all interpretations and amendments of the International Financial Reporting Standards Interpretations Committee (IFRS IC) – formerly the International Financial Reporting Interpretations Committee (IFRIC) – and the former Standing Interpretations Committee (SIC).

The consolidated financial statements have been prepared under the historical cost convention. This does not apply to selected financial instruments and share-based payments, which are measured at fair value. A corresponding explanation is provided in the context of the respective accounting and valuation methods.

Historical cost is generally based on the fair value of the consideration paid in exchange for the asset. The fair value is the consideration that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the transaction date. It is irrelevant for the price whether it is directly observable or determined using a valuation technique.

If the fair value is determined using a valuation technique, it must be classified in one of the following three categories depending on the observable parameters available and the respective significance of the parameters for a valuation as a whole:

- **Level 1:** Input parameters are quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.
- **Level 2:** Input parameters are prices other than those quoted in Level 1 that are either directly observable for the asset or liability or can be derived indirectly.
- **Level 3:** Input parameters are unobservable for the asset or liability.

As a rule, the Group classifies assets and liabilities as current if they are expected to be realized or settled within twelve months of the balance sheet date. Where assets and liabilities have both a current and a non-current portion, they are broken down into their maturity components and presented as current and non-current assets or liabilities in accordance with the balance sheet classification.

The consolidated statement of comprehensive income is prepared using the nature of expense method. Mutares SE & Co. KGaA prepares and publishes the consolidated financial statements in euros (EUR). Unless otherwise stated, all figures are generally presented in millions of euros (EUR million for short). Differences of up to one unit (million, %) are due to rounding differences for computational reasons.

All IAS/IFRS mandatory for 31 December 2021 and all interpretations (SIC/IFRIC) adopted by the European Union as of 31 December 2021 and effective have been taken into account.

The consolidated financial statements have been prepared on a going concern basis.

3. Estimates and discretionary decisions

The preparation of financial statements in conformity with IFRS requires management to make estimates and judgments that affect the reported amounts and related disclosures. The estimates and judgments in these consolidated financial statements relate primarily to the purchase price allocations in the context of business combinations (especially the determination of the fair value of acquired assets and liabilities). The estimates and judgments in these consolidated financial statements relate primarily to purchase price allocations in the context of business combinations (in particular, determining the fair value of acquired assets and liabilities and estimating contingent purchase price components), deconsolidation due to loss of control, the assessment of the recoverability of intangible assets, property, plant and equipment, and trade receivables, the determination of uniform useful lives for property, plant and equipment and intangible assets throughout the Group, and the recognition and measurement of retirement benefit plans/pension provisions, income taxes, and deferred tax assets on loss carryforwards.

The assumptions underlying the discretionary decisions and estimates are based on the knowledge currently available. In particular, the expected future business development and the circumstances prevailing at the time of preparation of the consolidated financial statements are taken into account. The future development of the business environment, which is assumed to be realistic, is also taken as a basis. Due to the increased uncertainty with regard to future economic developments, among other things in the context of the COVID 19 pandemic, which has still not been overcome, and the current geopolitical situation, particularly with regard to the armed conflict in Ukraine, the premises for discretionary decisions and estimates are therefore subject to greater uncertainty than usual. Should the conditions that occur deviate from the premises, or should developments occur that differ from the underlying assumptions and are beyond management's control, the amounts that arise may differ from the original estimates. The estimates are based on historical experience and other assumptions that are believed to be reasonable under the circumstances. The estimates and assumptions are reviewed on an ongoing basis. Changes in estimates are only recognized in the period in which they occur if the change affects only one period. Revisions to estimates that affect both the current and subsequent reporting periods are recognized accordingly in this and subsequent periods.

3.1. ESTIMATES

In the context of **business combinations**, estimates are generally made with regard to the determination of the fair value of the acquired assets and liabilities. Land and buildings are generally valued according to standard land values or, like technical equipment and machinery, by an independent expert. For the valuation of intangible assets, independent external experts are generally consulted, depending on the type of asset and the complexity of the valuation. Depending on the type of asset and the availability of information, different valuation techniques are used, which can be broken down into cost, market price and capital value-oriented methods.

The total amount of net assets acquired from the business combinations in the financial year 2021, for which the determination of the fair value was partly subject to estimation uncertainties, amounts to EUR 733.1 million (previous year: EUR 220.2 million).

The fair value of contingent consideration in connection with business acquisitions and disposals that are subsequently measured at Level 3 fair value is determined in accordance with generally accepted valuation techniques based on discounted cash flow analyses. The main input parameters are expectations of future cash flows and discount rates.

The accounting treatment of business combinations for which the measurement period of IFRS 3.45 has not yet expired is still provisional in some cases.

Retirement benefit plans/pension provisions are mapped by Mutares on the basis of actuarial mathematical models. For this purpose, estimates are required and made regarding, among other things, the discount rate, the compensation, and life expectancy. Changes in market and economic conditions can lead to deviating probabilities of current developments for the parameters mentioned. Differences in significant parameters are calculated on the basis of sensitivity analyses. For details of the estimates made, please refer to the relevant explanatory notes on retirement benefit plans/pension provisions in note 37.

Mutares estimates the expected **useful lives** of intangible assets with finite useful lives (note 53.3) and property, plant and equipment (note 54.4), and tests intangible assets with indefinite useful lives (including goodwill) for **impairment** annually. The recoverable amount must be estimated. This corresponds to the higher of fair value less costs to sell and value in use. Determining the recoverable amount regularly involves making estimates regarding the forecast and discounting of future cash flows. Management believes that the estimates made regarding the expected useful life and recoverability of certain assets, the assumptions about macro economic conditions and developments in the industries in which Mutares operates, and the estimate of the present values of future payments are appropriate. Nevertheless, changed assumptions or changed circumstances may make corrections necessary. These may lead to additional impairments or even reversals of impairments in the future, if the developments expected by Mutares cannot be fully realized. For details on the estimates made, please refer to the relevant explanations on assets in note 16 and note 17.

Some **leases** in the Mutares Group include renewal and termination options. When determining the term of leases, Mutares considers all relevant facts and circumstances that provide an economic incentive to exercise or not exercise renewal or termination options. Any changes in the lease term are only taken into account if there is sufficient certainty that renewal or termination options will be exercised or not exercised during the lease term. This generally leads to a remeasurement of the lease liability and a corresponding adjustment to the right of use not affecting profit or loss.

3.2. DISCRETIONARY DECISIONS

Management has made judgments in the process of applying the Group's accounting policies that affect the consolidated financial statements. The judgments described below include estimates.

In accordance with IFRS 15, Mutares makes judgments in determining the amount and timing of **revenue from contracts with customers**. For contracts that are fulfilled over a period of time, both the input method (cost-to-cost) and the output method are used, depending on the assessment of Mutares' ability to convey a true and fair view of the performance. For time-period related services, performance is deemed to be fulfilled when the service is rendered. For contracts that are fulfilled at a specific point in time, revenue recognition is based on the transfer of control over the good. As a rule, the assessment of the transfer of control is based on the agreed Incoterms.

The companies of Mutares are obliged to pay **income taxes**. Assumptions are required to determine the tax liabilities. There are business transactions and calculations for which the final taxation cannot be conclusively determined during the ordinary course of business. The Group measures the amount of provisions for expected tax payments on the basis of estimates as to whether and in what amount additional taxes will be due. If the final taxation of these transactions differs from the initial estimate, this will have an effect on the current and deferred taxes in the period in which the taxation is finally determined. For details on the discretionary decisions made, please refer to the explanations on income taxes in note 12.

For the recognition of deferred tax assets on loss carryforwards, Mutares estimates the future taxable income and the timing of the future realization and thus reversal of deferred tax assets. In doing so, estimates of the projected operating result, the result from reversing taxable temporary differences and realistic tax policies are consulted. Due to the uncertainty about future developments of the respective companies, Mutares has to make appropriate assumptions regarding deferred tax assets on loss carryforwards. Accordingly, deferred tax assets are only recognized to the extent that future usability is sufficiently probable. For details on the discretionary decisions made, please refer to the explanations on deferred tax assets on loss carryforwards in note 12.6.

If the respective assets do not generate cash inflows that are largely independent of other cash inflows, the **impairment test** is performed at the level of the cash-generating unit to which the assets to be tested are allocated.

In the accounting treatment of **leases**, Mutares regularly uses the incremental borrowing rate to discount the lease payments relevant to the measurement of the present value of the lease liabilities due to the lack of availability of the interest rate on which the lease is based. This is determined for each lease on a term-equivalent basis and on a currency-specific risk-equivalent basis and generally comprises three components. These generally comprise corresponding reference interest rates, company-specific credit risk premiums, and contract-specific adjustments. Mutares derives the reference interest rates from maturity-equivalent government bonds using a database. The credit risk premiums specific to companies are determined on the basis of capital market data via synthetic ratings. Contract-specific adjustments are implicitly taken into account.

B. COMPOSITION OF THE GROUP

4. Scope of consolidation

FULLY CONSOLIDATED COMPANIES

As of 31 December 2021, the consolidated group of Mutares SE & Co. KGaA comprises 177 (previous year: 151) fully consolidated companies in addition to the parent company. Of these, 72 (previous year: 66) companies have their registered office in Germany and 105 (previous year: 85) companies have their registered office abroad.

As of 31 December 2021, the scope of consolidation includes the intermediate holding companies and the following operating units and national companies:

Segment Automotive & Mobility

No.	Participation	Description
1	**Light Mobility Solutions**	Light Mobility Solutions GmbH, Obertshausen
2	**ESF Industrial Solutions** Group[1]	SFC companies in Poland, Italy, Spain, Germany, France and India; Elastomer Solutions GmbH, Wiesbaum, and its subsidiaries; Plati Elettroforniture S.p.A., Modena/Italy and its subsidiaries
3	**KICO** and **ISH** Group	KICO GmbH, Halver, and its subsidiaries; Innomotive Systems Hainichen GmbH and its Chinese subsidiary
4	**PrimoTECS** and **Rasche Umformtechnik** Group	PrimoTECS S.p.A., Avigliana/Italy; Rasche Umformtechnik GmbH & Co KG, Plettenberg
5	**iinovis** Group	iinovis Beteiligungs GmbH, Munich, and its subsidiaries

[1] In the consolidated financial statements for the financial year 2020, SFC Solutions, Elastomer Solutions and Plati were each presented as independent investments. In view of the ongoing integration of the entities, they are presented as a single investment group for the first time in these consolidated financial statements.

Segment Engineering & Technology

No.	Participation	Description
6	**Donges** Group	Donges Steeltec GmbH, Darmstadt, and its subsidiaries
7	**Lacroix + Kress**	Lacroix + Kress GmbH, Bramsche
8	**La Rochette Cartonboard**	La Rochette Cartonboard S.A.S., Valgelon-La Rochette/France
9	**Balcke-Dürr** Group	Balcke-Dürr GmbH, Dusseldorf, and its subsidiaries
10	**Gemini Rail** and **ADComms**	Gemini Rail Services UK Ltd., Wolverton/United Kingdom and ADComms, Scunthorpe/United Kingdom
11	**Royal de Boer** and **Japy Tech** Group	Royal de Boer Stalinrichtingen B.V., Leeuwarden/Netherlands and Japy Tech S.A.S., Dijon/France
12	**Clecim**	Clecim S.A.S., Savigneux/France

Segment Goods & Services

No.	Participation	Description
13	**Lapeyre** Group	Lapeyre Holding S.A.S., Aubervillier/France, and its subsidiaries
14	**Frigoscandia** Group	Frigoscandia AB, Helsingborg/Sweden, and its subsidiaries
15	**BEXity**	BEXity GmbH, Vienna/Austria
16	**Terranor** Group	terranor Oy, Helsinki/Finland; terranor AB, Solina/Sweden; terranor AS, Trige/Denmark
17	**Ganter** Group	Ganter Construction & Interiors GmbH, Waldkirch, and its subsidiaries
18	**keeeper** Group	keeeper GmbH, Stemwede and its Polish subsidiary
19	**FASANA**[2]	FASANA GmbH (formerly: keeeper Tableware GmbH), Euskirchen
20	**Repartim** Group	REPARTIM S.A.S., Tours/France
21	**SABO**	SABO Maschinenfabrik GmbH, Gummersbach
22	**EXI**	EXI S.p.A., Rome/Italy
23	**Asteri Facility Solutions**	Asteri Facility Solutions AB (formerly: Alliance Plus AB), Solna/Sweden

[2] FASANA was still part of the keeeper Group under the name keeeper Tableware in the consolidated financial statements for the 2020 financial year. However, due to its largely operational independence, it is now presented as a separate investment.

Country subsidiaries

No.	Subsidiary	Description
1	**Mutares France**	Mutares France S.A.S., Paris/France
2	**Mutares Italy**	Mutares Italy Srl, Milan/Italy
3	**Mutares UK**	Mutares UK Ltd, London/United Kingdom
4+5	**Mutares Nordics**	Mutares Nordics Oy, Vantaa/Finland; Mutares Nordics AB, Stockholm/Sweden
6	**Mutares Iberia**	Mutares Iberia S.L., Madrid/Spain
7	**Mutares Austria**	Mutares Austria GmbH, Vienna/Austria
8	**Mutares Benelux**	Mutares Benelux B.V., Amsterdam/Netherlands

Details of the scope of consolidation are provided in the list of shareholdings, which forms part of these notes to the consolidated financial statements as Annex 1.

5. Changes in the scope of consolidation

5.1. ACQUISITIONS OF SUBSIDIARIES

The acquisitions of subsidiaries in the two relevant reporting periods are listed below.

5.1.1. Acquisitions of subsidiaries in the financial year

In the period from 1 January to 31 December 2021, the following subsidiaries were acquired and consolidated for the first time:

Acquisition of Ericsson Services Italia S.p.A. (now operating as EXI S.p.A.)

Mutares signed an agreement on 29 January 2021 to acquire the Italian communications service provider of Ericsson Services Italia S.p.A. (now operating as EXI S.p.A.). The company specializes in network expansion and maintenance services and is allocated to the Goods & Services segment. The closing of the transaction took place on 31 March 2021.

The consideration for the acquisition of the company amounted to EUR 1, acquisition-related incidental costs for the transaction were incurred only to an insignificant extent. These are included in other expenses in the statement of comprehensive income. The net assets acquired were measured at a fair value of EUR 10.2 million, resulting in a bargain purchase gain of EUR 10.2 million.

The following table presents the results of the purchase price allocation and the derivation of the bargain purchase gain recognized in other income:

EUR million	Fair Value
Intangible assets	0.7
Property, plant and equipment	0.1
Right of use assets	1.3
Other non-current assets	0.0
Non-current assets	**2.1**
Inventories	0.0
Current trade and other receivables	5.3
Other current assets	12.9
Current assets	**18.2**
Deferred tax liabilities	0.4
Other non-current liabilities	4.0
Non-current liabilities	**4.4**
Current liabilities	**5.7**
Net assets	**10.2**
Bargain purchase	**10.2**
Consideration	**0.0**

The fair value of the acquired receivables in relation to a gross receivable amount of EUR 1.4 million at the date of acquisition amounts to EUR 1.4. Accordingly, the best estimate made at the acquisition date for contractual cash flows that are not expected to be collected is EUR 0.0 million.

The consolidated financial statements include revenues of EUR 14.9 million and earnings after taxes of EUR –4.1 million from the acquired company for the reporting period. If the company had already been acquired as of 1 January 2021, it would have contributed revenues of EUR 19.5 million and earnings after taxes of EUR –4.1 million to the Group's earnings in the reporting period.

Acquisition of Primetals Technologies France S.A.S. (now trading as Clecim S.A.S.)

Also effective 31 March 2021, Mutares completed the acquisition of Primetals Technologies France S.A.S., a provider of solutions for steel processing lines with a production site in France. The company now operates under the name Clecim and strengthens the Engineering & Technology segment.

The consideration for the acquisition of the Company amounted to EUR 2.0 million; in the context of a purchase price mechanism, there was an adjustment of the purchase price by EUR 1.9 million, on the basis of which a payment was made by the seller. Acquisition-related incidental costs for the transaction were incurred only to an insignificant extent. These are included in the overall result statement under other expenses. The net assets acquired were measured at a fair value of EUR 25.3 million, resulting in a bargain purchase gain of EUR 25.2 million.

The following table presents the results of the purchase price allocation and the derivation of the bargain purchase gain recognized in other income:

EUR million	Fair Value
Intangible assets	0.8
Property, plant and equipment	6.1
Right of use assets	0.1
Other non-current assets	0.8
Non-current assets	**7.8**
Inventories	6.6
Current trade and other receivables	13.4
Other current assets	24.0
Current assets	**44.1**
Deferred tax liabilities	0.0
Other non-current liabilities	4.9
Non-current liabilities	**4.9**
Current liabilities	**21.7**
Net assets	**25.3**
Bargain purchase	**25.2**
Consideration	**0.1**

The fair value of the acquired receivables in relation to a gross receivable amount of EUR 7.8 million at the acquisition date amounts to EUR 7.2. Accordingly, the best estimate made at the acquisition date for contractual cash flows that are not expected to be collected is EUR 0.6 million.

The consolidated financial statements include sales of EUR 26.8 million and earnings after taxes of EUR –4.3 million from the acquired company for the reporting period.

If the company had already been acquired on 1 January 2021, it would have contributed revenues of EUR 30.3 million and earnings after taxes of EUR –8.2 million to the Group's earnings in the reporting period.

Acquisition of the Carglass® Maison Group (now operating as Repartim)

Mutares completed the acquisition of a majority stake of 80% in Carglass® Maison Group, a French provider of home repair and emergency services, at the beginning of April 2021, strengthening the Goods & Services segment. The remaining 20% stake is held by HomeServe France, a specialist in home repairs and maintenance. The company now operates on the market under the Repartim brand.

The consideration for the acquisition of the Company amounted to EUR 0.0 million. Acquisition-related incidental costs for the transaction were incurred only to an insignificant extent. These are recognized in the statement of comprehensive income under other expenses. The net assets acquired were measured at a fair value of EUR 15.6 million, resulting in a bargain purchase gain in the amount of EUR 12.5 million.

The following table presents the results of the purchase price allocation and the derivation of the bargain purchase gain recognized in other income:

EUR million	Fair Value
Intangible assets	1.2
Property, plant and equipment	1.5
Right of use assets	4.6
Other non-current assets	0.5
Non-current assets	**7.8**
Inventories	0.3
Current trade and other receivables	9.4
Other current assets	12.7
Current assets	**22.4**
Deferred tax liabilities	0.6
Other non-current liabilities	4.4
Non-current liabilities	**5.0**
Current liabilities	**9.7**
Net assets	**15.6**
Minority interest	**3.1**
Bargain purchase	**12.5**
Consideration	**0.0**

The fair value of the acquired receivables based on a gross receivable amount of EUR 13.0 million at the acquisition date amounts to EUR 6.7 million. Accordingly, the best estimate made at the acquisition date for contractual cash flows that are not expected to be collected is EUR 6.3 million.

The consolidated financial statements include sales of EUR 25.0 million and earnings after taxes of EUR –8.1 million from the acquired company for the reporting period.

If the company had already been acquired as of 1 January 2021, it would have contributed revenues of EUR 33.9 million and earnings after taxes of EUR –1.1 million to the Group's earnings in the reporting period.

Acquisition of RDM La Rochette S.A.S. (now operating as La Rochette Cartonboard S.A.S.)

At the end of April 2021, Mutares completed the acquisition of RDM La Rochette S.A.S. from the Italian Reno De Medici Group. The company is based in France and produces folding cartonboard based on virgin fibers mainly for the pharmaceutical and life medium packaging industries. The acquisition strengthens the Engineering & Technology segment.

A preliminary purchase price of EUR 11.5 million was agreed for the acquisition of the company, of which EUR 5.0 million was or was to be paid as a payment at the time of closing and EUR 6.5 million later. On the basis of a purchase price mechanism, the purchase price was adjusted to a value of EUR 12.3 million. In addition, an earn-out agreement was made in the purchase agreement, which is expected to lead to a further adjustment of EUR 3.2 million, bringing the total consideration to EUR 15.5 million. Acquisition-related incidental costs for the transaction have only been incurred to an insignificant extent. These are included in the overall result statement under other expenses. The acquired net assets were measured at a fair value of EUR 62.2 million, resulting in a bargain purchase gain of EUR 46.7 million.

The following table presents the results of the purchase price allocation and the derivation of the bargain purchase gain recognized in other income:

EUR million	Fair Value
Intangible assets	12.6
Property, plant and equipment	42.6
Right of use assets	3.7
Other non-current assets	2.0
Non-current assets	**60.8**
Inventories	16.6
Current trade and other receivables	22.3
Other current assets	9.4
Current assets	**48.3**
Deferred tax liabilities	0.7
Other non-current liabilities	10.0
Non-current liabilities	**10.7**
Current liabilities	**36.2**
Net assets	**62.2**
Bargain purchase	**46.7**
Consideration	**15.5**

The fair value of the acquired receivables based on a gross receivable amount of EUR 21.6 million at the acquisition date amounts to EUR 20.8 million. Accordingly, the best estimate made at the acquisition date for contractual cash flows that are not expected to be collected is EUR 0.8 million.

The consolidated financial statements include sales of EUR 78.4 million and earnings after taxes of EUR –6.5 million from the acquired company for the reporting period.

If the company had already been acquired as of 1 January 2021, it would have contributed revenues of EUR 122.7 million and earnings after income taxes of EUR –2.5 million to the Group's earnings in the reporting period.

Acquisition of Alan Dick Communications Limited

Mutares acquired Alan Dick Communications Limited ("ADComms") from Panasonic Europe at the end of May 2021. ADComms supplies communications and safety systems to the UK rail sector. The company is highly complementary to the portfolio company Gemini Rail Group from the Engineering & Technology segment. Significant operational synergies are expected as part of the future collaboration.

The consideration for the acquisition of the company was GBP 1. Acquisition-related incidental costs for the transaction were incurred only to an insignificant extent. These are included in other expenses in the statement of comprehensive income. The net assets acquired were measured at a fair value of EUR 1.8 million, resulting in a bargain purchase gain in the amount of EUR 1.8 million.

The following table presents the results of the purchase price allocation and the derivation of the bargain purchase gain recognized in other income:

EUR million	Fair Value
Intangible assets	0.1
Property, plant and equipment	0.2
Right of use assets	0.1
Other non-current assets	0.9
Non-current assets	**1.3**
Inventories	1.3
Current trade and other receivables	0.1
Other current assets	11.4
Current assets	**12.8**
Deferred tax liabilities	0.0
Other non-current liabilities	0.1
Non-current liabilities	**0.1**
Current liabilities	**12.3**
Net assets	**1.8**
Bargain purchase	**1.8**
Consideration	**0.0**

The fair value of the acquired receivables based on a gross receivable amount of EUR 0.0 million at the acquisition date amounts to EUR 0.0 million. Accordingly, the best estimate made at the acquisition date for contractual cash flows that are not expected to be collected is EUR 0.0 million.

The consolidated financial statements include sales of EUR 15.6 million and earnings after taxes of EUR –13.3 million from the acquired company for the reporting period.

If the company had already been acquired as of 1 January 2021, it would have contributed revenues of EUR 23.9 million and earnings after income taxes of EUR –17.0 million to the Group's earnings in the reporting period.

Acquisition of NCC Road Service A/S (now operating under the name Terranor AS)

Terranor Group, a platform investment in the Goods & Services segment, has successfully completed the acquisition of NCC Road Service AS (now operating as Terranor AS) from NCC as of 31 May 2021. With the acquisition of NCC's Danish road operation and maintenance services business, Terranor Group further expands its presence in the Scandinavian countries.

The consideration for the acquisition of the Company amounted to EUR 4.3 million. Acquisition-related incidental costs for the transaction were incurred only to an insignificant extent. These are recognized in the statement of comprehensive income under other expenses. The net assets acquired were measured at a fair value of EUR 4.5 million, resulting in a bargain purchase gain of EUR 0.2 million.

The following table presents the results of the purchase price allocation and the derivation of the bargain purchase gain recognized in other income:

EUR million	Fair Value
Intangible assets	3.7
Property, plant and equipment	0.3
Right of use assets	5.9
Other non-current assets	0.1
Non-current assets	**10.1**
Inventories	0.0
Current trade and other receivables	4.0
Other current assets	3.7
Current assets	**7.8**
Deferred tax liabilities	1.6
Other non-current liabilities	4.5
Non-current liabilities	**6.1**
Current liabilities	**7.3**
Net assets	**4.5**
Bargain purchase	**0.2**
Consideration	**4.3**

The fair value of the receivables acquired in relation to a gross receivable amount of EUR 4.1 million at the acquisition date amounts to EUR 4.1 million. Accordingly, the best estimate made at the acquisition date for contractual cash flows that are not expected to be collected is EUR 0.0 million.

The consolidated financial statements include sales of EUR 23.9 million and earnings after taxes of EUR 0.4 million from the acquired company for the reporting period.

If the company had already been acquired as of 1 January 2021, it would have contributed revenues of EUR 34.5 million and earnings after income taxes of EUR –0.4 million to the Group's earnings in the reporting period.

Acquisition of Lapeyre Holding S.A.S.

The acquisition of Lapeyre Holding S.A.S. and its subsidiaries in France from Saint-Gobain on 1 June 2021 marks the largest acquisition in Mutares history in terms of revenues and number of employees. The company produces windows, doors, kitchens, bathroom furniture and staircases at ten French sites and distributes them together with merchandise through an extensive network of stores in France. As a new platform investment, Lapeyre strengthens the Goods & Services segment.

The consideration for the acquisition of the company amounted to EUR 1. In addition, Mutares made a payment into Lapeyre's equity of EUR 15.0 million and committed to a further financing of Lapeyre of EUR 5.0 million until 1 June 2023. Acquisition-related incidental costs for the transaction amount to a low single-digit million amount and are included in other expenses in the statement of comprehensive income. The net assets acquired were measured at a fair value of EUR 460.8 million, resulting in a bargain purchase gain of EUR 460.8 million.

The following table presents the results of the purchase price allocation and the derivation of the bargain purchase gain recognized in other income:

EUR million	Fair Value
Intangible assets	32.9
Property, plant and equipment	325.7
Right of use assets	70.8
Other non-current assets	68.0
Non-current assets	**497.5**
Inventories	135.0
Current trade and other receivables	27.6
Other current assets	241.3
Current assets	**403.9**
Deferred tax liabilities	96.2
Other non-current liabilities	97.3
Non-current liabilities	**193.5**
Current liabilities	**247.1**
Net assets	**460.8**
Bargain purchase	**460.8**
Consideration	**0.0**

The fair value of the acquired receivables based on a gross receivable amount of EUR 27.6 million at the acquisition date amounts to EUR 24.0 million. Accordingly, the best estimate made at the acquisition date for contractual cash flows that are not expected to be collected is EUR 3.6 million.

The consolidated financial statements include sales of EUR 385.9 million and earnings after taxes of EUR –41.6 million from the acquired company for the reporting period.

If the company had already been acquired as of 1 January 2021, it would have contributed revenues of EUR 676.5 million and earnings after taxes of EUR –66.4 million to the Group's earnings in the reporting period.

Acquisition of Permasteelisa España

The geographical growth path of the Donges Group as an investment from the Engineering & Technology segment was continued with the acquisition of Permasteelisa España (henceforth operating under the name PERMASTEELISA ESPAÑA DONGES GROUP S.A.), a supplier of glass structures for cladding building facades with a strong presence in the Iberian Peninsula). The acquisition was completed on 1 July 2021.

The consideration for the acquisition of the company amounted to EUR 5.6 million, of which EUR 3.6 million was paid indirectly at and the remaining EUR 2.0 million is to be paid in April 2022. Acquisition-related incidental costs for the transaction were incurred only to an insignificant extent. These are recognized in the statement of comprehensive income under other expenses. The net assets acquired were measured at a fair value of EUR 7.9 million, resulting in a bargain purchase gain of EUR 2.3 million.

The following table presents the results of the purchase price allocation and the derivation of the bargain purchase gain recognized in other income:

EUR million	Fair Value
Intangible assets	1.9
Property, plant and equipment	0.1
Right of use assets	0.5
Other non-current assets	3.4
Non-current assets	**6.0**
Inventories	0.0
Current trade and other receivables	2.0
Other current assets	2.3
Current assets	**4.3**
Deferred tax liabilities	0.5
Other non-current liabilities	0.1
Non-current liabilities	**0.5**
Current liabilities	**1.8**
Net assets	**7.9**
Bargain purchase	**2.3**
Consideration	**5.6**

The fair value of the acquired receivables in relation to a gross receivable amount of EUR 3.4 million at the acquisition date amounts to EUR 3.4 million. Accordingly, the best estimate made at the acquisition date for contractual cash flows that are not expected to be collected is EUR 0.0 million.

The consolidated financial statements include sales of EUR 2.4 million and earnings after taxes of EUR –1.4 million from the acquired company for the reporting period.

If the company had already been acquired as of 1 January 2021, it would have contributed revenues of EUR 9.5 million and earnings after taxes of EUR –1.9 million to the Group's earnings in the reporting period.

Acquisition of Light Mobility Solutions GmbH

In order to strengthen the Automotive & Mobility segment, Mutares completed the acquisition of three exterior plants from Magna, which represent business operations within the meaning of IFRS 3, effective 2 July 2021. The activities now operate under the name Light Mobility Solutions GmbH ("LMS"). LMS is a supplier of plastic exteriors and systems whose products include fascias, grilles, sill and side panels, spoilers and other exterior trim parts for leading auto manufacturers.

The original consideration for the acquisition of the three plants amounted to EUR 1 each. In addition, Mutares agreed to make a payment into the equity of LMS totaling EUR 10.0 million, of which EUR 5.5 million had already been paid at the time of closing of the transaction and the remaining EUR 4.5 million is scheduled to be paid in January 2022. An adjustment of EUR 3.6 million resulted in a final additional payment of EUR 29.9 million by the seller into LMS. The final purchase price amounted to EUR 0.0. Acquisition-related incidental costs for the transaction were incurred only to an insignificant extent. These are recognized in the statement of comprehensive income under other expenses. The net assets acquired were measured at a fair value of EUR 71.3 million, resulting in a bargain purchase gain of EUR 71.3 million.

The following table presents the results of the purchase price allocation and the derivation of the bargain purchase gain recognized in other income:

EUR million	Fair Value
Intangible assets	5.4
Property, plant and equipment	48.4
Right of use assets	62.0
Other non-current assets	0.0
Non-current assets	**115.8**
Inventories	55.9
Current trade and other receivables	44.1
Other current assets	38.0
Current assets	**137.9**
Deferred tax liabilities	30.4
Other non-current liabilities	107.0
Non-current liabilities	**137.4**
Current liabilities	**45.1**
Net assets	**71.3**
Bargain purchase	**71.3**
Consideration	**0.0**

The fair value of the acquired receivables based on a gross receivable amount of EUR 43.2 million at the acquisition date amounts to EUR 43.2 million. Accordingly, the best estimate made at the acquisition date for contractual cash flows that are not expected to be collected is EUR 0.0 million.

The consolidated financial statements include sales of EUR 155.4 million and earnings after taxes of EUR –20.5 million from the acquired company for the reporting period.

If the company had already been acquired as of 1 January 2021, it would have contributed revenues of EUR 321.8 million and earnings after income taxes of EUR –33.3 million to the Group's earnings in the reporting period.

Acquisition of Innomotive Systems Hainichen GmbH and its Chinese subsidiary

As of 29 September Mutares completed the acquisition of Innomotive Systems Hainichen GmbH and its Chinese and German subsidiaries ("ISH"). ISH is a supplier of aluminum hinges for automotive applications and manufactures door hinges made of steel or aluminum minium as well as complex hinges for hoods, liftgates and trunk lids. The acquisition strengthens the Automotive & Mobility segment and promises synergies with the existing portfolio company KICO.

The consideration for the acquisition of the company amounted to EUR 5.9 million. Acquisition-related incidental costs for the transaction were incurred only to an insignificant extent. These are recognized in the statement of comprehensive income under other expenses. The net assets acquired were measured at a fair value of EUR 53.4 million, resulting in a bargain purchase gain of EUR 47.5 million.

The following table presents the results of the purchase price allocation and the derivation of the bargain purchase gain recognized in other income:

EUR million	Fair Value
Intangible assets	5.1
Property, plant and equipment	53.4
Right of use assets	2.4
Other non-current assets	1.5
Non-current assets	**62.4**
Inventories	24.3
Current trade and other receivables	12.3
Other current assets	10.5
Current assets	**47.0**
Deferred tax liabilities	3.6
Other non-current liabilities	5.5
Non-current liabilities	**9.1**
Current liabilities	**47.0**
Net assets	**53.4**
Bargain purchase	**47.5**
Consideration	**5.9**

The fair value of the acquired receivables based on a gross receivable amount of EUR 11.9 million at the acquisition date amounts to EUR 11.9 million. Accordingly, the best estimate made at the acquisition date for contractual cash flows that are not expected to be collected is EUR 0,0 million.

The consolidated financial statements include revenues of EUR 25.4 million and earnings after taxes of EUR –0.5 million from the acquired company for the reporting period. If the company had already been acquired as of 1 January 2021, it would have contributed revenues of EUR 115.3 million and earnings after taxes of EUR –3.6 million to the Group's earnings in the reporting period.

Acquisition of Rasche Umformtechnik GmbH & Co. KG

The acquisition of Rasche Umformtechnik GmbH & Co. KG ("Rasche") enables PrimoTECS, an investment from the Automotive & Mobility segment, to access new customers and customer segments as well as to expand the product portfolio into smaller series sizes with manual forging presses. The acquisition of the company was completed on 8 October 2021.

The agreed consideration for the acquisition of the Company of EUR 2.0 million was adjusted by EUR 0.5 million to EUR 1.5 million through a mechanism to adjust for the circumstances at closing of the acquisition. Acquisition-related incidental costs for the transaction were incurred only to an insignificant extent. These are recognized in the statement of comprehensive income under other expenses. The net assets acquired were measured at a fair value of EUR 6.6 million, resulting in a bargain purchase gain of EUR 5.1 million.

The following table presents the results of the purchase price allocation and the derivation of the bargain purchase gain recognized in other income:

EUR million	Fair Value
Intangible assets	1.9
Property, plant and equipment	5.2
Right of use assets	1.8
Other non-current assets	0.0
Non-current assets	**8.9**
Inventories	5.7
Current trade and other receivables	5.0
Other current assets	0.1
Current assets	**10.8**
Deferred tax liabilities	0.5
Other non-current liabilities	6.3
Non-current liabilities	**6.8**
Current liabilities	**6.4**
Net assets	**6.6**
Bargain purchase	**5.1**
Consideration	**1.5**

The fair value of the acquired receivables based on a gross receivable amount of EUR 5.1 million at the acquisition date amounts to EUR 4.9 million. Accordingly, the best estimate made at the acquisition date for contractual cash flows that are not expected to be collected is EUR 0.2 million.

The consolidated financial statements include revenues of EUR 8.5 million and earnings after taxes of EUR –1.0 million from the acquired company for the reporting period. If the company had already been acquired as of 1 January 2021, it would have contributed revenues of EUR 35.7 million and earnings after taxes of EUR –0.5 million to the Group's earnings in the reporting period.

Acquisition of Ganter Constructions & Interior GmbH

As a new platform acquisition, the purchase of Ganter Construction & Interiors GmbH and its subsidiaries ("Ganter") strengthens the Goods & Services segment. Ganter acts as a general contractor for high-quality interior fit-outs and implements projects for internationally renowned customers from the retail, commercial and residential sectors. Customers include architects, hotels, offices, restaurants, luxury brands and private property owners. The acquisition was completed on 29 October 2021.

The agreed consideration for the acquisition of the Company as well as a property amounted to EUR 7.2 million and was recognized at the present value of EUR 6.9 million due to the deferral of the payment. In addition, Mutares made a payment into the equity of Ganter in the amount of EUR 2.5 million at the time of closing of the transaction. Acquisition-related incidental costs for the transaction were incurred only to an insignificant extent. These are recognized in the statement of comprehensive income under other expenses. The net assets acquired were measured at a fair value of EUR 1.4 million, resulting in goodwill in the amount of EUR 5.5 million, which reflects the expected positive future prospects of the Company. The transaction did not result in any goodwill that is deductible for tax purposes.

The following table shows the results of the purchase price allocation and the derivation of goodwill included in intangible assets:

EUR million	Fair Value
Intangible assets	3.1
Property, plant and equipment	6.0
Right of use assets	5.8
Other non-current assets	21.2
Non-current assets	**36.0**
Inventories	17.0
Current trade and other receivables	7.2
Other current assets	2.0
Current assets	**26.3**
Deferred tax liabilities	1.2
Other non-current liabilities	33.8
Non-current liabilities	**35.0**
Current liabilities	**25.9**
Net assets	**1.4**
Goodwill	**5.5**
Consideration	**6.9**

The fair value of the acquired receivables in relation to a gross receivable amount of EUR 15.5 million amounts to EUR 7.2 million at the acquisition date. Accordingly, the best estimate made at the acquisition date for contractual cash flows that are not expected to be collected amounts to EUR 8.3 million.

The consolidated financial statements include revenues from the acquired company for the reporting period in the amount of EUR 6.8 million and profit after tax in the amount of EUR –1.8 million. If the company had already been acquired as of 1 January 2021, it would have contributed revenues of EUR 77.1 million and profit after income taxes of EUR –6.4 million to the Group's earnings in the reporting period.

Acquisition of Asteri Facility Solutions

The acquisition of Asteri Facility Solutions (formerly: Alliance Plus) was completed on 21 December 2021 and strengthens the Goods & Services segment as a new platform investment with the option for future add-on acquisitions in the Northern European countries and as well as mainland Europe. The company provides facility management services throughout Sweden from its headquarters near Stockholm.

The consideration for the acquisition of the company amounted to SEK 1. Acquisition-related incidental costs for the transaction were incurred only to an immaterial extent. The net assets acquired were measured at a fair value of EUR 1.1 million, resulting in a bargain purchase gain of EUR 1.1 million.

The following table presents the results of the purchase price allocation and the derivation of the bargain purchase gain recognized in other income:

EUR million	Fair Value
Intangible assets	0.0
Property, plant and equipment	0.0
Right of use assets	0.5
Other non-current assets	0.1
Non-current assets	**0.6**
Inventories	0.0
Current trade and other receivables	3.3
Other current assets	3.1
Current assets	**6.5**
Deferred tax liabilities	0.0
Other non-current liabilities	0.8
Non-current liabilities	**0.8**
Current liabilities	**5.2**
Net assets	**1.1**
Bargain purchase	**1.1**
Consideration	**0.0**

The fair value of the acquired receivables based on a gross receivable amount of EUR 3.5 million amounts to EUR 0 million at the acquisition date. Accordingly, the best estimate made at the acquisition date for contractual cash flows that are not expected to be collected amounts to EUR 3.5 million.

Due to the closing of the transaction at the end of the financial year 2021, the consolidated financial statements of the financial year 2021 do not yet include any revenues and earnings after taxes from the acquired company. If the company had already been acquired as of 1 January 2021, it would have contributed revenues of EUR 21.2 million and earnings after taxes of EUR 0.3 million to the Group's earnings in the reporting period.

Acquisition of Frigoscandia

The acquisition of Frigoscandia on 27 December 2021 will be allocated to the Goods & Services segment. Frigoscandia is a leading player in logistics solutions for fresh, chilled and frozen food, mainly in Northern Europe. The company has 25 warehouses and terminals in Sweden and Norway and operates in three areas: domestic transport, international transport and warehousing.

The consideration for the acquisition of the company amounted to SEK 20.0 million (approx. EUR 2.0 million). Acquisition-related incidental costs for the transaction were incurred only to an insignificant extent. The net assets acquired were measured at a fair value of EUR 11.1 million, resulting in a bargain purchase gain of EUR 9.1 million.

The following table presents the results of the purchase price allocation and the derivation of the bargain purchase gain recognized in other income:

EUR million	Fair Value
Intangible assets	17.6
Property, plant and equipment	4.2
Right of use assets	64.4
Other non-current assets	2.1
Non-current assets	**88.4**
Inventories	0.3
Current trade and other receivables	37.1
Other current assets	12.5
Current assets	**49.8**
Deferred tax liabilities	0.0
Other non-current liabilities	71.9
Non-current liabilities	**71.9**
Current liabilities	**55.3**
Net assets	**11.1**
Bargain purchase	**9.1**
Consideration	**2.0**

The fair value of the receivables acquired in relation to a gross receivable amount of EUR 37.1 million at the acquisition date amounts to EUR 37.0 million. Accordingly, the best estimate made at the acquisition date for contractual cash flows that are not expected to be collected is EUR 0.1 million.

The consolidated financial statements of the financial year 2021 do not yet include any revenues and earnings after taxes from the acquired company due to the closing of the transaction at the end of the financial year 2021. If the company had already been acquired as of 1 January 2021, it would have contributed revenues of EUR 249.8 million and earnings after taxes of EUR –6.8 million to the Group's earnings in the reporting period.

From all acquisitions, with the exception of the acquisition of Ganter Group, a comparison of the acquisition costs of the acquired companies and the revalued net assets resulted in a gain from favorable acquisition ("bargain purchase") in each case, which is reported in the statement of comprehensive income under other income. The acquisition price favorable to Mutares and the resulting bargain purchase are attributable to the seller's efforts to realign its business activities. While the acquired market segments appear unattractive to other investors, the acquisition is lucrative for Mutares as companies in transition situations fit into the Group's strategic direction. Mutares Group sees its opportunities in its extensive operational industry and turnaround experience, which will help to guide the acquired companies onto a stable path of profitable growth.

The purchase price allocations for the business combinations presented have not yet been completed at the present time. The measurement of the net assets acquired and thus the accounting recognition of the business combinations may accordingly still change within the one-year period of IFRS 3.

5.1.2. Acquisitions of subsidiaries in the previous year

In the period from 1 January to 31 December 2020, the following subsidiaries were acquired and consolidated for the first time:

Acquisition of Tekfor S.p.A. (now operating as PrimoTECS S.p.A.)

Mutares acquired all shares in Tekfor S.p.A. (now operating as PrimoTECS S.p.A.), Avigliana (Italy), on 31 January 2020. PrimoTECS is a supplier to the automotive and related industries. At two sites in northern Italy, the company produces components with applications in electric, hybrid and conventional powertrains, thus strengthening the Automotive & Mobility segment as a new platform investment.

The consideration for the acquisition of the company was initially EUR 1. In the context of a purchase price mechanism, the purchase price was adjusted. Acquisition-related incidental costs for the transaction were incurred only to an insignificant extent. These are recognized in the statement of comprehensive income under other expenses. The net assets acquired were measured at a fair value of EUR 16.0 million, resulting in a bargain purchase gain of EUR 18.6 million.

The following table shows the results of the purchase price allocation and the calculation of the income from bargain purchase recognized in other income:

EUR million	Fair Value
Intangible assets	0.3
Property, plant and equipment	18.4
Right of use assets	2.4
Other non-current assets	0.0
Non-current assets	**21.2**
Inventories	16.8
Current trade and other receivables	25.2
Other current assets	10.7
Current assets	**52.7**
Deferred tax liabilities	0.0
Other non-current liabilities	18.5
Non-current liabilities	**18.5**
Current liabilities	**39.4**
Net assets	**16.0**
Bargain purchase	**18.6**
Consideration	**–2.6**

The fair value of the acquired receivables in relation to a gross receivable amount of EUR 24.5 million amounts to EUR 24.1 million at the acquisition date. Accordingly, the best estimate made at the acquisition date for contractual cash flows that are not expected to be collected amounts to EUR 0.4 million.

The consolidated financial statements for the 2020 financial year include revenues of EUR 64.2 million and earnings after taxes of EUR –20.7 million from the acquired company. If the company had already been acquired as of 1 January 2020, it would have contributed revenues of EUR 72.4 million and earnings after income taxes in the amount of EUR –21.8 million to the Group's earnings in the financial year 2020.

Acquisition of Loterios s.r.l.

On 4 February 2020, Balcke-Dürr GmbH, a platform investment from the Engineering & Technology segment, acquired 100% of the shares in Italian Loterios S.r.l., Gerenzano (Italy) as an add-on. Loterios designs and manufactures pressure equipment for a wide range of industries.

The consideration for the acquisition of the company amounted to EUR 1, in addition an earn-out was agreed. Acquisition-related incidental costs for the transaction were incurred only to an insignificant extent. These are included in the statement of comprehensive income under other expenses. The net assets acquired were measured at a fair value of EUR 3.8 million, resulting in a bargain purchase gain of EUR 3.6 million.

The following table shows the results of the purchase price allocation and the calculation of the income from bargain purchase recognized in other income:

EUR million	Fair Value
Intangible assets	0.2
Property, plant and equipment	1.0
Right of use assets	0.0
Other non-current assets	0.2
Non-current assets	**1.4**
Inventories	4.7
Current trade and other receivables	6.9
Other current assets	0.8
Current assets	**12.4**
Deferred tax liabilities	0.2
Other non-current liabilities	1.1
Non-current liabilities	**1.3**
Current liabilities	**8.7**
Net assets	**3.8**
Bargain purchase	**3.6**
Consideration	**0.2**

The fair value of the acquired receivables based on a gross receivable amount of EUR 7.6 million amounts to EUR 6.9 million at the acquisition date. Accordingly, the best estimate made at the acquisition date for contractual cash flows that are not expected to be collected amounts to EUR 0.7 million.

The consolidated financial statements for the financial year 2020 include revenues of EUR 11.0 million and earnings after tax of EUR –1.5 million from the acquired company. If the company had already been acquired on 1 January 2020, it would have contributed revenues of EUR 14.6 million and earnings after income taxes in the amount of EUR –1.7 million to the Group's earnings in the financial year 2020.

Acquisition of the paper napkin business of Metsä Tissue Corporation

On 29 February 2020, keeeper tableware GmbH, a newly founded subsidiary of keeeper GmbH, completed the purchase of the paper napkin business of the Finnish Metsä Tissue Corporation in the form of an asset deal. With the acquisition, keeeper Group's annualized revenues grow, strengthening the Goods & Services segment.

The consideration for the acquisition of the paper napkin business of Metsä Tissue Corporation amounted to EUR 3; at the same time, the acquirer received financial resources from the seller. Acquisition-related incidental costs for the transaction result in particular from the real estate transfer tax of EUR 0.7 million incurred in connection with the acquisition, which is included in other expenses in the statement of comprehensive income. The net assets acquired were measured at a fair value of EUR 16.2 million, resulting in a bargain purchase gain of EUR 19.6 million.

The following table shows the results of the purchase price allocation and the calculation of the income from bargain purchase recognized in other income:

EUR million	Fair Value
Intangible assets	0.1
Property, plant and equipment	17.1
Right of use assets	0.1
Other non-current assets	0.0
Non-current assets	**17.4**
Inventories	8.3
Current trade and other receivables	0.0
Other current assets	0.0
Current assets	**8.4**
Deferred tax liabilities	8.1
Other non-current liabilities	0.6
Non-current liabilities	**8.7**
Current liabilities	**0.8**
Net assets	**16.2**
Bargain purchase	**19.6**
Consideration	**–3.4**

The consolidated financial statements for the 2020 financial year include revenues of EUR 31.2 million and earnings after tax of EUR –4.5 million from the acquired company. If the company had already been acquired on 1 January 2020, it would have contributed revenues of EUR 37.9 million and earnings after tax of EUR –4.8 million to the Group's earnings in the financial year 2020.

Acquisition of Ruukki Building Systems Oy

On 30 April 2020, Donges Steeltec GmbH, a platform investment in the Engineering & Technology segment, successfully completed the acquisition of 100% of the shares in Ruukki Building Systems Oy ("RBS") from SSAB Group. As a condition for the merger, the competition authority imposed the sale of the Oulu plant in Finland. RBS, based in Helsinki, Finland, is one of the leading providers of building systems solutions in Northern and Eastern Europe, specializing in the design, manufacture and installation of steel building frames, envelopes and bridge structures. RBS operates four production facilities in Finland, Poland and Lithuania. Together with Normek, which was already acquired in financial year 2019, RBS now operates in the Donges Group under the name NORDEC.

The provisional consideration for the acquisition of the company amounted to EUR 13.5 million, of which EUR 10.0 million was initially paid and a further EUR 3.7 million was paid by the reporting date (including an adjustment of the purchase price depending on the target figures of net working capital and net debt at the time of the transfer of beneficial ownership of EUR 0.2 million). Acquisition related incidental costs for the transaction of EUR 0.8 million are included in other expenses in the statement of comprehensive income. The net assets acquired were measured at a fair value of EUR 31.0 million, resulting in a bargain purchase gain in the amount of EUR 17.3 million.

The following table shows the results of the purchase price allocation and the calculation of the income from bargain purchase recognized in other income:

EUR million	Fair Value
Intangible assets	9.0
Property, plant and equipment	15.9
Right of use assets	0.7
Other non-current assets	2.3
Non-current assets	**28.0**
Inventories	4.7
Current trade and other receivables	25.8
Other current assets	10.7
Current assets	**41.2**
Deferred tax liabilities	2.1
Other non-current liabilities	1.1
Non-current liabilities	**3.1**
Current liabilities	**35.1**
Net assets	**31.0**
Bargain purchase	**17.3**
Consideration	**13.7**

The fair value of the acquired receivables based on a gross receivable amount of EUR 26.1 million amounts to EUR 25.8 million at the acquisition date. Accordingly, the best estimate made at the acquisition date for contractual cash flows that are not expected to be collected amounts to EUR 0.3 million.

The consolidated financial statements for the financial year 2020 include revenues of EUR 88.1 million from the acquired company and earnings after taxes of EUR –1.9 million. If the company had already been acquired as of 1 January 2020, it would have contributed revenues of EUR 143.8 million and earnings after taxes of EUR –1.1 million to the Group's earnings in the financial year 2020.

Acquisition of the SFC Solutions Group

On 1 July 2020, Mutares acquired various companies (now operating under the name SFC Solutions) in Poland, Italy, Spain and India in the area of sealing and fluid activities from the automotive supplier Cooper Standard Automotive Inc. SFC Solutions will be allocated to the Automotive & Mobility segment.

The consideration for the acquisition amounted to EUR 4. Acquisition-related incidental costs for the transaction were incurred only to an immaterial extent. These are recognized in the statement of comprehensive income under other expenses. The net assets acquired were measured at a fair value of EUR 57.8 million, resulting in a bargain purchase gain in the amount of EUR 57.8 million.

The following table shows the results of the purchase price allocation and the calculation of the income from bargain purchase recognized in other income:

EUR million	Fair Value
Intangible assets	3.7
Property, plant and equipment	46.4
Right of use assets	4.1
Other non-current assets	5.6
Non-current assets	**59.8**
Inventories	16.2
Current trade and other receivables	23.8
Other current assets	19.9
Current assets	**59.9**
Deferred tax liabilities	1.8
Other non-current liabilities	34.9
Non-current liabilities	**36.8**
Current liabilities	**25.1**
Net assets	**57.8**
Bargain purchase	**57.8**
Consideration	**0.0**

The fair value of the acquired receivables based on a gross receivable amount of EUR 21.5 million at the acquisition date amounts to EUR 19.8 million. Accordingly, the best estimate made at the acquisition date for contractual cash flows that are not expected to be collected is EUR 1.7 million.

The consolidated financial statements for the financial year 2020 include revenues of EUR 89.5 million and earnings after tax of EUR –10.8 million from the acquired company. If the companies had already been acquired as of 1 January 2020, they would have contributed revenues of EUR 133.4 million and earnings after income taxes in the amount of EUR –18.9 million to the Group's earnings in the financial year 2020.

Acquisition of Nexive Group S.r.l.

On 1 July 2020, Mutares completed the acquisition of an 80% stake in the business of Nexive, the second largest mail and parcel provider in Italy. The previous shareholder, PostNL, received a minority stake of 20% in Nexive Group S.r.l., Milan (Italy), as part of the disposal, which takes over the Nexive business. The acquisition is allocated to the Goods & Services segment.

The consideration for the acquisition amounted to EUR 4. Acquisition-related incidental costs for the transaction were incurred only to an immaterial extent. These are recognized in the statement of comprehensive income under other expenses. The net assets acquired were measured at a fair value of EUR 14.3 million, resulting in a bargain purchase gain in the amount of EUR 11.3 million.

The following table shows the results of the purchase price allocation and the calculation of the income from bargain purchase recognized in other income:

EUR million	Fair Value
Intangible assets	0.0
Property, plant and equipment	0.0
Right of use assets	14.8
Other non-current assets	15.1
Non-current assets	**29.9**
Inventories	0.6
Current trade and other receivables	64.0
Other current assets	14.1
Current assets	**78.7**
Deferred tax liabilities	0.0
Other non-current liabilities	30.9
Non-current liabilities	**30.9**
Current liabilities	**63.4**
Net assets	**14.3**
Minority share	**3.0**
Bargain purchase	**11.3**
Consideration	**0.0**

The fair value of the acquired receivables based on a gross receivable amount of EUR 72.5 million amounts to EUR 63.0 million at the acquisition date. Accordingly, the best estimate made at the acquisition date for contractual cash flows that are not expected to be collected amounts to EUR 9.5 million.

The consolidated financial statements for the 2020 financial year include revenues of EUR 92.3 million and earnings after tax of EUR –10.3 million from the acquired company. If the companies had already been acquired on 1 January 2020, they would have contributed revenues of EUR 183.0 million and earnings after income taxes in the amount of EUR –13.3 million to the Group's earnings in the financial year 2020.

Acquisition of SABO Maschinenfabrik GmbH

Effective 31 August 2020, Mutares acquired SABO Maschinenfabrik GmbH, a manufacturer of lawn mowers and other outdoor power tools, from Deere & Company ("John Deere"). The company will strengthen the Goods & Services segment as a new platform investment.

The consideration for the acquisition, taking into account a purchase price adjustment depending on the circumstances at the closing of the acquisition, amounted to EUR 0.4 million. Acquisition-related incidental costs for the transaction were incurred only to an insignificant extent. These are recognized in the statement of comprehensive income under other expenses. The net assets acquired were measured at a fair value of EUR 19.2 million, resulting in a bargain purchase gain of EUR 18.8 million.

The following table shows the results of the purchase price allocation and the calculation of the income from bargain purchase recognized in other income:

EUR million	Fair Value
Intangible assets	1.7
Property, plant and equipment	5.4
Right of use assets	0.2
Other non-current assets	0.4
Non-current assets	**7.8**
Inventories	6.3
Current trade and other receivables	5.3
Other current assets	7.7
Current assets	**19.4**
Deferred tax liabilities	1.1
Other non-current liabilities	1.7
Non-current liabilities	**2.8**
Current liabilities	**5.1**
Net assets	**19.2**
Bargain purchase	**18.8**
Consideration	**0.4**

The fair value of the acquired receivables based on a gross receivable amount of EUR 4.9 million amounts to EUR 4.9 million at the acquisition date. Accordingly, the best estimate made at the acquisition date for contractual cash flows that are not expected to be collected amounts to EUR 0.0 million.

The consolidated financial statements for the financial year 2020 include revenues of EUR 4.0 million from the acquired company and earnings after taxes of EUR –6.1 million. If the company had already been acquired as of 1 January 2020, it would have contributed revenues of EUR 22.1 million and earnings after taxes of EUR –11.4 million to the Group's earnings in the financial year 2020.

Acquisition of Nexans Metallurgie Deutschland GmbH (now trading as Lacroix + Kress GmbH)

Mutares successfully completed the acquisition of Nexans' German metallurgical business on 1 November 2020, strengthening the Engineering & Technology segment. The company now operates under the name Lacroix + Kress GmbH and is a manufacturer of oxygen free copper wire with two German production sites in Bramsche and Neunburg.

The consideration for the acquisition was EUR 1. Acquisition-related incidental costs for the transaction were incurred only to an immaterial extent. These are recognized in the statement of comprehensive income under other expenses. The net assets acquired were measured at a fair value of EUR 30.2 million, resulting in a bargain purchase gain in the amount of EUR 30.2 million.

The following table shows the results of the purchase price allocation and the calculation of the income from bargain purchase recognized in other income:

EUR million	Fair Value
Intangible assets	4.1
Property, plant and equipment	16.7
Right of use assets	2.1
Other non-current assets	3.9
Non-current assets	**26.8**
Inventories	22.9
Current trade and other receivables	24.4
Other current assets	3.2
Current assets	**50.4**
Deferred tax liabilities	3.9
Other non-current liabilities	8.3
Non-current liabilities	**12.3**
Current liabilities	**34.8**
Net assets	**30.2**
Bargain purchase	**30.2**
Consideration	**0.0**

Within the one-year period of IFRS 3, there was an adjustment of the original purchase price of EUR 0.4 million, as well as adjustments in the valuation of the acquired net assets of EUR –0.6 million, so that the gain on bargain purchase decreased by an amount of EUR 1.0 million in financial year 2021; a corresponding amount is included as a reduction of other income in the consolidated statement of comprehensive income for financial year 2021.

The fair value of the acquired receivables based on a gross receivable amount of EUR 15.3 million at the acquisition date is EUR 15.3 million. Accordingly, the best estimate made at the acquisition date for contractual cash flows that are not expected to be collectible is EUR 0.0 million.

The consolidated financial statements for the financial year 2020 include revenues of EUR 18.1 million from the acquired company and earnings after taxes of EUR −0.7 million. If the company had already been acquired as of 1 January 2020, it would have contributed revenues of EUR 116.1 million and earnings after taxes of EUR −4.8 million to the Group's earnings in the financial year 2020.

Acquisition of the Nordic Road Services companies in Finland and Sweden (now operating as Terranor AB and Terranor Oy)

On 4 November the acquisition of NCC's Swedish and Finnish road service businesses was successfully completed, adding a presence in Scandinavia to the Goods & Services segment. The companies now operate under the names Terranor AB and Terranor Oy and offer winter (snow removal and sanding/salting) and summer (road repairs and green space management) and other related services. Key customers are mainly government and municipal clients.

The consideration for the acquisition amounted to EUR 0.7 Acquisition-related incidental costs for the transaction were incurred only to an insignificant extent. These are recognized in the statement of comprehensive income under other expenses. The net assets acquired were measured at a fair value of EUR 7.2 million, resulting in a bargain purchase gain of EUR 6.5 million.

The following table shows the results of the purchase price allocation and the calculation of the income from bargain purchase recognized in other income:

EUR million	Fair Value
Intangible assets	5.5
Property, plant and equipment	3.4
Right of use assets	2.6
Other non-current assets	0.0
Non-current assets	**11.5**
Inventories	0.7
Current trade and other receivables	8.3
Other current assets	15.1
Current assets	**24.1**
Deferred tax liabilities	2.0
Other non-current liabilities	6.2
Non-current liabilities	**8.2**
Current liabilities	**20.2**
Net assets	**7.2**
Bargain purchase	**6.5**
Consideration	**0.7**

The fair value of the acquired receivables based on a gross receivable amount of EUR 8.3 million amounts to EUR 8.3 million at the acquisition date. Accordingly, the best estimate made at the acquisition date for contractual cash flows that are not expected to be collected amounts to EUR 0.0 million.

The consolidated financial statements for the financial year 2020 include revenues of EUR 22.5 million and earnings after tax of EUR 0.7 million from the acquired company. If the company had already been acquired on 1 January 2020, it would have contributed revenues of EUR 104.3 million and profit after income taxes in the amount of EUR 0.6 million to the Group's earnings in the financial year 2020.

Acquisition of Engineering Services from Valmet Automotive (now operating as iinovis)

Mutares successfully completed the acquisition of the Engineering Services of Valmet Automotive on 13 November. The company now operates under the name iinovis and strengthens the Automotive & Mobility segment with its engineering expertise. Mutares expects the acquisition to generate high synergy potential for the existing portfolio companies of this segment.

The consideration for the acquisition amounted to EUR 0.6 million. Acquisition-related incidental costs for the transaction were incurred only to an insignificant extent. These are recognized in the statement of comprehensive income under other expenses. The net assets acquired were measured at a fair value of EUR 8.6 million, resulting in a bargain purchase gain of EUR 8.0 million.

The following table shows the results of the purchase price allocation and the calculation of the income from bargain purchase recognized in other income:

EUR million	Fair Value
Intangible assets	0.3
Property, plant and equipment	4.6
Right of use assets	3.8
Other non-current assets	0.0
Non-current assets	**8.7**
Inventories	7.3
Current trade and other receivables	17.6
Other current assets	1.3
Current assets	**26.3**
Deferred tax liabilities	0.2
Other non-current liabilities	15.1
Non-current liabilities	**15.3**
Current liabilities	**11.1**
Net assets	**8.6**
Bargain purchase	**8.0**
Consideration	**0.6**

The fair value of the acquired receivables based on a gross receivable amount of EUR 4.7 million amounts to EUR 4.5 million at the acquisition date. Accordingly, the best estimate made at the acquisition date for contractual cash flows that are not expected to be collected amounts to EUR 0.2 million.

The consolidated financial statements for the financial year 2020 include revenues of EUR 9.9 million and earnings after taxes of EUR –4.9 million from the acquired company. If the company had already been acquired on 1 January 2020, it would have contributed revenues of EUR 40.0 million and earnings after taxes of EUR –20.2 million to the Group's earnings in the financial year 2020.

Acquisition of Royal de Boer Stalinrichtingen B.V. and Japy Tech S.A.S.

As of 31 December 2020, Mutares successfully completed the acquisition of GEA Farm Technologies Japy S.A.S. and Royal de Boer Stalinrichtingen B.V. with production sites in France and the Netherlands. The companies manufacture milk cooling tanks and barn equipment for dairy farms and expand the Goods & Services segment.

The consideration for the acquisition amounted to EUR 0.0 million. Acquisition-related incidental costs for the transaction were incurred only to an insignificant extent. These are included in other expenses in the statement of comprehensive income. The net assets acquired were measured at a fair value of EUR 16.3 million, resulting in a bargain purchase gain of EUR 16.3 million.

The following table shows the results of the purchase price allocation and the calculation of the income from bargain purchase recognized in other income:

EUR million	Fair Value
Intangible assets	0.7
Property, plant and equipment	12.2
Right of use assets	0.6
Other non-current assets	0.8
Non-current assets	**14.2**
Inventories	8.9
Current trade and other receivables	1.9
Other current assets	2.1
Current assets	**12.9**
Deferred tax liabilities	1.4
Other non-current liabilities	1.6
Non-current liabilities	**3.0**
Current liabilities	**7.9**
Net assets	**16.3**
Bargain purchase	**16.3**
Consideration	**0.0**

The fair value of the acquired receivables based on a gross receivable amount of EUR 2.0 million amounts to EUR 1.9 million at the acquisition date. Accordingly, the best estimate made at the acquisition date for contractual cash flows that are not expected to be collected amounts to EUR 0.1 million.

Due to the closing of the transaction, the consolidated financial statements of the financial year 2020 do not yet include any revenues and earnings after taxes from the acquired companies at the end of the financial year 2020. If the companies had already been acquired as of 1 January 2020, they would have contributed revenues of EUR 44.3 million and earnings after income taxes of EUR –3.0 million to the Group's earnings in the financial year 2020.

In all of the acquisitions described above, a comparison of the acquisition costs of the acquired companies and the revalued net assets resulted in a bargain purchase gain in each case, which is reported in the statement of comprehensive income under other income. The acquisition price favorable to Mutares and the resulting bargain purchase are attributable to the seller's efforts to realign its business activities. While the acquired market segments appear unattractive to other investors, the acquisition is lucrative for Mutares as companies in transition situations fit into the Group's strategic direction. Mutares Group sees its opportunities in its extensive operational industry and turnaround experience, which will help to guide the acquired companies onto a stable path of profitable growth.

5.2. DECONSOLIDATION OF SUBSIDIARIES

5.2.1. Deconsolidations of subsidiaries in the financial year

In the period from 1 January to 31 December 2021, the following subsidiaries were deconsolidated:

Disposal of the Balcke-Dürr red mill

After the disposal of its Polish subsidiary, Balcke Dürr Polska Sp. z o.o., in April 2020, Balcke-Dürr also signed an agreement to sell its German Rothemühle business in December 2020. According to the agreement, Balcke-Dürr Rothemühle GmbH, an integrated service, engineering and original equipment supplier for heat exchangers in air and flue gas passages of power plants and industrial facilities, was sold to the strategic investor Howden Group. The transaction was successfully completed in January 2021. The deconsolidation result amounts to EUR 9.5 million.

Disposal of Nexive Group S.r.l.

In November 2020, Mutares initially signed a letter of intent to sell its stake in Nexive to Italian market leader Poste Italiane. The transaction was then completed in January 2021. The quick resale takes advantage of a limited window in Italian legislation to allow acquisitions for consolidation in the Italian postal and parcel services market under certain conditions. The deconsolidation result amounts to EUR 12.9 million.

Disposal of STS Group AG

On 11 March 2021, Mutares SE & Co. KGaA signed a share purchase agreement with Adler Pelzer Holding GmbH, a company of the Adler Pelzer Group, for the complete sale of its majority stake of approximately 73.25% in the share capital of STS Group AG at a purchase price of EUR 7.00 per share sold. The transaction was still subject to the approval of the financing partners on the part of the Adler Pelzer Group and the approval of the antitrust authorities. The closing of the transaction took place on 30 June 2021. The deconsolidation result amounts to EUR –25.8 million.

Divestment of TréfilUnion S.A.S., EUPEC Pipecoatings France S.A.S. and La Meusienne S.A.S.

Mutares has successfully sold its subsidiaries TréfilUnion, EUPEC and La Meusienne to LiCap GmbH, the investment vehicle of Prof. Dr. Frank Richter, entrepreneur and co-founder of Swiss Global Investment Group AG. The transaction was initially subject to the opinion of the works council and was finally closed in July 2021. With the sale of the companies Mutares takes a further step in the consolidation of the portfolio. The deconsolidation result amounts to EUR –3.5 million.

Disposal of Cenpa S.A.S.

On 29 July 2021 Mutares signed an agreement to sell its subsidiary Cenpa to Accursia Capital. Cenpa is a producer of coreboard for the European packaging and hygiene market. The company was acquired by Sonoco Group in 2016 and subsequently underwent a restructuring program. The transaction was completed in July 2021. The deconsolidation result amounts to EUR –6.1 million.

Disposal of Norsilk S.A.S.

The disposal of Norsilk's shares to Protac, part of Groupe Rose, was completed in October 2021. Norsilk was acquired by the Finnish Metsä Group in 2015 and integrated into Donges Group in 2019 after restructuring. The deconsolidation result amounts to EUR –1.5 million.

Liquidation Gemini Rail Technology UK Ltd.

Due to the COVID 19 pandemic, a major customer project was discontinued at the Company and assets (inventories, short-term contracts and receivables) were written down, whereupon the Company was liquidated and deconsolidated. The deconsolidation result amounts to EUR 10.4 million.

The disposals of net assets, the consideration and the result from deconsolidation are shown below. The disposals of net assets, the consideration paid and the result from deconsolidations are shown below on a cumulative or net basis:

EUR million	Fair Value
Intangible assets	20.9
Property, plant and equipment	67.3
Right of use assets	15.4
Other non-current assets	6.8
Non-current assets	**110.4**
Inventories	57.7
Current trade and other receivables	86.1
Other current assets	151.0
Current assets	**294.8**
Deferred tax liabilities	1.3
Other non-current liabilities	61.7
Non-current liabilities	**63.0**
Current liabilities	**277.2**
Net assets	**65.0**
Gain/loss from deconsolidation	**–3.9**
Consideration	**61.1**

5.2.2. Deconsolidations of subsidiaries in the previous year

In the period from 1 January to 31 December 2020, the following subsidiaries were deconsolidated:

Disposal of Klann Packaging GmbH

Klann Packaging GmbH is a manufacturer of promotional and revenues packaging made of printed tinplate based in Landshut. The company was acquired as a carve-out from the HUBER Packaging Group in 2011 and was established in the market after successful restructuring. The company was part of the Goods & Services segment.

Mutares has sold Klann Packaging GmbH to the investment holding Accursia Capital GmbH with a purchase agreement dated 15 May 2020. The initial, symbolic revenues price can be further increased by subsequent payments (earn-out) under certain conditions until 2023. The deconsolidation result amounts to EUR –1.8 million and is included in other expenses.

Sale of Balcke Dürr Polska Sp. z o.o.

Balcke Dürr GmbH, an indirect subsidiary of Mutares from the Engineering & Technology segment, sold Balcke Dürr Polska Sp. z o.o., Warsaw (Poland) to Wallstein International GmbH by purchase agreement dated 15 April 2020 and effective in rem on the same day Warsaw (Poland), to Wallstein International GmbH.

The initial revenues price of EUR 5.5 million increased by a further EUR 1.0 million due to subsequent payments based on the fulfillment of certain conditions within the financial year 2020. The deconsolidation gain amounts to EUR 2.8 million and is included in other income.

Disposal of European Central Logistics s.r.o.

BEXity GmbH, an indirect subsidiary of Mutares from the segment Goods & Services, has, by purchase agreement dated 30 April 2020, sold European Central Logistics s.r.o. Prague (Czech Republic) ("ECL"), by way of a management buy-out (MBO) to the managing director of the company for a purchase price of EUR 0.5 million.

Mutares acquired the company as part of the acquisition of BEXity Group in December 2019. The transaction is part of the initiated reorganization at BEXity. The deconsolidation result amounts to EUR 0.0 million.

Disposal of STS Acoustics

STS Group AG, a direct subsidiary of Mutares from the Automotive & Mobility segment, entered into a purchase agreement with Adler Pelzer Group on the sale of its Acoustics business on 7 August 2020. The closing of the transaction took place on 29 October 2020. Through the divestment, STS Group is focusing on its core business in Plastics and Materials in Europe and China and also on the expansion of the North American market. The deconsolidation gain amounts to EUR 3.9 million and is included in other income.

The disposals of net assets, the consideration and the result from deconsolidations are shown below on a cumulative or net basis:

EUR million	Fair Value
Intangible assets	1.1
Property, plant and equipment	28.0
Right of use assets	14.2
Other non-current assets	1.6
Non-current assets	**44.9**
Inventories	10.4
Current trade and other receivables	30.0
Other current assets	18.5
Current assets	**58.9**
Deferred tax liabilities	0.9
Other non-current liabilities	42.9
Non-current liabilities	**43.8**
Current liabilities	**60.3**
Net assets	**–0.3**
Bargain purchase	**4.9**
Consideration	**4.6**

C. NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

6. Revenues/Revenues from contracts with customers

The development of revenues by segment and region is presented in the notes to the consolidated financial statements under segment reporting in accordance with IFRS 8.

7. Other income

Other income breaks down as follows:

EUR million	2021	2020
Bargain Purchase Income	692.7	207.8
Gains from deconsolidation	32.8	6.9
Income from raw material and waste recycling	9.4	3.0
Income from renting and leasing	5.1	2.7
Income from risk allowance	2.6	1.2
Income from other services	2.5	1.8
Currency translation	2.0	2.9
Other capitalized self-produced assets	1.8	1.6
Income from the disposal of fixed assets	1.0	1.3
Miscellaneous other income	20.2	12.2
Other operating income	**770.1**	**241.3**

Die Bargain Purchase Erträge werden unter Tz, 5,1 „Erwerbe Bargain purchase income is presented in detail in note 5.1 “Acquisitions of subsidiaries”, while gains on deconsolidation are presented in detail in note 5.2 “Deconsolidation of subsidiaries”.

8. Cost of materials

The breakdown of the cost of materials is as follows:

EUR million	2021	2020
Cost of raw materials, consumables and supplies	1,139.3	609.1
Cost of purchased services	440.4	365.5
Cost of materials	**1,579.7**	**974.6**

9. Personnel expenses

Personnel expenses break down as follows:

EUR million	2021	2020
Wages and salaries	524.6	335.2
Social security contributions and pension contributions	135.7	88.6
Personnel expenses	**660.4**	**423.9**

In the financial years 2021 and 2020, personnel expenses for share-based payments, service cost relating to defined benefit obligations, and personnel expenses for defined contribution plans were recognized. For further details, please refer to the explanations in the respective notes (note 32 “Conditional capital and share-based payment” and note 37 “Retirement benefit plans/pension provisions”).

10. Other expenses

The breakdown of other expenses is as follows:

EUR million	2021	2020
Selling expenses	116.4	49.0
Legal and consulting expenses	66.9	38.7
Administration	57.0	39.5
Rent, leases and licence fees	39.3	22.2
Maintenance and servicing	38.9	30.1
Losses from deconsolidation	36.7	2.0
Advertising and travel expenses	28.0	14.5
Basic levies and other taxes	10.2	6.9
Damage claims, guarantee and warranty	10.0	8.8
Fleet	9.3	3.9
Expenses for general partners	8.8	5.6
Expenses from expected credit loss	5.3	2.7
Expenses from subsequent measurement of earn-out receivables	1.2	3.6
Miscellaneous expenses	46.4	33.4
Other expenses	**474.3**	**260.8**

Due to an adjustment of the assessment regarding the realizability of the corresponding receivable, there was a further write-down of an earn-out receivable in the amount of EUR 1.2 million (previous year: write-down of EUR 3.6 million).

With regard to losses from deconsolidations, we refer to note 5.2 “Deconsolidation of subsidiaries”.

11. Financial result

The breakdown of the financial result is as follows:

EUR million	2021	2020
Interest and similar income	6.7	1.4
Gains from currency translation	1.8	2.4
Financial income	**8.5**	**3.9**
Interest expenses from the unwinding of discount on provisions	1.8	1.3
Interest expenses from the unwinding of discount on finance liabilities	0.1	0.2
Interest expenses from factoring	1.8	2.5
Interest expenses from leasing liabilities	8.6	7.5
Expense from changes in value of derivatives	0.0	4.0
Losses from currency translation	2.8	3.0
Other interest and similar expenses	12.0	9.7
Financial expenses	**27.2**	**28.2**
Financial result	**–18.7**	**–24.3**

12. Income taxes

12.1. INCOME TAXES AND TAX RECONCILIATION

Income taxes recognized in the consolidated statement of comprehensive income break down as follows:

EUR million	2021	2020
Current income tax		
Current income tax expense for the year	–4.3	–4.7
Adjustments for income tax expense of prior periods	–1.2	0.9
Deferred taxes		
Income from deferred taxes	28.8	16.9
Expense from deferred taxes	–9.6	–10.3
Income tax income	**13.7**	**2.8**

The following table shows a reconciliation of the differences between the expected tax expense in the respective financial year (i.e. earnings before taxes multiplied by the expected tax rate) and the respective reported tax expense. Here, the income tax rates applicable to Mutares SE & Co. KGaA as parent company are applied to the consolidated net income, taking into account a corporate income tax rate of 15.0% (previous year: 15.0%) plus solidarity surcharge of 5.5% (previous year: 5.5%) and a trade tax rate of 17.2% (previous year: 17.2%), resulting in an overall income tax rate of approximately 33.0% (previous year: approximately 33.0%).

The income tax rates applicable to the Group companies range between 8.75% and 33.0% (previous year: 8.75% and 33.0%).

EUR million	2021	2020
Profit before tax	**428.6**	**16.9**
Domestic tax rate of the parent company (in %)	33%	33%
Tax expense at the domestic tax rate of the parent company	**–141.3**	**–5.6**
Increases/deductions due to		
Use of unrecognised loss carryforwards	1.3	0.7
Unrecognised deferred taxes on temporary differences and loss carryforwards	–64.6	–43.4
Subsequently recognised deferred taxes on temporary differences and loss carryforwards	0.9	1.6
Non-deductible goodwill amortization	–2.2	–10.4
Other non-deductible expenses including withholding tax	–25.7	–7.7
Tax benefits	0.3	0.2
Tax effect on appreciation of negative difference	228.4	68.5
Tax rate differences	21.2	–3.9
Tax-exempt income	1.8	1.5
Additional payments and refunds of taxes for previous years	–1.2	0.9
Change in valuation allowance for deferred tax assets	0.0	0.0
Other effects	–5.2	0.4
Reported income tax income	**13.7**	**2.8**

12.2. DEFERRED TAXES RECOGNIZED IN EQUITY AND IN OTHER COMPREHENSIVE INCOME

EUR million	2021	2020
Deferred taxes recognised directly in equity	–1.1	0.1
Deferred taxes recognised in other comprehensive income	–0.8	0.2
Deferred taxes on the revaluation of the defined benefit obligation	–0.8	0.2
Total	**–1.9**	**0.3**

12.3. CURRENT TAX ASSETS AND LIABILITIES

Current tax assets and liabilities break down as follows:

Tax assets

EUR million	31/12/2021	31/12/2020
Tax assets with a remaining term of more than 1 year		
Income tax receivables	0.9	0.9
Tax assets with a remaining term of less than 1 year		
Income tax receivables	2.8	2.7
Tax assets	**3.7**	**3.6**

Tax liabilities

EUR million	31/12/2021	31/12/2020
Tax liabilities with a remaining term of less than 1 year		
Income tax liabilities	3.4	3.5
Tax liabilities	**3.4**	3.5

12.4. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities are composed as shown below:

EUR million

	Deferred taxes Beginning of year	Recognized in profit or loss in the income statement	Recognised in other comprehensive income	Acquisition/disposals	Exchange rate differences	Changes in income tax rates	Closing balance deferred taxes
Goodwill	–0.2	0.1	0.0	–0.5	0.0	0.0	–0.6
Other intangible assets	–14.9	–0.1	0.0	–3.1	0.1	0.0	–18.0
Property, plant and equipment	–23.8	–4.6	0.0	–133.7	0.1	0.0	–162.0
Non-current financial assets	–1.7	1.6	0.0	0.0	0.0	0.0	–0.1
Financial assets at fair value through profit or loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Available-for-sale financial assets (AfS)	–6.8	6.8	0.0	0.0	0.0	0.0	0.0
Inventories	–4.0	0.9	0.0	1.7	0.0	0.0	–1.4
Trade accounts receivable	0.1	–0.8	0.0	–1.4	0.0	0.0	–2.1
Other assets and receivables	–0.2	–2.4	0.0	–0.1	0.0	0.0	–2.7
Non-current liabilities from leases	15.6	7.9	0.0	16.7	0.0	0.0	40.2
Non-current financial liabilities	1.8	–1.8	0.0	0.0	0.0	0.0	0.0
Pension obligations	8.0	5.1	–0.8	7.2	0.0	0.0	19.5
Translation differences of foreign operations	3.0	–3.0	0.0	0.0	0.0	0.0	0.0
Non-current provisions	1.6	–0.7	0.0	1.1	0.0	0.0	2.0
Trade accounts payable	0.6	–1.1	0.0	–0.4	0.0	0.0	–0.9
Current liabilities from leases	5.3	–0.1	0.0	1.3	0.0	0.0	6.5
Current financial liabilities	0.1	–0.1	0.0	0.0	0.0	0.0	0.0
Current accrued liabilities	1.5	1.2	0.0	1.9	0.0	0.0	4.6
Current other liabilities	4.7	–2.5	0.0	–0.3	0.0	0.0	1.9
Subtotal	**–9.3**	**6.4**	**–0.8**	**–109.8**	**0.2**	**0.0**	**–113.1**
Tax losses	13.0	2.4	0.0	–1.3	–0.1	0.0	14.0
Other deferred taxes	0.1	10.4	0.0	–21.7	0.0	0.0	–11.2
Total	**3.8**	**19.2**	**–0.8**	**–132.6**	**0.1**	**0.0**	**–110.3**

12.5. TEMPORARY DIFFERENCES

No deferred taxes are recognized for outside basis differences, i.e. differences between the IFRS equity value of an investment and its carrying amount for tax purposes, amounting to EUR 448.8 million (previous year: EUR 323.4 million), as the Company can control the timing of the reversal and a reversal is not expected in the foreseeable future.

In addition, no deferred taxes are recognized for temporary differences amounting to EUR 2.1 million (previous year: EUR 12.5 million), as it is not probable that taxable profit will be available for offsetting in the future.

12.6. UNUSED TAX LOSSES AND UNUSED TAX CREDITS

Deferred tax assets of EUR 14.0 million were recognized for existing corporate income tax and trade tax loss carryforwards and other tax credits (previous year: EUR 15.0 million).

Deferred tax assets for unused tax losses and tax credits were recognized in the amount of EUR 12.7 million (previous year: EUR 14.8 million) in respect of Group companies that generated a negative result in the current period or in the previous period. Capitalization has been made because it is considered probable, based on planning, that taxable profit will be available in the future to offset these losses. This arises in particular in cases where companies have generated start-up losses or it is assumed that the restructuring measures will result in positive earnings in the foreseeable future.

EUR 0.0 million relates to deferred tax assets recognized in connection with the purchase price allocations (previous year: EUR 6.9 million).

In addition, no deferred tax assets are recognized for corporate income tax and trade tax loss carryforwards and other tax credits amounting to EUR 946.2 million (previous year: EUR 464.7 million), as there are legal or economic restrictions on their future utilization.

For the tax losses and tax credits unused in the reporting year, EUR 39.2 million are subject to a time limitation of less than five years. In the previous year, tax losses and tax credits amounting to EUR 27.7 million were subject to a time limitation of less than five years.

12.7. UNCERTAIN TAX LIABILITIES/ASSETS

There are no uncertain tax positions in the reporting period.

Furthermore, the adoption of IFRIC 23 did not have a material impact on the consolidated financial statements as it did not change the measurement of the tax liabilities or assets recognized in the balance sheet.

IFRIC 23 addresses the accounting for current and deferred tax liabilities where there is uncertainty about the income tax treatment. Such uncertainties may arise when the application of the respective applicable tax law to a specific transaction is not clear and therefore also depends on the interpretation by the tax authority. However, Mutares SE & Co. KGaA is not aware of this interpretation when preparing the financial statements. IFRIC 23 requires an entity to recognize these uncertainties in the tax liabilities or assets recognized in the statement of financial position only when it is probable that the corresponding tax amounts will be paid or refunded. In this context, it is assumed that the tax authorities will exercise their right to review declared amounts and have full knowledge of all related information. In such cases, Mutares SE & Co. KGaA always considers the tax matters individually and assesses them at the most probable amount.

13. Consolidated and comprehensive income

The consolidated net profit of EUR 442.3 million (previous year: EUR 19.7 million) includes non-controlling interests of EUR –6.7 million (previous year: EUR –7.4 million).

The total comprehensive income of EUR 447.8 million (previous year: EUR 14.2 million) includes non-controlling interests of EUR –5.9 million (previous year: EUR –8.0 million).

14. Earnings per share

Earnings per share are as follows:

		2021	2020
Net income for the year after taxes attributable to the shareholders of Mutares	EUR million	449.0	27.1
Weighted average number of shares for calculating earnings per share			
Basic	Number	16,719,927	15,181,767
Diluted	Number	16,734,927	15,181,767
Earnings per share			
Basic	EUR	26.85	1.78
Diluted	EUR	26.83	1.78

Basic earnings per share are calculated by dividing the net income attributable to the shareholders of the parent company by the weighted average number of shares outstanding during the financial year (number of shares used to calculate basic earnings per share: 16,719,927). Diluted earnings per share are calculated assuming that all potentially dilutive securities and share-based payment plans are converted or exercised (number of shares used to calculate diluted earnings per share: 16,734,927). The stock options issued and exercisable under share-based payment have an impact on the dilution of earnings per share. For more information on share-based payment, please refer to our comments in note 32 below. Under the 2019 and 2021 stock option programs, a further 340,676 stock options may be issued to members of the Board of Management and employees of the Company and employees of subsidiaries, which may dilute earnings per share in the future. There were no transactions with treasury shares or options between the reporting date of 31 December 2021 and the date of preparation of the consolidated financial statements.

15. Segment information

In accordance with IFRS 8, operating segments are defined on the basis of internal reporting on the Group's operations, which is regularly reviewed by the Company's chief operating decision maker to make decisions about resources to be allocated to the segments and assess their performance. Information reported to the Management Board as the chief operating decision maker for the purpose of allocating resources to the Group's operating segments and assessing their performance relates to the products and services that are manufactured or provided. The Management Board has decided to structure the reporting accordingly. No operating segment has been aggregated to arrive at the level of the Group's reportable segments.

As of 31 December 2021, the portfolio of Mutares SE & Co. KGaA contains 23 operating investments or investment groups (previous year: 20), which are classified into the three segments (1) Automotive & Mobility, (2) Engineering & Technology and (3) Goods & Services. For details, please refer to our comments above under note 4 "Scope of consolidation".

The investments or groups of investments in three segments each comprise several legal entities. The allocation of the legal entities to the segments is clear; there are therefore no so-called zebra companies. All three segments generate income and expenses within the meaning of IFRS 8.5.

The individual segments are reported and managed in accordance with IFRS. The accounting policies of the reportable segments generally also apply to transactions between the reportable segments and are consistent with the Group accounting policies described in note 53. Intersegment revenues are accounted for at arm's length prices.

As the chief operating decision maker, the Management Board also measures the performance of the segments on the basis of a performance indicator adjusted for special effects, which is referred to as "adjusted EBITDA" in internal management and reporting. This alternative performance measure is calculated on the basis of reported Group EBITDA (earnings before interest, taxes, depreciation and amortization) adjusted for gains on bargain purchases, restructuring and other non-recurring expenses[3] and deconsolidation effects. This alternative performance measure is intended to make the operating developments within the segments transparent and to enable the chief operating decision maker to assess the operating earnings power of the individual segments.

The reconciliation from reported EBITDA to the performance indicator of adjusted EBITDA is as follows:

EUR million	2021	2020
EBITDA	**566.5**	**142.7**
Income from bargain purchases	–692.7	–207.8
Restructuring and other non-recurring expenses	80.9	41.1
Deconsolidation effects	3.9	–4.9
Adjusted EBITDA	**–41.3**	**–28.8**

With regard to transaction-related income (bargain purchases), please refer to the comments in note 5.1 with regard to the deconsolidation effects, please refer to the comments in note 5.2 with regard to the deconsolidation of subsidiaries.

[3] Operating expenses, for example in the context of the negative impact of the COVID 19 pandemic or increased procurement costs for raw materials and energy, are generally not adjusted, even if they exceed the usual level due to extraordinary circumstances.

EUR million	Automotive & Mobility		Engineering & Technology		Goods & Services		Corporate/ Consolidation		Mutares-Group	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Revenues	719.9	602.4	871.9	534.7	912.4	446.7	0.0	0.0	2,504.0	1,583.9
Cost of Material	-446.0	-349.7	-613.7	-344.1	-520.0	-280.8	0.0	0.0	-1,579.7	-974.6
Personnel expenses	-233.3	-173.1	-186.5	-134.7	-211.7	-97.0	-28.9	-19.2	-660.4	-423.9
Other expenses	-101.8	-101.5	-120.7	-68.0	-249.5	-98.7	-2.4	7.4	-474.3	-260.8
EBITDA	86.4	65.7	64.3	59.6	450.8	29.0	-35.1	-11.0	566.5	142.7
Adjusted EBITDA	-20.0	-13.3	-2.0	7.6	-13.2	-17.0	-6.0	-6.1	-41.3	-28.8
Timing of revenue recognition										
Transferred at a point in time	626.7	414.1	563.7	283.2	768.2	424.8	0.0	0.0	1,958.5	1,122.2
Over period	93.2	188.3	308.2	251.5	144.2	21.9	0.0	0.0	545.6	461.7

The non-current assets of the units break down geographically by the location of the assets as follows:

EUR million	31/12/2021	31/12/2020
Europe	977.9	409.8
France	423.8	74.9
Germany	314.6	138.2
Sweden	83.6	0.0
Italy	39.5	39.1
Polen	33.2	35.6
Finland	29.1	32.2
United Kingdom	12.9	15.4
Denmark	11.6	0.0
Austria	0.0	50.1
Rest of Europe	29.8	24.3
Rest of world	36.4	58.0

The non-current assets of the segments comprise intangible assets, property, plant and equipment, rights of use and other non-current non-financial assets.

In the financial year 2021, as in the previous year, revenues with no customer amounted to more than 10% of total third-party revenues in the Mutares Group.

The geographical breakdown of revenues by market is based on the location of the respective customer:

EUR million	2021	2020
Europe	2,301.5	1,406.2
France	647.4	211.1
Germany	585.7	356.9
Sweden	282.0	107.8
Austria	155.3	154.3
Italy	153.8	222.0
United Kingdom	76.8	79.9
Finland	67.0	58.0
Netherlands	49.7	28.9
Poland	43.1	35.0
Belgium	29.0	24.3
Czech republic	24.3	29.4
Rest of Europe	187.4	98.4
Asia	148.7	133.6
America	36.8	33.2
Africa	17.0	10.9

Revenues for each group of comparable products and services are not disclosed because the necessary information is not available and the cost of preparing them is excessive.

The reconciliation of profit before tax to total reported segment EBITDA is as follows:

EUR million	2021	2020
Profit before tax	428.6	16.9
Corporate/consolidation	35.1	11.6
Depreciation	119.2	101.5
Financial result	18.7	24.3
Total segment EBITDA	601.6	154.4

D. NOTES ON ASSETS

16. Intangible assets

The development of other intangible assets is as follows:

EUR million	Internally generated intangible rights and assets	Software	Patents, concessions and other rights	Prepayments and intangible assets under development	Goodwill	Total
Historical cost						
As at 01/01/2020	**2.3**	**10.5**	**61.7**	**6.2**	**0.0**	**80.7**
Additions	0.1	4.3	0.3	2.0	0.0	6.7
Disposals	0.0	–1.1	–0.8	0.0	0.0	–2.0
Reclassification	–0.1	0.2	1.4	–1.5	0.0	0.0
Changes in consolidated group	–1.0	0.6	23.8	0.2	0.0	23.5
Currency translation effects	0.0	–0.1	–0.5	–0.2	0.0	–0.7
Reclassification IFRS 5	0.0	0.0	0.0	0.0	0.0	0.0
As at 31/12/2020	**1.3**	**14.5**	**85.8**	**6.8**	**0.0**	**108.3**
Additions	1.7	3.6	0.9	5.9	0.0	12.0
Disposals	0.0	–0.1	–0.1	–0.1	0.0	–0.3
Reclassification	0.6	1.3	–3.7	–1.8	0.0	–3.5
Changes in consolidated group	–8.5	–1.1	46.6	–5.4	5.5	37.2
Currency translation effects	0.0	0.1	0.9	0.1	0.0	1.1
Reclassification IFRS 5	0.0	–2.5	–4.2	0.0	0.0	–6.7
As at 31/12/2021	**–4.9**	**15.7**	**126.2**	**5.5**	**5.5**	**148.1**

EUR million	Internally generated intangible rights and assets	Software	Patents, concessions and other rights	Prepayments and intangible assets under development	Goodwill	Total
As at 01/01/2020	**-0.6**	**-4.5**	**-15.2**	**-1.7**	**0.0**	**-22.0**
Amortization	-0.4	-2.3	-8.7	-0.2	0.0	-11.6
Impairment	0.0	-0.7	-0.5	0.0	0.0	-1.2
Disposals	0.0	0.8	0.3	0.0	0.0	1.0
Reclassification	0.0	0.0	-1.4	1.4	0.0	0.0
Changes in consolidated group	0.3	0.5	0.3	0.0	0.0	1.1
Currency translation effects	0.0	0.0	0.2	0.0	0.0	0.2
Reclassification IFRS 5	0.0	0.0	0.0	0.0	0.0	0.0
As at 31/12/2020	**-0.7**	**-6.2**	**-24.9**	**-0.5**	**0.0**	**-32.3**
Amortization	-0.4	-3.2	-13.7	0.0	0.0	-17.2
Impairment	0.0	-0.8	0.0	-0.7	0.0	-1.5
Disposals	0.0	0.0	0.0	0.0	0.0	0.0
Reclassification	-0.6	-0.8	1.4	0.0	0.0	0.0
Changes in consolidated group	8.6	4.0	21.6	1.3	0.0	35.6
Currency translation effects	0.0	0.0	-0.2	0.0	0.0	-0.3
Reclassification IFRS 5	0.0	1.1	0.7	0.0	0.0	1.7
As at 31/12/2021	**6.8**	**-5.8**	**-15.1**	**0.0**	**0.0**	**-14.1**
Net carrying amounts						
01/01/2020	1.7	6.0	46.5	4.5	0.0	58.7
31/12/2020	0.5	8.3	60.9	6.3	0.0	76.0
01/01/2021	0.5	8.3	60.9	6.3	0.0	76.0
31/12/2021	**1.9**	**9.9**	**111.1**	**5.5**	**5.5**	**134.0**

As part of the acquisitions made in the reporting period, intangible assets amounting to EUR 87.4 million (previous year: EUR 25.7 million) were acquired in the reporting period; we refer to the comments above (note 5.1 “Acquisitions of subsidiaries”).

In the reporting period, research and development expenses recognized as an expense amounted to EUR 4.6 million (previous year: EUR 2.3 million).

The reclassifications in accordance with IFRS 5 relate to the assets of BEXity, see note 24.

With regard to intangible assets pledged as collateral as of 31 December 2021, see note 35.

Intangible assets with indefinite useful lives

As of 31 December 2021, two subsidiaries of the Engineering & Technology segment have intangible assets with indefinite useful lives of EUR 4.6 million (previous year: EUR 4.6 million). In each case, these are brands that were acquired as part of business combinations. The useful life was estimated to be indefinite, as there are no plans on the part of management to change the brand name and the asset can therefore be used indefinitely by the company.

The relief from royalty method was used to value the trademarks at the respective acquisition dates. This method is based on the assumption that if the Company did not own the trademark, it would be willing to enter into a license agreement. Under this hypothetical license transaction, the licensee would have to pay royalties to the licensor. The value of the trademark can thus be estimated as the present value of all future royalty payments in a hypothetical licensing transaction. In such transactions, the license fees are usually determined by applying a royalty rate to the sale of the product or products associated with the trademark. The recoverable amount is determined based on a value in use calculation using cash flow projections based on financial budgets approved by management covering a three-year period. The discount rate used for the cash flow projections ranges from 7.0% to 12.0% (previous year: 7.2% to 12.8%). Cash flows beyond the three-year period were extrapolated using a growth rate of 1.0% (previous year: 1.0%). As in the previous year, there was no need for impairment losses in the financial year 2021.

Furthermore, no intangible assets with indefinite useful lives were acquired in the reporting period as part of business combinations.

Impairment of intangible assets

In the reporting year, an impairment loss of EUR 0.7 million was recognized at a subsidiary of the Engineering & Technology segment due to the remeasurement of the order backlog originally recognized as part of the acquisition for a project with an ongoing project duration.

The acquisition of Ganter Construction & Interiors GmbH and its subsidiaries ("Ganter") in the segment Goods & Services as of 31 October 2021 resulted in goodwill of EUR 5.5 million. Details on the acquisition can be found in note 5.1.1. Mutares tests goodwill for impairment annually and additionally if there are indications that goodwill might be impaired. The acquisition was completed as of 31 October 2021, and there were no indications of impairment as of 31 December 2021. The first annual impairment test will be performed in financial year 2022.

17. Property, plant and equipment

The development of property, plant and equipment is as follows:

EUR million	Land and buildings	Technical equipment and machinery	Operating and office equipment	Advance payments and assets under development	Total
As at 01/01/2020	**86.9**	**243.4**	**34.6**	**12.4**	**377.3**
Additions	1.9	15.2	5.5	6.9	29.4
Disposals	−10.2	−7.8	−4.0	−2.1	−24.1
Reclassification	3.6	−2.8	1.0	−1.8	0.0
Changes in consolidated group	52.6	−49.6	−5.6	1.6	−1.0
Currency translation effects	−2.0	−1.7	−0.2	−0.3	−4.2
Reclassification IFRS 5	−3.1	0.0	−0.3	0.0	−3.5
As at 31/12/2020	**129.6**	**196.6**	**30.9**	**16.7**	**373.8**
Additions	4.0	12.9	4.8	25.7	47.4
Disposals	−7.5	−9.8	−1.3	−1.8	−20.4
Reclassification	0.8	9.2	1.7	−12.2	−0.5
Changes in consolidated group	331.4	16.0	1.0	3.1	351.6
Currency translation effects	1.1	1.3	0.2	0.4	3.0
Reclassification IFRS 5	−105.2	−1.2	−3.9	−0.2	−110.4
As at 31/12/2021	**354.2**	**225.1**	**33.5**	**31.8**	**644.5**

EUR million	Land and buildings	Technical equipment and machinery	Operating and office equipment	Advance payments and assets under development	Total
As at 01/01/2020	**–17.1**	**–162.8**	**–21.0**	**0.0**	**–200.9**
Amortization	–6.7	–23.8	–4.7	–0.1	–35.3
Impairment	–9.1	–8.1	–0.5	0.0	–17.7
Disposals	0.2	4.7	2.8	0.0	7.7
Reclassification	0.0	0.0	0.0	0.0	0.0
Changes in consolidated group	2.1	101.2	10.5	0.0	113.8
Currency translation effects	0.2	0.8	0.0	0.0	1.0
Reclassification IFRS 5	0.0	0.0	0.0	0.0	0.0
As at 31/12/2020	**–30.3**	**–88.0**	**–12.8**	**–0.1**	**–131.2**
Current depreciation	–13.6	–28.9	–6.2	0.0	–48.7
Impairment	–1.1	–1.1	–0.1	0.0	–2.3
Disposals	2.9	8.2	0.7	0.0	11.8
Reclassification	0.0	0.0	0.0	0.0	0.0
Changes in consolidated group	22.6	46.5	5.6	0.2	74.9
Currency translation effects	–0.1	0.0	0.0	0.0	–0.2
Reclassification IFRS 5	6.3	0.6	1.2	–0.2	7.9
As at 31/12/2021	**–13.4**	**–62.7**	**–11.7**	**0.0**	**–87.8**
Net carrying amounts					
01/01/2020	69.8	80.6	13.6	12.4	176.4
31/12/2020	99.3	108.7	18.0	16.6	242.6
01/01/2021	99.3	108.7	18.0	16.6	242.6
31/12/2021	**340.7**	**162.4**	**21.8**	**31.7**	**556.7**

As part of the acquisitions made in the reporting period, property, plant and equipment amounting to EUR 493.7 million were acquired in the reporting period (previous year: EUR 141.1 million); we refer to the comments above (5.1 “Acquisitions of subsidiaries”).

The movements shown in the lines “Reclassification IFRS 5” mainly relate to the planned disposal of 26 businesses belonging to the Lapeyre subgroup to be sold in sale-and-leaseback transactions. The transactions were highly probable at the balance sheet date and are expected to be completed by the end of the third quarter of 2022 at the latest.

Furthermore, the movements shown in the line “Reclassification IFRS 5” relate to a highly probable sale and leaseback transaction of a company from the Automotive & Technology segment acquired in the reporting period as well as the sale of a property of a subsidiary from the Engineering & Technology segment as of the balance sheet date, which is why the value of the properties concerned in the amount of EUR 19.4 million has been reclassified in accordance with IFRS 5. The transaction was completed at the beginning of 2022.

In addition, Lapeyre sold a direct subsidiary in the first quarter of 2022. The transaction was highly probable as of the balance sheet date, which is why the assets belonging to the company sold, mainly the real estate, were reclassified in accordance with IFRS 5. Previous to the reclassification, they were impaired on the basis of the agreed purchase price of EUR –1.7 million.

We refer to the comments in note 24.

With regard to property, plant and equipment pledged as collateral as of 31 December 2021, see note 35.

Impairment of property, plant and equipment

The impairment losses on property, plant and equipment in financial year 2021 mainly relate to two subsidiaries in the Engineering & Technology segment: Due to changes in the economic environment, a review of the recoverable amount for the respective cash-generating unit was carried out at these subsidiaries.

The most significant portion of EUR 1.2 million was written down as part of a planned sale. Please refer to the comments in note 24.

18. Rights of use

Mutares has leases for buildings, office space, technical equipment and machinery as well as other equipment, furniture and fixtures, vehicles and, to an insignificant extent, software.

The development of rights of use is as follows:

EUR million	Intangible assets	Land and buildings	Vehicle fleet	Technical equipment and machinery	Total
Changes in rights of use recognised in the balance sheet					
As at 01/01/2020	**1.9**	**108.1**	**7.3**	**18.4**	**135.7**
Rights of use from initial application	0.1	63.6	2.9	5.3	72.0
Additions	0.0	5.3	6.0	3.4	14.8
Disposals	0.0	-0.9	0.0	-0.1	-1.0
Currency translation effects	0.0	-10.1	-2.6	-2.6	-15.3
Change due to revaluation or contractual adjustment	0.0	-11.3	-1.1	-2.1	-14.5
As at 31/12/2020	**2.0**	**154.7**	**12.5**	**22.5**	**191.8**
Additions	0.1	24.4	6.7	8.1	39.3
Changes in consolidated group	-2.0	175.3	18.8	3.2	195.3
Currency translation effects	0.0	1.3	0.0	0.1	1.4
Reclassification IFRS 5	0.0	-52.9	-1.1	-3.6	-57.6
Change due to revaluation or contractual adjustment	0.0	5.8	-0.8	-2.5	2.4
As at 31/12/2021	**0.1**	**308.6**	**36.1**	**27.9**	**372.6**
Accumulated depreciation and value adjustment					
As at 01/01/2020	**-0.3**	**-10.4**	**-1.8**	**-3.4**	**-15.9**
Ongoing amortization	-0.3	-24.0	-3.6	-5.7	-33.5
Impairment	0.0	-0.1	0.0	0.0	-0.1
Changes in consolidated group	0.0	1.8	0.4	0.3	2.5
Currency translation effects	0.0	0.2	0.0	0.0	0.2
Reclassification IFRS 5	0.0	1.3	0.7	0.5	2.5
As at 31/12/2020	**-0.6**	**-31.2**	**-4.2**	**-8.2**	**-44.4**
Ongoing amortization	-0.2	-34.2	-5.6	-4.0	-44.0
Impairment	0.0	0.0	0.0	0.0	0.0
Changes in consolidated group	0.7	7.9	1.6	3.4	13.7
Currency translation effects	0.0	-0.4	0.0	0.0	-0.4
Reclassification IFRS 5	0.0	20.0	0.6	0.4	21.1
As at 31/12/2021	**-0.1**	**-37.9**	**-7.6**	**-8.5**	**-54.2**
Net carrying amounts					
01/01/2020	1.6	97.7	5.5	15.0	119.8
31/12/2020	1.5	123.4	8.3	14.3	147.4
01/01/2021	1.5	123.4	8.3	14.3	147.4
31/12/2021	**0.1**	**270.6**	**28.5**	**19.4**	**318.6**

The leases entered into by the Group are generally subject to restrictions. These arise from termination or sublease restrictions. Some leases also contain an option to purchase the underlying asset outright at the end of the lease or to extend the lease for a further term. In some cases, the lease entails corresponding maintenance, servicing and/or insurance obligations.

In the reporting period, two subsidiaries in the Engineering & Technology and Goods & Services segments each sold real estate and, in one case, machinery as part of sale-and-leaseback transactions. These disposals were generally already planned as of the previous year's balance sheet date and the corresponding assets were therefore already recognized at fair value less costs to sell in the course of the planned disposals. The effect on profit or loss of the sale and leaseback transactions in the reporting period therefore amounts to only EUR 0.1 million (previous year: EUR 0.0 million). This is reported under other income.

For explanatory comments on the corresponding lease liabilities, please refer to note 36 "Lease liabilities".

19. Inventories

Inventories break down as follows:

EUR million	31/12/2021	31/12/2020
Raw materials, consumables and supplies	133.0	75.5
Work in progress	101.8	79.9
Finished goods and goods for resale	159.0	46.0
Prepayments on inventories	29.4	2.0
Inventories	**423.2**	**203.5**

Inventories recognized as an expense amount to EUR 1,139.3 million (previous year: EUR 609.1 million).

With regard to inventories pledged as collateral as of 31 December 2021, see note 35.

The write-down of inventories to the lower net realizable value recognized in the statement of comprehensive income amounts to EUR 7.8 million (previous year: EUR 0.9 million). Due to the COVID 19 pandemic, a major customer project at one Gemini Rail Group company was not continued and assets (including inventories) were written down in this context. The reversals of impairment losses recognized for inventories in the statement of comprehensive income amount to EUR 1.6 million (previous year: EUR 1.3 million) and result from changes in economic circumstances that indicate an increase in net realizable values.

20. Contract balances

Contract balances consist of contract assets and contract liabilities and are as follows by maturity:

EUR million	31/12/2021	31/12/2020
Non-current receivables from contracts with customers	5.1	1.9
Current receivables from contracts with customers	273.5	233.0
Receivables from contracts with customers	**278.6**	**234.9**
Non-current contract assets	3.7	0.0
Current contract assets	50.6	36.7
Contract assets	**54.4**	**36.7**
Non-current contract liabilities	7.6	0.1
Current contract liabilities	144.8	68.6
Contract liabilities	**152.4**	**68.7**

The contract assets as of the balance sheet date largely result from long-term projects that meet the criteria for recognizing revenue over time. The contract assets represent the legal entitlement from goods and services provided in excess of the payments received. In the Engineering & Technology segment, the contract assets mainly relate to services with time-based revenue recognition in the area of plant and construction projects, and in the Automotive & Mobility segment in the area of series production, prototypes and customer tools. Contract liabilities as of 31 December 2021 result mainly from advance payments received from customers in connection with long-term production contracts.

The change in contract balances in financial year 2021 is the result of ongoing business activities and the associated changes in project progress and billings, particularly in the Engineering & Technology segment, as well as changes in the composition of the Group. In the amount of EUR 22.6 million (previous year: EUR 23.1 million), revenue was recognized in the reporting year from contracts with customers that were included in contract liabilities at the beginning of the period. In the amount of EUR 0.1 million (previous year: EUR 3.1 million) were reclassified from non-current contract liabilities at the beginning of the period to current contract liabilities as of 31 December 2021.

A total transaction price of EUR 197.8 million (previous year: EUR 300.3 million) has been allocated to the performance obligations not yet or not fully settled as of 31 December 2021. Management expects that EUR 92.5 million of this amount will be recognized as revenue in the next year (previous year: EUR 143.2 million) and EUR 105.4 million (previous year: EUR 157.1 million) in subsequent periods. The open performance obligations mainly relate to long-term construction contracts from the Balcke-Dürr Group, the Donges Group, at Gemini Rail and Clecim to obligations from the production of series tools from the Automotive & Mobility segment as well as obligations from long-term maintenance contracts from the Goods & Services segment. For performance obligations with a term of one year or less, the transaction price is not disclosed in accordance with IFRS 15.

21. Other financial assets

Other financial assets are as follows:

EUR million	31/12/2021	31/12/2020
Receivables from company acquisitions	153.6	8.9
Bearer bond	30.0	0.0
Retentions from recourse factoring	17.0	11.5
Security deposits	13.0	4.7
Loans	11.7	2.8
Supplier bonuses	8.0	0.5
Cash and term deposits	6.3	4.1
Creditors with debit balances	1.7	1.9
Receivables from earn-out agreements	0.0	1.1
Miscellaneous financial assets	11.7	2.5
Other financial assets	**253.0**	**38.0**
Current	179.4	29.3
Non-current	73.6	8.7

Receivables from business combinations amount to EUR 147.2 million and relate to the acquisition of the Lapeyre subgroup.

22. Other non-financial assets

Other non-financial assets are as follows:

EUR million	31/12/2021	31/12/2020
Other non-financial assets	32.4	19.4
Prepaid expenses	24.2	10.9
Other tax assets	3.7	5.9
Miscellaneous other assets	5.9	2.8
Other non-financial assets	**66.2**	**39.0**
Current	65.7	37.2
Non-current	0.5	1.8

23. Trade accounts receivable and other receivables

Trade and other receivables break down as follows:

EUR million	31/12/2021	31/12/2020
Trade and other receivables	304.5	242.3
Less expected credit losses	–26.0	–7.5
Other receivables	12.4	23.6
Trade and other receivables	**290.9**	**258.5**
Current	285.9	256.6
Non-current	5.1	1.9

Trade and other receivables are non-interest bearing and, with the exception of receivables amounting to EUR 5.1 million (previous year: EUR 1.9 million) have a term of less than one year.

Expected credit losses are initially recognized in allowance accounts unless it can be assumed at the time the reason for the allowance arises that the receivable will be wholly or partly uncollectible. In such cases, the carrying amount of the receivables is derecognized directly through profit or loss.

For the calculation of impairment losses, please refer to note 42.1.

As in the previous year, there are no trade receivables measured at fair value through other comprehensive income as of 31 December 2021.

For receivables pledged as collateral as of 31 December 2021, see note 35.

The expected credit losses for trade and other receivables developed as follows:

EUR million	2021	2020
As at 1 Jan.	**7.5**	**5.3**
Changes in consolidated group	19.5	12.0
Additions	3.4	1.6
Utilization	–1.6	–0.9
Reversal	–2.0	–1.1
Disposal	–0.5	0.0
Currency translation and other effects	–0.2	0.9
Reclassification to disposal groups	0.0	–10.5
As at 31 Dec.	**26.0**	**7.5**

Assignment of trade receivables

Mutares Group companies sell trade receivables to factoring companies in exchange for the granting of rights of recourse. These trade receivables are not derecognized from the balance sheet as Mutares retains substantially all the risks and rewards of ownership. These are primarily credit risk. The amounts received from the sale of trade receivables are recognized as other financial liabilities. Depending on the agreement with the respective factoring company, the customers settle the corresponding open items directly to Mutares Company, which then transfers the amounts received to the factoring companies. The carrying amount of trade receivables not derecognized amounts to EUR 16.6 million as of the balance sheet date (previous year: EUR 40.3 million). The corresponding liabilities amount to EUR 22.1 million as of the balance sheet date (previous year: EUR 32.2 million). Due to the short-term nature of the trade receivables sold and the associated liabilities, the fair value approximates the carrying amount. The net position from this amounts to EUR –5.5 million (previous year: EUR 8.1 million).

Mutares also sold trade receivables with a carrying amount of EUR 86.6 million (previous year: EUR 63.5 million) to third parties on the basis of factoring agreements, for which no material risks remain for Mutares. Therefore, the receivables were derecognized in accordance with IFRS 9.3.2.6(a). Retentions in connection with these assigned receivables amount to EUR 16.7 million (previous year: EUR 10.1 million) and are recognized under other current financial assets. Due to the short-term nature of the trade receivables sold, the fair value approximates the carrying amount. In the event of a payment default by the customer, Mutares is exposed to a remaining payment risk of EUR 18.7 million (previous year: EUR 0.0 million) to the factoring company. The amounts to be repaid to the factoring company would be considered short-term and represent the maximum risk of loss for Mutares.

24. Non-current assets held for sale and disposal groups

On 7 December 2021 Mutares signed an agreement with Raben Group N.V., a Dutch logistics company, for the sale of all shares in BEXity. The sale was subject to the approval of the Austrian and German antitrust authorities as well as the former owner Österreichische Bundesbahn (ÖBB). The transaction was completed after the end of the financial year 2021 in the first quarter of 2022.

BEXity's assets and liabilities break down as follows:

EUR million	31/12/2021
Intangible assets	5.0
Property, plant and equipment	2.8
Right of use assets	36.5
Other non-current assets	0.0
Non-current assets	**44.3**
Inventories	0.3
Current Trade and other receivables	22.7
Other current assets	8.3
Current assets	**31.3**
Deferred tax liabilities	0.1
Other non-current liabilities	28.6
Non-current liabilities	**33.9**
Current liabilities	**39.8**

Furthermore, as of the balance sheet date 31 December 2021, the divestments of 26 businesses belonging to the Lapeyre subgroup were considered highly probable. The transactions are expected to be completed by the end of the third quarter of 2022, at the latest. Subsequently, it is planned that Lapeyre will continue to use the respective properties (sale and leaseback). The fair value of the properties reclassified in accordance with IFRS 5 amounts to EUR 82.1 million.

Furthermore, as of the balance sheet date 31 December 2021, a sale and leaseback transaction of a company acquired in the reporting period, from the Automotive & Mobility segment, was considered highly probable, which is why the carrying amount of the property concerned of EUR 15.7 million has also been reclassified in accordance with IFRS 5. The sale and leaseback transaction was completed at the beginning of 2022.

In addition, an operating property was sold at an investment from the Engineering & Technology segment. The carrying amount of the property was impaired by EUR 1.2 million based on the purchase price and reclassified in the amount of EUR 4.1 million in accordance with IFRS 5.

Finally, Lapeyre sold a direct subsidiary in the first quarter of 2022, whereby the transaction was highly probable as of the balance sheet date. The carrying amount of the net assets of the company was impaired by EUR –1.7 million based on the purchase price. The remaining liabilities were reclassified in the amount of EUR 0.8 million in accordance with IFRS 5.

As of 31 December 2020, assets and liabilities held for sale mainly related to those of Nexive and Balcke-Dürr Rothemühle. Both transactions were actually implemented in January 2021.

25. Cash and cash equivalents

Cash and cash equivalents are as follows:

EUR million	31/12/2021	31/12/2020
Bank balance	248.1	140.5
Cash equivalents	6.9	4.7
Cash balance	0.2	0.1
Cash and cash equivalents	**255.1**	**145.3**

As of 31 December 2021, EUR 6.8 million of cash and cash equivalents were restricted (previous year: EUR 3.5 million). For information on cash and cash equivalents pledged as collateral as of 31 December 2021, see note 35.

E. NOTES ON EQUITY AND LIABILITIES

The individual components of equity and their development for the financial years 2020 and 2021 are presented in the consolidated statement of changes in equity.

26. Subscribed capital

On 14 October 2021, Mutares successfully completed the rights issue announced on 28 September 2021. A total of 5,140,439 new registered no-par value ordinary shares of the Company ("New Shares") were offered during the subscription period from 30 September 2021 to 13 October 2021 (both inclusive) at a subscription ratio of 3:1 at a subscription price of EUR 19.50 per New Share ("Subscription Price") in accordance with the terms and conditions of the subscription offer published in the German Federal Gazette ("Subscription Offer"). 5,059,274 New Shares have been subscribed under the Subscription Offer. This corresponds to around 98.4% of the total of 5,140,439 New Shares offered. All New Shares for which no subscription rights were exercised were placed in the market and were significantly oversubscribed. After registration of the capital increase in the Commercial Register, the share capital of the Company will thus increase by EUR 5,140,439.00 from EUR 15,496,292.00 to EUR 20,636,731.00 through the issue of the 5,140,439 New Shares. With the introduction of the existing shares of the Company and the new shares to the Regulated Market (Prime Standard) of the Frankfurt Stock Exchange ("Uplisting") in this context, the Company also intends to expand its shareholder base to include new investor groups.

The subscribed capital of Mutares SE & Co. KGaA is fully paid-in and consists of 20,636,731 (previous year: 15,496,292) registered no-par value shares with a notional interest in the share capital of EUR 1.00 each as of 31 December 2021.

27. Capital reserve

As of 31 December 2021, the capital reserve amounts to EUR 134.0 million (previous year: EUR 37.9 million) and consists of the premium on the issue of shares in the parent company amounting to EUR 131.2 million (previous year: EUR 36.1 million) and the recognition of share-based payments amounting to EUR 2.8 million (previous year: EUR 1.8 million; cf. the explanations in note 32 below). The increase in additional paid-in capital compared to the previous year is mainly due to the share premium of EUR 95.1 million recognized in the context of the capital increase.

28. Retained earnings

By resolution of the Annual General Meeting on 20 May 2021, a partial amount of EUR 23.1 million of the net retained profits of the Company as of 31 December 2020 under German commercial law was distributed in the form of a dividend of EUR 1.50 per no-par value share carrying dividend rights.

The Management Board of the general partner of Mutares SE & Co. KGaA resolved to use the retained earnings of Mutares SE & Co. KGaA for the financial year 2021 in the amount of EUR 75,865,346.02 to distribute a dividend in the amount of EUR 1.50 per no-par value share entitled to dividend and otherwise to carry it forward to new account. This corresponds to a total amount of EUR 30,939 thousand in relation to the shares currently in circulation. The remaining amount of EUR 44,926 thousand is to be carried forward.

29. Other components of equity

Other components of equity include the revaluation reserve for the recognition of actuarial gains and losses in connection with pension obligations, the foreign currency translation reserve and the reserve for fair value changes of financial assets and liabilities. The development in financial years 2020 and 2021 is presented in total in the consolidated statement of changes in equity.

Details of the development of the above components are shown in the following table:

EUR million	Actuarial gains/losses	Currency adjustment	Fair value changes of financial assets/liabilities	Other	Summe
As at 01/01/2020	**–1.5**	**–0.7**	**0.0**	**0.0**	**–2.2**
Other comprehensive income after income taxes	0.4	–6.1	0.2	0.0	–5.5
Changes in consolidated group	0.4	0.0	0.0	0.0	0.4
As at 31/12/2020	**–0.6**	**–6.8**	**0.2**	**0.0**	**–7.3**
Other comprehensive income after income taxes	4.5	4.0	–3.3	0.3	5.5
Changes in consolidated group	2.6	0.0	0.0	0.0	2.6
As at 31/12/2021	**6.5**	**–2.8**	**–3.1**	**0.3**	**0.8**

EUR million	Non-controlling interest	Attributable to the shareholders of the parent company
As at 01/01/2020	**0.1**	**–2.1**
Other comprehensive income after income taxes	0.6	–4.9
Changes in consolidated group	0.0	0.4
As at 31/12/2020	**0.7**	**–6.5**
Other comprehensive income after income taxes	–0.7	4.8
Changes in consolidated group	0.0	2.6
As at 31/12/2021	**0.0**	**0.9**

30. Non-controlling interests

At Mutares, non-controlling interests exist at the reporting date in Repartim and – due to management participation programs – also in the acquisition companies of various operating investments.

There are no restrictions on Mutares' ability to access or use assets of the subsidiaries and to settle liabilities.

The following tables relate exclusively to the above-mentioned subsidiaries in which non-controlling shareholders hold shares:

EUR million	31/12/2021	31/12/2020
Non-current assets	727.1	191.9
Current assets	920.8	318.6
Non-current liabilities	421.7	104.8
Current liabilities	619.6	294.7
Equity attributable to shareholders of theparent company	609.2	119.6
Non-controlling interests	**–2.5**	**–8.6**

EUR million	2021	2020
Revenues	1,527.0	705.3
Other income and expenses (cumulative)	–1,022.3	–720.0
Net income	**504.7**	**–14.7**
Net income for the year attributable to shareholders of the parent company	511.4	–7.4
Net income for the year attributable to non-controlling interests	–6.7	–7.4
Other comprehensive income attributable to the shareholders of the parent Company	2.7	–1.1
Other comprehensive income attributable to non-controlling interests	0.6	–0.7
Total other comprehensive income	**3.3**	**–1.9**
Comprehensive income attributable to shareholders of the parent company	514.1	–8.5
Comprehensive income attributable to non-controlling interests	–5.9	–8.0
Total comprehensive income	**508.0**	**–16.6**

EUR million	2021	2020
Dividends paid (–) to non-controlling interests	0.0	0.0
Cash flow from operating activities	–39.1	–8.2
Cash flow from investing activities	140.4	24.3
Cash flow from financing activities	11.4	17.5
Change in cash and cash equivalents	**112.8**	**33.7**

31. Authorized capital

By resolution dated 23 May 2019, the Annual General Meeting of the Company resolved to cancel Authorized Capital 2015/I and instead to authorize the Management Board, with the approval of the Supervisory Board, to increase the Company's share capital by a total of up to EUR 7.7 million by issuing up to 7,748,146 new registered no-par value shares in exchange for cash contributions and/or contributions in kind in the period up to 22 May 2024 ("Authorized Capital 2019/I").

The existing Authorized Capital 2019/I was partially utilized as part of the capital increase with subscription rights against cash contributions in October 2021. As of the reporting date, the remaining authorized capital amounts to EUR 2.6 million or 2,607,707 registered shares.

32. Conditional capital and share-based payment

32.1. CONDITIONAL CAPITAL

The Annual General Meeting of the Company on 3 June 2016 authorized the Management Board, with the approval of the Supervisory Board, to issue up to 1,500,000 subscription rights ("stock options") to members of the Management Board of the Company, members of the management of affiliated domestic and foreign companies of the Company, and employees of the Company and employees of affiliated domestic and foreign companies until 2 June 2020 ("Mutares Stock Option Plan 2016"). The stock options entitle the holder to subscribe to up to 1,500,000 no-par value registered (previous year: bearer) shares of the Company with a notional interest in the share capital of EUR 1.00 each. Furthermore, the Annual General Meeting resolved to conditionally increase the share capital of the Company by EUR 1.5 million by issuing up to 1,500,000 no-par value bearer shares to service the Mutares Stock Option Plan 2016 ("Conditional Capital 2016/I"). The Annual General Meeting of the Company on 23 May 2019 resolved to cancel the Conditional Capital 2016/I to the extent that it relates to the stock options not issued under the Mutares Stock Option Plan 2016. As a result, the Conditional Capital 2016/I amounts to EUR 361 thousand after reduction as of the reporting date.

The Annual General Meeting of the Company on 23 May 2019 created Conditional Capital 2019/I in the amount of EUR 3.0 million for the purpose of granting shares upon the exercise of conversion or option rights or upon the fulfillment of conversion or option obligations to the holders or creditors of convertible bonds, warrant bonds, profit participation rights and/or participating bonds or combinations of these instruments issued on the basis of the authorization resolution of the Annual General Meeting on 23 May 2019.

After the partial cancellation of the Conditional Capital 2016/I became effective, the share capital of Mutares SE & Co. KGaA was conditionally increased by up to EUR 0.8 million by issuing up to 802,176 no-par value registered shares ("Conditional Capital 2019/II") by resolution of the Annual General Meeting on 23 May 2019. The Conditional Capital 2019/II serves to grant subscription rights to members of the Management Board and employees of the Company, members of the management and employees of companies affiliated with the Company.

After the partial cancellation of the Conditional Capital 2016/I has become effective, the share capital of the Company shall be conditionally increased by up to EUR 387 thousand by issuing up to 387,000 no-par value registered shares ("Conditional Capital 2021/I"). The Conditional Capital 2021/I is exclusively for the purpose of issuing shares of the Company to service subscription rights to shares of the Company issued to members of the Management Board of the Company and employees of the Company as well as to members of the management and employees of companies affiliated with the Company within the meaning of Secs. 15 et seq. AktG in the form of stock options in accordance with the above authorization resolution pursuant to lit. b).

32.2. STOCK OPTION PLANS

Stock option plan 2016

On 13 October 2016, the Board of Management, with the approval of the Supervisory Board, resolved option terms and conditions under which a total of up to 900,000 stock options from Conditional Capital 2016/I may be issued to members of the management of affiliated domestic and foreign companies of the Company and to employees of the Company and employees of affiliated domestic and foreign companies until 2 June 2020. The stock options entitle the holder to subscribe to a total of up to 900,000 no-par value bearer shares of the Company with a notional interest in the share capital of EUR 1.00 each, provided that certain exercise conditions are met – in particular a waiting period of at least four years and the achievement of a predefined, average, volume-weighted share price during the last 20 stock market trading days previous to the start of the respective exercise period, which must exceed the exercise price of the option by at least 85.7%.

Also on 13 October 2016, the Supervisory Board adopted option conditions under which a total of up to 600,000 stock options from Conditional Capital 2016/I may be issued to members of the Company's Management Board until 2 June 2020. The stock options entitle the holders to subscribe to a total of up to 600,000 no-par value bearer shares of the Company, each representing a notional share of the share capital of EUR 1.00, provided that certain exercise conditions are met, in particular a waiting period of at least four years.

In various tranches, a total of 973,200 stock options were issued under the 2016 Stock Option Plan, of which 465,000 stock options were granted to members of the Management Board, of which 90,000 stock options expired due to resignation. As of 31 December 2020, a total of 644,250 shares were outstanding under the 2016 Stock Option Plan. In the reporting period, the exercise requirements were met for 479,250 of the stock options issued (attributable to the tranches in September 2016 and May and September 2017) and a total of 464,250 stock options were exercised by the beneficiaries.

Stock option plan 2019

On 9 August 2019, the Board of Management adopted option conditions under which a total of up to 360,979 stock options from Conditional Capital 2019/II may be issued to members of the management of affiliated domestic and foreign companies of the Company and to employees of the Company and employees of affiliated domestic and foreign companies until 22 May 2024. The stock options entitle the holder to subscribe to a total of up to 360,979 no-par value registered shares of the Company with a notional interest in the share capital of EUR 1.00 each upon fulfillment of certain exercise conditions – in particular a waiting period of at least four years and the achievement of a predefined average volume-weighted share price during the last 20 stock market trading days previous to the beginning of the respective exercise period, which must exceed the exercise price of the option by at least 85.7%.

Also on 9 August 2019, the Shareholders' Committee of the general partner of Mutares SE & Co. KGaA resolved, with the approval of the Supervisory Board, option conditions according to which a total of up to 441,197 stock options from Conditional Capital 2019/II may be issued to members of the Management Board of the Company until 22 May 2024. The stock options entitle the holder to subscribe to a total of up to 441,197 no-par value registered shares of the Company, each representing a notional share of the share capital of EUR 1.00, provided that certain exercise conditions are met, in particular a waiting period of at least four years.

In three tranches to date in September 2019, May 2020 and May 2021, 739,696 stock options were issued from the 2019 Stock Option Plan, of which 441,196 stock options were granted to members of the Management Board. The stock options granted are not entitled to dividends and do not grant any voting rights.

Stock option plan 2021

On 31 August 2021, the Board of Management adopted option conditions under which up to 67,000 stock options from Conditional Capital 2021/I may be issued to members of the management of affiliated domestic and foreign companies of the Company and to employees of the Company and employees of affiliated domestic and foreign companies by 19 May 2026. Upon fulfillment of certain exercise conditions – in particular a waiting period of at least four years and the achievement of a predefined, average, volume-weighted share price during the last 20 stock market trading days previous to the beginning of the respective exercise period, which must exceed the exercise price of the option by at least 85.7% – the stock options entitle the holder to subscribe to a total of up to 67,000 no-par value registered shares of the Company with a notional interest in the share capital of EUR 1.00 each.

Also on 31 August 2021, the Shareholders' Committee of the general partner of Mutares SE & Co. KGaA resolved, with the approval of the Supervisory Board, option conditions according to which a total of up to 320,000 stock options from Conditional Capital 2021/I may be issued to members of the Company's Management Board until 19 May 2026. The stock options entitle the holder to subscribe to a total of up to 320,000 no-par value registered shares of the Company, each representing a notional share of the share capital of EUR 1.00, provided that certain exercise conditions are met, in particular a waiting period of at least four years.

From one tranche so far in November 2021, 108,804 stock options have been issued to members of the Management Board of under the Stock Option Plan 2021. The stock options granted are not entitled to dividends and do not grant any voting rights.

32.3. VALUATION OF THE STOCK OPTION PLANS

The stock options issued under the three plans have been valued using a binomial options price model. Where relevant, the Management Board's best estimate of the following factors has been used to determine the expected life of the options: Non-transferability, exercise restrictions (including the likelihood that the market conditions attached to the option will be met) and exercise behavior assumptions. The expected volatility is based on the development of the shares price volatility over the last six years. With regard to the timing of exercise, it was assumed that the program participants will exercise the options on average at the end of the exercise period of two years, i.e. six years after the grant date.

The following table shows the individual model parameters of the individual tranches from all three stock option plans:

	Option tranche							
Model parameters	**16/09/2016**	**22/05/2017**	**08/11/2017**	**23/04/2018**	**05/09/2019**	**19/05/2020**	**21/05/2021**	**10/11/2021**
Share price as at grant date (in EUR)	12.60	13.86	13.28	18.05	8.60	11.22	24.35	24.10
Strike price (in EUR)	8.83	9.76	9.13	12.44	6.12	8.07	17.13	16.32
Expected volatility (as a %)	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00
Option term (in years)	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Dividend yield (as a %)	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50
Risk-free interest rate (as a %)	–0.36	0.02	–0.13	0.25	–0.76	–0.55	–0.35	–0.45

The risk-free interest rate is determined on the basis of observations of the market for risk-free government bonds with almost identical maturities to the option. If the maturity does not match exactly, the yield curve was interpolated to derive a suitable risk-free interest rate. The range of exercise prices of the options outstanding at the end of the reporting period is EUR 6.12 to EUR 17.13 and the weighted average exercise price is EUR 9.99 (previous year: EUR 8.53). The weighted average remaining contractual term is 4.06 years (previous year: 3.67 years). The weighted average fair value of the stock options granted in the financial year is EUR 1.52 (previous year: EUR 1.02).

The following table shows the average weighted option prices for different categories of options:

Share option groups	Number of options	Weighted average of exercise prices
Options outstanding as at 31 December 2020	1,290,250	8.53
Options granted in 2021	202,500	16.69
Options exercised in 2021	464,250	8.90
Options expiring in 2021	8,000	8.07
Options exercisable on 31 December 2021 options	15,000	8.83
Options outstanding at 31 December 2021 options	1,020,500	9.99

The development of the number of outstanding stock options at the respective reporting dates is shown in the following table:

	Option tranche								
Number of share options	16/09/2016	22/05/2017	08/11/2017	23/04/2018	05/09/2019	19/05/2020	21/05/2021	10/11/2021	Total
As at 31/12/2020	**402,000**	**17,250**	**60,000**	**165,000**	**267,500**	**378,500**	**0**	**0**	**1,290,250**
+ new options granted	0	0	0	0	0	0	93,696	108,804	202,500
– exercised options	–387,000	–17,250	–60,000	0	0	0	0	0	–464,250
– expired options	0	0	0	0	0	–8,000	0	0	–8,000
As at 31/12/2021	**15,000**	**0**	**0**	**165,000**	**267,500**	**370,500**	**93,696**	**108,804**	**1,020,500**
Of which can be exercised	15,000	0	0	0	0	0	0	0	15,000

In the financial year 2021, personnel expenses of EUR 1.0 million (previous year: EUR 0.6 million) were recognized from the aforementioned stock option plans.

The weighted average share price of the options exercised during the reporting period is EUR 20.43.

33. Treasury shares

By resolution of the Annual General Meeting on 23 May 2019, the Management Board was authorized to acquire treasury shares of the Company up to a total of 10% of the Company's capital stock existing at the time of the resolution or – if this value is lower – at the time the authorization is exercised, in compliance with the principle of equal treatment (Section 53 AktG) until the end of 22 May 2024. The shares acquired on the basis of this authorization, together with other treasury shares of the Company which the Company has acquired and still holds or which are attributable to it in accordance with sections 71a et seq. of the German Stock Corporation Act (AktG), may at no time exceed 10% of the respective capital stock of the Company.

On the basis of corresponding resolutions, the Management Board, with the approval of the Supervisory Board, has launched share buyback programs in the past financial years. In this context, a total of 261,875 shares were acquired in the period from 15 January to 6 March 2015, and in the period from 1 June to 15 July 2018, with each share representing EUR 1.00 of the capital stock.

The Management Board of the general partner of Mutares SE & Co. KGaA resolved on 17 September 2020, with the approval of the Supervisory Board of the general partner, to launch a share buyback program using the authorization granted by the Annual General Meeting on 23 May 2019 ("Share Buyback Program 2020/I"). Under the share buyback program 2020/I, up to a total of 250,000 treasury shares (corresponding to up to 1.61% of the Company's share capital) could be repurchased in the period from 17 September 2020 to 31 March 2021 at a total purchase price (excluding incidental acquisition costs) of up to EUR 2.5 million. A total of 210,600 shares were acquired during this period. The difference between the acquisition cost and the notional value of the treasury shares amounts to a total of EUR 2.3 million and was offset against retained earnings.

For the servicing of the stock options exercised under the 2016 Stock Option Plan, the Company used part of the 472,475 treasury shares existing as of 31 December 2020. The reissuance prices were in a range between EUR 19.10 and EUR 24.60 and were used to cover costs and to settle taxes arising from the exercise of the stock options for the beneficiaries and to be paid by the Company. The difference between the acquisition cost and the nominal value of the treasury shares was offset against retained earnings when they were acquired in the past due to the lack of freely available reserves in the amount of EUR 3,649 thousand. When treasury shares were used in the context of servicing the stock options exercised under the 2016 Stock Option Plan, the difference between the nominal value of the treasury shares and the exercise price was offset against retained earnings in the amount of EUR 3,649 thousand; the difference between the original average acquisition cost and the exercise price was also offset against retained earnings in the amount of EUR 1,351 thousand. Overall, the number of treasury shares thus decreased to 10,475 as of 31 December 2021, representing EUR 10,475 or 0.1% of the share capital (31 December 2020: EUR 472,475 or 3.0%).

34. Trade accounts payable

Trade accounts payable amount to EUR 372.8 million (previous year: EUR 250.4 million) and are due to third parties. They are recognized at the settlement or repayment amount and are due in full within one year, except for EUR 0.6 million (previous year: EUR 0.4 million) that are due in more than one year.

As the Mutares Group is a conglomerate, practices regarding payment terms – including interest accrued on outstanding amounts, if any – may diverge at least in part.

35. Other financial liabilities

Other financial liabilities developed as follows:

EUR million	31/12/2021	31/12/2020
Bond	83.4	70.0
Liabilities to banks	68.6	57.2
Liabilities from factoring	22.1	32.2
Outstanding invoices	44.5	36.3
Third party loans	14.9	4.4
Liabilities to former shareholders	15.2	4.7
Liabilities for trade discounts and rebates	3.9	1.4
Debtors with credit balances	2.0	1.4
Miscellaneous financial liabilities	32.5	17.9
Other financial liabilities	**287.1**	**225.5**
Current	141.2	109.7
Non-current	145.9	115.8

PrimoTECS Group has liabilities to banks amounting to EUR 5.7 million, of which EUR 1.6 million are due within one year. The subgroup also took out a long-term loan of EUR 8.0 million in the financial year, which is reported under liabilities from loans to third parties. For KICO and ISH Group, there are mostly secured liabilities to banks amounting to EUR 17.1 million (previous year: EUR 13.6 million), of which EUR 11.1 million (previous year: EUR 7.3 million) relate to terms of up to one year. Furthermore, liabilities to banks in the subgroup ESF Industrial Solutions amount to EUR 11.5 million (previous year: EUR 9.0 million). In the reporting year, credit agreement clauses for liabilities to banks with a carrying amount of EUR 2.1 million (previous year: EUR 1.4 million) were not met. It was not possible to reach an agreement with the banks on a waiver of termination by the end of the financial year. The Lacroix + Kress subgroup also has liabilities to banks of EUR 9.7 million, of which EUR 1.9 million are due within one year, and the subsidiary La Rochette has liabilities of EUR 7.8 million, of which EUR 2.5 million are due within one year.

In addition, there are minor liabilities to banks at Balcke-Dürr Group, Donges Group, Ganter Group, Plati Group, Royal de Boer and Japy Tech Group, Terranor Group and the subsidiary FASANA.

The interest rates on all liabilities to banks range from 0.5% (previous year: 0.5%) to 11.0% (previous year: 13.5%) and include both fixed and variable interest rate agreements. The maturities of the main non-current liabilities to banks are a maximum of seven years (previous year: six years).

Liabilities to former shareholders mainly result from two interest-bearing loans at KICO and ISH Group in the amount of EUR 14.4 million (previous year: EUR 0.0 million), which are due for repayment in financial year 2022.

Liabilities from factoring include liabilities from factoring agreements under which the default risk of the transferred receivables is not transferred to the contractual partner, i.e., Mutares retains substantially all the risks and rewards incidental to ownership of the transferred receivables and no derecognition takes place. With regard to factoring, we refer to the explanations in note 23.

The item bonds exclusively comprises the bond issued in February 2020 with a term until February 2024, which was increased to the maximum nominal volume of EUR 80.0 million in February 2021 under an existing increase option. The bond, which is listed on the Open Market of the Frankfurt Stock Exchange and on the Nordic ABM of the Oslo Stock Exchange, bears interest quarterly at the 3-month EURIBOR (EURIBOR floor of 0.00%) plus a margin of 6.00%. In connection with the placement of the bond, the Company has undertaken to comply with standard market financial covenants.

The bond has been designated by the Company as at fair value through profit or loss (FVTPL). From the Company's perspective, there are no items in the statement of financial position or the income statement in connection with the bond that would give rise to accounting mismatches from the recognition of the default risk in other comprehensive income. As of the reporting date, there was a difference of EUR 3.4 million between the carrying amount (i.e. fair value) of the bond and the repayment amount at maturity. The cumulative change in the fair value of the bond attributable to changes in its default risk amounted to EUR 3.1 million as of the reporting date. Since the issuance of the bond and up to the reporting date, no reclassifications of the cumulative gain or loss within equity have been made. Furthermore, no (partial) derecognition of the bond has occurred during this period.

The following assets are pledged as collateral for liabilities:

EUR million	31/12/2021	31/12/2020
Intangible assets	0.0	0.0
Property, plant and equipment	23.6	20.3
Other non-current non-financial assets	0.1	0.0
Inventories	37.8	13.2
Trade and other receivables	13.5	4.1
Cash and cash equivalents	3.1	0.7
Pledged assets	**78.1**	**38.3**

The term of the collateral is generally congruent with the term of the underlying loan or credit agreement. As a rule, the collateral granted may not be sold by the collateral taker.

36. Leasing liabilities

The expense for lease payments not included in the measurement of the lease liability is as follows:

EUR million	2021	2020
Leasing expenses from short-term leasing relationships	−11.1	−7.2
Leasing expenses from low-value leasing relationships	−1.5	−1.2
Expenses from subleases	−0.3	−0.3
Variable leasing expenses (not included in the leasing liability)	0.1	0.0
Leasing liabilities	**−12.8**	**−8.7**

The total cash outflow from leases for the financial year 2021 amounted to EUR 49.5 million (previous year: EUR 43.8 million).

Possible future cash outflows from renewal, termination and purchase options that are not considered sufficiently certain have not been included in the measurement of lease liabilities. As of the balance sheet date, there are no leases entered into but not yet commenced that would result in significant cash outflows.

The lease liabilities are generally secured by the leased asset underlying the lease. For explanatory comments on the corresponding rights of use, please refer to note 18 “Rights of use”.

37. Pension plans/pension accruals and similar obligations

37.1. DEFINED CONTRIBUTION PLANS

The German statutory pension insurance, to which the employer must contribute at a currently applicable rate of 9.3% (employer's contribution) of pensionable compensation, constitutes a defined contribution plan for all employees of Group companies in Germany. Furthermore, there are defined contribution plans mainly in Italy, France and other European countries.

The total expenses of EUR 35.7 million (previous year: EUR 21.7 million) recognized in personnel expenses represent the Group's contributions due to these pension plans in accordance with the contribution rates applicable in the specific countries.

37.2. DEFINED BENEFIT PLANS

EUR million	31/12/2021	31/12/2020
Present value of defined benefit obligation	166.4	126.4
Fair value of plan assets	13.3	10.1
Plan deficit	153.1	116.3
Net liability from defined benefit obligation	**153.1**	**116.3**

The provision for pensions and similar obligations results from country-specific obligations of various Group entities (but not of Mutares SE & Co. KGaA itself) primarily in Germany, France, Italy and, with the acquisition of Frigoscandia, since this financial year also in Sweden. The amount of the obligations is predominantly derived from the performance-related remuneration, length of service and age.

Pension commitments in **Germany** are governed by various pension regulations and essentially comprise the granting of retirement, invalidity and surviving dependents' benefits. The amount of the pension benefits is determined on the basis of the eligible period of service and the assigned pension group as well as the pension amount determined by the respective individual pension commitment.

The commitments in **France** include government-mandated lump-sum payments upon retirement.

The plans in **Italy** include commitments for benefits provided previous to 2007. Due to a change in legislation, all plans were restructured into defined contribution plans as of 2007. Accordingly, only interest effects and actuarial effects change the defined benefit obligations of the Italian subsidiaries. mathe matical effects change the defined benefit obligations of the Italian subsidiaries.

The defined benefit plans in **Austria** entitled employees leaving the company to one-time payments depending on their length of service.

The pension plan in the **United Kingdom** provides retirement and surviving dependents' benefits. The benefits are service- and pay-related. There are statutory minimum funding requirements. A trustee is responsible for the plan and makes decisions regarding funding and investment strategies together with the subsidiary. The subsidiary is obligated to bear 60% of the expenses and to cover 60% of any plan deficit. The remaining 40% is borne by active beneficiaries. The investment strategy is to invest approximately 60% in assets with volatile returns and 40% in defensive assets – mainly government bonds. This strategy reflects the liability profile of the plan and the risk attitude of the trustee and subsidiary. A risk mitigation strategy is taken into account, according to which the share of assets with volatile returns is expected to decrease to 20% over the next 13 years.

The plans in **India** and **Poland** entitle employees leaving the company to one-time payments depending on their length of service with the company and their most recent remuneration. In addition, there is a plan in Poland under which the benefit to the beneficiaries is linked to their retirement or reaching the age of sixty.

The plan in **Sweden** is based on a collective agreement and entitles employees born before 1979 to lifetime pension payments.

The Group is usually exposed to the following actuarial risks through the plans:

- **Investment risk:**
  The present value of the defined benefit obligation under the plan is determined using a discount rate determined on the basis of yields on senior, fixed-rate corporate bonds. To the extent that the return on plan assets (if any) is below this rate, this will result in a shortfall in the plan.
- **Interest rate risk:**
  A decrease in the bond interest rate leads to an increase in the plan liability.
- **Longevity risk:**
  The present value of the defined benefit obligation under the plan is determined on the basis of the best estimate of the probability of death of the beneficiary employees both during the employment relationship and after its termination. An increase in the life expectancy of the beneficiary employees leads to an increase in the plan liability.
- **Salary risk:**
  The present value of the defined benefit obligation under the plan is determined partly on the basis of the future salaries of the beneficiary employees. Thus, salary increases of the beneficiary employees lead to an increase in the plan liability.

The accrual for pensions and similar obligations was measured in accordance with generally accepted actuarial principles using the projected unit credit method.

The provision for pensions and similar obligations developed as follows year-on-year as of 31 December 2021:

EUR million	31/12/2021	31/12/2020
Opening balance of defined benefit obligation	126.4	89.4
Service cost	2.0	1.5
Current service cost	2.2	2.9
Gains (–)/losses (+) from plan curtailment	–0.2	–1.4
Interest expense	1.5	1.3
Actuarial gains (–) and losses (+)	–5.2	–1.3
Due to experience-based adjustments	–0.3	–4.9
Due to change in demographic assumptions	–0.4	0.4
Due to change in financial assumptions	–4.5	3.2
Change of valuation methods	–0.2	0.0
Benefits paid	–6.7	–4.5
Changes in the consolidated group	52.0	46.3
From additions	69.8	53.3
From disposals	–17.8	–7.0
Reclassification IFRS 5	–3.8	–6.5
Miscellaneous	0.4	0.1
Closing balance of defined benefit obligation	**166.4**	**126.4**

The change in the scope of consolidation is primarily attributable to the acquisitions of Frigoscandia (EUR 23.5 million) and Lapeyre (EUR 31.9 million). At EUR 13.6 million, the largest share of the disposals relates to the STS Group.

The amounts recognized in net income and other comprehensive income – before income taxes and deferred taxes – for the two periods are as follows:

EUR million	2021	2020
Service cost	2.0	1.5
Current service cost	2.2	2.9
Gains (–)/losses (+) from plan curtailment	–0.2	–1.4
Net interest expense	1.4	1.3
Components of defined benefit obligations recognised in consolidated net income	3.3	2.8
Actuarial gains (–) and losses (+)	–5.5	–1.3
Due to experience-based adjustments	–0.3	–4.9
Due to change in demographic assumptions	–0.4	0.4
Due to change in financial assumptions	–4.8	3.2
Components of defined benefit obligations recognised in other comprehensive income	–5.5	–1.3
Comprehensive income from defined benefit obligations	**–2.2**	**1.6**

Interest expense is recognized in the financial result under interest expense from compounding of provisions.

The fair value of plan assets developed as follows:

EUR million	31/12/2021	31/12/2020
Opening balance of plan assets measured at fair value	10.1	2.0
Employer contributions	0.3	0.3
Interest income	0.1	0.0
Gains (+) and losses (–) from revaluation	0.3	–2.9
Income from plan assets	0.3	–2.9
Paid services	–0.7	0.0
Changes in the consolidated group	1.8	10.8
Due to addition	2.1	10.8
Due to disposal	–0.3	0.0
Miscellaneous	1.4	0.0
Closing balance of plan assets measured at fair value	**13.3**	**10.1**

The addition to the scope of consolidation in financial year 2021 in the amount of EUR 2.1 million relates to the acquisition of Lapeyre.

The fair values of the major categories of plan assets at the balance sheet date for each category are as follows:

EUR million	31/12/2021	31/12/2020
Cash and cash equivalents	0.1	0.1
Equity instruments	2.4	1.1
Debt instruments	2.0	0.8
Securities funds	6.5	6.6
Real estate	0.2	0.0
Miscellaneous	2.1	1.6
Closing balance of plan assets measured at fair value	**13.3**	**10.1**

The fair values of the above equity and debt instruments were determined on the basis of quoted prices in active markets.

37.2.1. Actuarial assumptions

The pension obligations are determined on the basis of actuarial assumptions using the following significant parameters – if relevant for the respective company-specific plan:

EUR million	German plans		Italian plans		French plans		UK plans	
	2021	2020	2021	2020	2021	2020	2021	2020
Discount rate	0.78%–1.67%	0.85%–1.37%	0.42%–0.98%	0.34%–0.86%	0.90%–0.99%	0.79%	1.90%	1.30%
Salary trends	2.30%	2.75%	n. a.	n. a.	1.45%	2.00%	2.10%	1.90%
Pension trends	1.15%	1.80%	2.55%	2.10%	n. a.	n. a.	2.90%	2.50%
Mortality tables	Heubeck 2018G	Heubeck 2018G	RG48 & IPS55	RG48 & IPS55	INSEE 2015–17 & TGHF05	INSEE 2012–16	Series 3 SAPS	Series 3 SAPS

EUR million	Austrian plans		Indian plans		Polish plans		Swedish plans	
	2021	2020	2021	2020	2021	2020	2021	2020
Discount rate	1.15%	0.85%	6.85%	6.20%	0.50%–1.98%	1.98%	1.86%	n. a.
Salary trends	2.50%	2.50%	8.00%	8.00%	7.55%	5.07%	2.90%	n. a.
Pension trends	n. a.	n. a.	n. a.	n. a.	n. a.	n. a.	2.10%	n. a.
Mortality tables	AVÖ-P18 GEM	AVÖ-P18 GEM	IALM 2012–14	IALM 2012–14	n. a.	GUS 2012	DUS14	n. a.

37.2.2. Sensitivity analysis

The significant actuarial assumptions used to determine the defined benefit obligation are the discount rate, pension trend, salary trend and mortality expectations. The sensitivity analyses presented below were performed on the basis of reasonably possible changes in the respective assumptions as of the balance sheet date, with the other assumptions remaining unchanged in each case. The table shows the changed defined benefit obligation at the respective reporting date under the changed assumption.

EUR million		German plans		Italian plans		French plans		UK plans	
		31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Defined benefit obligation		81.1	80.3	18.0	15.7	38.5	19.4	2.4	2.3
Interest rate	+50 bp	74.9	73.7	17.8	15.3	36.2	15.1	2.2	2.1
	–50 bp	87.7	86.6	18.3	16.1	41.3	16.9	2.7	2.5
Salary trends	+50 bp	81.8	80.1	n. a.	n. a.	40.9	16.9	2.4	2.4
	–50 bp	80.3	78.4	n. a.	n. a.	36.5	15.1	2.4	2.2
Pension trends	+25 bp	82.7	80.3	18.5	15.7	n. a.	n. a.	2.5	2.4
	–25 bp	79.5	79.1	17.6	15.6	n. a.	n. a.	2.3	2.2
Longevity	+1 year	84.2	81.9	18.1	15.7	38.7	16.0	2.5	2.4
	–1 year	76.7	75.4	17.9	15.7	38.3	15.9	2.3	2.2

EUR million		Austrian plans		Indian plans		Polish plans		Swedish plans	
		31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Defined benefit obligation		3.8	4.0	2.8	3.1	0.4	1.5	23.3	0.0
Interest rate	+50 bp	3.6	3.7	2.7	3.1	0.4	1.4	21.1	0.0
	–50 bp	4.0	4.2	2.9	3.1	0.5	1.5	26.2	0.0
Salary trends	+50 bp	4.0	4.2	2.9	3.1	0.5	1.5	24.2	0.0
	–50 bp	3.6	3.7	2.7	3.1	0.4	1.4	22.9	0.0
Pension trends	+25 bp	n. a.	n. a.	n. a.	n. a.	n. a.	n. a.	n. a.	0.0
	–25 bp	n. a.	n. a.	n. a.	n. a.	n. a.	n. a.	n. a.	0.0
Longevity	+1 year	3.8	4.0	2.8	3.1	n. a.	1.5	24.6	0.0
	–1 year	3.8	4.0	2.8	3.1	n. a.	1.5	22.4	0.0

The above sensitivity analysis is not expected to be representative of the actual change in the defined benefit obligation, as it is unlikely that deviations from the assumptions made will occur in isolation, as some of the assumptions are interrelated. Furthermore, the present value of the defined benefit obligation in the above sensitivity analysis was determined using the projected unit credit method, the same method used to calculate the defined benefit liability recognized in the consolidated statement of financial position.

37.2.3. Expected payments for defined benefit obligations

The following table shows the expected payments for defined benefit obligations for the next five years:

EUR million	2021	2020
Within a year	7.6	4.8
Between one and two years	8.3	5.0
Between two and three years	8.5	5.7
Between three and four years	9.8	6.3
Between four and five years	10.3	6.6

The weighted average duration of the defined benefit obligation as of 31 December 2021 is 15.2 years (previous year: 15.2 years).

38. Other accrued liabilities

The development of other provisions is as follows:

EUR million	Other staff provisions	Legal costs	Warranties	Restructuring and severance	Anticipated losses	Miscellaneous other	Total
As at 01/01/2020	**10.3**	**1.8**	**6.9**	**11.5**	**7.7**	**9.7**	**47.9**
Foreign exchange differences	0.0	0.0	0.0	0.0	-0.3	-0.1	-0.4
Changes in consolidated group	3.6	3.2	2.0	0.5	27.1	4.4	40.8
Addition	5.6	2.5	3.3	12.7	3.4	11.2	38.6
Utilisation	-2.5	-0.2	-1.3	-9.0	-0.2	-6.6	-19.8
Effects from discounting	0.0	-0.8	0.0	0.0	0.0	0.0	-0.7
Reversal	-0.7	-0.1	-2.2	-1.0	-8.0	-1.3	-13.3
Reclassification IFRS 5	-0.2	-4.6	-0.1	-0.1	0.0	-0.1	-5.2
Reclassifications	0.0	0.4	0.1	0.0	0.0	2.4	2.9
As at 31/12/2020	**16.2**	**2.3**	**8.6**	**14.5**	**29.6**	**19.6**	**90.7**
Current	9.2	2.3	6.2	13.5	4.8	14.3	50.2
Non-current	7.0	0.0	2.4	1.0	24.7	5.4	40.4
Foreign exchange differences	0.0	0.0	0.0	0.0	0.7	0.2	0.9
Changes in consolidated group	8.2	6.7	10.1	6.4	15.3	45.2	92.1
Addition	6.8	4.7	3.7	19.9	0.2	31.2	66.3
Utilisation	-5.5	-2.6	-3.0	-18.4	-3.8	-20.8	-54.2
Effects from discounting	-0.3	0.0	0.0	0.0	0.0	0.0	-0.3
Reversal	-2.4	-1.3	-1.4	-1.0	-7.8	-8.8	-22.7
Reclassification IFRS 5	-2.0	0.0	0.0	0.0	0.0	-2.0	-4.0
Reclassifications	0.8	-0.5	-0.3	0.4	0.0	-0.1	0.4
As at 31/12/2021	**21.7**	**9.4**	**17.7**	**21.7**	**34.2**	**64.5**	**169.3**
Current	8.8	4.3	7.6	21.3	14.2	24.4	80.5
Non-current	12.9	5.2	10.0	0.6	19.9	40.3	88.9

Provisions for personnel expenses as of 31 December 2021 amount to EUR 21.7 million (previous year: EUR 16.2 million) and mainly result from provisions for employee bonuses (EUR 8.7 million; previous year: EUR 8.5 million), anniversary provisions (EUR 5.2 million; previous year: EUR 5.4 million) and provisions for early retirement (EUR 8.5 million; previous year: EUR 3.1 million). The provisions for anniversary bonuses mainly relate to the companies Lapeyre and Light Mobility Solutions, which were acquired during the financial year. They are accrued in accordance with the employee's length of service to date and discounted at an interest rate of 0.78% and 0.89% respectively. The provision in the previous year mainly related to companies disposed of in the financial year or reclassified in accordance with IFRS 5. The increase in personnel provisions is mainly due to the new acquisitions in the financial year 2021.

The warranty provisions of EUR 17.7 million (previous year: EUR 8.6 million) result to a large extent from the Goods & Services segment.

The increase in provisions for restructuring and severance payments of EUR 21.7 million compared to 31 December 2020 is mainly due to the restructuring plans, in particular for the investments acquired in financial year 2021. This is offset by the outflows from the provisions for restructuring and severance payments recognized in the previous year, which led to a reduction of EUR 18.5 million.

The increase in provisions for onerous contracts is mainly due to the new acquisitions in the reporting year, in particular the order backlog in the Engineering & Technology segment, which was acquired and recognized at a negative value.

Miscellaneous other provisions amounted to EUR 64.5 million (previous year: EUR 19.6 million). EUR 49.5 million of the increase results from new acquisitions in financial year 2021 and relates, among other things, to provisions in connection with long-term customer contracts in the Automotive & Mobility segment under which future discounts on the selling prices of series parts have been agreed.

39. Other liabilities

The development of other liabilities is as follows:

EUR million	31/12/2021	31/12/2020
Employee related liabilities	59.7	44.3
Social security	33.3	22.7
Deferred income	19.8	1.9
VAT liabilities	13.6	9.8
Liabilities from payroll and church taxes	8.5	5.8
Other levies	5.7	3.1
Advance payments received	3.8	0.6
Miscellaneous other liabilities	6.7	5.8
Other non-financial liabilities	**150.9**	**93.9**

F. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

40. Capital Risk Management

The Group's objectives with regard to capital management are, on the one hand, to safeguard the Group's ability to continue as a going concern in order to continue to provide its shareholders with returns and other stakeholders with the benefits to which they are entitled and, on the other hand, to maintain an optimal capital structure in order to reduce the cost of capital. The monitoring of the capital structure and its management is largely decentralized. Standardized reporting of all portfolio companies on a monthly basis provides the Management Board with a comprehensive picture of the entire portfolio. The Management Board monitors the situation of the portfolio companies (including with regard to the capital structure) in regular reviews and is informed about all investments on the basis of the reporting system implemented.

EUR million	31/12/2021		31/12/2020	
		as % of total capital and financial liabilities		as % of total capital and financial liabilities
Equity attributable to shareholders of the parent company	721.2	42.3%	188.2	23.4%
Current financial liabilities	573.5	33.7%	393.1	48.3%
Non-current financial liabilities	409.2	24.0%	231.3	28.4%
Financial liabilities	982.7	57.7%	624.4	76.6%
Total capital and financial liabilities	**1,703.9**	**100.0%**	**812.5**	**100.0%**

41. Fair value measurement

A breakdown of financial assets or liabilities by IFRS 9 measurement category for the financial years ended 31 December 2021 and 31 December 2020 is as follows:

Financial assets by class

EUR million	Categories according to IFRS 9	Carrying amount	Measurement in accordance with IFRS 9			Fair value	
		31/12/2021	Amortized costs	Fair value OCI	Fair value PL	31/12/2021	Hierarchy
Non-current financial assets							
Trade accounts receivable and other receivables	AC	5.1	5.1			5.1	
Other non-current financial assets		*73.6*					
Deposits	AC	10.9	10.9			10.9	Level 2
Securities	FVPL	0.4			0.4	0.4	Level 3
Other non-current financial assets	FVPL	0.0			0.0	0.0	Level 3
Other non-current financial assets	AC	62.3	62.3			62.3	
Current financial assets							
Trade accounts receivable and other receivables	AC	307.9	307.9			307.9	
Other current financial assets		*180.1*					
Deposits	AC	2.1	2.1			2.1	Level 2
Loan	AC	8.8	8.8			8.8	
Other current financial assets	AC	169.1	169.1			169.1	
Other current financial assets	FVPL	0.0			0.0	0.0	Level 3
Derivatives	FVPL	0.1			0.1	0.1	Level 2
Cash and cash equivalents	AC	261.7	261.7			261.7	

Financial liabilities by class

EUR million	Categories according to IFRS 9	Carrying amount	Measurement in accordance with IFRS 9			Fair value	
		31/12/2021	Amortized costs	Fair value OCI	Fair value PL	31/12/2021	Hierarchy
Non-current financial liabilities							
Trade payables and other liabilities	FLAC	0.6	0.6			0.6	
Other financial liabilities		*145.9*					
Liabilities to banks	FLAC	29.0	29.0			30.0	Level 3
Third party loans	FLAC	11.9	11.9			12.0	Level 3
Bonds	FLFVPL	83.4			83.4	83.4	Level 1
Other non-current financial liabilities							
Other non-current financial liabilities	FLAC	17.8	17.8			17.8	Level 3
Other non-current financial liabilities	FLFVPL	3.8			3.8	3.8	Level 3
Derivatives	FLFVPL	0.0			0.0	0.0	Level 2
Current financial liabilities							
Trade payables and other liabilities	FLAC	392.7	392.7			392.7	
Other financial liabilities		*145.9*					
Outstanding invoices	FLAC	49.2	49.2			49.2	
Liabilities to banks	FLAC	39.5	39.5			39.9	Level 3
Liabilities from factoring	FLAC	22.1	22.1			22.1	
Third party loans	FLAC	18.2	18.2			18.2	Level 3
Other current financial liabilities						0.0	
Other current financial liabilities	FLAC	16.7	16.7			16.7	Level 3
Other current financial liabilities	FLFVPL	0.0			0.0	0.0	Level 3
Derivatives	FLFVPL	0.2			0.2	0.2	Level 2

Financial assets by class

EUR million	Categories according to IFRS 9	Carrying amount	Measurement in accordance with IFRS 9			Fair value	
		31/12/2020	Amortized costs	Fair value OCI	Fair value PL	31/12/2020	Hierarchy
Non-current financial assets							
Trade accounts receivable and other receivables	AC	1.9	1.9			1.9	
Other non-current financial assets		*8.7*					
Deposits	AC	2.6	2.6			2.6	Level 2
Securities	FVPL	0.1			0.1	0.1	Level 3
Other non-current financial assets	FVPL	1.3			1.3	1.3	Level 3
Other non-current financial assets	AC	4.7	4.7			4.7	
Current financial assets							
Trade accounts receivable and other receivables	AC	256.6	256.6			256.6	
Trade accounts receivable and other receivables	FVOCI	0.0		0.0		0.0	
Other current financial assets		*29.3*					
Deposits	AC	2.1	2.1			2.1	Level 2
Loan	AC	2.5	2.5			2.5	
Other current financial assets	AC	15.5	15.5			15.5	
Other current financial assets	FVPL	8.7			8.7	8.7	Level 3
Derivatives	FVPL	0.5			0.5	0.5	Level 2
Cash and cash equivalents	AC	145.3	145.3			145.3	

Financial liabilities by class

EUR million	Categories according to IFRS 9	Carrying amount	Measurement in accordance with IFRS 9			Fair value	
		31/12/2020	Amortized costs	Fair value OCI	Fair value PL	31/12/2020	Hierarchy
Non-current financial liabilities							
Trade payables and other liabilities	FLAC	0.4	0.4			0.4	
Other financial liabilities		*115.8*					
Liabilities to banks	FLAC	27.9	27.9			27.4	Level 3
Third party loans	FLAC	2.5	2.5			2.5	Level 3
Bonds	FLFVPL	70.0			70.0	70.0	Level 1
Other non-current financial liabilities							
Other non-current financial liabilities	FLAC	14.6	14.6			14.6	Level 3
Other non-current financial liabilities	FLFVPL	0.6			0.6	0.6	Level 3
Derivatives	FLFVPL	0.2			0.2	0.2	Level 2
Current financial liabilities							
Trade payables and other liabilities	FLAC	250.0	250.0			250.0	
Other financial liabilities		*109.7*					
Outstanding invoices	FLAC	36.3	36.3			36.3	
Liabilities to banks	FLAC	29.3	29.3			29.3	Level 3
Liabilities from factoring	FLAC	32.2	32.2			32.2	
Third party loans	FLAC	2.0	2.0			2.0	Level 3
Other financial liabilities						0.0	
Other current financial liabilities	FLAC	7.4	7.4			7.4	Level 3
Other current financial liabilities	FLFVPL	0.4			0.4	0.4	Level 3
Derivatives	FLFVPL	2.1			2.1	2.1	Level 2

Total by category

EUR million		Carrying amounts 31/12/2021	Carrying amounts 31/12/2020
Financial assets measured at amortized cost	AC	827.9	431.2
Financial assets measured at fair value through profit or loss	FVPL	0.5	10.6
Financial liabilities measured at amortized cost	FLAC	597.7	402.6
Financial liabilities measured at fair value through profit or loss	FLFVPL	87.4	73.3

The three steps for determining the fair value of financial instruments are described in note 2. 2 "Basis of preparation of the financial statements". The fair value of financial instruments is calculated based on current parameters such as interest rates and exchange rates at the balance sheet date and by using accepted models such as the discounted cash flow (DCF) method and taking into account credit risk. The fair values for derivatives are determined on the basis of bank valuation models. The fair value of contingent consideration in connection with acquisitions and disposals of subsidiaries that are based on a Level 3 fair value measurement in the context of subsequent measurement is determined in accordance with generally accepted valuation techniques based on discounted cash flow analyses. In addition to the specific discount rates, the main input parameters are the expectations of future cash flows, as well as the earnings figures specified in the purchase agreements and relevant to the earn-out, including maturity-specific probabilities of default.

For current financial instruments, the carrying amount is a reasonable approximation of fair value.

The net gains or losses of the individual categories in accordance with IFRS 7.20 are as follows:

Net gains and losses

EUR million	2021	2020
On financial assets at fair value	–1.5	–3.0
On financial liabilities at fair value	0.5	–7.2
Financial liabilities at fair value through profit or loss (OCI)	–3.3	0.2
On financial assets measured at amortised cost	0.4	–1.1
On financial liabilities measured at amortized cost	–8.6	–9.2
Total	**–12.5**	**–20.3**

Net gains and net losses on financial instruments arise from changes in the fair value of financial instruments measured at fair value through profit or loss, whereby changes in the value of financial liabilities measured at fair value through profit or loss resulting from changes in the entity's own credit risk are recognized in OCI, expenses and income for expected credit losses, expenses for interest on financial liabilities measured at amortized cost, and expenses for interest on financial liabilities measured at fair value through profit or loss.

Total interest income and expenses are as follows:

Total interest income and expenses

EUR million	2021	2020
Financial assets measured at amortised cost	0.8	0.7
Financial liabilities measured at amortized cost	–8.6	–9.2
Total	**–7.8**	**–8.5**

The changes in financial instruments measured at fair value at Level 3 are as follows:

EUR million	Other financial assets	Other financial liabilities	Total
Opening balance at 01/01/2021	**10.1**	**–1.2**	**8.9**
Total gains and losses	–1.1	0.2	–0.9
Recognised in the income statement	–1.1	0.2	–0.9
Recognized in other comprehensive income	0.0		–
Reclassifications	0.0		–
Acquisitions	0.4	–3.2	–2.8
Disposals	–9.0		–9.0
Earn-out payments	0.0	0.4	0.4
Ending balance at 31/12/2021	**0.4**	**–3.8**	**–3.4**

EUR million	Other financial assets	Other financial liabilities	Total
Opening balance at 01/01/2020	**8.7**	**–0.4**	**8.3**
Total gains and losses	–3.1	0.0	–3.1
Recognised in the income statement	–3.1		–3.1
Acquisitions	5.5	–0.8	4.7
Disposals			
Earn-out payments	–0.9		–0.9
Ending balance at 31/12/2020	**10.1**	**–1.2**	**8.9**

42. Financial Risk Management

The Group's management monitors and manages the financial risks associated with the Group's business areas using internal risk reporting, which analyzes risks by degree and extent. These risks include credit, liquidity and market risks (currency and interest rate risks).

In some cases, the Group minimizes the impact of these risks by using derivative financial instruments. The use of derivative financial instruments is governed by policies established by the Group's management. These contain guidelines for the management of currency, interest rate and default risks. Compliance with the guidelines and risk limits is monitored on an ongoing basis. The Group does not contract or trade financial instruments, including derivative financial instruments, for speculative purposes.

42.1. CREDIT AND DEFAULT RISK

Credit and default risk is the risk of loss to the Group if a counterparty fails to meet its contractual obligations. In the Group, business relationships shall only be entered into with creditworthy contracting parties and, if appropriate, with the provision of collateral in order to mitigate the risks of loss from non-performance of obligations. The Group only enters into business relationships with companies that are rated equally or better than investment grade. This information is provided by independent rating agencies. If such information is not available, the Group uses other available financial information as well as its own trading records to rate its major customers.

Credit risks are managed through limits per counterparty, which are reviewed and approved by local management.

Trade receivables are due from a large number of customers spread across different industries and geographical areas. Due to the business activities and the resulting diversification of Mutares, there was no significant concentration of risk in the financial year 2021.

For the application of the expected credit loss model according to IFRS 9.5.5, Mutares mainly uses the simplified approach for trade receivables. For this purpose, probabilities of default are determined. These are based either on individual rating information of the customers or the customer group to which a corresponding probability of default is assigned, or on an impairment matrix that is prepared with reference to the previous default and an analysis of various factors. In order to determine the expected credit losses, the loss given default is applied in addition to the probability of default. Mutares generally assesses this with the value of 100%, which corresponds to the expectation of the default amount by Mutares.

Based on the risk ratings, the gross carrying amounts per rating class are as follows:

Gross carrying amounts of financial assets per default risk rating class as at 31/12/2021

EUR million	Trade and other receivables	Contract assets	Other financial assets
Rating			
A rating	246.7	53.9	241.3
B rating	79.4	0.5	11.5
C rating	9.4	0.0	0.1
Total	335.5	54.4	252.9

Gross carrying amounts of financial assets per default risk rating class as at 31/12/2020

EUR million	Trade and other receivables	Contract assets	Other financial assets
Rating			
A rating	249.4	31.7	26.0
B rating	11.4	5.0	1.4
C rating	5.2	0.0	0.1
Total	**266.0**	**36.7**	**27.5**

The rating grades are based on both an individually assigned probability of default and a risk rating for individual customer groups with a comparable risk structure. The following table shows the default probabilities or rating classes assigned to the individual rating grades:

	Default rate as %	Rating
Rating		
A rating	0.0 – 0.0286	AAA – AA
B rating	0.0286 – 0.52	A – BBB
C rating	0.52 – 100	BB – D

The allowances for trade receivables changed as follows:

EUR million	Lifetime ECL (Level 2) simplified model	Lifetime ECL (Level 3) simplified model
Impairment as at 01/01/2021	4.3	3.2
Changes in consolidated group	10.7	8.8
Transfers		
Transfer to level 2	0.0	0.0
Transfer to level 3	–7.1	7.1
Additions	2.6	0.7
Utilization	–1.4	–0.2
Reversals	–1.7	–0.3
Disposal	–0.5	0.0
Currency translation effects and other effects	–0.2	0.0
Reclassification to disposal groups	0.0	0.0
Balance as at 31/12/2021	6.7	19.4

EUR million	Lifetime ECL (Level 2) simplified model	Lifetime ECL (Level 3) simplified model
Impairment as at 01/01/2020	0.9	4.4
Changes in consolidated group	12.8	–0.8
Transfers		
Transfer to level 2	0.4	–0.4
Transfer to level 3	–6.6	6.6
Additions	0.8	0.8
Utilization	–0.8	–0.1
Reversals	–0.6	–0.5
Exchange rate and other effects	1.1	0.0
Reclassification to disposal groups	–3.7	–6.8
Impairment as at 31/12/2020	**4.3**	**3.2**

The increase in the impairment loss is mainly attributable to a higher level of receivables compared with the previous year.

For all other assets subject to the impairment model in accordance with IFRS 9.5.5, there were no significant expected credit losses.

The carrying amount of trade and other receivables at the balance sheet date was EUR 290.9 million (previous year: EUR 258.6 million). The maximum default risk without taking into account collateral corresponds to the carrying amount. As in the previous year, there were no credit default swaps as of the reporting date.

The maximum default risk of the other financial assets also corresponds to their carrying amount, as there are no significant agreements in this respect that reduce the default risk.

42.2. LIQUIDITY RISK

Liquidity risk comprises the following risks:

- Not being able to meet potential payment obligations at the time they are due.
- Not being able to procure sufficient liquidity at the expected conditions when needed (refinancing risk).
- Not being able to terminate, extend or close out transactions, or only being able to do so at a loss or at excessive cost, due to market inadequacies or market disruptions (market liquidity risk).

Prudent liquidity management includes maintaining an adequate reserve of cash and cash equivalents and marketable securities as well as the ability to obtain financing through an adequate amount of committed credit lines. Due to the dynamic nature of the business environment in which the Group operates, the aim of the Group's finance department is to ensure the necessary flexibility in financing through sufficient unused credit lines within the Group. As of the balance sheet date, these exist in the low double-digit million range and are largely attributable to undrawn factoring lines for which saleable trade receivables are available.

The management of the Mutares Group monitors the liquidity of the operating companies as well as of the Group as a whole within the framework of rolling cash flow forecasts.

The Group can only dispose of local means of payment in certain countries (e.g. China) on a cross-border basis subject to applicable foreign exchange restrictions. There are no other significant restrictions.

The following overviews show the maturity structure of the financial liabilities. In contrast to the balance sheet, the future cash flows are presented here on an undiscounted basis:

	31/12/2021			
EUR million	Due within a year	Due in one to five years	Due in over five years	Total
Cash outflows from non-derivative financial liabilities	626.3	379.2	85.9	1,091.4
Lease liabilities	78.9	244.2	83.9	407.0
Other non-derivative financial liabilities	547.4	135.0	2.0	684.4
Cash outflows from derivative financial liabilities	0.2	0.0	0.0	0.2
Total	**626.5**	**379.2**	**85.9**	**1,091.5**

	31/12/2020			
EUR million	Due within a year	Due in one to five years	Due in over five years	Total
Cash outflows from non-derivative financial liabilities	410.8	219.3	63.2	693.1
Lease liabilities	45.2	96.4	59.5	201.1
Liabilities from loans from third parties	365.6	122.8	3.7	492.0
Cash outflows from derivative financial liabilities	2.1	0.2	0.0	2.3
Total	**412.8**	**219.5**	**63.2**	**695.4**

42.3. MARKET PRICE RISK

The Group's activities expose it principally to minor financial risks from changes in foreign exchange rates and interest rates. The Group selectively enters into derivative financial instruments on a small scale to manage its existing commodity, interest rate and foreign exchange risks.

42.4. EXCHANGE RATE RISK

The operating business is subject to minor exchange rate risks from purchases and sales not agreed in euros. The main currency risks for Mutares arise from transactions in PLN, CNY and GBP (previous year: GBP, SEK and USD).

Existing risk positions are monitored on an ongoing basis and mitigated by offsetting existing foreign currency cash flows. Due to the manageable currency exposure, active currency risk management through the use of derivative financial instruments is currently only carried out in isolated cases.

The following table shows the sensitivity of a 10% rise or fall in the euro against the respective foreign currency from the Group's perspective:

	2021		2020	
	+10%	–10%	+10%	–10%
USD	0.0	0.0	–0.3	0.3
CNY	–0.4	0.4	0.0	0.0
PLN	0.5	–0.6	0.0	0.0
GBP	–0.3	0.4	–0.2	0.2
SEK	0.2	–0.3	–0.2	0.2
DKK	0.0	0.0	0.0	0.0
CZK	–0.1	0.1	0.0	0.0
NOK	0.0	0.0	0.0	0.0

42.5. INTEREST RATE RISK

The Group is exposed to interest rate risk from variable rate loans as well as interest rate risk for fixed rate loans at the time of refinancing. The majority of the loans have variable interest rates. The interest rate risk results from changes in market interest rates, particularly for medium- and long-term variable-rate liabilities. In the case of current liabilities, and generally in the case of liabilities with fixed interest rates, the interest rate risk is insignificant.

EUR million	31/12/2021	31/12/2020
Carrying amount of fixed-interest loans	54.4	37.5
Carrying amount of variable-interest loans	44.0	24.6
Carrying amount of variable-interest bonds	83.4	70.0
Total	181.8	132.2

The risk from variable-interest loans is partially hedged by using corresponding interest rate swaps with matching maturities and conditions. However, no hedge accounting is applied. In addition, the development of interest rates and possible loan expiries is continuously monitored by management. Depending on the individual case, management concludes transactions to reduce the risk position as required. In addition, there is an interest rate risk from the variable-interest liabilities from factoring.

The sensitivity analysis for interest rate risks represents the effect of the change in the risk-free market interest rate on profit before tax if the market interest rate level had been 100 basis points higher or lower compared to the level as of 31 December 2020 (or 31 December 2019) with all other variables held constant. Furthermore, for some included financial instruments, the analysis is prepared assuming that the amount of the outstanding liability at the end of the reporting period was outstanding for the full year.

EUR million	2021		2020	
	–100 bp	+100 bp	–100 bp	+100 bp
Effects on the income statement before taxes	0.4	–1.1	0.4	–1.2

G. OTHER INFORMATION

43. Notes to the cash flow statement

Cash and cash equivalents comprise cash and cash equivalents such as bank balances. Cash equivalents are used to meet short-term payment obligations. They are allocated to cash and cash equivalents because they can be converted directly into a fixed amount of cash and are subject to only insignificant risks of fluctuation in value.

The consolidated net profit includes gains on acquisitions (“bargain purchase”) of EUR 692.7 million (previous year: EUR 207.8 million), which do not increase the cash flow from operating activities and therefore have to be adjusted. In connection with the acquisitions of the financial year, cash and cash equivalents of EUR 214.5 million (previous year: EUR 92.3 million) were acquired in the reporting period. This amount is shown in cash flow from investing activities.

In addition, the consolidated net profit included gains (EUR 32.8 million; previous year: EUR 6.9 million) and losses (EUR 36.7 million; previous year: EUR 2.0 million) from deconsolidations, which also do not increase the cash flow from operating activities and therefore have to be adjusted. In connection with the deconsolidations, a net inflow of EUR 29.5 million in cash and cash equivalents (previous year: outflow of EUR 9.1 million), which are reported under cash flow from investing activities.

Expenses of EUR 1.2 million (previous year: EUR 3.6 million) from the measurement of financial receivables from possible subsequent payments in connection with company disposals (earn-outs) were recognized in the consolidated result in the financial year 2021, which are included in the cash flow statement under other non-cash expenses in cash flow from operating activities.

In the reporting period, sale and leaseback transactions influenced the cash flows of the Mutares Group in the amount of EUR 11.5 million (previous year: EUR 10.8 million). These are reported in cash flow from investing activities.

A total of EUR 29.5 million (previous year: EUR 3.5 million) of the balances with credit institutions are subject to a drawing restriction.

The reconciliation between opening and closing balance sheet values for liabilities from financing activities is as follows:

EUR million	Liabilities from financing activities
Total as at 31/12/2019	**184.7**
Cash transactions	
Proceeds (+) from (financial) loans	133.0
Repayments (–) of (financial) loans	–29.0
Repayments (–) of leasing liabilities	–27.6
Proceeds (+)/payments (–) from factoring	5.9
Interest received (+)	0.4
Interest paid (–)	–6.7
Total cash transactions	**75.9**
Non-cash effects	
Addition to finance lease liabilities	57.1
Addition/derecognition of (financial) loans from changes in consolidated group	–19.0
Interest expenses (+)/interest income (–)	24.3
Other changes	–10.9
Total non-cash effects	**51.6**
Total as at 31/12/2020	**312.2**

EUR million	Liabilities from financing activities
Cash transactions	
Proceeds (+) from (financial) loans	61.7
Repayments (–) of (financial) loans	–17.7
Repayments (–) of leasing liabilities	–49.5
Proceeds (+)/payments (–) from factoring	–9.9
Interest received (+)	0.8
Interest paid (–)	–13.4
Total cash transactions	**–27.9**
Non-cash effects	
Addition to finance lease liabilities	234.7
Addition/derecognition of (financial) loans from changes in consolidated group	–9.6
Interest expenses (+)/interest income (–)	18.7
Reclassification IFRS 5	–37.5
Other changes	21.2
Total non-cash effects	**227.5**
Total as at 31/12/2021	**511.8**

The reconciliation includes non-current and current liabilities to banks, liabilities from (unreal) factoring, lease liabilities and loans to third parties.

During the financial year 2021 and in the previous year, the Group carried out the following significant non-cash investing and financing activities, which are not reflected in the statement of cash flows:

- In accordance with the provisions of IFRS 16, rights of use have been capitalized and corresponding lease liabilities recognized; payments for the redemption of lease liabilities are reported in cash flow from financing activities.
- In connection with the first-time consolidations and deconsolidations, a net amount of EUR 5.6 million (previous year: EUR 19.0 million) in (financial) loans were derecognized from the Group.

44. Participations in joint arrangements

Indirect subsidiaries of Mutares SE & Co. KGaA from the Engineering & Technology segment are involved as partners in joint ventures or consortium agreements. These have been entered into with the aim of implementing customer projects. The majority of the joint ventures are based in Germany. The share of ownership ranges from 27% to 75%.

Taking into account the structure and legal form of the arrangements, as well as all other relevant facts and circumstances, the joint arrangements are classified as joint operations that are not individually material to the Group.

As of the balance sheet date, the joint and several liability from the investment in the civil law companies relates to projects with a total order value equivalent to approximately EUR 368 million (previous year: approximately EUR 342 million). The subsidiaries' own share of this amounts to EUR 162 million (previous year: EUR 126.4 million). Based on the ongoing credit assessments of the consortium partners, we do not expect any claims to be made on the shares of other companies. With the exception of the amounts recognized as provisions for onerous contracts or as part of the loss-free valuation, we also do not expect any utilization for our own share.

45. Contingent liabilities, contingencies and litigation

CONTINGENT LIABILITIES/LIABILITIES

Obligations from business combinations

Mutares SE & Co. KGaA and one of its direct subsidiaries have signed a settlement agreement with the sellers of Balcke-Dürr GmbH and other subsidiaries, under which the guarantee issued by Mutares SE & Co. KGaA to ensure the fulfillment of indemnification obligations increases and is again limited to an amount of EUR 5.0 million and then reduces to EUR 0 over time until 31 December 2021. The guarantee expired at the reporting date without being utilized.

Mutares SE & Co. KGaA has given an undertaking to the seller of keeeper GmbH to indemnify the seller in the event of a claim in connection with an earlier financing commitment and earlier guarantees, whereby this undertaking is limited to an amount of EUR 3.5 million. This obligation expires on 30 December 2023.

In connection with the acquisition of the transport logistics and warehouse business BEXity GmbH, Mutares SE & Co. KGaA has undertaken vis-à-vis the seller to indemnify the seller from these claims in the event of a claim by third parties in connection with legal relationships assumed as well as in the event of insolvency of BEXity GmbH. The indemnification claim of the seller is limited in time and amount to EUR 9.0 million until 30 December 2021, to EUR 6.0 million until 30 December 2022, and to EUR 3.0 million until 30 December 2023. The aforementioned liability limits increase by profit distributions of BEXity GmbH and decrease by loans of Mutares SE & Co. KGaA granted under the above financing line and not yet repaid. The obligation has decreased from EUR 9.0 million to EUR 6.0 million as of 31 December 2021 and amounts to EUR 6.3 million taking into account additional payments as of the reporting date. With the sale of BEXity GmbH, the acquirer of BEXity has also assumed the aforementioned obligation to the seller jointly and severally and has at the same time undertaken to indemnify Mutares SE & Co. KGaA in the event of a claim. Furthermore, the seller has also declared that it will only make claims against Mutares SE & Co. KGaA subordinate to the acquirer.

Mutares SE & Co. KGaA has committed to the seller of the paper napkin business acquired from keeeper tableware GmbH to provide the buyer with funding of up to EUR 10.0 million for a period of 24 months from 28 February 2020, if necessary to avoid insolvency. In addition, Mutares SE & Co. KGaA will indemnify the seller against certain claims of the employees assigned to the paper napkin business for a period of four years from 28 February 2020. The indemnification is limited in amount to EUR 10 million in the first two years; this amount is reduced by any funds provided by Mutares SE & Co. KGaA to keeeper tableware GmbH. In the third year, the maximum exemption amount is reduced to EUR 7.5 million and in the fourth year to EUR 5.0 million.

Mutares SE & Co. KGaA has declared on 1 July 2020, in connection with the acquisition of the majority stake of 80% in the mail and parcel business of Nexive in Italy, to guarantee obligations from the purchase agreement in the amount of up to EUR 5.0 million as of closing of the transaction. In addition, Mutares undertakes to provide the company with liquid funds up to the amount of EUR 5.0 million for a period of twelve months to the extent necessary to avert insolvency. In November 2020, Mutares signed a letter of intent to sell its shares in Nexive to the Italian market leader Poste Italiane. The transaction was completed in January 2021, and the guarantee therefore expired without being called in the reporting period.

In connection with the acquisition of SFC Solutions with companies in Poland, Italy, Spain and India in the sealing and fluid activities in July 2020, Mutares SE & Co. KGaA has committed to the seller to provide financing and support up to a total amount of EUR 5.0 million until 31 December 2021 for all obligations of the buyer assumed under the purchase agreement. The guarantee expired as of the balance sheet date without being called upon.

In September 2020, a direct subsidiary of Mutares SE & Co. KGaA acquired SABO Maschinenfabrik GmbH, a manufacturer of lawn mowers and outdoor power tools in Europe. As part of the acquisition, Mutares guarantees to be fully responsible for the fulfillment of the contractual obligations of the buyer, should the buyer fail to fulfill these obligations. In particular, the Purchaser has undertaken to indemnify the Vendor as well as any corporate bodies from any claims by third parties in connection with the legal relationships of SABO Maschinenfabrik GmbH. The indemnification obligation of the purchaser is limited in time to 24 months from closing and thus until the end of August 2022 as well as an amount of maximum EUR 5.0 million. In addition, the purchaser has undertaken for a period of 24 months to provide SABO Maschinenfabrik GmbH with liquid funds to the extent necessary to avoid insolvency of the Company and to the extent the purchaser has received payments from SABO Maschinenfabrik GmbH during this period. The total amount of the obligation currently amounts to EUR 10.0 million.

In connection with the acquisition of Lacroix + Kress GmbH, Mutares has undertaken to indemnify the seller, a direct subsidiary, against any avoidance claims in the event of insolvency of the target company. The indemnification is limited in time to a period of 27 months from the closing of the transaction and an amount of EUR 2.0 million. In addition, the buyer indemnifies bodies of the seller from a claim by third parties in connection with the legal relationships of the company. Mutares SE & Co. KGaA guarantees to the seller the fulfillment of the contractual obligations of the buyer.

In connection with the acquisition of the iinovis Group, Mutares SE & Co. KGaA has undertaken to indemnify the seller against any rescission claims in the event of insolvency of the target company. The indemnification is limited to a period of 48 months from the closing of the transaction and to an amount of EUR 5.0 million. Furthermore, Mutares has undertaken to provide the company with financial resources of up to EUR 5.0 million to avoid insolvency. The guarantee is reduced by payments made by Mutares to the iinovis Group. The total amount of the obligations is EUR 1.2 million. Both guarantees coexist and reduce to EUR 2.5 million each after 24 months, from the closing of the transaction and thus from 13 November 2023. Furthermore, Mutares SE & Co. KGaA has released the seller from a rental guarantee in the amount of EUR 1.0 million. The rental guarantee expired in the reporting period without being utilized.

In connection with the acquisition of Clecim S.A.S. in March 2021, Mutares SE & Co. KGaA has undertaken to guarantee the purchaser's obligation to indemnify the seller against a claim by various guarantors for a limited period of 17 months from the closing date. The guarantee is limited to a maximum amount of EUR 0.7 million.

A direct subsidiary of Mutares SE & Co. KGaA has signed an agreement to acquire the Italian Toshiba Transmission & Distribution Europe S.p.A. in October 2021. As part of the acquisition, Mutares SE & Co. KGaA has undertaken to indemnify the seller from the signing of the purchase agreement until five years after the closing of the transaction against any damages arising from the buyer's failure to fully and timely perform certain obligations defined in the guarantee. This obligation is limited to EUR 2 million. Furthermore, Mutares SE & Co. KGaA has undertaken vis-à-vis the seller and a group company of the seller to guarantee all obligations of the buyer under a customer relationship defined in the purchase agreement. This guarantee is limited to EUR 8 million and a period of five years after the closing of the transaction. In addition, Mutares SE & Co. KGaA has undertaken to provide two guarantees to Solutions Bank S.p.A. as part of the purchase agreement. The first guarantee is limited to EUR 3.77 million and has a term until 25 February 2023. The second guarantee expires six months after the closing of the transaction and is also limited to EUR 3.77 million.

In principle, the Management Board does not expect any obligations arising from business combinations to be utilized. However, depending on further economic developments, the probability of utilization may increase and it cannot be ruled out that the obligations entered into may be utilized.

Obligations from company disposals

In connection with the sale of all shares in A+F Automation und Fördertechnik GmbH by a direct subsidiary in the financial year 2017, Mutares SE & Co. KGaA has issued a directly enforceable guarantee for the fulfillment of certain obligations of the direct subsidiary towards the acquirer regarding possible warranty claims, possible specific indemnification claims as well as possible specific cost reimbursement claims, which are limited in time with regard to regular warranty claims except for fundamental warranties until 30 September 2019 (no claim was made), with regard to these fundamental warranty claims until 31 December 2020 (no claim was made), with regard to the indemnification claims until 31 December 2022, and with regard to the reimbursement of costs they are unlimited in time. In terms of amount, these claims are limited to an amount of EUR 4,000 thousand with regard to the regular warranty claims with the exception of fundamental warranties, to an amount of EUR 50 thousand with regard to the cost reimbursement claims, and otherwise to the base purchase price in total with regard to all claims together.

Litigation

Mutares had been sued by some of the former employees of the Artmadis Group in France. One lawsuit was based on alleged employee liability, another on alleged corporate liability. Mutares considered the claims to be without merit, but has settled with the plaintiffs in consideration of further internal and external costs and has settled the litigation.

Another lawsuit was pursued by the liquidator of the former investment Grosbill, based on an alleged corporate liability of Mutares. At the same time, the former seller of this investment is being sued on similar grounds. Mutares has defended itself in full against this action, which it considered to be without merit. The litigation was deleted from the list of ongoing proceedings at the request of Mutares due to the lack of filed statement of claim and is considered provisionally terminated in France unless the plaintiff starts the litigation anew.

Other obligations

There are further guarantees, warranties, commitments and obligations totaling EUR 0.4 million (previous year: EUR 1.4 million).

46. Related parties

In accordance with IAS 24, related parties are defined as those persons and entities that can be influenced by Mutares SE & Co. KGaA or that can influence Mutares SE & Co. KGaA. On the one hand, this includes subsidiaries, including those that are not consolidated, as well as associated companies. On the other hand, they also include natural persons with a significant share of voting rights and members of the management in key positions such as members of the Management Board and Supervisory Board as well as their respective family members.

Mutares SE & Co. KGaA has identified the members of the Management Board of the general partner and the members of the Supervisory Board of the parent company and the general partner as well as their family members and those companies over which these persons have or can have significant influence and which are not consolidated as related parties.

Balances and transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed here. Details of transactions between the Group and other related parties are given below.

The following balances due to related parties outside the Group were outstanding at the end of the reporting periods:

EUR thousand	Receivables from related parties		Liabilities to related parties	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Subsidiaries	30	35	32	76
Other related parties	200	0	7,555	4,886
Supervisory Board	0	0	110	173
Management Board	3	1	252	4
Total	**233**	**36**	**7,949**	**5,139**

During the financial year, Group companies conducted the following transactions with related parties not included in the scope of consolidation:

EUR thousand	Services rendered		Services purchased	
	2021	2020	2021	2020
Subsidiaries	0	0	473	410
Other related parties	174	174	11,108	5,535
Supervisory Board	0	0	110	113
Management Board	0	0	2,169	862
Total	**174**	**174**	**13,860**	**6,920**

The related parties are, on the one hand, the general partner and, on the other hand, companies that are related to members of the Management Board of Mutares SE & Co. KGaA and that, in one case, provide consulting services and, in another case, lease office space to Mutares SE & Co. KGaA.

ORGANS OF THE COMPANY

The **Management Board** of Mutares Management SE as general partner of Mutares SE & Co. KGaA is composed of the following persons:

Robin Laik, Chief Executive Officer, Munich;
- Membership of statutory supervisory boards or comparable German or foreign boards of business enterprises (as of 31 December 2021):
  - mutares Holding-02 AG, Bad Wiessee (Member of the Supervisory Board)
  - mutares Holding-11 AG i.L., Bad Wiessee (Member of the Supervisory Board)
  - mutares Holding-13 AG i.L., Bad Wiessee (Member of the Supervisory Board)
  - mutares Holding-20 AG i.L., Bad Wiessee (Member of the Supervisory Board)
  - mutares Holding-21 AG, Bad Wiessee (Member of the Supervisory Board)

Mark Friedrich, Chief Financial Officer, Munich;
- Membership of statutory supervisory boards or comparable German or foreign boards of business enterprises (as of 31 December 2021): none

Dr.-Ing. Kristian Schleede, Chief Restructuring Officer, Zurich/Switzerland (until 31 December 2021);
- Membership of statutory supervisory boards or comparable German or foreign boards of business enterprises (as of 31 December 2021):
  - mutares Holding-03 AG, Bad Wiessee (Member of the Supervisory Board)
  - mutares Holding-11 AG i.L., Bad Wiessee (Chairman of the Supervisory Board)
  - mutares Holding-13 AG i.L., Bad Wiessee (Chairman of the Supervisory Board)
  - mutares Holding-20 AG i.L., Bad Wiessee (Chairman of the Supervisory Board)
  - mutares Holding-30 AG, Bad Wiessee (Member of the Supervisory Board)

Johannes Laumann, Chief Investment Officer, Bonn;
- Membership of statutory supervisory boards or comparable German or foreign boards of business enterprises (as of 31 December 2021):
  - iinovis GmbH, Munich (Member of the Supervisory Board)

The total compensation of the Management Board (including share-based compensation) for the financial year 2021 amounted to EUR 11.9 million (previous year: EUR 7.7 million), of which EUR 2.3 million (previous year: EUR 0.0 million) was paid to members of the Management Board who have since left the company. The total compensation (with the exception of share-based compensation) is to be allocated to the category of short-term employee benefits according to IAS 24.17a. No payments were made to members of the Board of Management in connection with defined contribution plans. For disclosures relating to stock options granted, please refer to the explanations on share-based payment (note 32). In addition, the members of the Management Board received payments totaling EUR 1.0 million (previous year: EUR 0.0 million) from two management participation programs.

The **Supervisory Board** of Mutares SE & Co. KGaA consists of:

Volker Rofalski, Managing Director of only natural munich GmbH, Munich, Chairman, Member of the Audit Committee;
- Membership of statutory supervisory boards or comparable German or foreign boards of business enterprises (as of 31 December 2021):
  - HELIAD Equity Partners GmbH & Co. KGaA, Frankfurt am Main (Chairman of the Supervisory Board)
  - Bio-Gate AG, Nuremberg (Member of the Supervisory Board)
  - Mutares Management SE, Munich (Member of the Supervisory Board)
  - Mountain Demekon AG, Munich (until 30 December 2021, member of the Supervisory Board)
  - paycentive AG, Augsburg (Member of the Supervisory Board)
  - paycentive Group AG, Augsburg (Member of the Supervisory Board)
  - FinLab AG, Frankfurt (since 14 December 2021, member of the Supervisory Board)

Dr. Axel Müller, independent management consultant, Lahnstein, Vice Chairman, Chairman of the Audit Committee;
- Membership of statutory supervisory boards or comparable German or foreign boards of business enterprises (as of 31 December 2021):
  - Mutares Management SE, Munich (Member of the Supervisory Board)
  - Mellifera Sechsunddreißigste Beteiligungsgesellschaft mbH (MIP Pharma group of companies), Berlin (Chairman of the Advisory Board)

Dr. Lothar Koniarski, Managing Director of Elber GmbH, Regensburg, Member of the Supervisory Board;
- Membership of statutory supervisory boards or comparable German or foreign boards of business enterprises (as of 31 December 2021):
  - Mutares Management SE, Munich (Deputy Chairman of the Supervisory Board)
  - CANCOM SE, Munich (Deputy Chairman of the Supervisory Board and Chairman of the Audit Committee)
  - SBF AG, Leipzig (Chairman of the Supervisory Board)
  - Alfmeier Präzision SE, Treuchtlingen (Member of the Administrative Board)
  - Regensburg University Foundation, Hans Vielberth University Foundation and Hans Vielberth University Foundation for Real Estate Management (Member of the Foundation Board)

Prof. Dr. iur. Micha Bloching, tax advisor, lawyer, university lecturer, Munich, member of the Supervisory Board;
- Membership of statutory supervisory boards or comparable German or foreign boards of business enterprises (as of 31 December 2021):
  - Mutares Management SE, Munich (Chairman of the Supervisory Board)

The current remuneration of the members of the Company's Supervisory Board was determined by resolution of the Company's Annual General Meeting on 23 May 2019. The members of the Company's Supervisory Board receive a fixed basic remuneration of EUR 15 thousand. The Chairman of the Supervisory Board receives a fixed basic remuneration of EUR 45 thousand and his

Deputy receives a fixed basic remuneration of EUR 22.5 thousand for the respective financial year of the Company. As the Supervisory Board currently consists of a Chairman, a Deputy Chairman and two other members, the total basic remuneration of the members of the Supervisory Board of the Company in the financial year 2021 amounts to EUR 97.5 thousand. For the activity in a committee of the Supervisory Board, the Chairman of the committee receives EUR 7.5 thousand and each other member of the committee receives EUR 2.5 thousand for the respective financial year of the Company. The Company has an Audit Committee, to which Dr. Axel Müller belongs as Chairman and Mr. Volker Rofalski. In addition to the aforementioned remuneration, the members of the Supervisory Board are reimbursed for expenses incurred in the performance of their duties, which also include any value-added tax incurred. The remuneration is payable at the end of the respective financial year. Supervisory Board members who are members of the Supervisory Board, a committee, chair/deputy chair the Supervisory Board or chair the Audit Committee for only part of the financial year shall receive remuneration on a pro rata basis.

The remuneration of the members of the Supervisory Board of Mutares Management SE was resolved at the Annual General Meeting of Mutares Management SE on 9 April 2019. The members of the Supervisory Board of Mutares Management SE receive a fixed basic remuneration of EUR 40 thousand. The Chairman of the Supervisory Board receives a fixed basic remuneration of EUR 80 thousand and his Deputy receives a fixed basic remuneration of EUR 60 thousand for the respective financial year of the Company. As the Supervisory Board currently consists of a Chairman, a Deputy Chairman and two other members, the total basic remuneration of the Supervisory Board members amounts to EUR 220 thousand in the financial year 2021. The Supervisory Board of Mutares Management SE has no committees.

In their capacity as shareholders of Mutares SE & Co. KGaA, members of the Supervisory Board and Management Board received a mid-single-digit million amount as dividends in 2021, as in the previous year.

Furthermore, Mutares Management SE, as general partner, receives a profit- and loss-independent annual remuneration in the amount of 4% of its share capital, plus any value-added tax due. For the financial year 2021, this remuneration amounted to EUR 5 thousand.

47. Employees

In the financial year 2021 and 2020, the Mutares Group employed the following average number of employees in accordance with Section 267 (5) HGB:

	2021	2020
Wage workers	7,441	6,463
Salaried employees	6,754	5,017
Total	**14,195**	**11,480**

48. Fee of the auditor of the consolidated financial statements

The following fees of the group auditor were recognized at Mutares SE & Co. KGaA and its subsidiaries for the financial year 2021 and for the previous year:

EUR million	2021	2020
Audit of annual report	2.2	0.9
Other assurance services	0.6	0.0
Tax advisory services	0.1	0.1
Other services	0.1	0.1
Total	**3.0**	**1.1**

The audit services include EUR 0.1 million in fees relating to services for the 2020 financial year. The other assurance services mainly relate to assurance services in connection with the capital increase and the uplisting, assurance services in connection with the bond, and the audit of the compensation report. Other services include fees for the audit of non-financial reporting.

49. Declaration of Conformity with the German Corporate Governance Code

As part of the corporate governance statement, the Management Board and Supervisory Board of the Company issued the declaration required by Section 161 of the German Stock Corporation Act (AktG) in December 2021 and made it available on the Company's website at ir.mutares.de/en/corporate-governance.

50. Events after the balance sheet date

The **conflict between Ukraine and Russia**, which has been going on for years, has been at war since 24 February 2022. The direct effects of this conflict only affect a small share of the Mutares Group's revenues with customers in Ukraine as well as the Ukrainian plant of the Plati Group. The indirect effects – in particular due to the international sanction measures on the supply chains of Mutares portfolio companies as well as the demand for their products and services by their customers – cannot be reliably estimated at present, i.e. as of the date of preparation of this management report and group management report. In particular, from today's perspective, the Management Board cannot rule out that the effects of the armed conflict between Russia and Ukraine will take on a disruptive character for individual portfolio companies and have a significant negative impact on the financial position, net assets and results of operations of Mutares at Group level.

In October 2021, Mutares signed an agreement to **acquire Toshiba Transmission & Distribution Europe** S.p.A as an add-on acquisition for the Balcke-Dürr Group in the Engineering & Technology segment; the closing of the acquisition took place in February 2022. The company, headquartered in Genoa (Italy), will operate under the new name Balcke-Dürr Energy Solutions in the future and is a provider of projects in the field of energy transmission and distribution, e.g. for high- and medium-voltage switchgear, battery storage systems, smart grid solutions, and renewable energy systems. The purchase price allocation has not yet been completed for this business combination due to the proximity of the closing to the date of approval of these financial statements, so that the otherwise required disclosures cannot be made in full at present.

On 7 December 2021, Mutares signed an agreement with Raben Group N.V., a Dutch logistics company, for the **sale of all shares in BEXity**. The sale was subject to the approval of the Austrian and German antitrust authorities and the former owner, the Austrian Federal Railways (ÖBB). The transaction was completed after the end of the 2021 financial year in the first quarter of 2022.

H. ACCOUNTING POLICIES

51. New and amended IFRS

51.1. NEW AND AMENDED IFRSs TO BE APPLIED FOR THE FIRST TIME

In the reporting year, the IFRSs presented below were applied by the Group for the first time or in amended form. This did not have any material impact on these consolidated financial statements. However, it is not possible at the present time to make any statement on their effects on future transactions or agreements.

Amendments to IFRS 16 “Leases”: COVID-19-conditional lease concessions after 30 June 2021

On 31 March 2021, the IASB published amendments to IFRS 16. This is a one-year extension of the applicability of the regulations from the amendments to IFRS 16 relating to COVID-19-related rental concessions from 28 May 2020. The amendments are effective from 1 April 2021 and only apply to rental concessions related to payments due by 30 June 2022. The EU endorsement took place on 30 August 2021.

The amendments relate to lease concessions (deferrals, waivers) due to the COVID 19 pandemic and contain optional relief rules. Utilization of the relief option results in a revaluation of the lease liability in line with the amended terms using the original discount rate. The revaluation effect then has no impact on the right-of-use asset and is recognized in profit or loss.

There were no significant cases of application for these simplifications and therefore they do not have any material impact on the present consolidated financial statements.

Amendments to IFRS 9 “Financial Instruments – Recognition and Measurement,” IAS 39 “Financial Instruments: Recognition and Measurement,” IFRS 7 “Financial Instruments – Disclosures,” IFRS 4 “Insurance Contracts” and IFRS 16 “Leases.” Interest Rate Benchmark Reform (Phase 2)

On 27 August 2020, the IASB published the finalized amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 from the IBOR reform (phase 2). The focus of the second phase is to support preparers in accounting for changes in contractual cash flows for financial instruments and hedging relationships from the transition to alternative reference rates.

The amendments are effective for financial years beginning on or after 1 January 2021. The EU endorsement took place on 13 January 2021.

In the Mutares Group, financing exists with reference to interest rates of the IBOR system, in particular EURIBOR. Mutares takes the changes into account when replacing corresponding reference interest rates. So far, no cases of application resulted. The effects of the changes will be analyzed in due course.

Amendments to IFRS 4 “Insurance Contracts”: Deferral of IFRS 9

On 25 June 2020, the exemption from the temporary application of IFRS 9 was extended in line with the postponement of the first-time application date of IFRS 17 for corresponding users, so that IFRS 9 must also be applied in these cases for financial years beginning on or after 1 January 2023.

The amendment will enter into force on 1 January 2021. The EU endorsement took place on 15 December 2020.

Mutares is not affected by this change.

51.2. NEW AND AMENDED IFRSS TO BE APPLIED IN THE FUTURE

The following new or amended IFRSs have already been adopted by the IASB, but are not yet mandatory or have not yet been endorsed in European law. Mutares has not applied the regulations early.

New and changed IFRS		Effective for annual periods beginning on or after that date:	Status of EU endorsement (as of statement period)
Changes to IFRS 1, IFRS 9, IFRS 16 and IAS 41	Annual Improvements to IFRS – 2018–2020 Cycle	01/01/2022	28/06/2021
Changes to IFRS 3	Reference to the 2018 framework	01/01/2022	28/06/2021
Changes to IAS 16	Revenue before intended use	01/01/2022	28/06/2021
Changes to IAS 37	Onerous contracts – cost of fulfilling contracts	01/01/2022	28/06/2021
IFRS 17	Insurance contracts	01/01/2023	09/11/2021
Changes to IAS 1 and IFRS guidance document 2	Disclosure of accounting policies	01/01/2023	02/03/2022
Changes to IAS 8	Definition of changes in accounting estimates	01/01/2023	02/03/2022
Changes to IAS 1	Classification of liabilities as current or non-current	01/01/2023	pending
Changes to IAS 12	Deferred taxes relating to assets and liabilities arising from a single transaction	01/01/2023	pending
Changes to IFRS 17	First-time application of IFRS 17 and IFRS 9 – comparative information	01/01/2023	pending
Changes to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and an associated company or joint venture	Date of first-time application postponed indefinitely	pending

Annual Improvements to IFRSs (2018–2020 cycle)

On 14 May 2020, the IASB published the amendment standard Annual Improvements to IFRSs (2018-2020 cycle). The amendments within the scope of the annual improvements serve to continuously adapt existing IFRSs and generally relate to certain narrowly defined topics. The planned amendments under the 2018–2020 cycle comprise four standards and relate in detail to:

- IFRS 1: Enabling simplified measurement of cumulative currency translation effects for subsidiaries whose first-time adoption of IFRS is later than that of the parent company, in the context of the application of IFRS 1.D16(a).
- IFRS 9: Clarification on the fees to be taken into account in the 10% present value test when assessing the derecognition of financial liabilities.
- IFRS 16: Amendment of the facts and deletion of part of the wording in Explanatory Example 13 “Measurement at the lessee and recognition of a change in lease term” relating to the reimbursement of leasehold improvements by the lessor. This is to avoid potential confusion regarding the accounting for lease incentives.
- IAS 41: Deletion of the requirement in paragraph 22 that tax cash flows should not be taken into account when determining the fair value of a biological asset at present value. This is to ensure consistency with IFRS 13.

The amendments are mandatory for financial years beginning on or after 1 January 2022. The EU endorsement took place on 28 June 2021.

The Management Board does not expect the amendments to have a material impact on future consolidated financial statements.

Amendments to IFRS 3 “Business Combinations”: Reference to the Framework concept

On 14 May 2020, the IASB issued amendments to IFRS 3. The amendments relate to the updating and modification of references to the Framework. Accordingly, the modified definition criteria for assets and liabilities of the revised 2018 Framework are generally to be applied in the case of a business combination. Exceptions are matters within the scope of IAS 37 and IFRIC 21, for which the definitions of the respective standards are to be applied. In addition, an explicit prohibition on recognizing contingent assets from a business combination is included.

The amendments are effective for financial years beginning on or after 1 January 2022. The EU endorsement took place on 28 June 2021.

The Management Board does not expect the amendments to have a material impact on future consolidated financial statements.

Amendments to IAS 16 “Property, Plant and Equipment”: Revenue before Intended Use

On 14 May 2020, the IASB published the amendments to IAS 16. The amendments relate to the accounting recognition of revenue from the sale of goods that arise during the construction phase of an item of property, plant and equipment, for example in the context of test runs. Under certain conditions, the previous regulation allowed such revenue to be offset against the cost of production or construction and also allowed heterogeneous implementation in practice. The possibility of offsetting is now eliminated. Instead, such revenues and the corresponding costs are to be recognized uniformly in profit or loss for the period.

The amendments are effective for financial years beginning on or after 1 January 2022. The EU endorsement took place on 28 June 2021.

The Management Board does not expect the amendments to have a material impact on future consolidated financial statements.

Amendments to IAS 37 “Provisions, Contingent Liabilities and Contingent assets”: Onerous Contracts – Costs of Fulfilling Contracts

On 14 May 2020, the IASB issued amendments to IAS 37. These serve to clarify which costs are to be taken into account when assessing whether a contract is onerous. Accordingly, both the direct additional costs of fulfilling the contract and other costs directly attributable to the fulfillment of the contract are to be taken into account.

The amendments are effective for financial years beginning on or after 1 January 2022. The EU endorsement took place on 28 June 2021.

The Management Board does not expect the amendments to have a material impact on future consolidated financial statements.

IFRS 17 “Insurance Contracts” including “Amendments to IFRS 17”

IFRS 17 “Insurance Contracts” was issued on 18 May 2017. The new standard pursues the goal of consistent, principles-based accounting for insurance contracts and requires insurance liabilities to be measured at a current settlement value. This leads to a uniform measurement and presentation of all insurance contracts.

The effective date was postponed from 1 January 2021 to financial years starting 1 January 2023 by resolution of 18 March 2020. The EU endorsement took place on 19 November 2021.

The Management Board does not expect the standard to have a material impact on future consolidated financial statements.

Amendments to IAS 1 “Presentation of Financial Statements”: Disclosure of Accounting Policies and Amendments to IFRS Guidance Document 2

On 12 February 2021, the IASB published further amendments to IAS 1 with “Disclosure of Accounting Policies”. According to these amendments, IFRS users are to disclose their “material” accounting policies. Previously, “significant” accounting policies had to be disclosed. What is considered “material” is based on the usefulness of the information for decision-making by the users of the financial statements. Accompanying this, the IASB has issued amendments to IFRS Guidance Document 2, which provides additional guidance on the application of the concept of materiality to disclosures about accounting policies, as well as examples.

The amendments are effective for financial years beginning on or after 1 January 2023. The EU endorsement took place on 2 March 2022.

The Management Board does not expect the amendments to have a material impact on future consolidated financial statements.

Amendments to IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”: Definition of Accounting Estimates

On 12 February 2021, the IASB issued amendments to IAS 8 entitled “Definition of Accounting Estimates. The amendment clarifies the distinction between “changes in accounting policies” and “changes in accounting estimates. Accordingly, changes in estimates are applied prospectively to transactions and other events from the date of the change in estimate, whereas to changes in accounting policies are generally applied retrospectively to past transactions and other past events.

The amendments are effective for financial years beginning on or after 1 January 2023. The EU endorsement took place on 2 March 2022.

The Management Board does not expect the amendments to have a material impact on future consolidated financial statements.

Amendments to IAS 1 “Presentation of Financial Statements”: Classification of liabilities as current or non-current

On 23 January 2020, the IASB issued “Classification of Liabilities as Current or Non-Current” with amendments to IAS 1. The amendments are intended to clarify the criteria for classifying liabilities as current or non-current. Accordingly, the focus is to be on the existing rights at the reporting date and not on whether management intends to repay early or actually exercises these rights.

The effective date of the amendments was deferred on 15 July 2020, from 1 January 2022, to financial years beginning on or after 1 January 2023. On 19 November 2021, the IASB published a new exposure draft on this topic. The date of the EU endorsement is still open.

The Management Board does not expect the amendments to have a material impact on future consolidated financial statements.

Amendments to IAS 12 “Income Taxes”: Deferred Taxes Relating to Assets and Liabilities Arising from a Single Transaction

On 7 May 2021, the IASB issued amendments to IAS 12 entitled “Deferred Taxes Relating to Assets and Liabilities Arising from a Single Transaction”. The amendments are intended to clarify the accounting for deferred taxes on transactions such as leases and decommissioning obligations. Therefore, the exemption rules under IAS 12 are specified, according to which entities are exempt from recognizing deferred taxes under certain circumstances if they relate to assets and liabilities recognized for the first time (initial recognition exemption). The amendments contain a re-exception to the initial recognition exemption and clarify that the latter does not apply to transactions that give rise to deferred tax assets and liabilities in the same amount.

The amendments are effective for financial years beginning on or after 1 January 2023. The date of EU endorsement is still open.

The Management Board does not expect the amendments to have a material impact on future consolidated financial statements.

Amendments to IFRS 17 “Insurance Contracts”: First-time Adoption of IFRS 17 and IFRS 9 – Comparative Information

On 9 December 2021, the IASB published narrowly defined amendments to IFRS 17 entitled “First-time Adoption of IFRS 17 and IFRS 9 – Comparative Information”. The amendments relate to the disclosure of comparative information on financial assets as part of the first-time adoption of IFRS 17 for those entities that also apply IFRS 9 “Financial Instruments: Recognition and Measurement” for the first time at that date in accordance with the existing option. To avoid inconsistencies, the transitional provisions of IFRS 17 have been amended to allow affected entities to present comparative information on financial assets as if the classification and measurement of these instruments had already been performed in accordance with IFRS 9. The impairment requirements of IFRS 9 do not have to be applied when applying the classification overlay.

The version of IFRS 17 amended by these amendments is effective for financial years beginning on or after 1 January 2023. The EU endorsement is pending.

Mutares is not affected by this change.

Amendments to IFRS 10 and IAS 28 “Disposal or Contribution of Assets between an Investor and an Associate or Joint Venture”

The amendments address a conflict between the requirements of IAS 28 “Investments in Associates and Joint Ventures” and IFRS 10 “Consolidated Financial Statements. They clarify that in transactions with an associate or joint venture, the extent of income recognition depends on whether the assets sold or contributed constitute a business as defined by IFRS 3.

The date of first-time application of the amendments was postponed indefinitely by the IASB in December 2015, as any amendments to IAS 28 from the research project on accounting using the equity method are to be awaited. The latter was resumed in October 2020 after a longer break and in the context of the advancing Post Implementation Review on IFRS 11.

The Management Board assumes that these potential amendments to IFRS 10 and IAS 28 will have no impact on future consolidated results.

52. Consolidation principles

52.1. SUBSIDIARIES

Subsidiaries are entities that are controlled by Mutares SE & Co KGaA. The Group obtains control if it is able to exercise control over the subsidiary, is exposed to variable returns from its involvement with the subsidiary and has the ability to use its power over the subsidiary to affect the amount of the return on its investment in the subsidiary.

The assessment of control is reviewed by Mutares SE & Co. KGaA if there are indications that one or more of the aforementioned control criteria have changed.

A subsidiary is included in the consolidated financial statements from the date on which the Company obtains control over the subsidiary until the date on which control by the Company ends.

By way of derogation from this, the subsidiary is not consolidated in accordance with the general principle of materiality set out in IAS 1.29 et seq. if the subsidiary is of minor importance for the obligation to give a true and fair view of the net assets, financial position and results of operations of the Group – also together with other subsidiaries whose inclusion is waived and whose inclusion would only result in an insignificant improvement in information.

The results of subsidiaries over which control has been obtained or lost in the course of a financial year are recognized in the consolidated income statement and other comprehensive income with effect from the date on which control is obtained or lost.

Where necessary, the financial statements of the subsidiaries are adjusted to bring the accounting policies into line with those used in the Group.

The acquisition is accounted for using the purchase method (acquisition method). The consideration transferred in an acquisition is the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of the transaction. They also include the fair values of any recognized assets or liabilities resulting from a contingent consideration arrangement. Acquisition related costs are expensed as incurred. Assets, liabilities and contingent liabilities identifiable as part of a business combination are generally measured on initial consolidation at their fair values at the acquisition date. The exceptions to the recognition and measurement principles required by IFRS 3, such as the recognition and measurement of deferred taxes on acquired assets and liabilities in accordance with IAS 12, are taken into account accordingly in the initial conso lidation.

Goodwill is recognized and tested at least annually for impairment at an amount equal to the excess of the cost of the acquisition, the amount of any non-controlling interest in the acquiree and the fair value of any previously held equity interest at the date of acquisition over the Group's share of the net assets measured at fair value. If the acquisition cost is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the consolidated statement of income as bargain purchase income after reassessment.

If the consideration transferred includes contingent consideration, it is measured at fair value at the acquisition date. Changes in the fair value of the contingent consideration within the measurement period are adjusted retrospectively and recognized accordingly against goodwill or gain on favorable acquisition. Adjustments during the measurement period are adjustments to reflect additional information about facts and circumstances that existed at the acquisition date. However, the measurement period shall not exceed one year from the date of acquisition. Changes in the fair value of the contingent consideration that are not adjustments during the measurement period are accounted for depending on how the contingent consideration is to be classified.

Share disposals without loss of control (buy-down) are accounted for as transactions between the equity providers (Mutares SE & Co. KGaA and the minority shareholders) with no effect on profit or loss.

Non-controlling interests are generally measured at the proportionate enterprise value, so that goodwill attributable to the non-controlling interests is capitalized (full goodwill method). Non-controlling interests are entitled to a share of the profit or loss from the date of transfer of the shares, which is presented separately in the statement of comprehensive income.

Majority-owned increases are accounted for as equity transactions, or transactions between the majority shareholder and the minority.

In the case of deconsolidation, a single sale is deemed to have taken place, i.e. the sale of all shares is presented as a transfer of individual assets and liabilities including goodwill for consideration. The gain or loss on disposal is the difference between the proceeds on disposal and the carrying amount of the net assets disposed of, including hidden reserves and goodwill.

Balances and transactions with consolidated subsidiaries, and income and expenses arising therefrom, are eliminated in full for the purpose of preparing the consolidated financial statements.

The tax deferrals required by IAS 12 were made on temporary differences arising on consolidation, with no deferred taxes to be recognized on goodwill.

52.2. ASSOCIATED COMPANIES AND JOINT VENTURES

An associate is an entity over which Mutares has significant influence and that is neither a subsidiary nor a joint venture. Significant influence is defined as the power to participate in the financial and operating policy decisions of the entity without controlling or jointly managing it. If Mutares SE & Co. KGaA directly or indirectly holds between 20% and 50% of the voting rights in an entity, there is a presumption that significant influence can be exercised over the entity. In the case of a directly or indirectly held voting interest of less than 20%, significant influence is presumed if it can be clearly demonstrated.

Investments in associates are accounted for using the equity method and are therefore measured at cost when they are first recognized. Goodwill arising on the acquisition of an associate is included in the carrying amount of the investment in the associate. After initial recognition, the carrying amount of the investment increases or decreases in line with the investor's share of profit or loss or other comprehensive income of the investee – from the date that significant influence is first exercised until that influence ceases to exist. If Mutares' share in the losses of an associate equals or exceeds the value of the investment, the share is reduced to zero. In deviation from this, treatment as an associate in accordance with the general materiality principle of IAS 1.29 et seq. is waived if the associate is of minor importance for the obligation to give a true and fair view of the net assets, financial position and results of operations of the Group.

Unrealized gains based on transactions with associates are eliminated against the carrying amount of the investment to the extent of Mutares' interest. Unrealized losses are eliminated in the same way, but only to the extent that there is no indication of impairment.

The tax deferrals required by IAS 12 were made on temporary differences arising on consolidation.

A joint venture is a joint arrangement whereby the parties exercising joint control have rights to the net assets of the arrangement. Joint ventures are accounted for using the equity method. Currently, no joint venture exists.

52.3. COMMUNITY ACTIVITY

Joint operation is a joint arrangement whereby the parties exercising joint control have rights to the assets and obligations for the liabilities of the arrangement. Joint control is the contractually agreed, jointly exercised control of an arrangement. This only occurs when decisions about the relevant activities require the unanimous consent of the parties involved in joint control.

Where a Group company undertakes activities as part of a joint operation, the Group recognizes the following items as a joint operator in relation to its interest in the joint operation:

- its assets, including its share of jointly held assets;
- its debts, including its share of debts incurred jointly;
- its proceeds from the sale of its share of the products or services of the joint activity;
- its expenses, including its share of expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with IFRS applicable to those assets, liabilities, revenues and expenses.

When a group entity enters into a joint operation in which another group entity is a joint operator (for example, the sale or contribution of assets), the group considers the transaction to be carried out with the other parties to the joint operation and therefore recognizes any gain or loss only to the extent of the interest of the other parties in the joint operation.

In transactions such as the purchase of assets by a Group company, gains and losses to the extent of the Group's interest in the joint operation are not recognized until the assets are sold on to third parties.

52.4. FOREIGN CURRENCY

The consolidated financial statements have been prepared in accordance with the functional currency concept. The functional currency is the primary currency of the economic environment in which Mutares Group operates. It corresponds to the euro, which is also the presentation currency of the consolidated financial statements.

Transactions in foreign currencies are translated into the functional currency using the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the respective functional currency using the exchange rate at the balance sheet date. Foreign currency gains and losses resulting from these translations are recognized in the consolidated statement of income within other income or other expenses.

Balance sheet items of subsidiaries whose functional currency is not the euro are translated into the presentation currency at the closing rate, income statement items at the average rate for the respective period, and equity items at historical foreign currency rates. The resulting translation differences are recognized in the currency translation reserve within other components of equity. Where non-controlling interests are involved, the corresponding portion of the translation difference is offset against the minority interest.

In the event of the disposal of a foreign operation, the translation differences accumulated to that date are included in the gain or loss on disposal, i.e. reclassified from equity to profit or loss.

With a few negligible exceptions, the functional currency of the subsidiary companies of Mutares SE & Co. KGaA corresponds to the local currency.

The main exchange rates used for currency translation purposes are shown below, according to :

Currency 1 EUR in		Closing rate		Average price	
	Code	31/12/2021	31/12/2020	2021	2020
USA	USD	1.133	1.227	1.183	1.142
China	CNY	7.195	8.023	7.632	7.871
Poland	PLN	4.597	4.560	4.562	4.441
UK	GBP	0.840	0.899	0.860	0.894
India	INR	84.229	89.661	87.426	87.565
Sweden	SEK	10.250	10.034	10.150	10.189

53. Significant accounting policies

The consolidated financial statements are based on uniform accounting policies. All companies included in the consolidated financial statements of Mutares SE & Co. KGaA prepare their financial statements as of 31 December or have prepared interim financial statements for the reporting date and the period covered by the consolidated financial statements.

The main accounting and valuation principles are explained below.

53.1. REVENUE RECOGNITION

Sale of goods

The Group recognizes revenue when control of identifiable goods or services is transferred to the customer. The customer must therefore have the ability to direct the use of, and obtain the residual benefits from, the goods or services. This is based on a contract between the Group and the customer. The contract and the agreements contained therein must have been agreed to by the parties, the individual obligations of the parties and the payment terms must be ascertainable, the contract must have economic substance and the Group must be likely to receive consideration for the service rendered. There must therefore be enforceable rights and obligations. The transaction price generally corresponds to the sales revenue. In individual companies, rebates and discounts are granted to the extent customary in the market and are included in the recognized sales revenue. If the contract includes more than one distinct performance obligation, the transaction price is allocated to the individual performance obligations on the basis of the relative individual selling prices. If individual selling prices are not observable, the Group estimates them. The individual identified performance obligations are realized either over a period of time or at a point in time.

The payment terms in the Mutares Group differ according to the different business models of the subsidiaries. Significant financing components do not exist on a regular basis and the period between the transfer of the goods or services and the payment date does not exceed twelve months on a regular basis, so that the consideration does not have to be adjusted by the time value of money. The Group's obligation to repair or replace defective products under statutory warranty is recognized as a provision.

Customer tools

Contracts for initial production tooling result in a separate performance obligation to the customer upon transfer of control. Revenue is recognized when control is transferred to the customer.

Customized products

Customer-specific products are subject to revenue recognition over time if the products have no alternative use due to their specifications and have an enforceable payment claim against the customer at least in the amount of a reimbursement of costs incurred as a result of services already rendered, including an appropriate profit margin. The percentage of completion is determined using the input method based on the ratio of costs incurred to planned costs. Due to detailed internal cost controlling, this method provides a true and fair view of the transfer of goods.

Provision of services

Revenue from service contracts is recognized as soon as control is transferred to the customer and the time of performance is determined to be point-in-time or time-period. Services provided over a certain period of time are recognized according to the stage of completion of the service. If a service is not recognized over a specific period of time, revenue is recognized when control is transferred.

Rental income

The comments on leases in accordance with IFRS 16 apply (see note 53.6).

Production orders

If the transfer of control already takes place during the construction phase, revenue from construction contracts with a corresponding margin is recognized over a period of time (overtime). A corresponding transfer of control is assumed if, in the event of termination of the contract, the compensation claim includes an appropriate margin in addition to the costs incurred to date and there are no alternative uses for the asset produced. The stage of completion is determined on the basis of the contract costs incurred for the work performed in relation to the expected contract costs (input-based method). Management believes that this input-based method represents a reasonable estimate of the stage of completion. In the absence of a claim to remuneration or if it only includes the costs incurred, revenue is not recognized until the contract is completed.

If it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized immediately as an expense.

Where contract costs incurred plus recognized profits and less recognized losses exceed progress billings at the balance sheet date, the excess is recognized as a contract asset. For contracts in which progress billings exceed contract costs incurred plus recognized profits less recognized losses, the excess is recognized as a contract liability in the same way as amounts received before construction is complete. Amounts billed for services already rendered but not yet paid by the customer are included in trade and other receivables in the consolidated statement of financial position.

The regulations of IFRS 15 are of no or only minor significance for Mutares Group in the following areas:

- Consignment store
- Contract acquisition or performance costs
- Principal-agent relationships
- Bill-and-hold agreements
- Repurchase agreements
- Guarantees

53.2. INCOME TAXES

Income tax expense represents the net of current tax expense and deferred taxes.

Current or deferred taxes are recognized either in the consolidated income statement, in other comprehensive income or directly in equity, depending on the underlying circumstances. Current or deferred taxes arising from the initial accounting for a business combination are recognized in the accounting for the business combination.

Current taxes

Current tax expense is determined on the basis of taxable income for the year. Taxable income differs from net income from the consolidated statement of comprehensive income due to expenses and income that are taxable or tax deductible in later years or never. The Group's liability for current taxes is calculated using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes

Deferred taxes are calculated in accordance with IAS 12 on the basis of the internationally accepted balance sheet liability method. Accordingly, deferred tax items are recognized for all temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet, as well as for tax loss carryforwards.

Deferred taxes on these identified differences are generally always recognized if they result in deferred tax liabilities. Deferred tax assets are only recognized if it is probable that the corresponding tax benefits will also be realized. Deferred tax assets and liabilities are also recognized for temporary differences arising on business combinations, with the exception of temporary differences relating to goodwill, where these are not recognized for tax purposes.

Deferred taxes on so-called "outside basis differences", i.e. differences between the assets of a subsidiary recognized in the consolidated financial statements and the tax base of the shares held by the Group parent in the subsidiary, are generally taken into account (to the extent that tax effects are anticipated which may result in the future from the sale of the shares or from the distribution of profits).

Deferred tax assets and liabilities are offset if the requirements of IAS 12 are met. Accordingly, offsetting is performed if there is a legally enforceable right to offset and if the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or the same taxable entity. Liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities that intend to settle on a net basis.

Deferred taxes are calculated on the basis of the tax rates applicable in future years to the extent that they have already been enacted by law or the legislative process is substantially complete. Changes in deferred taxes in the balance sheet generally result in deferred tax expense or income. If items resulting in a change in deferred taxes are recognized directly in equity, the change in deferred taxes is also recognized directly in equity.

53.3. INTANGIBLE ASSETS

Goodwill

The goodwill resulting from a business combination is determined by comparing the consideration paid for the acquisition with the revalued net assets of the acquired company and is recognized in the consolidated statement of financial position within intangible assets.

For the purpose of impairment testing, goodwill on acquisition is allocated to those cash-generating units (or groups thereof) of the Group that are expected to benefit from the synergies of the combination.

Cash-generating units to which a portion of goodwill has been allocated must be tested for impairment at least annually. If there are indications that a unit may be impaired, it may be necessary to perform impairment tests more frequently. If the recoverable amount of a cash-generating unit is less than the carrying amount of the unit, the impairment loss shall be allocated first to the carrying amount of any goodwill allocated to the unit and then to the other assets on a pro rata basis based on the carrying amounts of each asset in relation to the total carrying amount of the assets within the unit. In this context, the recoverable amount is the higher of value in use and fair value less costs to sell.

Any impairment loss on goodwill is recognized directly in the income statement. An impairment loss recognized for goodwill may not be reversed in future periods.

On disposal of a cash-generating unit, the amount of goodwill attributable to it is included in the determination of profit or loss on disposal.

The Group's policy on goodwill arising on the acquisition of an associate or joint venture is described in note (2). 52.2 described.

Intangible assets acquired in a business combination
Intangible assets acquired in a business combination are recognized separately from goodwill and measured at fair value at the acquisition date.

In subsequent periods, intangible assets acquired as part of a business combination are measured at cost less any accumulated amortization and any accumulated impairment losses, in the same way as individually acquired intangible assets.

Other intangible assets acquired separately
Intangible assets acquired separately, i.e. not as part of a business combination, with a definite useful life are recognized at cost less accumulated amortization and impairment losses. Amortization is recognized as an expense on a straight-line basis over the expected useful life. The expected useful life and the amortization method are reviewed at each reporting date and all changes in estimates are accounted for prospectively.

Separately acquired intangible assets with an indefinite useful life are recognized at cost less accumulated impairment losses.

Internally generated intangible assets
Internally generated intangible assets are capitalized at cost.

In order to determine whether internally generated intangible assets can be capitalized, research and development expenses must be separated. Expenditure on research activities with the prospect of gaining new scientific or technical knowledge and understanding is recognized as an expense in the period in which it is incurred.

The recognition of internally generated intangible assets requires the cumulative fulfillment of the capitalization criteria of IAS 38: the technical feasibility of the development project and a future economic benefit from the development project must be demonstrable and the company must intend and be able to complete the intangible asset and use or sell it. Furthermore, adequate technical, financial and other resources must be available and the expenditure attributable to the intangible asset during its development must be reliably measurable.

Capitalized production costs comprise costs directly attributable to the development process as well as development-related overheads. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset must be capitalized as part of the cost of that asset in accordance with IFRS. In the reporting period and in the comparative period, no qualifying assets were acquired or manufactured for which capitalization of borrowing costs would be required.

If a useful life can be determined, these intangible assets are amortized on a straight-line basis over their respective useful economic lives.

The following useful lives were used as the basis for calculating depreciation:

	Useful life in years
Self-generated industrial property rights and similar right	1 to 10
Software	1 to 20
Concessions acquired for consideration, commercial property rights and similar rights and assets	1 to 20

Impairment of intangible assets
If there are indications of impairment and the carrying amount of intangible assets exceeds the recoverable amount, impairment losses are recognized. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. If the reason for an impairment loss already recognized no longer exists, the impairment loss is reversed and the asset's carrying amount is increased to its amortized cost. Intangible assets with indefinite useful lives and goodwill are tested for impairment once a year. In addition, a review is carried out in each period to determine whether the assessment of an indefinite useful life continues to be justified. For intangible assets that do not generate cash flows themselves, the impairment test is performed at the level of their cash-generating unit.

Derecognition of intangible assets
An intangible asset shall be derecognized upon disposal or when no further economic benefits are expected from its use or disposal. The gain or loss arising on derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the income statement when the asset is derecognized. This is recognized in other income or other expenses.

53.4. PROPERTY, PLANT AND EQUIPMENT
Property, plant and equipment acquired in a business combination
Property, plant and equipment acquired in a business combination are measured at fair value at the acquisition date.

In subsequent periods, property, plant and equipment acquired as part of a business combination are measured at cost less accumulated depreciation and any accumulated impairment losses in the same way as individually acquired property, plant and equipment.

Property, plant and equipment acquired separately

Property, plant and equipment are measured at cost less accumulated depreciation if the assets are depreciable, and impairment losses.

The cost of an item of property, plant and equipment comprises all costs directly attributable to the acquisition of the asset. Repairs and maintenance are recognized as expenses in the consolidated income statement in the financial year in which they are incurred. Internally generated assets are initially measured at the directly attributable production cost and production-related overheads.

Depreciation is recognized in the consolidated statement of income on a straight-line basis over the estimated useful life of the asset.

Land is not depreciated on a scheduled basis.

Where significant parts of property, plant and equipment contain components with significantly different useful lives, these are recognized separately and depreciated over their respective useful lives.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualified asset must be capitalized as part of the cost of that asset in accordance with IFRS. In the reporting period and in the comparative period, no qualifying assets were acquired or manufactured for which capitalization of borrowing costs would be required.

The residual values and economic useful lives are reviewed at each balance sheet date and adjusted if necessary. The economic useful lives are based on estimates and are largely based on experience regarding historical usage and technical development.

Gains and losses on the disposal of assets are determined as the difference between the proceeds on disposal and the carrying amount and are recognized in profit or loss.

The following useful lives were used as the basis for calculating depreciation:

	Useful life in years
Buildings	20 to 60
Technical equipment, machinery and vehicles	1 to 25
Operating and office equipment	1 to 20

Impairment of property, plant and equipment

If there are indications of impairment and the carrying amount of property, plant and equipment exceeds the recoverable amount, impairment losses are recognized. The recoverable amount is the higher of the asset‘s fair value less costs to sell and its value in use. If the reason for an impairment loss already recognized no longer exists, the impairment loss is reversed to amortized cost. Property, plant and equipment that do not generate any cash flows themselves are tested for impairment at the level of their cash-generating unit.

Derecognition of property, plant and equipment

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from the continued use of the asset. The gain or loss arising from the sale or retirement of an item of property, plant and equipment is determined as the difference between the proceeds on disposal and the carrying amount of the asset and is recognized in profit or loss.

53.5. LEASING

IFRS 16 contains a comprehensive model for identifying leases and for accounting by the lessor and lessee, which is generally applicable to all leases. A lease exists when the lessee is contractually granted the right to control an identified asset for a specified period of time and the lessor receives consideration from the lessee in return.

Lessees do not distinguish between rental leases and finance leases. Instead, the lessee must recognize the right-of-use asset and a corresponding lease liability for all leases. The only exceptions are short-term leases and leases of low-value assets, for which payments are recognized on a straight-line basis over the lease term. The only exceptions to this rule are short-term leases and leases of low-value assets, for which payments are recognized as an expense in the income statement on a straight-line basis over the term of the lease. Mutares takes advantage of these practical expedients. For low-value assets, a value limit of EUR 5,000 is applied.

The amount of the RoU asset at the inception of the lease is the amount of the lease liability plus any initial direct costs incurred by the lessee. In subsequent periods, the RoU asset is measured at amortized cost (with two exceptions) until the earlier of the end of the leased asset’s useful life or the end of the lease term and is depreciated using the straight-line method.

The lease liability is measured as the present value of the lease payments relevant for measurement that are paid during the term of the lease. The marginal borrowing rate is regularly used for discounting purposes, as the interest rate on which the lease is based is generally not known to Mutares. The incremental borrowing rate is determined for each lease on a term-equivalent, country-specific and currency-specific risk-equivalent basis. Subsequently, the carrying amount of the lease liability is discounted using the discount rate and reduced by the lease payments made. Changes in the lease payments generally result in a revaluation of the lease liability against the corresponding right-of-use asset with no effect on profit or loss.

Mutares has also decided to apply IFRS 16 to other intangible assets. Leasing and service components are not presented separately at Mutares.

Sale and leaseback transactions are used by companies of the Mutares Group as an instrument to secure liquidity and to finance investments. The scope and terms of sale and leaseback transactions within the Mutares Group may vary per financial year and company.

For lessors, IFRS 16 basically retains the accounting treatment familiar from IAS 17 "Leases" with a distinction between finance and operating leases. The criteria for assessing a finance lease have been taken over unchanged from IAS 17. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset. Otherwise, it is classified as an operating lease. If Mutares acts as lessor under a finance lease, a receivable is recognized in the amount of the net investment in the lease. In the case of an operating lease, Mutares recognizes the leased asset as an asset under property, plant and equipment. It is measured at amortized cost. The following useful lives were used as a basis for calculating depreciation:

	Useful life in years
Buildings	20 to 60
Technical equipment, machinery and vehicles	1 to 20
Operating and office equipment	1 to 20

Rental income is recognized in profit or loss on a straight-line basis over the lease term and reported in other income. As a lessor, Mutares essentially only enters into leases that are classified as operating leases.

For information on the discretionary decisions and estimates made in connection with leases, in particular for determining the lease term and the incremental borrowing rate, please refer to note 3.

53.6. COST OF DEBT

Borrowing costs directly associated with the acquisition, construction or production of qualifying assets are added to the cost of those assets until the assets are substantially ready for their intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Income earned from the interim investment of specially borrowed capital until it is spent on qualifying assets is deducted from the borrowing capital costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

53.7. ASSETS HELD FOR SALE

Non-current assets or disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is only considered to be met if the non-current asset or disposal group is available for immediate sale in its present condition and its sale is highly probable. Management must be committed to a sale. It must be assumed that the disposal transaction will be completed within one year of such classification.

Non-current assets and disposal groups classified as held for sale are measured at the lower of their original carrying amount and fair value less costs to sell.

In the event that the Group has committed to a disposal involving a loss of control over a subsidiary, all assets and liabilities of that subsidiary are classified as held for sale if the above conditions are met. This applies regardless of whether or not the Group retains a non-controlling interest in the former subsidiary after the disposal.

53.8. INVENTORIES

Inventories are measured at the lower of cost and net realizable value. The cost of raw materials and supplies is calculated using the moving average method. Incidental acquisition costs are also taken into account. Work in progress and self-constructed finished goods are valued at manufacturing cost. In addition to direct material, production and special production costs, production cost also includes an appropriate share of the overheads attributable to production and production-related depreciation, but not borrowing costs.

Net realizable value is defined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

53.9. FINANCIAL INSTRUMENTS

A financial instrument is defined as a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. They include non-derivative financial instruments, such as trade receivables and payables, as well as derivative financial instruments.

Financial assets and financial liabilities are initially measured at fair value, which is generally the transaction price. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument are only included in the carrying amount if the financial instrument is not measured at fair value through profit or loss. In the case of trade receivables, the transaction price is determined in accordance with IFRS 15. Subsequent measurement depends on the classification of the financial instruments.

Regular way purchases or revenues of financial assets are generally recognized on the trade date.

53.10. FINANCIAL ASSETS

Classification of financial assets

Financial assets include in particular:

- Trade receivables and other receivables,
- Other financial assets and
- Cash and cash equivalents

Financial assets with a term of more than twelve months are reported under non-current financial assets.

The classification of financial assets depends on the underlying business model and the so-called cash flow criterion, according to which the contractual cash flows of a financial asset may only consist of interest and principal payments on the outstanding principal amount of the financial instrument. The cash flow criterion is always assessed at the level of the individual financial instrument. The assessment of the business model relates to the question of how financial assets are managed to generate cash flows. The management can either be aimed at holding, selling or a combination of both.

The Company classifies financial assets into one of the following categories:

- Financial assets measured at amortized cost (debt instruments)
- Financial assets measured at fair value through profit or loss (debt instruments)
- Financial assets measured at fair value through profit or loss

Financial assets measured at amortized cost (debt instruments)

The most significant category of financial assets for Mutares is the category of assets measured at amortized cost in relation to debt instruments. Measurement at amortized cost occurs when the following two criteria are met:

- The business model for managing these financial instruments is geared towards holding them in order to generate the underlying contractual cash flows and to
- the contractual cash flows generated from this consist solely of interest and repayment on the principal outstanding.

Subsequent measurement of these financial assets is based on the effective interest method and is subject to the impairment requirements of IFRS 9.5.5 et seq. The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition, less principal repayments, plus accumulated amortization using the effective interest method, adjusted for impairment. At Mutares, trade receivables, other assets and bank balances are mainly subject to this category.

Mutares continues to classify trade receivables that are sold under a factoring agreement without a disposal of the receivables as part of the sale of the receivables as part of the business model “hold” and thus as “amortized cost”. Within the business model criterion, Mutares defines the sale as an actual sale that also leads to an accounting disposal. According to Mutares‘ interpretation, a purely legal sale without disposal does not constitute a business model of sale within the meaning of IFRS 9. Receivables portfolios that are generally subject to the possibility of factoring with disposal of the corresponding receivables are allocated to the category “hold and sell” and measured at fair value through profit or loss (FVOCI). There are currently no cases of application for this in the Group.

Financial assets measured at fair value through profit or loss (debt instruments)

The valuation with no effect on profit or loss at fair value recycling for debt instruments is carried out if the following two criteria are met:

- The business model for managing these financial instruments is focused on holding them to generate the underlying contractual cash flows and also on selling them.
- The resulting contractual cash flows consist solely of interest and principal on the principal outstanding.

For these financial assets, interest, foreign currency valuation effects and expenses and income in connection with impairments are recognized in profit or loss. The remaining changes are recognized in other comprehensive income and reclassified to profit or loss on disposal (recycling).

At Mutares, mainly receivables related to a factoring agreement with disposal of the corresponding receivables are subject to this measurement.

Financial assets measured at fair value through profit or loss

The category includes financial assets held for trading, financial instruments using the fair value option, and financial assets for which mandatory measurement at fair value is intended. A trading purpose exists if a short-term purchase or sale is intended. Derivatives that are not part of a hedging relationship are always held for trading purposes. Financial assets that do not meet the cash flow criterion are always measured at fair value through profit or loss, regardless of the underlying business model. The same measurement results for financial instruments that are subject to a “sell” business model.

The fair value option for financial assets is not used.

At Mutares, derivatives that are not part of a hedging relationship and securities are mainly subject to this measurement.

Any changes in the fair value of these instruments are recognized in profit or loss.

Financial assets measured at fair value through other comprehensive income (equity instruments)

Upon initial recognition of an equity instrument, Mutares has the irrevocable option to measure it at fair value through other comprehensive income. This is subject to the condition that the equity instrument is not held for trading and is not a contingent consideration as defined by IFRS 3. The option can be exercised separately for each equity instrument.

Mutares does not exercise the option and measures all equity instruments at fair value through profit or loss.

Impairment of financial assets

Financial assets (with the exception of financial assets at fair value through profit or loss and equity instruments at fair value through other comprehensive income), contract assets according to IFRS 15, lease receivables, loan commitments and financial guarantees are subject to the impairment model as defined by IFRS 9.5.5. According to this model, Mutares recognizes an impairment loss for these assets based on the expected credit losses. Expected credit losses result from the difference between the contractually agreed cash flows and the expected cash flows, measured at present value using the original effective interest rate. The expected cash flows also include proceeds from the sale of collateral and other loan collateral that are an integral part of the respective contract.

Expected credit losses are recognized in three stages. For financial assets for which there has been no significant increase in the risk of default since initial recognition, the impairment loss is measured in the amount of the expected 12-month credit loss (Level 1). In case of a significant increase in default risk, the expected credit loss for the remaining term of the asset is determined (level 2). Mutares generally assumes that there is a significant increase in credit risk if the asset is 30 days past due. This principle can be refuted if, in the respective individual case, reliable and justifiable information indicates that the credit risk has not increased. If there is objective evidence of impairment, the underlying assets are to be allocated to Level 3.

The relevant class of assets for Mutares for the application of the impairment model are trade receivables and contract assets. Mutares applies the simplified approach according to IFRS 9.5.15 for these. Accordingly, the impairment loss is always measured in the amount of the expected credit losses over the term.

For financial assets measured at fair value through other comprehensive income as debt instruments, Mutares considers all reasonable and reliable information that is available without unreasonable cost and time expenditure for the review of a possibly significantly increased expected credit risk. For this purpose, the associated default risk is mainly used. Rating information is used for the default risk. Mutares generally only holds instruments for which there is a low default risk. Mutares currently does not hold any financial assets that are measured at fair value through other comprehensive income as debt instruments.

For the other assets that are within the scope of the impairment model of IFRS 9 and that are subject to the general approach, financial assets are grouped together on the basis of common credit risk characteristics or individual default information is used to measure the expected losses. The calculation is based in each case on current default probabilities as of the respective reporting date.

Mutares generally assumes a default if the contractual payments are overdue by more than 90 days. In addition, in individual cases, internal or external information is also used to indicate that the contractual payments cannot be made in full. Financial assets are derecognized if there is no reasonable expectation of future payment.

53.11. DERIVATIVES AND HEDGING RELATIONSHIPS

Within the Group, derivative financial instruments are used to manage risks arising from fluctuations in raw material prices and interest rates. Derivative financial instruments are initially recognized as financial assets or liabilities at fair value in the category of financial assets at fair value through profit or loss or financial liabilities at fair value through profit or loss.

Attributable transaction costs are recognized in profit or loss in the period in which they are incurred. With the exception of derivatives designated as hedging instruments in cash flow hedges, all derivatives are measured at fair value through profit or loss. They are presented in the consolidated statement of financial position under “other financial assets” or “other financial liabilities.”

Currently, the Mutares Group continues not to apply hedge accounting.

53.12. FINANCIAL LIABILITIES

Financial liabilities regularly give rise to a right of return in cash and cash equivalents or another financial asset. These include in particular bonds and other securitized liabilities, trade accounts payable, liabilities to banks and derivative financial instruments.

For the initial measurement of financial liabilities, please refer to the description of financial assets. Financial liabilities are generally measured at amortized cost using the effective interest method ("FLAC").

The category of financial liabilities at fair value through profit or loss ("FLFVPL") includes all financial liabilities held for trading as well as derivative instruments, unless they are part of a hedging relationship, and financial instruments for which the fair value option has been exercised. This measurement category includes contingent consideration in connection with business combinations.

Financial liabilities are classified as current unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

To increase the reliability of the financial statement information and to reduce the complexity of preparing the financial statements, also in connection with the measurement of embedded derivatives, financial liabilities can be irrevocably designated at fair value through profit or loss ("FVPL") at the time of addition by exercising the fair value option. The Company's issued bond contains two embedded derivatives in the form of an early debt call right and an interest rate floor. These derivatives are treated as one compound derivative as they are subject to the same risk (IFRS 9.B4.3.4). If, in the case of an embedded derivative, a component gives rise to a separation obligation, the entire derivative is to be treated as subject to separation. Accordingly, Mutares exercises the option under IFRS 9.4.3.5 and accounts for the bond at fair value.

Subsequent measurement of financial liabilities measured by the Company at fair value through profit or loss is performed by recognizing net gains or losses and interest expenses in profit or loss. The Company recognizes changes in fair value due to changes in credit ratings in other comprehensive income.

If changes in the fair value that are due to factors other than changes in the default risk of the instrument or changes in the observed (reference) interest rate are not significant, the Company calculates the credit rating-induced change in the fair value of exchange-traded financial liabilities since the designation date as the difference between the fair value (market price) of the security and the present value of the contractual cash flows at the balance sheet date. The present value of the contractual cash flows is calculated on the basis of the internal rate of return of the security determined at the designation date and the reference interest rate observed externally at the reporting date.

53.13. DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

Financial instruments are derecognized when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial assets and liabilities are offset only if a right of set-off exists for the net amount at that time.

53.14. TREATMENT OF REVERSE FACTORING AGREEMENTS

Under a reverse factoring agreement, the supplier and customer agree to sell existing or future trade receivables to a factoring company or financial institution.

In the case of a reverse factoring agreement, an assessment must be made at the customer level as to whether the changes to the original contractual terms of the trade payables lead to a change in the balance sheet presentation and the presentation in the cash flow statement and in the notes.

The assessment of whether a reverse factoring arrangement generally results in the derecognition of the original trade financial liability is based on the general principles set out above.

Depending on the circumstances – whether the trade liability is to be derecognized or not – recognition is assessed in accordance with IAS 1.

Separate recognition of liabilities under reverse factoring arrangements is assessed based on the factors of whether additional collateral is provided as part of the arrangement that would not be so provided in the absence of the arrangement and whether the extent to which the terms of the liabilities that are part of the arrangement differ from the terms of the entity's trade payables that are not part of the arrangement.

Payments under reverse factoring agreements are allocated to cash flows from operating activities in the statement of cash flows if a trade liability exists. However, if the liability is not a trade payable due to its financing nature, an allocation to cash flow from financing activities is appropriate.

Currently, reverse factoring agreements are only of minor importance in the Mutares Group.

53.15. EQUITY

Equity is defined as cash contributions and contributions in kind that represent a residual interest in the assets of an entity after deducting all related liabilities. The development of equity is presented in the consolidated statement of changes in equity.

Mutares accounts for acquired treasury shares using the so-called par value method, according to which the nominal amount of the acquired treasury shares is deducted from the subscribed capital. In addition, the acquisition costs in excess of this amount are deducted from retained earnings.

53.16. SHARE-BASED PAYMENTS

Equity-settled share-based payments to members of the Board of Management or employees of the Company or to members of the management or employees of affiliated companies in Germany and abroad are measured at the fair value of the equity instrument at the grant date. In determining the fair value, the market-related performance condition with regard to the share price is taken into account.

Further information on share-based payments in the Mutares Group is presented in note 32 “Conditional capital and share-based payment”.

53.17. EMPLOYEE BENEFITS

For defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with an actuarial valuation performed at each reporting date.

Remeasurements, consisting of actuarial gains and losses, changes resulting from the application of the asset ceiling and the return on plan assets (excluding interest on the net liability), are recognized directly in other comprehensive income and are therefore included directly in the consolidated statement of financial position. The remeasurements recognized in other comprehensive income are part of retained earnings and are no longer reclassified to the consolidated statement of profit or loss. Past service cost is recognized as an expense when the plan amendment occurs.

The net interest is calculated by multiplying the discount rate by the net liability (pension obligation less plan assets) or the net asset value, which results if the plan assets exceed the pension obligation, at the beginning of the financial year. The defined benefit cost includes the following components:

- Service cost (including current service cost, after service cost to be recognized, and any gain or loss on the plan amendment or -curtailment)
- Net interest expense or income on net debt or net asset value
- Revaluation of net debt or net asset value

Mutares reports the first two components in the consolidated statement of comprehensive income. Gains or losses from curtailments are recognized as past service cost.

In May 2021, the IASB endorsed the IFRS IC agenda decision regarding the allocation of the benefit obligation over the service period. The decision gives preference in the calculation of the obligation for defined benefit plans with characteristics of

- the rights depend on the seniority,
- the rights are capped after a certain length of service and
- the benefits are one-time payments upon retirement

to the linearization of the benefit entitlement over the period between retirement minus the maximum service period and retirement. As the French defined benefit plans have the three characteristics, Mutares follows the IFRS IC decision for these plans. Previously, the benefit entitlement was linearized over the period between entry into the company and retirement. The effect from the change in valuation method is recognized in retained earnings.

The defined benefit obligation recognized in the consolidated statement of financial position represents the current underfunding or overfunding of the Group’s defined benefit plans. Any surplus arising from this calculation is limited to the present value of future economic benefits available in the form of refunds from the plans or reduced future contributions to the plans.

Payments for defined contribution plans are recognized as an expense when the employees have rendered the service entitling them to the contributions.

For short-term employee benefits (wages, sick pay, bonuses, etc.), the undiscounted amount of the benefit expected to be paid in exchange for the service rendered is recognized in the period in which the service is rendered by the employee.

The expected cost of short-term employee benefits in the form of compensated absences is recognized, in the case of accumulating entitlements, when the employee services that increase the employee’s entitlement to future compensated absences are rendered. In the case of non-accumulating entitlements, however, recognition occurs when the absence occurs.

All personnel-related obligations that cannot be allocated either to pension provisions or to accruals for personnel-related obligations (personnel-related liabilities, for example, for uncompensated leave or overtime, and outstanding wages and salaries) are recognized in other personnel-related provisions. These include, for example, obligations for employee bonuses or to mark employee anniversaries.

A liability for termination benefits is recognized when the Group is no longer able to withdraw the offer of such benefits or, if earlier, the Group has recognized related costs for restructuring (please refer to para. 53.18).

53.18. OTHER PROVISIONS AND CONTINGENT LIABILITIES

Provisions are recognized when the entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the provision.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date. In this context, risks and uncertainties inherent in the obligation must be taken into account.

If a provision is measured on the basis of the cash flows estimated to be required to settle the obligation, these cash flows must be discounted if the interest effect is material.

If it can be assumed that parts or all of the economic benefit required to settle the provision will be reimbursed by an outside third party, this claim is capitalized as an asset if the reimbursement is virtually certain and its amount can be reliably estimated.

The following section describes special circumstances relating to the recognition of other provisions:

Legal costs

The companies of the Mutares Group may be plaintiffs or defendants in lawsuits and other proceedings in the course of their business activities. If the general recognition criteria are met, a provision is recognized for the best estimate of the cash flows expected to be required to settle the obligation and reported under other provisions. In cases where the general recognition criteria are not met, the existence of a contingent liability is assessed and disclosed in the notes to the consolidated financial statements.

Warranties

Provisions for the expected expenses from warranty obligations are recognized at the time of sale of the relevant products based on management's best estimate of the expenditure required to settle the Group's obligation.

Restructuring

A provision for restructuring costs is recognized when the Group has put in place a detailed formal restructuring plan which, by commencing implementation of the plan or announcing its main features, has raised a valid expectation in those affected that the restructuring will be completed. When measuring a restructuring provision, only the direct expenses incurred for the restructuring are taken into account. Therefore, only those amounts are involved which were caused by the restructuring and are not related to the Group's continuing operations. For liabilities arising from the termination of employment contracts, we refer to note 53.17.

Impending losses

Present obligations arising in connection with onerous contracts are recognized as provisions. The existence of an onerous contract is presumed when the Group is party to a contract under which the unavoidable costs of meeting the obligations under the contract are expected to exceed the economic benefits available under the contract.

Contingent liabilities

A contingent liability is a possible obligation that arises from the occurrence or non-occurrence of uncertain future events and whose amount cannot be estimated with sufficient reliability. Contingent liabilities are not recognized as liabilities, but trigger disclosure requirements in the notes to the consolidated financial statements. Contingent liabilities assumed in the context of business combinations are recognized as liabilities.

53.19. GOVERNMENT GRANTS

Government grants, including non-monetary grants at fair value, are only recognized if there is reasonable assurance that:

- the company will comply with the conditions attached to it, and that
- the grants are awarded.

Grants related to expenses are recognized on a systematic basis over the periods in which they are intended to compensate for the related expenses. Grants received to compensate for expenses already incurred or to provide immediate financial support irrespective of future expenses are recognized in profit or loss in the period in which the entitlement arises.

If Mutares merely prefinances claims by employees against the public sector and acquires a claim to reimbursement of the amounts paid out, the payment processing is treated as a transitory item and does not affect profit or loss. Such claims are recognized as soon as the reimbursement is virtually certain.

Approval of the financial statements

These consolidated financial statements were approved by the Management Board of Mutares Management SE as general partner of Mutares SE & Co. KGaA on 6 April 2022 and released for publication.

Munich, 6 April 2022

Mutares Management SE,
General Partner of Mutares SE & Co. KGaA

The Board

Robin Laik   Mark Friedrich   Johannes Laumann

Appendix 1: Scope of consolidation and list of shareholdings

	Registered office	Share in equity in % 31/12/2021	Share in equity in % 31/12/2020
Direct equity investments: intermediate holdings			
mutares Holding-02 AG[1]	Bad Wiessee	100	100
mutares Holding-03 AG[1]	Bad Wiessee	100	100
mutares Holding-07 GmbH[1]	Bad Wiessee	90	100
mutares Holding-09 AG i.L.[1]	Bad Wiessee	100	100
mutares Holding-10 GmbH[1]	Bad Wiessee	100	100
mutares Holding-11 AG i.L.[1]	Bad Wiessee	100	100
mutares Holding-13 AG i.L.[1]	Bad Wiessee	100	100
mutares Holding-14 AG[1]	Bad Wiessee	100	100
STS Group AG[1]	Hallbergmoos	–	73
mutares Holding-20 AG i.L.[1]	Bad Wiessee	100	100
mutares Holding-21 AG[1]	Bad Wiessee	100	100
mutares Holding-23 GmbH[1]	Bad Wiessee	100	100
mutares Holding-25 GmbH[1]	Bad Wiessee	100	100
mutares Holding-26 GmbH[1]	Bad Wiessee	90	90
mutares Holding-28 GmbH[1]	Bad Wiessee	100	100
mutares Holding-30 AG i,L.[1]	Bad Wiessee	100	100
mutares Holding-31 GmbH[1]	Bad Wiessee	100	100
mutares Holding-32 GmbH[1]	Bad Wiessee	90	90
mutares Holding-33 GmbH[1]	Bad Wiessee	100	100
mutares Holding-36 GmbH[1]	Bad Wiessee	90	100
mutares Holding-37 GmbH[1]	Bad Wiessee	88	100
mutares Holding-38 GmbH[1]	Bad Wiessee	90	100
mutares Holding-39 GmbH[1]	Bad Wiessee	90	100
mutares Holding-40 GmbH[1]	Bad Wiessee	85	100
mutares Holding-41 GmbH[1]	Bad Wiessee	100	100
mutares Holding-42 GmbH[1]	Bad Wiessee	90	100
mutares Holding-43 GmbH[1]	Bad Wiessee	100	100
mutares Holding-44 GmbH[1]	Bad Wiessee	–	100
mutares Holding-45 GmbH[1]	Bad Wiessee (previously: Munich)	90	100
mutares Holding-46 GmbH[1]	Bad Wiessee (previously: Munich)	90	100
mutares Holding-47 GmbH[1]	Bad Wiessee (previously: Munich)	90	100
mutares Holding-48 GmbH[1]	Bad Wiessee	100	–
mutares Holding-49 GmbH[1]	Bad Wiessee	100	–
mutares Holding-50 GmbH[1]	Bad Wiessee	100	–
mutares Holding-51 GmbH[1]	Bad Wiessee	100	–
mutares Holding-54 GmbH (previously: Blitz D21-552 GmbH)[1]	Bad Wiessee (previously: Düsseldorf)	100	–
mutares Holding-55 GmbH i.G.[1]	Bad Wiessee	100	–
mutares Holding-56 GmbH i.G.[1]	Bad Wiessee	100	–
mutares Holding-57 GmbH i.G.[1]	Bad Wiessee	100	–
mutares Holding-58 GmbH i.G.[1]	Bad Wiessee	100	–
mutares Holding-59 GmbH i.G.[1]	Bad Wiessee	100	–
Mutares Sierra S.L.[1]	Madrid/ES	100	–
Mutares Investment S.L.[1]	Madrid/ES	100	–
MuxTec GmbH (previously: mutares Holding-15 GmbH)[1]	Munich (previously: Bad Wiessee)	100	100
Mutares Verwaltungs GmbH[2]	Bad Wiessee	100	100
Mutares Management SE[5]	Munich	30	30
National subsidiaries			
mutares France S.A.S.[1]	Paris/FR	100	100
mutares Italy S.r.l,[1]	Milan/IT	100	100
mutares UK Ltd.[1]	London/UK	100	100
mutares Nordics Oy[1]	Vantaa/FI	100	100
Mutares Nordics AB[1]	Stockholm/SE	100	100
Mutares Iberia S.L.U.[1]	Madrid/ES	100	100
Mutares Austria GmbH[1]	Vienna/AU	100	100
Mutares Benelux B.V.[1]	Amsterdam/NL	100	–
Indirect equity investments: operating entities/sub-groups			
Balcke-Dürr Group			
Balcke-Dürr GmbH[1]	Düsseldorf	100	100
STF Balcke-Dürr S.r.l.[6]	Rome/IT	100	20
Balcke-Dürr Technologies India Private Ltd.[2]	Chennai/IN	100	100
Wuxi Balcke-Dürr Technologies Co.. Ltd.[1]	Wuxi/CN	100	100
Balcke-Dürr Rothemühle GmbH[1]	Düsseldorf	–	100
Balcke-Dürr Engineering Private Ltd.[2]	Chennai/IN	100	100
Balcke-Dürr Nuklearservice GmbH[1]	Düsseldorf	100	100
Balcke-Dürr Turin Srl[1]	Turin/IT	–	100
STF Balcke-Duerr France[2]	St. Dizier/FR	100	100
La Meusienne S,A.S.[1]	Ancerville/FR	–	100
Loterios S.r,l.[1]	Gerenzano/IT	–	100

	Registered office	Share in equity in % 31/12/2021	Share in equity in % 31/12/2020
Donges Group			
Donges SteelTec GmbH[1]	Darmstadt	100	100
Kalzip GmbH[1]	Koblenz	100	100
Kalzip France S.A.S.[1]	Ancerville/FR	100	100
Kalzip FZE[1]	Dubai/AE	100	100
Kalzip Ltd.[1]	Haydock/UK	100	100
Kalzip India Private Ltd.[1]	Gurgaon/IN	100	100
Kalzip s.l.u.[1]	Madrid/ES	100	100
Kalzip Asia PTE Ltd.[1]	Singapur/SG	100	100
Kalzip Inc.[1]	Michigan/US	100	100
BFS GmbH[2]	Mannheim	100	100
FDT Flachdach Technologie GmbH[1]	Mannheim	100	100
FDT Flachdach Technologie S.A./N.V.[1]	Nivelles/BE	100	100
FDT France S.A.S[1]	Osny/FR	100	–
Norsilk S.A.S.[1]	Boulleville/FR	0	100
Nordec Group Oy[1]	Vantaa/FI	100	100
Nordec Envelope Oy[1]	Helsinki/FI	100	100
Nordec Construction AB (previously: Normek Sverige AB)[1]	Saltsjö-Boo/SE	100	100
Kiinteistö Oy Normek Karvia i.L[9]	Helsinki/FI	53	44
Kiinteistö Oy Alavuden Teollisuuspuisto[1]	Alavus/FI	100	100
Nordec AS[1]	Oslo/NO	100	100
Nordec Oy[1]	Helsinki/FI	100	100
Nordec Sp.z.o.o[1]	Oborniki/PL	100	100
Nordec s.r.o.[1]	Prag/CZ	100	100
UAB Nordec [1]	Gargzdai/LT	100	100
Permasteelisa Espana Donges Group S.A. (previously: PERMASTEELISA ESPANA S.A.)[1]	Madrid/ES	100	–
Elastomer Solutions Group			
Elastomer Solutions GmbH[1]	Wiesbaum	100	100
DF Elastomer Solutions Lda[1]	Mindelo/PT	100	100
Elastomer Solutions s.r.o.[1]	Belusa/SK	100	100
Elastomer Solutions Maroc S,à.r.l.[1]	Freihandelszone Tanger/MA	100	100
Elastomer Solutions Mexico S. de R.L. de C.V.[1]	Fresnillo/MX	100	100

	Registered office	Share in equity in % 31/12/2021	Share in equity in % 31/12/2020
Frigoscandia Group			
Frigoscandia AB (previously: Bring Frigo AB)[1]	Helsingborg/SE	100	–
Frigoscandia B.V. (previously: Bring Frigo B.V.)[1]	DB Ridderkerk/NL	100	–
Frigoscandia Denmark A/S (previously: Bring Frigo A/S)[1]	Aalborg/DN	100	–
Svebol Logistics AB[1]	Sundbyberg/SE	100	–
Bring Frigo S.L.[1]	Boulogne sur Mer/FR	100	–
Frigoscandia S.A.S (previously: Bring Frigo S.A.S)[1]	Boulogne sur Mer/FR	100	–
Frigoscandia Akeri AB (previously: Bring Frigo Akeri AB)[1]	Helsingborg/SE	100	–
Frigoscandia Norway AS (previously: Bring Frigo AS)[1]	Rud/NO	100	–
Bring Frigo Temp AB (previously: Bring Frigo Temp AB)[1]	Helsingborg/SE	100	–
Frigoscandia Oy (previously: Bring Frigo Oy)[1]	Vantaa/FI	100	–
Frigoscandia Fastighets AB (previously: Bring Frigo Fastighets AB)[1]	Helsingborg/SE	100	–
Kommanditbolaget Eslöv Gurkan 2[2]	Helsingborg/SE	100	–
Kommanditbolaget Beckslagaren 9 Örebro[2]	Helsingborg/SE	100	–
Kommanditbolaget JordbRomealm 4:4 Haninge[2]	Helsingborg/SE	100	–
Ganter Group			
Ganter Constructions & Interiors GmbH[1]	Waldkirch	100	–
Ganter Interior GmbH[1]	Waldkirch	100	–
Ganter France S.a.r.l.[1]	Paris/FR	100	–
Ganter Italia S.r.l,[1]	Merano/IT	100	–
Ganter UK Ltd.[1]	London/UK	100	–
Ganter Suisse AG[1]	Schenkon/CH	100	–
Gemini Rail und ADComms			
Gemini Rail Holdings UK Ltd.[1]	Wolverton/UK	100	100
Gemini Rail Technology UK Ltd. i.L.[9]	Wolverton/UK	100	100
Gemini Rail Services UK Ltd.[1]	Wolverton/UK	100	100
Alan Dick Communications Ltd.[1]	Scunthorpe/UK	100	–
iinovis Group			
iinovis Beteiligungs GmbH[1]	Munich	100	100
iinovis Verwaltungs GmbH[1]	Munich	100	100
iinovis Holding GmbH & Co. KG[1]	Munich	100	100
iinovis GmbH[1]	Munich	100	100
BAUR Karosserie- und Fahrzeugbau GmbH[1]	Bad Friedrichshall	100	100
iinovis Testing Spain S.L.[1]	Antas/ES	100	100
keeeper Group			
keeeper GmbH[1]	Stemwede	100	100
keeeper Sp.z,o,o,[1]	Bydgoszcz/PL	100	100
keeeper S.A.[1]	Fleurus/BE	–	100
FASANA GmbH (previously: keeeper tableware GmbH)[1]	Stemwede	100	100

	Registered office	Share in equity in % 31/12/2021	Share in equity in % 31/12/2020
KICO und ISH Group			
KICO GmbH[1]	Halver	100	100
Mesenhöller Verwaltungs-GmbH[1]	Halver	100	100
KICO Kunststofftechnik GmbH[1]	Halver	100	100
KICO-Polska Sp, z o,o,[1]	Swiebodzin/PL	100	100
KICO Sistemas Mexico S. de R.L. de C.V.[1]	El Marqués/MX (previously: Puebla)	100	100
Innomotive Systems Hainichen GmbH[1]	Hainichen	100	–
Innomotive Systems Hainichen Co. Ltd.[1]	Nanjing/CN	100	–
Alemante Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs KG i.L.	Mainz	94	–
Lapeyre Group			
Lapeyre Holding S.A.S. (previously: SAB 138 S.A.S,)[1]	Paris/FR	100	–
Lapeyre S.A.S[1]	Paris/FR	100	–
Lapeyre Services S.A.S.[1]	Aubervillieres/FR	100	–
Distrilap S.A.S.[1]	Aubervillieres/FR	100	–
Enterprise Cordier S.A.S.[1]	Magenta/FR	100	–
Lagrange Production S.A.S.[1]	La Magdelaine Sur Tarn/FR	100	–
Les Menuiseries du Centre S.A.S[1]	Ydes/FR	100	–
Pastural S.A.S.[1]	Epernay/FR	100	–
Poreaux S.A.S.[1]	Saint Martin Sur Le Pre/FR	100	–
Giraud Production S.A.S.[1]	Cours/FR	100	–
Azur Production S.A.S.[1]	Aubervillieres/FR	100	–
Gam S.A.S.[1]	Cours/FR	100	–
S.B.L S.A.S.[1]	Marcoing/FR	100	–
Cougnaud S.A.S.[1]	Aizenay/FR	100	–
Ouest Production S.A.S.[1]	La Chaize Giraud/FR	100	–
Nexive Group			
Nexive Group S.r.l.[1]	Milan/IT	–	80
Nexive Network S.r.l.[1]	Milan/IT	–	100
Nexive Servizi S.r.l.[1]	Milan/IT	–	100
Nexive S.c.a.r.l.[1]	Milan/IT	–	100
Plati Group			
Plati Elettroforniture S.p.A.[1]	Turin/IT (previously: Madone)	100	100
Plati Logistics KFT i,L[1]	Budapest/HU	100	100
Plati Ukraine Limited[1]	Wynohradiw/UA	100	100
Plati Polska S.p.z.o.o[1]	Gdansk/PL (previously: Kwidzyn)	95	95
Plati Maroc Sarl i.L.[1]	Mohammedia/MA	90	90
Plati Electronics UG[2]	Munich	100	100

	Registered office	Share in equity in % 31/12/2021	Share in equity in % 31/12/2020
PrimoTECS Group			
PrimoTECS S.P.A.[1]	Avigliana/IT	100	100
Rasche Holding GmbH (previously: mutares Holding-52 GmbH)[1]	Plettenberg (previously: Bad Wiessee)	100	–
Rasche Umformtechnik GmbH & Co. KG[1]	Plettenberg	100	–
Rasche Verwaltungs GmbH[1]	Plettenberg	100	–
Repartim Group			
Mouse Holding S.A.S.[1]	Paris/FR	80	–
Repartim S.A.S (previously: Carglass Maison S.A.S)[1]	Saint-Pierre-des-Corps/FR	100	–
Sky in Lab S.A.S.[2]	Montastruc-La-Conseillere/FR	11	–
Presta Terre Services S.a.r.l.[1]	Pompey/FR	100	–
GROUPEMENT SAINT MAURIEN S.A.S.[1]	Servon/FR	100	–
SFC Solutions Group			
SFC Solutions Germany GmbH[1]	Mannheim	100	100
SFC Solutions India Sealing Private Ltd.[1]	Dehli/IN	100	100
SFC Solutions India Fluid Private Ltd.[1]	Chengalpattu/IN	100	100
SFC Solutions Czestochowa Sp.z.o.o.[1]	Czestochowa/PL	100	100
SFC Piotrkow Sp.z.o.o. (previously: Coooper Standard Automotive Piotrkow Sp.z.o.o.)[1]	Warschau/PL	100	100
SFC Solutions Italy S.R.L.[1]	Ciriè/IT	100	100
SFC Solutions Spain Borja SL[1]	Borja/ES	100	100
SFC Solutions France S.A.S.[1]	Rennes/FR	100	100
STS Group			
STS Plastics S.A.S.[1]	Saint-Désirat/FR	–	100
STS Composites France S.A.S.[1]	Saint-Désirat/FR	–	100
MCR S.A.S.[1]	Tournon-sur-Rhône/FR	–	100
STS Composites Germany GmbH[1]	Kandel	–	100
Inoplast Trucks. S.A. de C.V.[1]	Ramos Arizpe/MX	–	100
STS Plastics Co. Ltd.[1]	Jiangyin/CN	–	100
STS Plastics (Shi Yan) Ltd.[1]	Shiyan/CN	–	100
STS Group North America Inc.[1]	Wilmington/USA	–	100
Terranor Group			
Terranor Oy[1]	Helsinki/FI	100	100
Terranor AB[1]	Stockholm/SE	100	100
Terranor A/S (previously: NCC Road Services A/S)[1]	Silkeborg/DN (previously: Trige)	100	–

	Registered office	Share in equity in % 31/12/2021	Share in equity in % 31/12/2020
Others			
Asteri Facility Solutions AB (previously: Allianceplus AB)[1]	Solna/SE	100	–
BEXity GmbH[1]	Vienna/AU	100	100
Clecim S.A.S. (previously: Primetals Technologies France S.A.S.)[1]	Savigneux/FR	100	–
Eupec Pipecoatings France S.A.S.[1]	Gravelines/FR	–	100
EXI S.p.A. (previously: Ericsson Services Italia S.p.A.)[1]	Rome/IT	100	–
Japy Tech S.A.S.[1]	Dijon/FR	100	100
Royal de Boer Stalinrichtingen B.V.[1]	Leeuwarden/NL	100	100
LACROIX + KRESS GmbH[1]	Bramsche	100	100
Lackdraht Union Unterstützungseinrichtung GmbH[1]	Bramsche	100	100
La Rochette Holding S.A.S[1]	Paris/FR	100	–
La Rochette Cartonboard S.A.S. (previously: RDM La Rochette S.A.S.)[1]	La Rochette/FR	100	–
Light Mobility Solutions GmbH (previously: Blitz 21-18 GmbH)[1]	Obertshausen (previously: Munich)	100	–
SABO Maschinenfabrik GmbH[1]	Gummersbach	100	100
TréfilUnion S.A.S.[1]	Commercy/FR	–	100
Bonaparte Holding S.A.S.[1]	Paris/FR	100	–
Cenpa S.A.S.[1]	Schweighouse/FR	–	100
mutares Holding-29 GmbH[1]	Bad Wiessee	90	90
mutares Holding-35 GmbH[1]	Bad Wiessee	90	90
mutares Holding-53 GmbH (previously: Blitz 21-17 GmbH)[1]	Bad Wiessee (previously: Munich)	100	–
Mutares Holding Italy 1 S.r.l.[2]	Milan/IT	100	–
Pixmania S.A.S. i.L.[4]	Asnières-sur-Seine/FR	–	100
Pixmania SRO i.L.[4]	Brno/CZ	100	100
E-Merchant S.A.S i.L.[4]	Asnières-sur-Seine/FR	100	100
Zanders-Abwicklungs GmbH[8]	Bergisch Gladbach	95	95
BGE Eisenbahn Güterverkehr GmbH i.L.[8]	Bergisch Gladbach	100	100
Artmadis S.A.S. i.L.[7]	Wasquehal/FR	100	100
Cofistock S.à.r.l.[7]	Wasquehal/FR	100	100
Cogemag S.A.S. i.L.[7]	Croix/FR	100	100
Platinum GmbH i.L.[3]	Wangen im Allgäu	–	100

	Registered office	Share in equity in % 31/12/2021	Share in equity in % 31/12/2020
Companies in connection with management participation programs			
keeeper Beteiligungs GmbH & Co. KG[2]	Bad Wiessee	–	–
Bexity Beteiligungs GmbH & Co. KG[2]	Bad Wiessee	–	–
SABO Beteiligungs GmbH & Co. KG[2]	Bad Wiessee	–	–
Nexive Beteiligungs GmbH & Co. KG[2]	Bad Wiessee	–	–
Terranor Beteiligungs GmbH & Co. KG[2]	Bad Wiessee	–	–
Carbon Beteiligungs GmbH & Co. KG[2]	Bad Wiessee	–	–
Vespucci Beteiligungs GmbH & Co. KG[2]	Bad Wiessee	–	–
Iinovis Beteiligungs GmbH & Co. KG[2]	Bad Wiessee	–	–
Lacroix + Kress Beteiligungs GmbH & Co. KG[2]	Bad Wiessee	–	–
Clecim Beteiligungs GmbH & Co. KG[2]	Bad Wiessee	–	–
Crystal Beteiligungs GmbH & Co. KG[2]	Bad Wiessee	–	–
Maison Beteiligungs GmbH & Co. KG[2]	Bad Wiessee	–	–
LaRochette Beteiligungs GmbH & Co. KG[2]	Bad Wiessee	–	–
Dora Beteiligungs GmbH & Co. KG[2]	Bad Wiessee	–	–

1 Included in full consolidation as the requirements of IFRS 10.7 are met.
2 In accordance with the principle of materiality, no inclusion was made (cf. IAS 1.29 et seq.), as the subsidiary is of minor importance for the obligation to provide a true and fair view of the Group's net assets, financial position and results of operations. Together, the subsidiaries that are not included are also of minor importance. Inclusion would only result on an insignificant improvement in information.
3 The Company filed for insolvency proceedings in 2014. With reference to IFRS 10.7, it is not included in the consolidated financial statements.
4 The Company filed for insolvency proceedings in 2015 and is in liquidation, as are its subsidiaries. It is not included in the consolidated financial statements with reference to IFRS 10.7.
5 In accordance with the principle of materiality,the investment is treated as an associated company as it is not material for the presentation of a true and fair view of the net assets, financial position and results of operations of the Group.
6 Originally, Mutares Holding 24-AG and Balcke-Dürr GmbH were the legal owners of all shares in the company. By agreement dated October 26, 2017, both companies as trustors entered into a trust agreement with Schultze & Braun Vermögensveraltung- und Treuhandgesellschaft mbH as trustee. In the trust agreement, the trustors undertook to transfer their shares in the company to the trustee. The trustee in turn undertook to hold these shares in trust for the trustors until further notice. The trust serves as collateral for surety insurance policies concluded by Balcke-Dürr GmbH with two insurance companies. The above-mentioned obligations of the trustors were fulfilled with the share sale agreement dated October 26, 2017, and the shares in the Company were thus legally transferred to the trustee. As a result, the trustee became the sole legal owner of the shares in the Company. The beneficial ownership, on the other hand, remained with the trustors as the original shareholders. As the company continues to be controlled by Mutares, it continues to be included in the scope of consolidation
7 Artmadis SAS filed for bankruptcy in 2018 due to persistent financial difficulties and, like its subsidiaries Cofistock and Cogemag, is in liquidation. Artmadis Belgium and Artmadis Hong Kong were sold in the financial year 2018. Consequently, all five companies were deconsolidated in 2018.
8 In June 2018, in view of the threat of insolvancy, the management filed an application for the opening of insolvancy proceedings and planned to continue the restructuring precess in the context of a self-administration procedure. The company and its subsidiary were deconsolidated as of 30 Jun 2018 due to the resulting loss of control. The court finally opend insolvancy proceedings in regular proceedings over the company's assetswith a decision dated September 1, 2018.
9 The Company is currently in liquidation. It is not included in the consolidated financial statements with reference to IFRS 10.7.

ASSURANCE OF THE LEGAL REPRESENTATIVES

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the combined management report 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.

Munich, 6 April 2022

Mutares Management SE,

General Partner of Mutares SE & Co. KGaA

The Board

Robin Laik　　Mark Friedrich　　Johannes Laumann

INDEPENDENT AUDITOR'S REPORT

To Mutares SE & Co. KGaA, Munich

Report on the audit of the consolidated financial statements and of the combined Management Report

AUDIT OPINIONS

We have audited the consolidated financial statements of Mutares SE & Co. KGaA, Munich/Germany, and its subsidiaries (the Group) which comprise the consolidated balance sheet as at 31 December 2021, the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from 1 January to 31 December 2021, and the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the combined management report for the parent and the group ("combined management report") of Mutares SE & Co. KGaA, Munich/Germany, for the financial year from 1 January to 31 December 2021. In accordance with the German legal requirements, we have not audited the content of the combined corporate governance statement pursuant to Sections 289f and 315d German Commercial Code (HGB) as well as the non-financial group report pursuant to Section 315b (3) HGB to which reference is made in section 6.3 of the combined management 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 IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2021 and of its financial performance for the financial year from 1 January to 31 December 2021, and
- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined 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 combined management report does not cover the content of the combined corporate governance statement and the non-financial group report that are referred to above.

Pursuant to 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 combined management report.

BASIS FOR THE AUDIT OPINIONS

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with Section 317 HGB and the EU Audit Regulation (No. 537/2014; referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (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 Combined 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 on the combined 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 1 January to 31 December 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In the following we present the accounting for business combinations as a key audit matter that we have determined in the course of our audit.

Our presentation of this key audit matter has been structured as follows:

a) description (including reference to corresponding information in the consolidated financial statements)

b) auditor's response

ACCOUNTING FOR BUSINESS COMBINATIONS

a) In the financial year, Mutares SE & Co. KGaA acquired a total of 14 businesses and/or groups of businesses. The purchase price totalled mEUR 41.8. Mutares accounts for these business combinations in accordance with IFRS 3 (Business Combinations). The acquired companies are included in the scope of consolidation at their respective acquisition dates. The assets, liabilities and contingent liabilities of the acquired companies recognised at fair value in the context of the acquisition are determined and allocated by Mutares in the scope of the purchase price allocation using external valuation specialists. The determined fair values result from measurements that have been calculated based on Mutares SE & Co. KGaA's planning at the respective acquisition dates using maturity-linked discount rates, leading to a bargain purchase gain totalling mEUR 692.7 from these business combinations in the reporting year. The bargain purchase gains accounted for a share of about 174% in the consolidated profit for the year 2021.
The business combinations were of particular importance in our audit due to the complexity of the transactions and the assumptions and judgemental estimates made by the executive directors in

carrying out the purchase price allocation, as well as the related risk of material misstatement of the assets, liabilities, financial position and financial performance of the Group.

The disclosures of the executive directors of the parent company on initial consolidations are contained in section B and, concerning the total bargain purchase gains realised in the financial year 2021, in section B (No, 5) and section C (No. 7) of the notes to the consolidated financial statements.

b) In conducting our audit we first obtained an understanding of the processes and workflows implemented by the executive directors in respect of the company transactions. In addition, we checked whether Mutares SE & Co. KGaA has obtained control at the respective acquisition dates, and must therefore consolidate the acquired company in question, based on the purchase agreements and other agreements under company law in accordance with the criteria defined in IFRS 10 (Consolidated Financial Statements). In auditing the (preliminary) purchase price allocations, we evaluated the methodological approach of the executive directors and of their external valuation specialists regarding the identification of acquired assets, liabilities and contingent liabilities, as well as the conceptual design of the measurement models taking account of the requirements under IFRS 3. We evaluated the valuation specialists called in by the executive directors in respect of their competence, capabilities and objectivity. By deploying our in-house valuation specialists of the Valuation Services area, we created an understanding of the measurement methods applied by considering especially the requirements of IFRS 13 (Fair Value Measurement). The assumptions and judgemental estimates, such as, in particular, growth rates, capital costs or residual useful lives, made for determining the fair values of the identified acquired assets, liabilities and contingent liabilities at the acquisition date, were analysed by us so as to determine whether they complied with general and/or industry-specific market expectations. We recalculated the models underlying the measurements, performed plausibility checks on the future expected cash flows used and compared the assumptions and/or estimated values underlying the determined fair values with assumptions and expectations of external market participants having expert knowledge that were publicly available at the acquisition date. We critically reviewed the company transactions and the reasons for the bargain purchase gains realised in individual cases, requesting comprehensive explanations from the executive directors. Moreover, we audited whether the recognition and presentation of the initial consolidations including the non-controlling interest and contingent liabilities from earn-out agreements in the consolidation system was technically appropriate. We also audited the disclosures on the business acquisitions in the notes to the consolidated financial statements for accuracy and completeness based on the applicable IFRS requirements.

OTHER INFORMATION

The executive directors and/or the supervisory board are responsible for the other information. The other information comprises

- the report of the supervisory board,
- the non-financial group report pursuant to Section 315b (3) HGB to which reference is made in the combined management report and which is expected to be presented to us after the date of this auditor's report,
- the combined corporate governance statement pursuant to Sections 289f HGB and 315d HGB to which reference is made in the combined management report,
- the executive directors' confirmation regarding the consolidated financial statements and the combined management report pursuant to Section 297 (2) sentence 4 and Section 315 (1) sentence 5 HGB, and
- all other parts of the annual report, which is expected to be presented to us after the date of this auditor's report,
- but not the consolidated financial statements, not the audited content of the combined management report and not our auditor's report thereon.

The supervisory board is responsible for the report of the supervisory board. The executive directors and the supervisory board are responsible for the statement according to Section 161 German Stock Corporation Act (AktG) concerning the German Corporate Governance Code, which is part of the combined corporate governance statement to which reference is made in the combined management report. Otherwise, the executive directors are responsible for the other information.

Our audit opinions on the consolidated financial statements and on the combined 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 other information identified above and, in doing so, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the audited content of the combined management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT REPORT

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRS 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, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the combined 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 combined 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 combined 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 combined management report.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE COMBINED MANAGEMENT REPORT

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined 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 combined 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 German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures relevant to the audit of the combined 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 combined 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 IFRS as adopted by the EU and with 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 combined 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 combined 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 combined 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 provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the current period and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on the Audit of the Electronic Reproductions of the Consolidated Financial Statements and of the Combined Management Report Prepared for Publication Pursuant to Section 317 (3a) HGB

AUDIT OPINION

We have performed an audit in accordance with Section 317 (3a) HGB to obtain reasonable assurance whether the electronic reproductions of the consolidated financial statements and of the combined management report (hereinafter referred to as "ESEF documents") prepared for publication, contained in the provided file, which has the SHA-256 value cdbb4f9a7d0a275963ce7a81debef7da-fe1856733a9c23754b1b35d25c48292d, meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB ("ESEF format"). In accordance with the German legal requirements, this audit only covers the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format, and therefore covers neither the information contained in these electronic reproductions nor any other information contained in the file identified above.

In our opinion, the electronic reproductions of the consolidated financial statements and of the combined management report prepared for publication contained in the provided file identified above meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB. Beyond this audit opinion and our audit opinions on the accompanying consolidated financial statements and on the accompanying combined management report for the financial year from 1 January to 31 December 2021 contained in the "Report on the Audit of the Consolidated Financial Statements and of the Combined Management Report" above, we do not express any assurance opinion on the information contained within these electronic reproductions or on any other information contained in the file identified above.

BASIS FOR THE AUDIT OPINION

We conducted our audit of the electronic reproductions of the consolidated financial statements and of the combined management report contained in the provided file identified above in accordance with Section 317 (3a) HGB and on the basis of the IDW Auditing Standard: Audit of the Electronic Reproductions of Financial Statements and Management Reports Prepared for Publication Purposes Pursuant to Section 317 (3a) HGB (IDW AuS 410 (10.2021)). Our responsibilities in this context are further described in the "Group Auditor's Responsibilities for the Audit of 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 parent are responsible for the preparation of the ESEF documents based on the electronic files of the consolidated financial statements and of the combined management report according to Section 328 (1) sentence 4 no. 1 HGB and for the tagging of the consolidated financial statements according to Section 328 (1) sentence 4 no. 2 HGB.

In addition, the executive directors of the parent are responsible for such internal controls that they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements for the electronic reporting format pursuant to Section 328 (1) HGB.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

GROUP AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE ESEF DOCUMENTS

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, 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 opinion.

- obtain an understanding of internal control relevant to the audit on the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.

- evaluate the technical validity of the ESEF documents, i.e. whether the provided file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, in the version in force at the balance sheet date, on the technical specification for this electronic file.

- evaluate whether the ESEF documents enable a XHTML reproduction with content equivalent to the audited consolidated financial statements and to the audited combined management report.

- evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the balance sheet 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 20 May 2021. We were engaged by the supervisory board on 16 December 2021. We have been the group auditor of Mutares SE & Co. KGaA, Munich/Germany, without interruptions since the financial year 2011.

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).

OTHER MATTER – USE OF THE AUDITOR'S REPORT

Our auditor's report must always be read together with the audited consolidated financial statements and the audited combined management report as well as with the audited ESEF documents. The consolidated financial statements and the combined management report converted into 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 combined management report and do not take their place. In particular, the ESEF report and our audit opinion contained therein are to be used solely together with the audited ESEF documents made available in electronic form.

German Public Auditor responsible for the Engagement

The German Public Auditor responsible for the engagement is Dirk Bäßler.

Munich/Germany, 6 April 2022

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

signed:	signed:
Dirk Bäßler	Wolfgang Braun
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

FINANCIAL CALENDAR 2022

Date	Event
16 February 2022	M.M. Warburg Investment Conference
29–31 March 2022	Jefferies Conference
12 April 2022	Publication of the Annual Report 2021
10 May 2022	Publication of Q1 2022 results
17 May 2022	Virtual Annual General Meeting
19 May 2022	5th German SMID Cap Forum, Frankfurt/Main
23–24 May 2022	Spring Conference
11 August 2022	Publication of the Interim Financial Report 2022
24–25 August 2022	Hamburg Investor Days
20–22 September 2022	IPEM, Cannes
20 October 2022	Capital Markets Day, Frankfurt/Main
8 November 2022	Publication of Q3 2022 results
28–30 November 2022	German Equity Forum

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Chairman of the Supervisory Board: Volker Rofalski

General partner: Mutares Management SE
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Management Board: Robin Laik (Chairman), Mark Friedrich, Dr. Kristian Schleede, Johannes Laumann
Chairman of the Supervisory Board: Prof. Dr. Micha Bloching

Concept and Text

Kirchhoff Consult AG, Hamburg, Germany
CROSS ALLIANCE communication GmbH, Munich, Germany

Disclaimer

The translation of this document was prepared for convenience purposes only. The German original version prevails.

MUTARES

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