

Leading Vision.



# Annual Report **2022**



# Contents

## Single-Entity and Consolidated Financial Statements and Combined Management Report for the Period from 1 January to 31 December 2022

At a glance	2	03 Consolidated financial statements	
We shape the future	4	Consolidated statement of financial position	78
<b>01 Shareholder information</b>		Consolidated income statement	80
Letter to shareholders	10	Consolidated statement of comprehensive income	81
Report of the Supervisory Board	13	Consolidated statement of cash flows	82
2022 review	18	Consolidated statement of changes in equity	84
STEMMER IMAGING on the capital market	20	Notes to the consolidated financial statements for the 2022 fiscal year	85
Sustainability 2022	24	Independent auditor's report	139
<b>02 Combined management report</b>		<b>04 Single-entity financial statements</b>	
Basic information on the Group	36	Balance sheet	148
Research and development activities	48	Income statement	150
Economic report	50	Notes	151
Employees	51	Independent auditor's report	166
Net assets, financial position and results of operations of the Group (IFRS)	54	<b>05 Additional information</b>	
Takeover disclosures	58	Financial calendar	176
(Group) corporate governance declaration	59	Publication details	177
Net assets, financial position and results of operations of the HGB single-entity financial statements	59		
Risk report	61		
Report on opportunities	70		
Report on expected developments	72		
Other disclosures	75		

# At a glance

## Group key figures in the 2022 fiscal year

(in KEUR)

	2022	2021
Revenue	155,370	130,115
Gross profit	58,356	50,415
Gross profit margin	37.6%	38.7%
EBITDA	28,243	17,360
EBIT	24,341	13,426
Consolidated net income	17,973	10,450
Operating cashflow after income taxes	15,895	7,969
Employees (average)	327	333
	<b>12/31/2022</b>	<b>31/12/2021</b>
Total assets	120,555	103,576
Equity	84,079	71,368
Equity ratio	69.7%	68.9%
Cash and cash equivalents	41,574	36,022

## STEMMER IMAGING in figures in the 2022 fiscal year



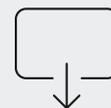
Order intake:  
EUR 162.4 million



69.7 per cent equity ratio



327 employees



EUR 2.77  
earnings per share



>5,000 customers



15 subsidiaries  
and represented  
in >20 countries

This report, results of previous fiscal years as well as German and English translations are available for you to download at:  
[www.stemmer-imaging.com](http://www.stemmer-imaging.com)



**STEMMER**  
IMAGING

# We shape the future

For 35 years, STEMMER IMAGING has been the **leading international partner for machine vision technology**. Our portfolio for both industrial and non-industrial applications combines an extensive range of products with high level of expertise and value added services. In addition, we develop subsystems to solve specific tasks.

## Vision

We are convinced of the significant potential of machine vision technology. With our passion for state-of-the-art technologies, we contribute to make the world a better place to live in.

## Mission

We combine leading expertise, high-quality products and comprehensive services to offer the best possible solution for every requirement. This is how we support our customers in taking a leading role in their markets.



# Leading Vision.

## Our claim

Our focus on leadership is reflected in our communication of our primary areas of expertise, while allowing for some interpretation. "Leading Vision" represents our commitment to offering expert guidance and an extensive range of premium products. As a leading authority in the industry, we aim to drive innovation and shape the future. This assertion offers a glimpse into the possibilities that lie ahead.

# Vision: 35ahead

For 35 years, **we have been supporting our customers** as they take on a leading role in their markets. Because we have consistently proven ourselves to be a **reliable, skilled and visionary partner** in those 35 years, we have adopted the motto “35ahead” in our anniversary year. All of our decisions have always been guided by **forward-looking and innovative thinking**. That is and remains our aim and obligation. Our commitment to delivering on our promise

today and in the future is what “35ahead” stands for.

The efforts to shape the future are based on the **expertise of our employees**. It is only thanks to them, their sense of identification and their commitment that we were able to finish 2022 with a **record result**.



# Innovative: STEMMER IMAGING Modular Embedded

Designed as a comprehensive ecosystem, our new in-house development **STEMMER IMAGING Modular Embedded** relies on an efficient **selection of hardware** in combination with a wide variety of **state-of-the-art cameras**, the best **software tools** and **individual service packages**. Everything that our customers need, from a single source and with expertise that they can rely on. With STEMMER IMAGING Modular Embedded, we have set the course to make our company fit for the future. We see ourselves as a **value-added distributor** with an **extensive range** of manufacturer brands and **excellent technological know-how**, as well as **value-added services** and **proprietary developments**.



Food &amp; Agriculture



Sports &amp; Entertainment



Print &amp; Packaging



Transport &amp; Logistics



Raw Materials &amp; Recycling

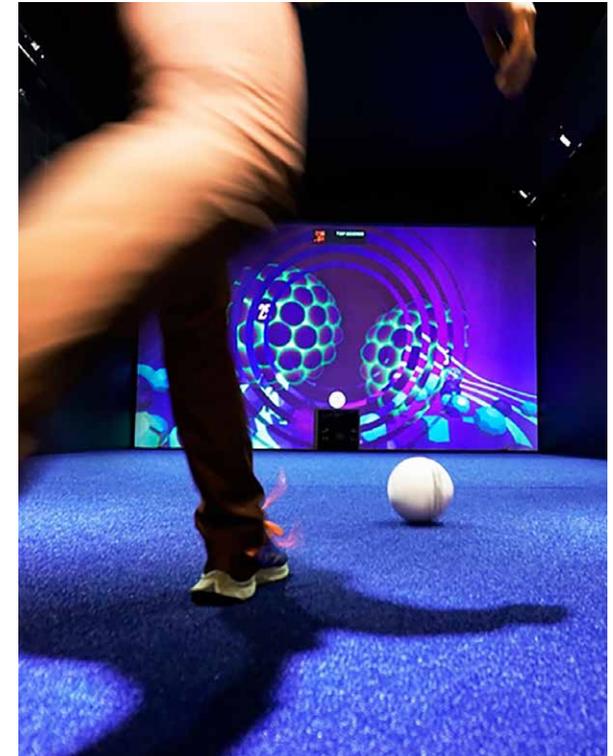


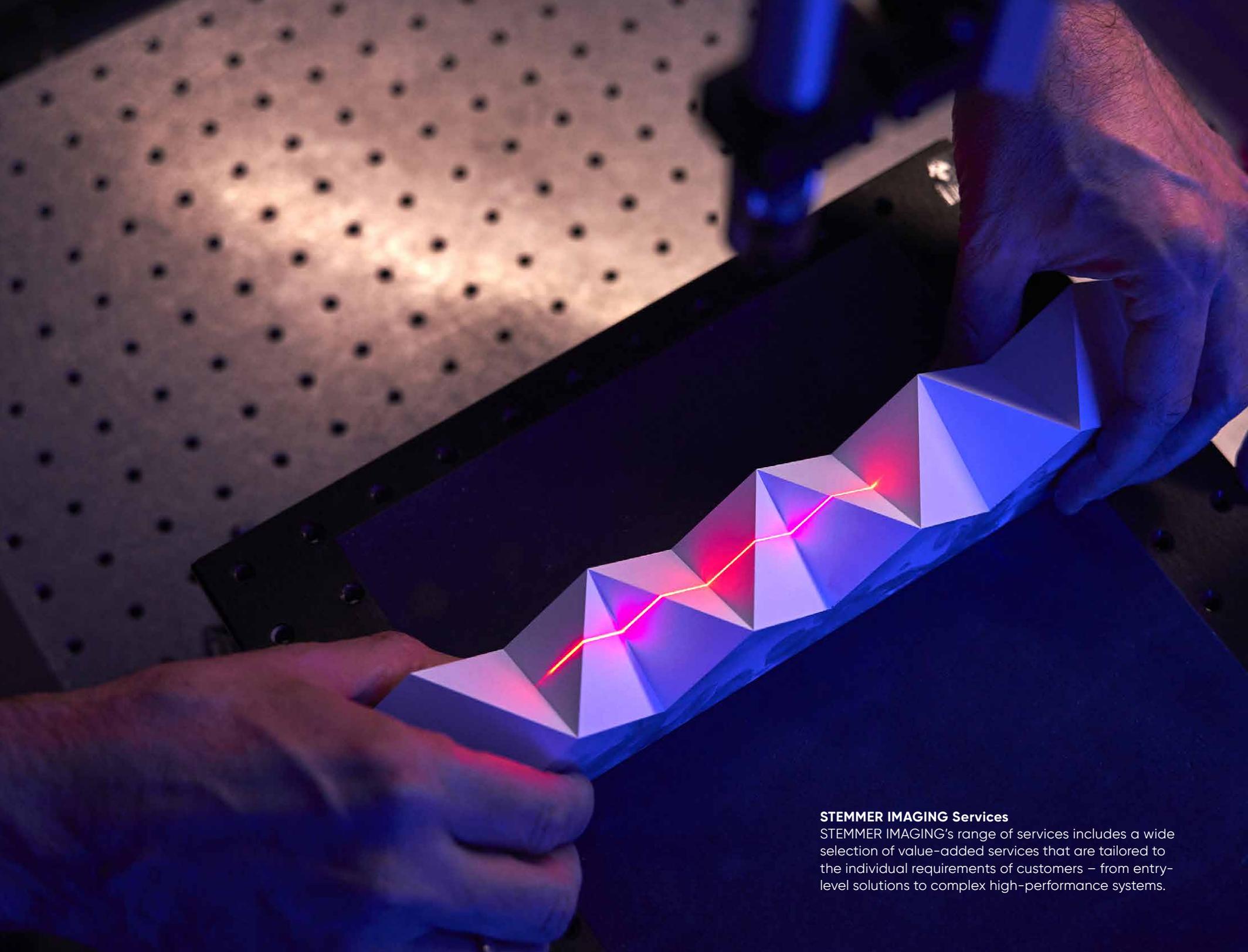
Metrology

## Pioneering: new markets

Society's shift towards **electromobility** and **digitalisation** is progressing rapidly as technology advances. The market for electric vehicles will continue to grow strongly in the years ahead. As a result, the **economical and sustainable production of battery systems** will be critical to success. Machine vision is an indispensable part of the automation of battery production. State-of-the-art machine vision solutions can be used in every process step to improve product quality, reduce the error rate and significantly increase the efficiency of automation – all at full production speed.

When **machine vision is used in sports** or in other non-industrial areas, it is referred to as artificial vision. STEMMER IMAGING is one of the **pioneers in the field of artificial vision** and has extensive experience in these applications. With a revenue share of nearly 40 per cent, artificial vision has become an important part of our business and is generating double-digit growth.





**STEMMER IMAGING Services**

STEMMER IMAGING's range of services includes a wide selection of value-added services that are tailored to the individual requirements of customers – from entry-level solutions to complex high-performance systems.

# 01 Shareholder information

Letter to shareholders	10
Report of the Supervisory Board	13
2022 Review	18
STEMMER IMAGING on the capital market	20
Sustainability 2022	24



The STEMMER IMAGING AG Executive Board: Arne Dehn (CEO) und Uwe Kemm (COO)

# Letter to shareholders

## Dear Shareholders,

In last year's letter to shareholders, we took an optimistic view of 2022 and, with the record year of 2021 behind us, we had every reason to do so. As a team, we jointly laid the groundwork for further above-average growth and expected an easing of the pandemic and an improvement in the global supply situation as the company celebrated its 35th anniversary.

With the presentation of the Annual Report 2022, one thing is clear: 2022 was another record year for STEMMER IMAGING. We were able to set a number of new records once again this year, in terms of business and technology but also from a financial and strategic perspective. The systematic implementation of our strategy – as promised when we presented it in November 2019 and added further detail in October 2021 – has now delivered twelve consecutive quarters of improved results. This has all been possible out of our own resources, in other words purely organically and without reporting one-off effects.

### Entrepreneurial approach

The fact that this was all possible against the background of an unprecedented build-up of crises has been thanks to one essential principle: maintaining an entrepreneurial approach. In doing so, we reconcile contrasting factors to generate momentum and positive results: stability creates the basis for change, standardisation opens the door to greater flexibility, customer service is improved despite supply bottlenecks. These are just a handful of examples of how implementing our strategic measures has resulted in the positive business results presented in this report. Alongside skill and expertise, it is also important to have the courage to stay the course and be willing to adapt to these uncertain times.

We would like to take this opportunity to thank all of our employees for their thoughtful entrepreneurial approach and outstanding commitment. Everyone in our company has played a crucial role in ensuring that we have been able to be a strong partner for our customers' business success. Together with our suppliers and all business partners, our team has ensured that we can provide better components and solutions and also maintain an edge over our competitors. We are

especially proud that all departments and regions were able to realise this performance together.

### Important milestones achieved and exceeded

In the 2022 fiscal year, we celebrated our 35th anniversary together with all of our employees. It is a particular pleasure for us to present record figures in our anniversary year.

In a dynamic market environment, our revenue increased by 19.4 per cent to EUR 155.4 million. This means that we remained on our price-adjusted growth course of around 15 per cent. Our order intake of strong EUR 162.3 million ensures that we start the new fiscal year with a high order backlog of around EUR 55.3 million. Our solid supply and market position has allowed us to pass on rising purchase prices in full. The strong US dollar alone and a change in the regional mix reduced our robust margin slightly to 37.6 per cent (previous year: 38.7 per cent). Our earnings performance was particularly strong. Our EBITDA rose by a significant margin of 62.7 per cent to EUR 28.2 million (previous year: EUR 17.4 million), while our EBIT climbed by 81.3 per cent to EUR 24.3 million (previous year: EUR 13.4 million). As a result, earnings per share improved for the twelfth quarter in succession to stand at EUR 2.77. The development of operating cash flow, which came to EUR 15.9 million, is another key indicator that we always keep an eye on, especially in times of changing financial markets.

We almost reached the upper boundary of the full-year revenue forecast (EUR 156 million) and exceeded our earnings (EUR 24 million – forecast most recently increased to EUR 27.5 million) as a result of our strategic development. At the same time, the further expansion of machine vision solutions has settled. The Sports & Entertainment sector remains the second most important end market, and the record order in excess of EUR 12 million announced at the beginning of the year was delivered on time and in full. Business with end customers grew slightly. At the same time, important end markets such as e-mobility with rapidly emerging battery manufacturers in Europe continued to develop positively. On the one hand we have systematically rolled out the differentiated sales team structure which is split into key accounts and value accounts. On the other hand we implemented an efficient

approach for the smaller-scale distribution business. As part of our programme for further digitalisation, we have taken great strides towards launching an e-commerce service on a state-of-the-art and high-performance integrated IT platform. This year, we devoted particular attention to the strategic development of our own range of technologies. The successful launch of the embedded systems module, developed in-house and catering to the rapidly growing trend of decentralised machine vision, combines our own hardware with our Common Vision Blox software and end-to-end value-added services. This allowed us to tangibly implement our revised corporate design with the Leading Vision claim. As a forward-looking company, we also fulfilled our social obligations within the framework of our ESG agenda, with CO<sub>2</sub> accounting for all Scope 1 and Scope 2 emissions, as well as some Scope 3 emissions, and were awarded Ecovadis silver certification for our comprehensive measures in accordance with the UN Global Compact. Here too, we positioned ourselves very well in comparison to other companies.

#### Geared towards growth and efficiency

We believe that we are excellently positioned in a rapidly changing world. Our strategy addresses the key megatrends that are able to overcompensate for the effects of a potentially moderate to severe recession. The move towards further digitalisation, the switch to a circular economy and the growing trend towards electrification are strongly driving demand for machine vision technologies. Here, we benefit from our broad regional positioning in Europe and see ourselves as being better positioned than our competitors in the upcoming process of de-globalisation. Technologically, developments such as ChatGPT show that the field of artificial intelligence offers enormous potential and is becoming increasingly important moving forward. As a company that gives artificial intelligence the power of sight, we see ourselves as being very well positioned in this field. As a result, we will continue to remain focused on above-average growth. We continue to increase the value of the company through organic growth as well as the systematic implementation of internal measures centred on creating more efficient corporate structures.

We would also like to thank you, our shareholders, for your trust in our company. We are well aware of the pressure on our company's share price in the small and mid cap segment. Nevertheless, we still performed well compared to benchmark companies and are convinced that the results presented to you here underline the further growth potential of our company. Based on the strong rise in net retained profits, the continued upward development of cash flow and the positive business prospects, the Executive Board proposes an increase in the dividend to EUR 1.00 per no-par value share and the payment of a special dividend of EUR 2.00. Particularly at these times of increased inflation and corresponding interest rates, we look forward to your approval at this year's Annual General Meeting.

The strategic positioning of the company as a preferred partner for components and services in machine vision, which has been continuously expanded over the last few years, and the associated increase in the company's performance, which has now lasted twelve quarters, continue to make us – together with our management and our employees – optimistic about the future. We therefore see a sufficient basis for raising the EBITDA mid-term guidance from currently 13 – 16 per cent in the mid-term period until 2024 to 15 – 19 per cent beyond the period of 2024.

Puchheim, 30 March 2023



**Arne Dehn**  
CEO



**Uwe Kemm**  
COO

# Report of the Supervisory Board

## Dear shareholders,

STEMMER IMAGING AG continued to operate in a challenging environment in the 2022 fiscal year that was characterised by political and economic turbulence. The coronavirus pandemic continued to have far-reaching implications on business performance. The resulting disruption to supply chains caused by this and other factors had a major impact on day-to-day business and added considerable workload in our efforts to complete customer orders at the customary high quality within the required time frame. The war agitated by Russia in Ukraine has added further complexity to the situation since February 2022. The resulting energy crisis caused a rapid rise in commodity prices. In addition, over the past year inflation has risen significantly.

In spite of these effects and challenges, STEMMER IMAGING has achieved record results for twelve quarters in succession. The business figures for the past year are outstanding. The financial targets were not only exceeded, but also important foundations for the continued positive development of the company in the areas of technology, business processes, digitalization and service offering were laid. STEMMER IMAGING is thus well positioned for the future.

The past fiscal year has once again shown that STEMMER IMAGING is growing sustainably and successfully despite macroeconomic uncertainties. This is also reflected in this year's dividend proposal, in which the Executive and Supervisory Boards recommend an increase in the regular dividend to EUR 1.00 per share as well as the distribution of a special dividend of EUR 2.00 per share.

At this point, I would like to thank the employees of STEMMER IMAGING for their dedication and unwavering commitment. They are doing an excellent job, day after day, in these challenging times. This is the only way in which the growth trend was able to be continued in the 2022 fiscal year.

In spite of the known risks, STEMMER IMAGING continues to expect solid revenue and earnings growth in both industrial and non-industrial environments in 2023.

## Cooperation between the Supervisory Board and Executive Board

In the past fiscal year, the Supervisory Board continued its open and trusting working relationship with the Executive Board. The Chairman of the Supervisory Board was promptly informed – including outside of regular meetings – about all significant developments regarding the company's business situation and performance, the current earnings situation, the risk position, risk management, short-term and long-term planning as well as investments and organisational measures in the 2022 fiscal year. All members of the Supervisory Board were fully informed by the Chairman about the topics discussed no later than at the next regular meeting.

In this way, the Supervisory Board was involved in all decisions of fundamental importance to the company in due time and discussed these decisions thoroughly and in detail with the Executive Board. If a resolution was required by law or according to the German Corporate Governance Code, the articles of association or the rules of procedure for decisions or measures implemented by the management, the resolution in question was passed following comprehensive discussion and analysis. Due to the regular, prompt and detailed information from the Executive Board, the Supervisory Board was able to perform its monitoring and advisory function at all times. The Supervisory Board therefore believes that the Executive Board acted lawfully, properly and efficiently in every respect.

The primary objective of the cooperation between the Supervisory Board and Executive Board is to combine STEMMER IMAGING's stable positioning as a leading international partner for machine vision technology with sustainable economic success.

## Formation of committees

An Audit Committee and a Nomination Committee were established in March 2023 with immediate effect to comply with the requirements of the German Corporate Governance Code.

## Meetings and main topics

In the reporting period, four regular meetings of the Supervisory Board were held either in person, as a video/telephone conference or in hybrid form. These were held on 29 March 2022, 18 May 2022, 15 September 2022 and 20 December 2022. All Supervisory Board members attended each meeting. In addition, there were further meetings on 22 January 2022 and on 23 February 2022. At its meetings, the Supervisory Board regularly received and discussed in detail the reports of the Executive Board pursuant to section 90 (1) sentence 1 nos. 1-3 German Stock Corporation Act (AktG) on the intended business policy, profitability and the course of business, including the market and competitive situation. In addition, pursuant to section 90 (1) sentence 1 no. 4 AktG, the Executive Board reported on transactions that may be of considerable importance to the profitability or liquidity of the company and/or the Group, in particular on planned acquisitions and divestments. There were no indications of any conflicts of interest involving members of the Management Board or Supervisory Board, which must be disclosed immediately to the Supervisory Board and about which the Annual General Meeting should be informed.

Key issues and resolutions relating to the Supervisory Board's activities in the reporting period were as follows:

- At the Supervisory Board meeting conducted by telephone on 22 January 2022, the Supervisory Board held a constituent meeting in its new composition, with Prof. Dr Constanze Chwallek as the initially court-appointed substitute member for Stefan Kober. Markus Saller was elected as Deputy Chairman of the Supervisory Board of STEMMER IMAGING with immediate effect.
- At the Supervisory Board Meeting conducted by telephone on 29 March 2022, the Supervisory Board approved the annual financial statements of STEMMER IMAGING AG and the consolidated financial statements of the STEMMER IMAGING Group as at 31 December 2021, together with the management report of the company and the Group, after detailed discussion. The annual financial statements were therefore adopted. Against the backdrop of the business development in the reporting period, the appropriation of the company's profit was

also discussed and the Executive Board passed the resolution to propose to the Annual General Meeting the distribution of a dividend of EUR 0.75 per eligible no-par value share.

- In the Supervisory Board meeting on 18 May 2022, issues were addressed in relation to corporate governance. The members of the Supervisory Board dealt with the self-assessment of the effectiveness of the fulfilment of the Supervisory Board's duties (efficiency review).
- In the Supervisory Board meeting on 15 September 2022, the resolution was passed to hold the Annual General Meeting for the 2022 fiscal year virtually. In addition, the status of the change of auditor was reported on.
- In the Supervisory Board meeting on 20 December 2022, the Supervisory Board approved the planning for the 2023 fiscal year as presented by the Executive Board. Furthermore, an resolution was passed on adjusted Executive Board remuneration for 2023 on the basis of the existing remuneration system. The appointment of Michael Bülter, previously Senior Director Finance, to Chief Financial Officer, was also approved.

Other important topics dealt with by the Supervisory Board included:

- The potential for inorganic growth through targeted M&A activities.
- The topic of sustainability, which also continued to gain importance in 2022.
- Measures to improve the internal control system (ICS) and the implementation of additional controls.

## Composition of the Executive Board and Supervisory Board

### I. Changes in the Executive Board

The Executive Board of STEMMER IMAGING AG is currently composed of Arne Dehn as Chief Executive Officer and Uwe Kemm (COO). There were no changes of personnel on the Executive Board in the reporting year.

### II. Changes in the Supervisory Board

Following the resignation of the previous Deputy Chairman of the Supervisory Board, Stefan Kober, as at 31 December 2021, Prof. Dr Constanze Chwallek was appointed by the Local Court of Munich as a member of the Supervisory Board effective as at 3 January 2022. The replacement was approved by the Annual General Meeting on 18 May 2022. On 22 January 2022, Markus Saller was elected as Deputy Chairman of the Supervisory Board in the Supervisory Board meeting.

The current members of the STEMMER IMAGING AG Supervisory Board are Klaus Weinmann, Chairman; Markus Saller, Deputy Chairman and Prof. Dr Constanze Chwallek.

## Corporate governance and declaration of compliance

The work of the Supervisory Board is based on the provisions of the German Stock Corporation Act (AktG) and the recommendations of the German Corporate Governance Code ("the Code"). The Executive and Supervisory Boards identify themselves with the objectives of the Code in promoting responsible and transparent corporate governance aligned with the sustained increase of the value of the company.

On 18 May 2022, the Executive Board and Supervisory Board declared that STEMMER IMAGING AG largely complied with the recommendations of the Code and will also do so in future, and issued a declaration of compliance pursuant to section 161 AktG, which is permanently available on the company's website.

In the reporting period, the Supervisory Board did not determine any potential conflicts of interest in relation to a member of the Supervisory Board

A detailed presentation of the corporate governance of the company can be found on the company's website [www.stemmer-imaging.com](http://www.stemmer-imaging.com).

## Annual and consolidated financial statements

The financial statements prepared by the Executive Board and the combined management report for STEMMER IMAGING AG and the Group for the 2022 fiscal year were audited by Baker Tilly GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, Düsseldorf, branch office Munich.

Baker Tilly GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, represented by Andreas Weissinger and Franz Fußstetter, has been the auditor of the annual and consolidated financial statements of STEMMER IMAGING AG, Puchheim, since the 2022 fiscal year. Andreas Weissinger, signatory of the auditor's report, is working in his first year on the audit, while Franz Fußstetter is also working in his first year on the audit as lead auditor and signatory of the auditor's report.

The annual financial statements of STEMMER IMAGING AG and the combined management report for STEMMER IMAGING AG and the Group were prepared in accordance with German statutory accounting principles. The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS), as applicable within the European Union, and in accordance with the supplementary German regulations to be applied as specified in section 315a (1) of the German Commercial Code (HGB). The auditor conducted the audit of the single-entity and consolidated financial statements as at 31 December 2022 and the combined management report of the company and the Group in accordance with section 317 of the German Commercial Code (HGB) and German generally accepted standards for the audit of financial statements promulgated by the German Institute of Public Auditors (IDW) and issued an unqualified auditor's report in each case. The Supervisory Board has noted and approved the result of these audits.

The annual financial statements, the consolidated financial statements, the combined management report of the company and the Group, the auditor's report and the Executive Board's proposal for the appropriation of net retained profits were made available to all members of the Supervisory Board in due time before the resolution and approval by the Supervisory Board on 30 March 2023. The auditor reported to the Supervisory Board on the progress and the material events of the audits and was available to answer and discuss questions and to provide supplementary information. The auditor participated in the Supervisory Board's discussions regarding the annual and consolidated financial statements and attended the Supervisory Board's meeting for the adoption of the annual financial statements and the approval of the consolidated financial statements on 30 March 2023.

In this meeting, the Supervisory Board considered the financial statements and the combined management report for STEMMER IMAGING AG and the Group with a particular focus on the key audit matters described in the respective auditor's report. Furthermore, the Supervisory Board obtained a written declaration of independence from the auditor and verified the independence of the auditor in the course of an independent monitoring process. The Board also discussed the dependent company report prepared by the Executive Board, the company's accounting process and risk management system and the maintenance of integrity in financial reporting.

After discussing the audit reports on the single-entity and consolidated financial statements as of 31 December 2022 and the combined management report of the company and the Group in detail, the Supervisory Board raised no objections. It approved the annual financial statements of STEMMER IMAGING AG, the consolidated financial statements and the combined management report of STEMMER IMAGING AG and the Group for the 2022 fiscal year prepared by the Executive Board. The annual financial statements were therefore approved.

## Dependent company report

In addition, in its meeting on 30 March 2023, the Supervisory Board examined the dependent company report of the STEMMER IMAGING AG Executive Board for the 2022 fiscal year in accordance with section 312 AktG.

The dependent company report in accordance with section 312 (1) AktG prepared by the Executive Board was also reviewed by the auditor. The auditor issued the unrestricted auditor's report in accordance with section 313 (3) AktG reproduced below:

"After completing our audit and review in accordance with our professional duties, we confirm that

- the factual statements in the report are accurate,
- the consideration given by the company for the transactions specified in the report was not unreasonably high and neither were disadvantages were compensated for."

The auditor presented the audit report to the Supervisory Board. The dependent company report and the relevant audit report were communicated in due time to the Supervisory Board. The auditor participated in the Supervisory Board meeting on 30 March 2023 and provided information on the main findings of his audit of the dependent company report.

The Supervisory Board examined the dependent company report prepared by the Executive Board and the audit report prepared by the auditor.

The Supervisory Board concurred with the results of the audit performed by the auditor and, after the final result of its own review, approved the report. Based on the final result of its own review, the Supervisory Board has no objections to the statement made by the Executive Board at the end of the dependent company report.

Also on behalf of my colleagues on the Supervisory Board, I would like to thank the members of the Management Board as well as the employees of STEMMER IMAGING AG and all Group companies for their hard work and constructive cooperation in the past fiscal year!

Puchheim, March 2023

On behalf of the Supervisory Board

**Klaus Weinmann**

Chairman of the Supervisory Board

## 2022 Review

**Challenging, but extraordinarily successful – that was 2022 for STEMMER IMAGING.** In a challenging environment characterised by the aftershocks of the pandemic, supply bottlenecks and the energy crisis, STEMMER IMAGING demonstrated great strength, innovation and team spirit, once again achieving record growth. **A look back on the most successful year in the company's history:**

### STEMMER IMAGING confirms its growth path

At the beginning of the year, STEMMER IMAGING wins a strategically important order in the Sports & Entertainment sector worth EUR 12 million, which is then delivered in full and on schedule in 2022. Bolstered by this record order, STEMMER IMAGING presents record results for the twelfth quarter in a row with revenue increasing by 19.4 per cent to EUR 155.4 million. The earnings trend is also impressive: EBITDA rises by 62.7 per cent to EUR 28.2 million and the EBIT by 81.3 per cent to EUR 24.3 million.



### Happy Birthday, STEMMER IMAGING!

**35  
AHEAD**

On 27 July 2022, the company celebrates its 35-year anniversary. Employees at all locations enjoy various anniversary activities throughout the year – from employee gifts to the company party. The in-house software library Common Vision Blox (CVB) turns 25 years old.



### Sustainability course continued: EcoVadis certification

STEMMER IMAGING is awarded silver certification in its first EcoVadis audit. As a result, the company is one of the top-performing companies in the industry comparison. EcoVadis evaluates companies according to their performance in a number of different categories: environment, labour and human rights, ethics and sustainable procurement. As a forward-thinking company, STEMMER IMAGING calculates its Scope 1 and Scope 2 CO<sub>2</sub> emissions, as well as some Scope 3 emissions, for the first time as part of the ESG agenda.



## In-house development STEMMER IMAGING Modular Embedded

Computer processors are becoming increasingly compact and efficient. Images are often pre-processed decentrally and stored in the cloud. The modular ecosystem combines a high-performance set of software with state-of-the-art cameras, the best software tools and individual service packages. At its core is the in-house-developed carrier board offering plug-and-play efficiency. It can be used in a wealth of different applications, particularly where speed and precision is required.



## Corporate identity: new brand design

STEMMER IMAGING develops a new corporate design featuring modern geometric elements. The dominant red colour is toned down in favour of a fresh blue tone. The new logo reflects associations with attributes of machine vision. The claim Leading Vision conveys characteristics like innovation and technology leadership. INFAIMON, part of the STEMMER IMAGING Group since 2019, is also basing its new corporate design on the new brand image with the aim of creating a uniform market presence.



Leading Vision.

## Development of the organisation

STEMMER IMAGING S. A. S. in France moves into new premises, catering to the changing requirements for modern, communication-promoting office environments triggered by the coronavirus pandemic and other facts. INFAIMON is also moving into new, attractive premises in Barcelona at the beginning of 2023. STEMMER IMAGING succeeds in filling important specialist and management positions at the Group despite the shortage of skilled workers.



# STEMMER IMAGING on the capital market

## Capital market environment

The German stock market opened the year close to an all-time high, but then came under enormous pressure in the spring due to the Russian invasion of Ukraine. The resulting energy crisis not only led to rapidly rising commodity prices, it also raised geopolitical questions regarding de-globalisation, as was the case at the beginning of the coronavirus pandemic. In addition, inflation in the euro area gradually rose over the course of the year, reaching its highest point since the post-war period in October. Central banks successively raised benchmark interest rates to stop the devaluation.<sup>1</sup>

The German Stock Index (DAX) started the 2022 trading year on 3 January at 16,021 points. In addition to the Russian war of aggression against Ukraine, the ECB's reversal in interest rate policy in mid-2022 applied further pressure to the DAX. The DAX experienced persistently high volatility throughout the year, driven by uncertainty over energy and commodity prices, ongoing supply chain issues and coronavirus lockdowns in China. Fears of recession peaked in September when the DAX fell to its lowest point of the year of 11,976 points. The German benchmark index ended the trading month of December 2022 at 13,923 points. The DAX lost around 13 per cent over the year as a whole, recording its worst stock market performance in four years.<sup>2</sup>

The TecDAX technology stock index lost around 25 per cent over the course of 2022 and closed trading on 30 December 2022 at 2,935 points.<sup>3</sup>

## Share information

Exchange market	Xetra, Frankfurt, Berlin, Düsseldorf, Hamburg, Munich, Stuttgart, Tradegate
Symbol	S9I
Total number of shares	6,500,000
Share capital	EUR 6,500,000
ISIN	DE000A2G9MZ9
GSIN	A2G9MZ
Market segment	Regulated Market
Transparency level	Prime Standard
Designated sponsor	Hauck & Aufhäuser Privatbankiers AG

STEMMER IMAGING AG shares opened the year at EUR 43.00 on 3 January 2022. On 4 January 2022, shares in STEMMER IMAGING reached their high for the reporting year of EUR 46.80. The low for the year came on 12 October 2022 at EUR 24.80. Based on the closing price of EUR 32.00, STEMMER IMAGING AG's market capitalisation was EUR 208.0 million as at 30 December 2022 with a total of 6,500,000 shares issued. As at 30 December 2021, with the same number of shares and a price of EUR 42.50, market capitalisation was EUR 276.3 million (all information based on Xetra prices)<sup>4</sup>.

<sup>1</sup> Hauck & Aufhäuser look back on 2022

<sup>2</sup> <https://www.boerse-frankfurt.de/index/dax>

<sup>3</sup> <https://www.boerse-frankfurt.de/index/tecdax>

<sup>4</sup> STEMMER IMAGING AG INH ON Share | A2G9MZ | DE000A2G9MZ9 | Share Price (boerse-frankfurt.de)

## Share: Price performance and trading volume

Share price from January 2022 to the end of December 2022



During the reporting period, the average daily trading volume on the German stock markets (including Tradegate) was 3,356 shares compared with 5,229 shares in the same period of the previous year. Measured in euros, STEMMER IMAGING shares worth an average of EUR 106,753 were traded per day in 2022, which corresponds to a year-on-year decline of 3.43 per cent (EUR 162,546).

### Share price development

Opening price	3 January 2022	EUR 43.00
Low	12 October 2022	EUR 24.80
High	4 January 2022	EUR 46.80
Closing price	30 December 2022	EUR 32.00
Market capitalisation	as at 30 December 2022	EUR 208.0 million

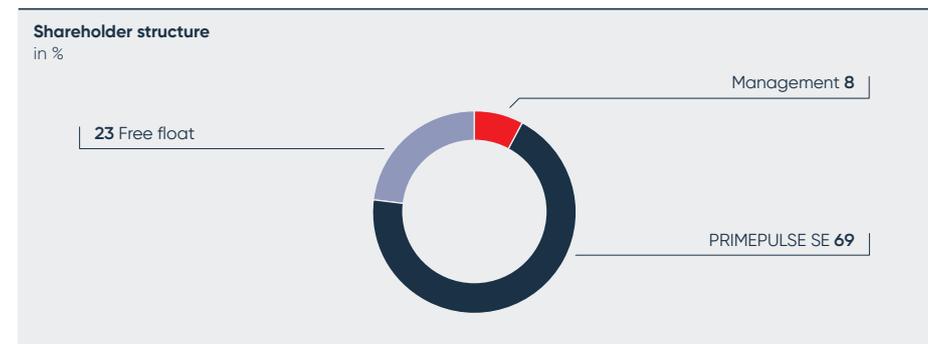
## Annual General Meeting

The company's Annual General Meeting for the 2021 fiscal year was held virtually for the third time in view of the Covid-19 pandemic, without the physical presence of shareholders and their authorised representatives (except for voting proxies appointed by the company). On 18 May 2022, the Executive Board of STEMMER IMAGING AG informed the shareholders about the course of the 2021 fiscal year. The shareholders had submitted the questions electronically in advance. Shareholder voting rights were exercised electronically prior to and during the Annual General Meeting via postal voting or through the authorisation of company voting proxies. When the vote was taken, 82.2 per cent of the share capital was represented. The shareholders expressed their satisfaction with the company's development and adopted the proposed resolutions of the Executive Board and Supervisory Board by a large majority. The dividend of EUR 0.75 per cent per eligible no-par value share for the 2021 fiscal year proposed to the shareholders met with broad approval among the shareholders. As a result, a total of EUR 4,875,000.00 was distributed from the net retained profits of STEMMER IMAGING AG.

The results of the votes taken at the Annual General Meeting may be viewed at [www.stemmer-imaging.com](http://www.stemmer-imaging.com) under Investors/Annual General Meeting.

## Shareholder structure

A strategic anchor investor holds a majority stake in the company. As at 31 December 2022, PRIMEPULSE SE held 69 per cent of the voting rights and the management held 8.0 per cent of the shares. As at 31 December 2021, 23 per cent of the shares were in free float.



## Analyst research

The shares of STEMMER IMAGING AG have been listed in the Prime Standard of the Frankfurt Stock Exchange since 10 May 2019. The STEMMER IMAGING AG share is regularly evaluated by qualified securities analysts, namely Hauck & Aufhäuser Privatbankiers, Warburg Research and Berenberg Bank. As at 31 December 2022, the average price target was EUR 51.00. All analysts recommended to buy.

## Analyst evaluations

Publisher	Date	Recommendation	Price target
Hauck & Aufhäuser Research	24 February 2023	Buy	EUR 62.40
Warburg Research	23 February 2023	Buy	EUR 51.50
Berenberg Research	23 February 2023	Buy	EUR 50.00

More detailed information is available to potential investors at [www.stemmer-imaging.com](http://www.stemmer-imaging.com) under Investors/The share.

## Investor relations activities

Open, transparent and continuous communication with the capital market is an important requirement so that market participants can realistically assess and evaluate the STEMMER IMAGING share and its performance.

The Executive Board held regular dialogue with capital market participants at numerous roadshows and investor conferences in the 2022 fiscal year. Furthermore, the Executive Board engaged in various individual discussions with investors and analysts and informed them about current developments and specific topics. Due to coronavirus-related issues, some of the events were held virtually. On publication of the half-year and full-year figures, STEMMER IMAGING reported in detail on current business development via a telephone conference.

## Activities

23 February 2022	Publication of the preliminary figures for the 2021 fiscal year
31 March 2022	Publication of the annual report for the 2021 fiscal year
11 May 2022	Publication of Q1/3M 2022 interim report
18 May 2022	Annual General Meeting, virtual
23 – 25 May 2022	Spring Conference, Frankfurt
11 August 2022	Publication of Q2/6M 2022 interim report
10 November 2022	Publication of Q3/9M 2022 interim report
28 – 30 November 2022	Eigenkapitalforum (German Equity Forum), Frankfurt

Hauck & Aufhäuser Privatbankiers AG acted as a designated sponsor in the past fiscal year, continuously supporting the appropriate tradability of the STEMMER IMAGING shares through binding bid and ask prices.

STEMMER IMAGING will continue its open communication with the capital market in 2023. Various conferences are already planned and can be found on the financial calendar of STEMMER IMAGING AG – [stemmer-imaging.com/investors](http://www.stemmer-imaging.com/investors). Here the company also provides comprehensive information about the business situation as well as current news.

 The **financial calendar** with all dates can be found on page 176.

 Keep up to date! We regularly keep you up to speed on business developments of STEMMER IMAGING AG in our **IR-newsletter**:  
<https://www.stemmer-imaging.com/en-de/subscribe-to-ir-newsletter/>

## Sustainability 2022

The 2022 reporting year is now the fourth time that STEMMER IMAGING has provided information on the economic, legal and social impact of its business activities. The topic of sustainability occupies a key position in STEMMER IMAGING's strategic orientation.

### STEMMER IMAGING enables its customers to drive sustainable growth

Using machine vision technologies and solutions from STEMMER IMAGING makes a positive contribution to a low-emission and sustainable economy and society. At least 97 per cent of all STEMMER IMAGING revenues already make a positive contribution to the UN Sustainable Development Goals (SDGs) today. One example of this is the field of e-mobility. STEMMER IMAGING machine vision solutions play an important role in monitoring battery production. Performance, capacity and ageing are managed through sensor-based data acquisition, making batteries safer and longer lasting and ensuring that resources are used more sustainably. The Food & Agriculture sector also presents opportunities for innovative uses of STEMMER IMAGING machine vision technologies. Selective harvesting through visual product-classification reduces laborious manual harvesting work. At the same time, camera-based weed detection reduces the use of pesticides. We want to help ensure that our machine vision solutions conserve resources and improve the world we live in.

### Growing relevance

STEMMER IMAGING is firmly convinced that corporate responsibility for the environment and society and economic growth are not mutually exclusive. On the contrary: bearing social responsibility is essential for sustainable growth. So, it is only logical that the subject of sustainability is growing in significance among STEMMER IMAGING's stakeholders. It is becoming increasingly important in its customers eyes to work with companies that pursue a sustainability strategy. At the same time, the demands on suppliers regarding sustainable supply chains are rising. And last but not least, the topics of environment, social issues and good corporate governance are becoming increasingly important to existing and future employees. The capital market is also increasingly assessing the sustainability performance of companies through ratings and rankings by investors. Efforts at the political and regulatory level to significantly expand sustainability reporting and integrate it with financial reporting are also heading in this direction.

### Executive Board and ESG team

An ESG (environment, social and governance) working group was set up at STEMMER IMAGING in 2019 with a view to steering the various sustainability topics at the company. This working group comprises representatives from various central corporate departments, who regularly exchange information on all cross-divisional topics and activities and report directly to the Executive Board. Sustainability is a cross-sectional responsibility and should therefore be integrated into all areas of the company. Clearly formulated and measurable goals are needed to continuously develop the sustainability agenda. This is why specific actions are defined for all sustainability topics and then regularly reviewed to assess their effectiveness and progress.

## International standards

### UN Sustainable Development Goals

17 Sustainable Development Goals (SDGs) were defined by the United Nations in 2015 as part of the 2030 Agenda for Sustainable Development. STEMMER IMAGING supports the SDGs and uses them as a frame of reference. The company makes a particular contribution to SDGs 3, 4, 5, 7, 8, 9, 11, 12, 13 and 16 with its sustainability activities.



SUSTAINABLE DEVELOPMENT GOALS

### UN Global Compact

STEMMER IMAGING is committed to the ten Global Compact sustainability principles with regard to human rights, labour, the environment and anti-corruption. As part of its commitment, the company delivered its first **Communication on Progress (CoP)** in 2021. STEMMER IMAGING will publish the CoP Report 2022 in July 2023.



## Diversity Charter

STEMMER IMAGING signed the Diversity Charter in the 2022 fiscal year. The Diversity Charter is a voluntary commitment to diversity management. By signing the Diversity Charter, employers declare that they will create a working environment in which all employees are equally valued and encouraged, regardless of nationality, ethnic origin, religion or belief, disability, age, sexual orientation and identity.



## EcoVadis sustainability assessment

STEMMER IMAGING met the high requirements of the sustainability assessment by EcoVadis in the 2022 fiscal year – and was awarded silver certification as part of the first audit. This means that the company occupies a top ranking in the industry comparison and belongs to the top 30 per cent of participating companies.



## Certifications

For many years, STEMMER IMAGING has had a quality management system certified in accordance with ISO 9001:2015 at the headquarters in Puchheim as well as all subsidiaries. In 2022, the company obtained the voluntary certification for energy management according to ISO 50001. STEMMER IMAGING also supports compliance with both the RoHS and REACH directives, which aim to restrict the use of certain hazardous substances in electrical and electronic equipment.

## Sustainability initiatives

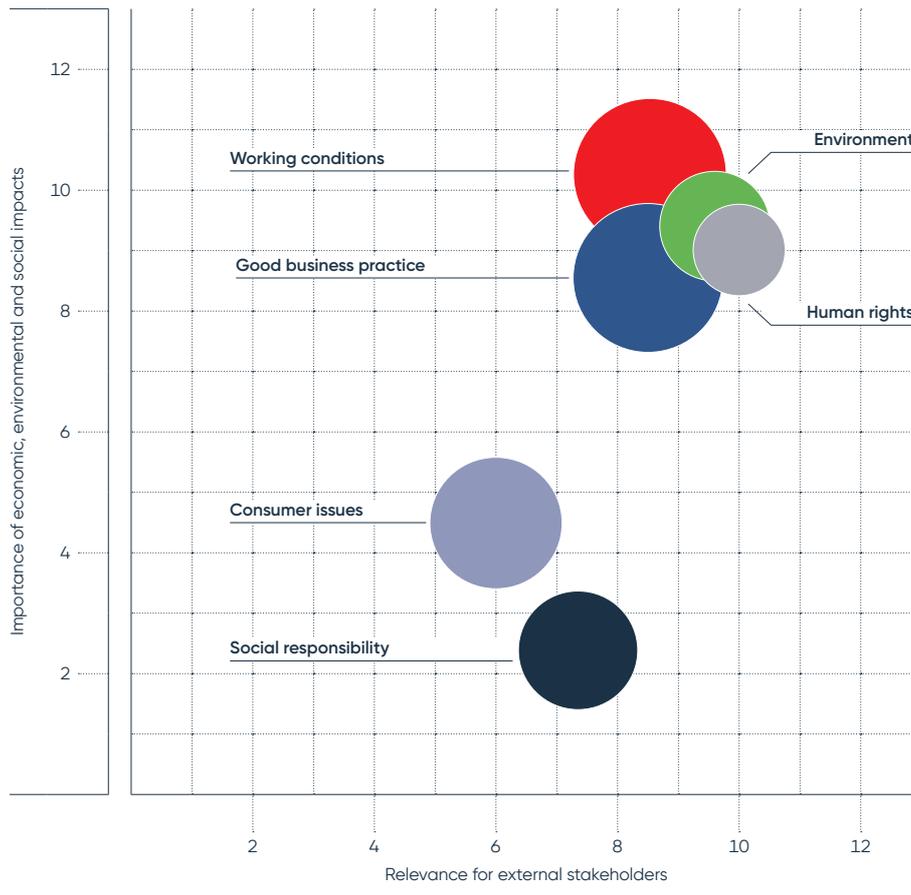
STEMMER IMAGING is a Blue Competence partner, a sustainability initiative of the German Mechanical Engineering Industry Association (VDMA). This initiative promotes sustainability in mechanical and plant engineering as well as raising awareness in the industry for sustainable solutions. STEMMER IMAGING is committed within the scope of this partnership to complying with twelve sustainability principles.

## Materiality analysis

In the 2020 fiscal year, STEMMER IMAGING conducted its first materiality analysis to identify and prioritise the most relevant sustainability issues. The economic, ecological and social implications of the company's activities and the relevance of

### Materiality analysis

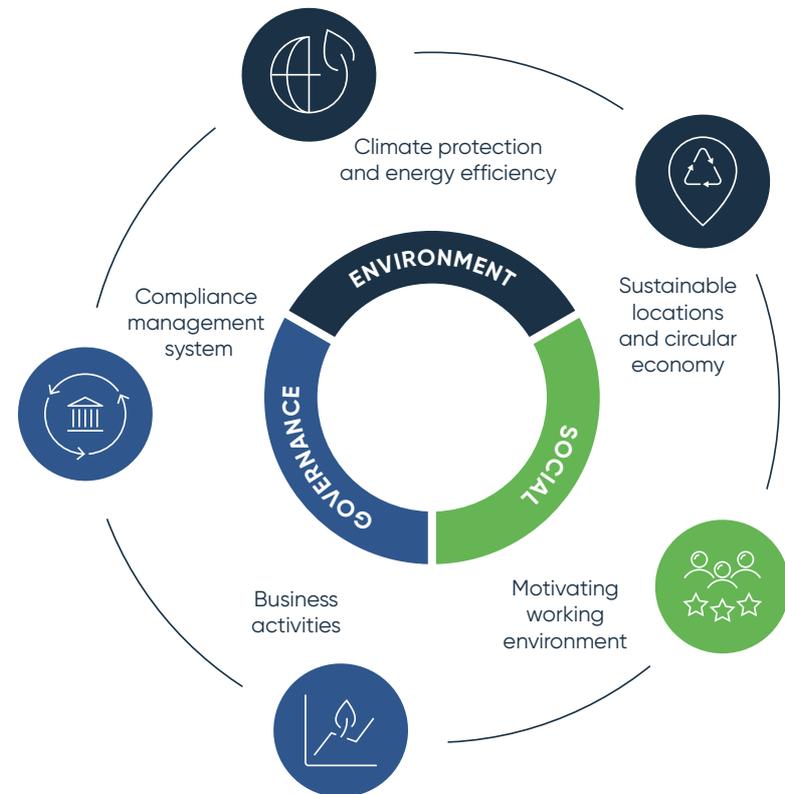
0 = unimportant, 12 = very important, size of circles = impact of own measures



these issues for the company's stakeholders were examined. The views of internal experts were taken into account when conducting this analysis, as well as benchmarking from databases and indirect sources.

## Focus areas in 2022

Based on the materiality analysis and the results for the two factors "impact" and "relevance", different focus areas were identified. These are the focus of STEMMER IMAGING's objectives and specific action.



## STEMMER IMAGING ESG GOALS

In the year under review, STEMMER IMAGING addressed the following specific topics. KPIs are used to measure and regularly review the progress being made in achieving the goals.

SDG contribution	Focus area	Topic	KPI	Status quo	Measures
 	Climate protection and energy efficiency	CO <sub>2</sub> footprint	CO <sub>2</sub> -neutrality by 2027	Scope 1,2 and partly 3 CO <sub>2</sub> accounting	<p>Inclusion of additional emission sources in CO<sub>2</sub> accounting</p> <p>Additional data collection for CO<sub>2</sub> emissions in fiscal year 2023</p> <p>Definition and implementation of additional measures for CO<sub>2</sub> reduction</p>
		Energy consumption	<p>95 per cent of green electricity at all locations by the end of 2024</p> <p>Annual reduction of the total energy consumption by at least 1 per cent</p>	<p>91 per cent of green electricity use at all locations</p> <p>Certified energy management system according to ISO 50001</p>	<p>Continuous increase in the share of green electricity</p> <p>Various measures for saving electricity and gas</p>
		Mobility	Promoting sustainable mobility	<p>Hybrid or electric vehicles in the fleet, where appropriate</p> <p>Mobility concept in preparation</p>	<p>Introduction of a policy for the use of sustainable transport in 2023</p> <p>Introduction of a policy for environmentally friendly business travel</p>
 	Sustainable locations and circular economy	Material consumption	Reduction of other material consumption or switch to environmentally friendly materials by the end of 2023	Reducing the purchase of filling materials by 50 per cent by shredding old boxes	<p>Data collection on current material consumption in order to derive measures for making further reductions</p> <p>Further optimisation of packaging by increasing the packing density</p>
		Waste management	Reducing the volume of waste and 100 per cent recycling of all waste at the Puchheim headquarters by the end of 2024	<p>Additional separation of plastics introduced</p> <p>Increasing the recycling rate to 57 per cent (previous year: 40 per cent)</p>	Additional data collection on the recycling rate of all waste, to define measures for increasing the recycling rate



## Environment



### Climate protection and energy efficiency

#### Carbon footprint

In the past 2022 fiscal year, STEMMER IMAGING has addressed the topic of CO<sub>2</sub> accounting together with an external partner. A Scope 1, 2 and partly Scope 3 carbon footprint was determined. Scope 1 takes into account all emissions from self-generated energy or processes (e.g. vehicle fleet and heating). Scope 2 covers all emissions of purchased energy (e.g. electricity). Scope 3 includes upstream and downstream activities (e.g. business trips, employee commuting, waste) and is currently only partly calculated. Our goal is to include more and more sources of emissions in the carbon footprint. Our Corporate Carbon Footprint for Scopes 1–3 in 2021 amounted to approx. 1,145 t of CO<sub>2</sub>. Building on this, measures are now being defined on an ongoing basis to gradually reduce carbon emissions. STEMMER IMAGING aims to become climate-neutral by 2027. Furthermore, STEMMER IMAGING has implemented an energy management system in accordance with ISO 50001, which was certified by TÜV Nord for the first time in May 2022. In this way, we are making an additional contribution to the reduction of greenhouse gas and CO<sub>2</sub> emissions as well as to the careful use of energy resources.

#### Energy consumption

In the 2022 fiscal year, the company started compiling documentation and collecting data for ISO 50001 certification and introduced systematic energy management. By taking advantage of previously untapped energy efficiency potential, reducing energy costs and cutting greenhouse gas emissions, STEMMER IMAGING can make a contribution to climate protection and energy efficiency efforts. Further energy-saving measures are planned for 2023. Purchasing green electricity at all STEMMER IMAGING locations around the world is one way of improving the company's climate footprint. The company has set itself the goal of sourcing 90 per cent of its electricity at all locations from renewables by the end of 2022. The goal was achieved with a value of 91 per cent. By the end of 2024, green electricity is to be purchased at all locations. In 2022, total energy consumption at the Puchheim site was reduced by 11 per cent compared to the previous year.

#### Mobility

Promoting sustainable mobility is another way STEMMER IMAGING intends to help reduce its carbon footprint. Since January 2022, any new vehicles added to the Group-wide fleet will be hybrid or all-electric where appropriate and possible. In 2023, the company plans to continue working on the conceptualisation of a guideline for optimising business travel with a view to establishing environment-friendly business travel practices. The detailed development of a policy for promoting the use of sustainable transport by employees at headquarters will also continue in 2023. A few years ago, STEMMER IMAGING established a JobRad bicycle leasing scheme at its main location.



#### Sustainable locations and circular economy

#### Material consumption

STEMMER IMAGING is reducing its environmental footprint by using less packaging and switching to the use of sustainable materials. By reusing old cardboard boxes as filling material, the purchase of filling materials was able to be reduced by 50 per cent. A total of 78 per cent of all goods receipts are already invoiced via digital invoice. The ongoing collection of data on total material consumption and corresponding savings measures will be continued in 2023 with the aim of identifying further measures.

#### Waste management

Improved waste management and the circular use of materials can reduce the consumption of natural resources. The environmental relevance of waste depends on the type of waste and the disposal method used. A system to separate plastics was additionally introduced in 2022. Among other things, this increased share of recycling year on year from 40 per cent to 57 per cent. STEMMER IMAGING currently considers the absolute reduction of waste in relation to revenue, which relates to urban waste, paper and cardboard, plastic as well as electrical waste. 100 per cent of the waste is handled by a certified waste management company, which provided the above data. Despite strong revenue growth, the total amount of waste was reduced by 5.7 per cent year on year to 64 tonnes. The KPI (tonnes of waste/revenue) decreased by 23 per cent. The aforementioned reuse of used cardboard as filling material has reduced paper and cardboard waste by approximately 30 per cent.

## Social



### Motivating working environment

#### Employer attractiveness

STEMMER IMAGING's employees make a decisive contribution to the company's business success. STEMMER IMAGING wants to be the employer of choice and offer all employees a working environment in which they enjoy respect and appreciation, can contribute their skills, and learn new things. This includes building internal talent pools for key leadership positions, having a fair and consistent performance appraisal process, and ensuring health and safety at work. A relocation to more attractive offices is being investigated and prepared at the Puchheim location.

#### Diversity

Promoting diversity within the STEMMER IMAGING Group also has an important part to play here. STEMMER IMAGING has set itself the goal of further increasing the proportion of women in the company. This was underlined by the signing of the Diversity Charter in 2022.

#### Occupational health and safety

Our employees are the most important asset and the basis of our company's success. Their safety, health and motivation therefore have the highest priority. Training sessions on occupational health and safety are carried out on a regular basis.

For more information on the "Motivating work environment" focus area, please see the "Employees" chapter in the combined management report.

## Governance



### Compliance management system

#### Code of Conduct

The STEMMER IMAGING Code of Conduct summarises the key principles and fundamentals for how employees of STEMMER IMAGING should act and conduct themselves when interacting with business partners and the general public. This includes ensuring respectful and cooperative collaboration, being acutely aware of their social responsibility, and ensuring compliance with all applicable laws and regulations. Together, they form the basis for long-term corporate success. The Code of Conduct provides all employees, senior executives and management alike with a binding framework of orientation to prevent situations that may call into question the legality and honesty of STEMMER IMAGING and its actions.

The focal points of the Code include acting in accordance with the law, anti-discrimination, data protection, IT, personal conflicts of interest, anti-corruption, and health protection. The Code of Conduct is published on the company's website and is also communicated internally to the workforce once a year. There were two compliance breaches in the 2022 reporting year, with appropriate consequences applied in accordance with employment law.

#### Whistleblower system

A prerequisite for effective compliance is having secure and reliable communication channels for employees and business partners. STEMMER IMAGING attaches importance to clearly defined and communicated reporting channels. STEMMER IMAGING introduced a whistleblower system in 2022 as a way of complementing the prior system of approaching a direct supervisor or the compliance officer. The whistleblower system can also be accessed by external whistleblowers via the STEMMER IMAGING website. Employees and third parties such as customers, suppliers and business partners can use this additional reporting channel to report potential compliance violations anonymously via a service provider, if desired. No notifications were recorded in 2022.

### Compliance training

Regular training courses on ensuring honest and irreproachable conduct are held in the form of e-learning courses for all employees of the Group. These courses focus on data protection, information security and the Code of Conduct.

### Data protection

STEMMER IMAGING attaches great importance to protecting the personal data of its customers, employees, and business partners. As digitalisation becomes more prevalent, the requirements for handling personal data are also growing. Processing personal data in accordance with applicable data protection law, including the General Data Protection Regulation, is therefore an important concern for STEMMER IMAGING. The company's data protection officer publishes a data protection report once a year. STEMMER IMAGING continuously invests in IT security to ensure that data protection and data security measures are always in line with the latest technological standards.

### Sustainability integrated into management remuneration

The remuneration for the Executive Board also includes sustainability criteria. The Supervisory Board sets specific targets for the respective fiscal year based on the corporate planning, which is approved by the Supervisory Board prior to the beginning of the relevant fiscal year.

### Supply chain

For STEMMER IMAGING, having long-term partnerships with suppliers is a prerequisite for being able to offer successful customer solutions. This means that suppliers need to be selected carefully. STEMMER IMAGING's Code of Supply sets out the principles and practices that govern STEMMER IMAGING's business activities. The core elements are in particular, compliance with applicable laws and regulations as well as showing responsibility towards people and the environment. At the end of the reporting year, 93 per cent of all suppliers, sorted by their contribution to revenue, had signed the Code of Supply. The target for 2023 is to have 100 per cent of suppliers sign the code. The global supply situation led to STEMMER IMAGING adding another aspect to how it measures supplier performance in order to improve cooperation with suppliers and to be able to react earlier to bottlenecks. The system is already widely used.

### Business activities

STEMMER IMAGING aims to align 100 per cent of its revenues with the UN Sustainable Development Goals in the medium term. At least 97 per cent of all STEMMER IMAGING revenues today already make a positive contribution to the UN Sustainable Development Goals. The company's key target markets include, in particular, food & agriculture, sports & entertainment, transport & logistics, print & packaging, raw materials & recycling, factory automation, metrology and mobility. The food & agriculture sector as well as electrification in the automotive sector are already important growth areas and will be the focus of even more concerted efforts in the future. In 2023, STEMMER IMAGING plans to finalise the Code of Sales which was started in 2022. This will act as an ethical compass that employees can apply when making project decisions.

## Stakeholder dialogue

STEMMER IMAGING regularly informed its stakeholders about sustainability issues in the past fiscal year.

As part of its commitment and pledge to the UN Global Compact, STEMMER IMAGING publishes a Communication on Progress (CoP) report. This outlines the measures the company implements and will implement in the four areas of human rights, labour, environment and anti-corruption. STEMMER IMAGING will publish the CoP Report 2022 by July 2023.

In the past fiscal year, STEMMER IMAGING also added a dedicated "Sustainability" section to its website and regularly informed its stakeholders about relevant ESG topics via social media.

**Manufacturing services**

STEMMER IMAGING's manufacturing services range from advanced quality control and hardware assembly to software installation or configuration support.



# 02 Combined Management Report

Basic information on the Group	36
Research and development activities	48
Economic report	50
Employees	51
Net assets, financial position and results of operations of the Group (IFRS)	54
Takeover disclosures	58
(Group) corporate governance declaration	59
Net assets, financial position and results of operations of the HGB single-entity financial statements	59
Risk report	61
Report on opportunities	70
Report on expected developments	72
Other disclosures	75

# Combined Management Report

## Basic information on the Group

### Business model

STEMMER IMAGING is one of the leading international value-added distributors of machine vision technology for industrial and non-industrial applications. The company's portfolio covers the entire range of components (illumination, optics, cameras, cables, image acquisition, software, computers, accessories) from leading international manufacturers. STEMMER IMAGING has one of the most extensive portfolios for machine vision components in Europe and the solutions expertise of highly skilled professionals.

In addition to the distribution business of components, STEMMER IMAGING offers modified components. These are pre-configured subsystems that are especially assembled by experts at STEMMER IMAGING from a variety of different hardware and software components to solve specific tasks.

Additional revenue is generated from the sale of services, such as feasibility studies. Within the scope of its services, STEMMER IMAGING is increasingly aiming to expand the development and design of customised solutions.

The business model of STEMMER IMAGING is designed in such a way that the company can offer customers of different sizes, types and industries the complete range of machine vision products and services from a single source. STEMMER IMAGING's sales activities address both industrial and non-industrial customers.

The company comprises subsidiaries in all major European countries and also in Mexico and Brazil.

## Management of the Group

In the past fiscal year, STEMMER IMAGING reviewed and supplemented its various planning and management systems to improve their efficiency. The company uses the corporate strategy and the estimates pertaining to future external conditions as a basis for regularly developing targets for the business, typically in the strategic and operational planning process. As part of a system of targets, they are specified for the different departments and the employees, including the setting of specific objectives, and their achievement is reviewed at the end of the year. Furthermore, the company has revised the risk management system (RMS) in light of the new regulations of the Financial Market Integrity Strengthening Act (FISG). Details on the RMS can be found in the corresponding section of the Management Report under the heading Internal control and risk management system.

## Legal and organisational structure

STEMMER IMAGING AG is a listed German stock corporation. The shares are listed in the Prime Standard segment of the Frankfurt Stock Exchange. The bodies of the company are the Executive Board (2 people) and the Supervisory Board (3 people). The Executive Board defines the Group strategy and is responsible for the management, organisation and monitoring of the company's business procedures in the company's interest, i. e. in consideration of the concerns of the shareholders, its employees and the other groups affiliated with the company, with the goal of achieving sustainable value creation.

The Supervisory Board is the advisory and supervisory body for the Executive Board and is involved in all decisions of fundamental importance. As a Group company, STEMMER IMAGING AG directly or indirectly holds shares in subsidiaries in Germany and abroad. The Managing Directors have operational and economic responsibility in the respective local markets. In the consolidated financial statements, 15 subsidiaries are included in the full consolidation in addition to STEMMER IMAGING AG.

### Key management indicators

The revenue and EBITDA<sup>1</sup> indicators are the most significant performance indicators for the planning, management and control of business activities and measurement of business performance. As part of the ongoing controlling processes, such as the monthly internal reporting and regular meetings of the Executive Board with the management team, as well as with the local Managing Directors, significant business transactions are discussed, resolutions passed, risks for the company discussed and consequences for the company management derived. The dependence on individual customers and suppliers are important non-financial performance indicators. STEMMER IMAGING strives to avoid dependency situations on individual customers and suppliers. Therefore, the company focuses on a versatile product portfolio of different suppliers and serves different customers in different industries. The development of the market and competitive environment is constantly monitored by means of financial and non-financial performance indicators.

### Qualitative aspects

When assessing financial business developments, qualitative aspects also play a role in business success. From a company perspective, the quality standards and sustainable planning are particularly important when it comes to filling business-critical positions.

Explanation of the alternative performance measures (APM) used in accordance with the APM Guidelines of the European Securities and Markets Authority (ESMA):

1 EBITDA = profit for the period + taxes + net financial income + depreciation on tangible and intangible assets

### Quality standards

In order to guarantee the high quality of the manufactured products and the methods used in the company, STEMMER IMAGING has implemented a quality management system for all companies except INFAIMON (ISO certification according to DIN EN ISO 9001:2015). The company's processes are continuously monitored as part of the continuous improvement process (CIP). The quality management system is also audited and certified once a year by DEKRA. Furthermore, as part of the specification of the sustainability strategy introduced in 2019, measures have been implemented on the basis of the ESG criteria (environment, social, governance), which will enable the company to implement appropriate controls for this area in the future. At the end of 2022, STEMMER IMAGING met the high requirements of the Ecovadis sustainability assessment for the first time and was awarded silver certification. This means that STEMMER IMAGING occupies a top ranking in the industry comparison and belongs to the top 30 per cent of participating companies.

### Senior executives and sustainable employee development

STEMMER IMAGING is led by an experienced management team. When compiling the management team and selecting senior executives, importance is attached to actively promoting different experience backgrounds and diversity. This is intended to create an inclusive culture, which reflects the corporate values and gives the company a forward-looking governance structure, so that the full potential of the employees is developed and excellent results can be achieved.

To ensure sustainable employee development, structured performance reviews are held on a regular basis, which, in addition to focusing on technical and business matters, also identify the development potential of the employees and derive appropriate development measures for them. In turn, these are aimed at technical and personal development. Possible succession planning is created for most key functions in the company, which is discussed and updated on a regular basis. Furthermore, there is an overview of talented staff, who are being given support by way of appropriate measures to prepare them for future specialist and management duties.



Senior Management f.l.t.r.: Arne Dehn, Peter Keppler, Michael Bülter, Uwe Kemm

## Management Team

Together with the Management Team, the Executive Board implements the Group strategy and other cross-company topics.

In addition to the two members of the Executive Board, the Management Team consists of the Chief Financial Officer, the Senior Director International Sales Enablement, the Director Product Management, the Director Operations & Supply Chain, the Director IT and the Director Marketing.

### Executive Board

- Arne Dehn, CEO
- Uwe Kemm, COO

### Management Team

- Michael Bülter, CFO
- Peter Keppler, Senior Director International Sales Enablement
- Daniele Cosentino, Director Marketing
- Johannes Hiltner, Director Product Management
- Moritz Maier, Director IT
- Philipp Stein, Director Operations & Supply Chain

## Regional Management Board

STEMMER IMAGING's strength lies in its group-wide strategic orientation and simultaneous understanding of regional requirements. To ensure group-wide strategy definition and implementation, the Regional Management Board is made up of the Executive Board, the Management Team and the Managing Directors of the various subsidiaries:

- Pedro Durán, Managing Director Cluster Southern Europe & LATAM
- Baptiste Guldner, Managing Director Cluster Western Europe
- Peter Trollås, Managing Director – Sweden, Finland
- Mark Willisamson, Managing Director – UK

## Objectives and strategy

In 2022, STEMMER IMAGING revised its claim. "Leading Vision" manifests what the company intends to stand for: qualified advice and an extensive high-quality product range. This includes driving innovation as well as continuously increasing profitability.

For the operational management, the company pursues a sustainable business strategy based on integrity and compliance and aims for steady growth. Key elements of the strategy are focused on making efficient use of capital expenditure and on having a corporate structure with clear processes, which at the same time allow the flexibility to consistently focus on the customer. Meeting customer quality expectations while increasing the Group's productivity is the top priority. At the same time, STEMMER IMAGING sees it as a central part of its corporate responsibility to harmonise the effects of its business activities with the expectations and needs of the company, always focusing on people and the conservation of natural resources. The Executive Board therefore sees STEMMER IMAGING's responsibility towards people and the environment as an integral part of the corporate strategy.

To achieve its goals, STEMMER IMAGING focuses on providing employees with an environment geared towards continuous improvement, thereby strengthening its position as an employer of choice.

The corporate strategy was developed in line with the strengths of the company and with a view to making full use of business opportunities arising from the observed trends in the machine vision industry. The aim is to continue achieving profitable growth in the coming years and to further expand its market position in the machine vision industry, both nationally and internationally. STEMMER IMAGING is aiming to increase its revenue to more than EUR 200 million by 2024, with the majority of this to be achieved through organic growth. The EBITDA margin target over the medium term ranges from 15 to 19 per cent. To this end, various strategic growth pillars have been defined, which can be described as follows:

### Further expansion of the components business

The machine vision market is driven by the advancement of innovative products in the hardware and software sectors. STEMMER IMAGING uses its access to a worldwide network of manufacturers, in order to include these new products and a combination of thereof in the portfolio and to offer them to customers through constantly updated know-how with the help of training and advisory services. Digital marketing platforms have an increasingly important role to play here.

### Value-added vision solutions through customised pre-configured packages

The pace of STEMMER IMAGING's growth is being increasingly supported by what are referred to as pre-configured subsystems. These ready-to-use machine vision solutions are assembled by experts at STEMMER IMAGING from a variety of different hardware and software components to provide systems tailored to specific tasks. The robot-assisted bin-picking solutions and the innovative solutions in the field of embedded and hyper-spectral applications form the future basis for the scaling of STEMMER IMAGING's higher-quality solutions.

### Solution-oriented offering

As part of its solution-oriented offering, STEMMER IMAGING provides customers with comprehensive support to help them implement their systems and equipment. To this end, the company has methodological and process know-how such as agile co-development and conducts feasibility studies, for example. Modern IT infrastructure enables efficient collaboration with the customer, especially secure data exchange.

### Using the software portfolio as a value driver

Choosing the right software plays a crucial role in a machine vision system. Regardless of how well the other components work, the right software is always decisive for the functionality of a system. STEMMER IMAGING's proprietary and distributed software covers all requirements from simple development tools to state-of-the-art algorithms based on machine learning and artificial intelligence. In this context, the development of proprietary software represents an important strategic value in order to respond to market and customer needs.

## Strengthening and international expansion of market presence

STEMMER IMAGING's goal is to maintain and expand its market position in existing markets and to transfer it to new regional markets. The current presence in all major European countries as well as in Mexico and Brazil offers advantages in international competition, opens up new growth opportunities and thus makes a significant long-term contribution to the company's success. STEMMER IMAGING also plans to strengthen its international presence by developing new target markets in its existing locations and by expanding into new regions.



## Driving focused growth through clear positioning

In order to achieve sustainable profitable growth, STEMMER IMAGING is shaping its future on the basis of clear positioning based on strategic priorities in terms of target markets and application fields.

### Strategic target markets

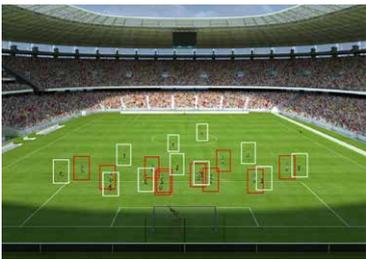
The possible applications of digital imaging are versatile and therefore the focus of many different industries. Traditionally, the main area of application has been in industrial production plants, especially for machine control and quality assurance tasks. In recent years, the industry has undergone a profound change towards further digitalisation and networking, which STEMMER IMAGING intends to be actively involved in shaping. Strongly growing segments such as e-mobility are also being developed, with a focus on the field of battery manufacturing.

Furthermore, machine vision is increasingly being used in a non-industrial environment. Here, machine vision supports a variety of new applications that are much more visible to consumers than industrial applications, such as in the areas of transport and infrastructure or the sports & entertainment segment.

STEMMER IMAGING focuses its activities on markets with long-term profitability and growth potential and addresses both industrial and non-industrial target markets. The company sees above-average growth potential in non-industrial applications.

In order to exploit the above-average growth potential in specific target markets, the company is focusing its efforts on expansion in the following areas in particular:

### Sports & entertainment



When athletes compete in sports, machine vision is often involved to verify referee decisions, create statistics or make the training of athletes more effective. Machine vision is no longer only used by professional associations, but also increasingly by amateur clubs, be it to count points in tennis or track the trajectory of a golf ball. During the course of this, brand-new

companies are emerging that are developing image-based business models around these applications. Sports applications and real competitions are increasingly developing into realistic games with a predominant character of entertainment and are gaining a broad consumer base.

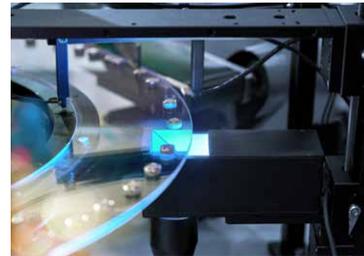
### Raw materials & recycling



Due to the nature of raw materials and recycling, 100 per cent human control is impossible. Needless to say, as these are often natural products, deviations may occur. With new sensor technologies, ever higher processing speeds and the use of deep learning technologies, machine vision makes it possible to solve previously impossible inspection tasks, such as sorting and

classifying large quantities of raw materials, and helps to avoid defects in products caused by inferior materials. One example of this is the recycling market.

### Factory automation



Factory automation has historically been one of the largest markets for the machine vision industry and is still developing. In particular, the networking of data points with high-level control and quality assurance tasks creates new types of production processes with increased flexibility and stability. Continuous process control monitors every detail and ensures that

deviations are detected at an early stage before defective products occur. Machine vision provides completely new sensor technology and evaluation software for this purpose, which is increasingly integrated into location-independent cloud-based networks. The area of e-mobility is becoming more and more important. Optical inspection systems can be used along the entire production chain of electric batteries.

### Print & packaging



Printing speeds have long since overtaken the recognition speed of the human eye. High-performance machine vision reliably monitors printing processes, avoids production waste and ensures print quality. Machine vision is also used to meet the increased demands for traceability and product integrity and to ensure that batch codes, expiry dates and security seals

on a wide range of packaging are correct and that contamination is minimised. This area is growing in particular due to changes in shopping behaviour towards e-commerce with corresponding individual packaging.

### Food & agriculture



Intelligent machine vision is indispensable in the food industry and is becoming increasingly important. Products must arrive at the customer's premises in full, undamaged and free from any defects. In particular, STEMMER IMAGING's solutions for quality assurance using 3D inspection systems and for checking the safety of goods due to increasing hygiene requirements using

hyperspectral imaging give manufacturers decisive advantages. In agriculture, product classification and thus selective harvesting improves yields and reduces laborious manual harvesting while ensuring that optimal yields are achieved through optimised weed control, fertilisation and irrigation.

### Transport & logistics



The expectation of customers to receive their goods ordered on the Internet immediately has increased and creates time pressure. Robots are therefore finding their way into more and more logistics centres, to drive further automation. They are used to pick up parcels of various types and position them on conveyor belts to the individual dispatch centres. Based on 3D data,

machine vision can be used to ensure the correct forwarding and tracking of parcels. This requires partners who can select the appropriate machine vision components and also supply and understand the associated software.

### Measurement



Optical measurement with machine vision is used for the non-contact inspection and measurement of workpieces and critical parts. Just one nanometre can make all the difference to the competitiveness of a product. Increasing manufacturing technologies and 3D printing technology are creating completely new requirements and fields of application for 2D or

3D machine vision components to ensure calibrated, repeatable measurements of high quality and speed down to the submicron range and ensure that objects conform perfectly to specified tolerances.

### Mobility



In the coming years, the mobility market will primarily be shaped by the factors of sustainability, the availability of raw materials, the growing number of electric cars and the desire for ever more powerful batteries. The growth rate of this market is immense: According to a McKinsey study, global battery demand will increase by 30 per cent annually by 2030.<sup>1</sup> In our opinion,

therefore, the rapidly growing expansion of production capacities in Europe is characterised by meeting the expected demand and at the same time, achieving a technology, quality and cost advantage over existing manufacturers, especially from Asia. Machine vision technology plays a part in this: product quality is controlled in terms of performance, capacity and ageing by sensor-based data acquisition. Optical quality controls such as surface inspection or geometry measurement increase inspection accuracy. This makes the products safer and more durable.

<sup>1</sup> <https://www.mckinsey.com/de/news/presse/2023-01-16-batterien>

## Focus on dedicated fields of application

In addition to the defined target markets, the company sees high growth potential for specific machine vision applications. STEMMER IMAGING aims to generate further growth from the following fields of application:

### Vision-guided robotics

The demand for continuously increasing production efficiency can only be met by increasing flexibility of automation tasks in manufacturing and material flow. Robots are already the mainstay of automation. The combination of machine vision with robots is now expanding the possibilities with the dimension of flexible use – applications for vision-guided robots in the picking of containers, palletising or alignment of tools for flexible product inspection. Robots are increasingly being used on autonomous self-propelled platforms that require optical sensors to determine their location.

### Track and trace

Object detection has always required complex and accurate pattern matching with the additional challenge of frequently changing environmental conditions. Continuous advancements in cameras and the use of AI software now make it possible to recognise objects in different outdoor conditions in real time at reasonable expense. Wide area networks and 5G technology also enable the large-scale tracking of goods or objects using a new generation of code and text recognition solutions supported by machine vision technology.

### Sorting and classification

Industrially manufactured products are always checked for their quality in relation to the defined specifications. Optical sorting systems with machine vision enable the identification and sorting of materials and ensure that deficient quality is recognised and materials are classified prior to their further processing. The challenge with natural products is that there are innumerable shapes and sizes that do not directly indicate the quality. Today's machine vision systems can map this complexity with innovative sensors and software with corresponding algorithms.

### Material analysis

Detecting the detailed structure of a material is essential in many areas of research and development, but also increasingly in manufacturing processes. In-line inspection systems offer the advantage of increased process speed and quality assurance, because constant control is possible, instead of time-consuming random sample monitoring. Entirely new areas of application are opening up in the field of life sciences and for medical examinations. Scientific instruments equipped with imaging technology enable fast, reliable and continuous results.

## Customer structure

STEMMER IMAGING serves a broad customer base in all regions, in which the company has a presence. Individual markets are also served via export models, meaning that national, multinational and global customers benefit from the advantages of the Group's comprehensive positioning. Modern marketing tools are being increasingly used for acquisition purposes, in addition to the company's own sales force.

The customers include OEMs, who integrate machine vision components into their own systems and devices, plant manufacturers and end customers. STEMMER IMAGING has long-standing and stable business relationships with its customers. Growth is targeted in all customer segments, with end customer business expected to see particularly strong growth. To this end, emphasis is placed on both the expansion of business with existing customers and the acquisition of new customers. Critical dependence on individual customers or customer segments is to be avoided.

STEMMER IMAGING's business model ensures that the different customer segments can be served with specific portfolio offerings according to their requirements.

The sales model that was revised in 2020 and 2021, which includes the areas of Business Development, Key Account Management, Account Management and Inside Sales, facilitates the development of efficient sales activities that are aimed at the requirements of the individual customer groups. Software-based tools are also used for this in the area of CRM and CMS, which are prepared for forward-looking processes, such as offering an electronic sales catalogue.

## Processes and methods

Today's customer requirements go far beyond technical advice and the supply of technical solutions. In particular, modern methods of collaboration and networked communication structures for secure and efficient exchange of data are increasingly required. STEMMER IMAGING is therefore committed to the continuous improvement of its own methods and processes and the underlying tools. This includes the development and expansion of project management and agile methods of cooperation, the digitalisation and networking of analogue information by means of increasingly used software and the securing of data communication on the basis of high IT security requirements. The company relies on processes and methods that are geared towards future-oriented industry standards and thus also offer a certain amount of investment security. The company also strives to constantly improve its own cost efficiency and sets itself continuous improvement targets in order to optimise productivity, capital expenditure and cost effectiveness.

## Research and development activities

In 2022, the STEMMER IMAGING AG developer team focused on two topics in particular.

### Development of an optimised embedded platform

The first focus was on continuing the development of an embedded platform optimised for the requirements of machine vision applications, which started in 2021. At the heart of this platform is a carrier board that can be used for various computer modules from the Nvidia Jetson series, which allows the user the easiest possible access to the most important camera interfaces for machine vision applications (USB, GigE up to 10 Gbit, MIPI CSI2).

Embedded systems are equally relevant for OEMs and integrators. Due to their small design and low energy consumption, they allow use in places that are difficult for industrial PC systems to access. This opens up new options for modularisation and for defining own standard components when setting up distributed machine vision systems, which can extend from the "edge" – e.g. the machine equipped with machine vision functionality – to the cloud in the maximum configuration level. With a suitable choice of platform, hardly any compromises have to be made with regard to the performance of such systems – neither with regard to the computing power of embedded systems nor with regard to interfaces to camera technology.

Embedded systems are therefore used in production environments such as those found in our target markets of mobility, raw materials & recycling and generally in the field of factory automation. They also enable new approaches in the areas of sports & entertainment, food & agriculture and transport & logistics, in which distributed, decentralised approaches play an important role.

In the first half of 2022, an evaluation of the prototype designed in 2021 was initially carried out with selected test customers. The findings and customer feedback from this evaluation were incorporated into the current design of the carrier board, which was then manufactured as a pilot series for a product rollout by our manufacturing partner in the second half of the year. The entire ecosystem was presented to the public for the first time in October 2022, as part of an international launch event. Not only was the carrier board shown as the basis of several example applications, but also a selection of suitable products. These are primarily the camera models and camera series that are particularly suitable for use in the target markets of the modular embedded carrier board. In addition, both the Common Vision Blox software and the services offered in addition to the system were presented.

The goal with modular embedded is not just to offer a carrier board designed for the machine vision market as a product. It is targeted to create a platform on which the strengths of STEMMER IMAGING AG can be combined as required. Concretely, these are:

- a broad hardware portfolio based on many years of cooperation with strong technology partners,
- an in-house software product with a powerful and versatile acquisition engine, as well as
- a team of experienced application engineers whose know-how can be called up in the form of services, also in the context of customer projects.

The first deliveries of modular embedded systems to customers for evaluation purposes took place in 2022.

## Adaptations to the Common Vision Blox software

The necessary adaptations and preparations for the use of Common Vision Blox on the modular embedded platform were the second focus of development activities in 2022. The Common Vision Blox software is an integral part of the installation image of the modular embedded platform and is used in this ecosystem for image acquisition and processing. The advantages of Common Vision Blox can also be combined on the modular embedded platform with the relevant tools, e.g. from the open source area or CUDA, which provides an enormous range of evaluation and processing options.

Since Common Vision Blox has already been compatible with Linux systems with ARM processors for several years, many of the necessary adaptations to the modular embedded platform were rather in details (licence enforcement, documentation, example programs, deployment routines). However, the implementation of the TCP Offload feature, which is introduced into the standardisation process as a proposal in the relevant IVSM committees, stands out. TCP Offload noticeably reduces the CPU load during image acquisition in GigE Vision cameras that support this feature, thereby freeing up more computing power for other tasks, which can be important on embedded platforms. The higher the data rate, the more pronounced the effect is. This makes the feature particularly relevant for cameras with data rates of more than 1 Gbit per second.

The changes implemented for the modular embedded platform were released as part of Release 14.0 of Common Vision Blox in mid-2022. Release 14.0 also contains additional enhancements. These are aimed at further improving the user experience when using the software under the various supported programming languages.

## Other focus areas

“InPicker”, the graphically configurable and flexibly expandable bin picking solution from STEMMER IMAGING AG, was also supplemented with further features in 2022. InPicker combines a control for industrial robots adapted to various models with state-of-the-art hardware and software for capturing and processing 3D information as well as the necessary components for communication with the production

environment. It enables customers to implement a wide variety of bin picking tasks. InPicker is primarily used in the automotive sector (both by vehicle manufacturers and suppliers), but also in the food & agriculture sector.

Two new software releases were published in 2022.

To support the value-added services that STEMMER IMAGING AG can offer its customers, an improved algorithm for focusing of cameras before delivery has been implemented and integrated into semi-automated workstations to carry out the process. At these revised workstations, cameras and their lens systems can be focused in the best possible way before delivery. The process only takes a fraction of the time that was required for previous manual procedures.

In 2022, 20.66 employees (FTE) in the Group worked for the Development department. They work both on in-house development and on customer projects and cover the roles of Core Developer, Algorithm Developer, UI/UX Designer, DevOps Developer, Release Manager, Scrum Master and Product Owner.

As in the past, STEMMER IMAGING also evaluated the patents granted and patents pending according to relevant criteria during the course of its development activities in the current fiscal year. New developments were also reviewed for their patentability. The criteria for the review are the technical unique selling points necessary for securing patents, the economic cost-benefit analysis and, in the case of new applications, the chances of success in terms of recognition. With regard to the patent applications, it was decided to press ahead with application EP19200257.4, which deals with a method for calibrating an optical measuring system, to achieve a positive patent decision. There are no further development activities currently in patent application status.

Total research and development expenses amounted to EUR 1.66 million in the reporting year (previous year: EUR 1.71 million).

## Economic report

### General economic environment

Economic development in the 2022 calendar year continued to be affected, albeit to a lesser extent, by the consequences of the coronavirus pandemic. Added to this, were the effects of the war in Ukraine. While most countries saw fewer coronavirus-related restrictions as vaccination rates rose, the Chinese government has always taken large-scale containment measures as new variants emerge and comparatively smaller outbreaks occur. These lockdowns have continued to have an impact on economic activity in China, as well as global supply chains. The war in Ukraine caused additional disruption, especially in Europe. The prices for raw materials and agricultural products rose sharply as Ukraine stopped being a supplier due to the war and Russia due to sanctions. The shortage of natural gas supplies from Russia to the EU led to increased uncertainty about the supply situation and huge increases in fossil fuel prices. Added to this, were the value chains that were still disrupted due to the pandemic and the associated price increases. Together with the catch-up effects on the part of households and companies, partly fuelled by government stimulus packages, this led to a sharp rise in inflation rates. In view of this, the national banks embarked on a more restrictive monetary policy at the beginning and throughout 2022, which increased borrowing costs during the course of the year under review.<sup>1</sup>

Despite massive headwinds, however, the economy ultimately proved to be more robust than generally expected. The International Monetary Fund (IMF) estimates the growth in global economic output for 2022 as a whole at 3.4 per cent in price-adjusted terms, after a strong increase of 6.2 per cent in the previous year. The global inflation rate in 2022 was estimated at 8.8 per cent. Global trade in goods grew by an estimated 5.4 per cent as a whole in 2022. After growing dynamically by 7.8 per cent in 2021, industrial production grew by only an estimated 3.1 per cent in 2022. The increase in the developed economies was expected to be 2.2 per cent, while emerging and developing countries increased by 3.9 per cent.<sup>1</sup>

### Country/region GDP development in %

	2022 estimate	2021
<b>World</b>	<b>3.4</b>	<b>6.2</b>
Developed economies	2.7	5.4
Eurozone	3.5	5.3
Germany	1.9	2.6
France	2.6	6.8
Italy	3.9	6.7
Spain	5.2	5.5
UK	4.1	7.6
USA	2.0	5.9
Japan	1.4	2.1
Emerging markets and developing countries	3.9	6.7
ASEAN <sup>1</sup>	5.2	3.8
Brazil	3.1	5.0
China	3.0	8.4
India <sup>2</sup>	6.8	8.7
Russia	-2.2	4.7

<sup>1</sup> Indonesia, Malaysia, Philippines, Thailand, Vietnam

<sup>2</sup> Fiscal year 1 April to 31 March

Source: IMF World Economic Outlook Update January 2023

According to the provisional calculations by the German Federal Statistical Office, price-adjusted GDP in 2022 was 1.8 per cent higher than in the previous year. The development in the individual economic sectors differed significantly: Services benefited from catch-up effects after the discontinuation of almost all coronavirus protective measures, while the manufacturing sector suffered from disrupted supply chains and the rise in energy prices as a result of the Ukraine war.<sup>1</sup>

Government consumer spending increased comparatively moderately by 1.1 per cent in 2022 after two years, strongly influenced by the coronavirus pandemic. The state spent significantly more money to care for the numerous people seeking refuge, from Ukraine and other countries. In contrast, government spending for combating the coronavirus pandemic declined.<sup>1</sup>

<sup>1</sup> VDMA "Mechanical engineering 2022/Forecast 2023" as of 10 February 2023

Foreign trade increased despite strong price increases in 2022: Germany exported 3.2 per cent more goods and services in price-adjusted terms than in the previous year. At the same time, imports grew much more strongly by 6.7 per cent in price-adjusted terms. As a result, foreign trade dampened overall GDP growth.

The labour market was once again robust last year and, with 45.6 million persons in employment, recorded more persons in employment than ever before in Germany.

### Sector development

In a difficult macroeconomic environment, global mechanical engineering also proved to be resilient in 2022. The bottleneck situation for many primary products eased from the third quarter of 2022, but the shortage of electronic components is still clearly noticeable for many companies. From a global perspective, mechanical engineering grew by an estimated 1 per cent in price-adjusted terms in 2022.

According to initial calculations, production in mechanical and plant engineering in Germany exceeded its previous year's level by 0.2 per cent in real terms. Production growth could have been higher, if persistently disrupted supply chains, an intensifying shortage of skilled workers and energy supply difficulties had not put sustained pressure on production. The slump in machine production that was expected by quite a few failed to materialise. Furthermore, as a result of the significant rise in prices, revenue increased by a nominal 10.5 per cent, according to the order intake and revenue statistics of the German Mechanical Engineering Industry Association (VDMA). In the mechanical engineering sector the order backlog was over one year at times – a record.

According to VDMA, the robotics and automation sector experienced a 24 per cent increase in order intake and 6 per cent growth in revenue. The industrial machine vision segment that is crucial for STEMMER IMAGING posted a 1 per cent gain in order intake and a 7 per cent increase in revenue.<sup>1</sup> With its own growth of 19.4 per cent, STEMMER IMAGING was able to further expand its own market share and improve its competitive position accordingly.

## Employees

STEMMER IMAGING is valued by its business partners, particularly its customers and suppliers, as a trustworthy partner. The company relies on qualified and motivated employees who are enthusiastic about their work and have the appropriate expertise. STEMMER IMAGING knows that the wide range of abilities and personal commitment of all employees are crucial to sustainable business success. With the aim of strengthening the loyalty of the employees to the company in the long term, STEMMER IMAGING strives to promote employees' identification with the company and its goals. The basis for this is a corporate culture with a common vision and mission as well as corporate values that are lived daily. STEMMER IMAGING wants to provide its employees with a culture that values cooperation, trust and performance.

### Qualification, further education and exchange of knowledge

Employees of STEMMER IMAGING have a wide range of qualification measures available to them – from further education on general topics that are relevant to the company to specific qualifications and individual personnel development programmes. Digital training formats play an important role in the offerings. They provide more flexibility through learning that can be carried out anytime and anywhere. Even prior to the coronavirus pandemic, the number of training programmes had been increased accordingly to meet the challenges of digital transformation and a modern working world through appropriate learning formats and content. STEMMER IMAGING has been using the services of a renowned external training portal since 2019 and offers regular online training courses. In addition, weekly product training courses by experienced colleagues or suppliers have been set up for knowledge transfer. Upon request and where the workplace allows it, employees can work abroad at one of the subsidiaries to acquire in-depth expertise and valuable intercultural skills.

<sup>1</sup> Information VDMA as of 10 February 2023

In addition to internal newsletters, video messages and quarterly virtual town hall meetings with the entire workforce, there is a continuous direct exchange between all employees – on topics ranging from new technologies and reference projects to the fields of activity of individual colleagues. The monthly “Lunch & Network” format strengthens this exchange and promotes team spirit within the organisation.

### Promotion of young talent

The training of young people has traditionally been a priority at STEMMER IMAGING. School leavers are offered various vocational training opportunities in technical and commercial professions. The proportion of trainees hired on a permanent basis in the past four years was at an average of 92 per cent. To attract young talent, the company takes part in job fairs and offers students and pupils the opportunity to gain work experience through internships. In 2022, STEMMER IMAGING also enabled another employee to qualify as a trainer. As at 31 December 2022, the company has five qualified trainers and 14 trainees (previous year: 14).

### Diversity

Since STEMMER IMAGING is an international company, diversity is an important foundation for its corporate success. Studies document that, due to the interaction of varying points of view, more successful ideas and solutions are created in mixed teams than in homogeneous ones.<sup>1</sup> In 2022, the company employed staff from 27 nations at all age levels. To integrate foreign employees, STEMMER IMAGING in Germany uses, among other things, workshops offered by the Chamber of Industry and Commerce.

The Group-wide average age is 40.8.

STEMMER IMAGING is committed to the promotion of women in STEM professions. The Group-wide proportion of women grew from 27 per cent in the previous year to 30 per cent in 2022. In 2022, the proportion of women at STEMMER IMAGING at management level was 12.5 per cent, and 25.0 per cent at group leader and team leader level.

To give due consideration to the importance of diversity, STEMMER IMAGING signed the “Diversity Charter” at the beginning of 2022, the employers’ initiative for the promotion of diversity in companies and institutions.

### Individual responsibility and agility

The employees of STEMMER IMAGING shall actively participate in the company’s development. The Executive Board promotes this through open dialogue and regular communication with all employees by including them in decision-making processes early on, and by establishing agile working methods that harness individual responsibility. With agile working, teams collaborate across functions with the common goal of fulfilling customer requirements.

### Fair and standardised conditions

A standardised process for performance appraisal, development and remuneration has been firmly established since 2020. Its aims are to strengthen the performance culture, increase transparency and better recognise and promote talent. All STEMMER IMAGING employees are involved in this process. In practice, this means that all employees have clear objectives and responsibilities, which support the corporate targets and strategy. The remuneration system at STEMMER IMAGING comprises fixed and variable salary components. The variable remuneration is linked to the company’s performance indicators as well as personal performance.

<sup>1</sup> <https://www.mckinsey.com/capabilities/people-and-organizational-performance/our-insights/delivering-through-diversity>

## Occupational health and safety

As a responsible employer, STEMMER IMAGING attaches great importance to occupational health and safety. Constant monitoring and improvement of occupational health and safety and the identification of health-promoting or physically harmful working conditions are basic principles. The company offers its employees initiatives like the daily provision of fresh fruit and salads at the company's expense, participation in sports initiatives such as city cycling, and the app-based running program B2Mission or the Munich Company Run. Operational integration management helps employees to maintain and promote their employability as well as to overcome their inability to work, if necessary.

To ensure a safe working environment against the backdrop of the pandemic, protective masks and self-tests will continue to be provided to employees free of charge.

## Flexible working models

Part of STEMMER IMAGING's self-perception as an employer is to help employees reconcile their work and private life. We manage this by providing diverse offers for employees in different phases of life. These include individualised part-time models.

In the course of the coronavirus pandemic, STEMMER IMAGING introduced a Group-wide hybrid working concept, which was developed with the involvement of the employees. For work areas that do not necessarily require presence in the company, the concept envisages a 50 per cent on-site presence per month. On the other days, employees can freely select their work location anywhere in Germany. The company thereby fulfills employees' desire for flexibility in terms of location and time, and makes it easier for families with children in particular to better reconcile their career with their family. Variable working hours, and the opportunity to accumulate time credits so that absences can be easily compensated, facilitate harmony between their private life and their career. This provides all employees with the opportunity to find the best individual solution for themselves and the company.

## Corporate co-determination

A trusting cooperation with the employee representatives is a key element of STEMMER IMAGING's corporate culture. The works council represents the interests of the employees and exercises their statutory rights of participation as well as their rights to information and co-determination. The works council is comprised of 7 members.

## Human resources management and recruitment

Attracting and retaining the right employees is crucial for the corporate success of STEMMER IMAGING. In view of the strong global competition for specialists and management staff, attractive and persuasive human resources marketing is becoming increasingly important. The filling of vacancies follows a fixed process, which begins with an internal job advertisement before external channels such as job markets or personnel agencies are used. To get in contact with potential external applicants, STEMMER IMAGING increasingly uses digital platforms such as country-specific job portals and global and regional social networks. This enables the different target groups to be addressed appropriately. With a structured on-board process as well as induction plans and process descriptions, new employees are also supported in their first steps in everyday working life at STEMMER IMAGING.

Human resources management is structured in accordance with the stated objectives in terms of content and structure. The Executive Board is informed on a regular basis about the progress of personnel activities and is also involved in all important decisions.

## Development of employee numbers

On average, STEMMER IMAGING employed 310 employees (FTE) worldwide in 2022 (previous year: 310). There were 14 vocational trainees employed at the company headquarters as at 31 December 2022. A total of 12 employees were honoured for their long-standing company service of between 10 and 25 years in 2022.

### Key figures

in FTE <sup>1</sup>

	2022	2021
Total number of employees	310	310
Male employees	222.8	226
Female employees	87.2	84
Women in management positions	13	15
Nationalities	27	23
Average group affiliation	7.5 years	7.1 years
Average age	40.8 years	41 years
Vocational training quota in Germany	7.8 %	7.0 %

<sup>1</sup> FTE = Full Time Equivalents

## Net assets, financial position and results of operations of the Group (IFRS)

### Net assets

The total assets of the STEMMER IMAGING Group amounted to EUR 120.55 million as at 31 December 2022, an increase compared to 31 December 2021 (EUR 103.58 million). On the assets side of the balance sheet, this increase is mainly attributable to the rise in current assets.

Non-current assets increased to EUR 33.70 million year on year (31 December 2021: EUR 32.87 million). At EUR 7.23 million, property, plant and equipment was also above the previous year's level (EUR 5.61 million), whereby this development is mainly attributable to additions and revaluations in the rental property segment. At EUR 19.37 million, goodwill is almost unchanged compared to the previous year (31 December 2021: EUR 19.46 million). The decrease in other intangible assets from EUR 7.11 million in 2021 to EUR 6.46 million as at 31 December 2022 is mainly due to amortisation of intangible assets from purchase price allocations. In contrast, advance payments made in other intangible assets developed to EUR 0.66 million (31 December 2021: EUR 0.00 million), which are external services to be capitalised as part of a development project.

The increase in current assets to EUR 86.86 million (31 December 2021: EUR 70.71 million) is mainly due to the increase in inventories, trade receivables as well as cash and cash equivalents.

As at 31 December 2022, inventories amounted to EUR 18.86 million (31 December 2021: EUR 15.59 million) and EUR 16.21 million (31 December 2021: EUR 13.43 million) is attributable to the inventories of SIS STEMMER IMAGING Services GmbH. SIS STEMMER IMAGING Services GmbH organises procurement, order processing, logistics and production for the STEMMER IMAGING Group. Another EUR 2.24 million (31 December 2021: EUR 1.65 million) resulted from the INFAIMON Group. In order to be able to supply the high order intake in 2023 and to counteract the ongoing heightened supply situation and resulting supply bottlenecks, the STEMMER IMAGING Group has significantly increased its inventories. Impairment risks in the inventories were appropriately accounted for with write-downs for reduced marketability.

Trade receivables rose to EUR 23.93 million as at 31 December 2022 (31 December 2021: EUR 16.96 million). The strong increase is based on very good revenue development in the fourth quarter in absolute terms and compared to the previous year with corresponding payment terms in 2023. The impairment risks of the receivables were taken into account with appropriate ageing discounts.

The increase in other current assets from EUR 1.63 million to EUR 2.08 million is mainly due to higher VAT refund claims.

Cash and cash equivalents increased to EUR 41.57 million (31 December 2021: EUR 36.02 million).

Deferred tax assets amount to EUR 0.42 million for the 2022 fiscal year (31 December 2021: EUR 0.61 million). The reduction is mainly due to reduced other liabilities, which are measured differently for tax purposes. Deferred tax liabilities amounted to EUR 1.10 million as at 31 December 2022 (31 December 2021: EUR 1.55 million) and decreased mainly due to reduction of intangible assets.

On the equity and liabilities side, the increase in total assets is mainly due to the equity of the STEMMER IMAGING Group. This amounted to EUR 84.08 million as at 31 December 2022 (31 December 2021: EUR 71.37 million) and is influenced by the positive consolidated annual result of EUR 17.97 million (2021 fiscal year: EUR 10.45 million) and the payment of the dividend by STEMMER IMAGING AG in the amount of EUR 4.88 million (31 December 2021: EUR 3.25 million). The equity ratio comes to 69.7 per cent (31 December 2021: 68.9 per cent).

Non-current liabilities decreased from EUR 8.77 million as at 31 December 2021 to EUR 7.81 million as at 31 December 2022, mainly due to the reclassification of EUR 2.00 million of the STEMMER IMAGING AG bank loan to current liabilities. In addition, deferred tax liabilities decreased to EUR 1.10 million (31 December 2021: EUR 1.56 million). Other non-current liabilities also decreased to EUR 0.64 million (31 December 2021: EUR 0.43 million). This was partly offset by an increase in other financial liabilities, in particular, liabilities from finance leases, which increased to EUR 3.83 million (31 December 2021: EUR 2.10 million). The reduction in other non-current liabilities is attributable to lower anniversary obligations (EUR – 0.10 million)

due to changes in discount rates and a change in the valuation of the long-term remuneration component of the Executive Board members (EUR – 0.11 million).

Current liabilities increased to EUR 28.67 million (31 December 2021: EUR 23.44 million). This change was significantly influenced by increased trade payables in the amount of EUR 13.01 million (31 December 2021: EUR 10.75 million). This change is mainly due to increased supplier delivery activity at the end of the year. In addition, income tax liabilities increased significantly from EUR 1.28 million as at 31 December 2021 to EUR 4.95 million, which is mainly attributable to the positive earnings development in the 2022 fiscal year.

Other liabilities fell slightly to EUR 5.96 million (31 December 2021: EUR 6.15 million). Of this amount, EUR 3.05 million (31 December 2021: EUR 3.67 million) relates to personnel liabilities (mainly provisions for variable salary components of employees (EUR 1.75 million; 2021 fiscal year: EUR 2.38 million)).

Advanced payments received on orders decreased to EUR 0.67 million (31 December 2021: EUR 1.18 million).

## Financial position

The objective of the Group's financial management is to hedge material financial risks. Use is made of discounts wherever possible when settling supplier invoices. The company's solvency was assured at all times. The Group currently has unused credit lines available of EUR 3.71 million (2021 fiscal year: EUR 3.37 million).

The cash and cash equivalents reported in the consolidated statement of cash flows increased from EUR 36.02 million as at 31 December 2021 to EUR 41.57 million as at 31 December 2022.

Net cash flow from operating activities increased significantly to EUR 15.90 million in the 2022 fiscal year (2021 fiscal year: EUR 7.97 million). Cash flow from consolidated net income of EUR 17.97 million (2021 fiscal year: EUR 10.45 million) was significantly positively influenced. The positive business development with rising revenues and the ongoing difficult supply situation in the fiscal year with increased safety stocks

to maintain delivery capability also led to an increase in working capital of EUR 9.15 million, which reduced the positive operating cash flow.

In the 2022 fiscal year, the Group reported cash flow from investing activities of EUR – 1.32 million (2021 fiscal year: EUR 0.18 million). In the 2022 fiscal year, payments were made for investments in the amount of EUR 1.35 million (2021 fiscal year: EUR 0.31 million). The investments in the 2022 fiscal year mainly relate to external services for development projects.

In February 2021, a short-term intercompany loan of EUR 19.53 million was granted to PRIMEPULSE SE, which was fully repaid in December 2021. The positive currency effect realised at the time of repayment amounted to EUR 0.29 million.

Cash flow from financing activities of EUR – 8.74 million (2021 fiscal year: EUR – 6.94 million) was significantly influenced by the payment of the dividend to shareholders in the second quarter of 2022 in the amount of EUR 4.88 million (2021 fiscal year: EUR 3.25 million), by repayments of bank loans of EUR 2.04 million (2021 fiscal year: EUR 2.00 million) and the payment of liabilities from finance leases in the amount of EUR 1.86 million (2021 fiscal year: EUR 1.80 million).

The Group had no net financial liabilities (bank liabilities less cash and cash equivalents) as at the reporting date.

## Results of operations

The STEMMER IMAGING Group generated revenue of EUR 155.37 million in the 2022 fiscal year (2021 fiscal year: EUR 130.12 million).

Revenues of EUR 51.16 million (2021 fiscal year: EUR 43.97 million) were generated in Germany, EUR 99.55 million (2021 fiscal year: EUR 81.62 million) in the rest of Europe and EUR 4.66 million (2021 fiscal year: EUR 4.53 million) in non-European countries.

With an increase in revenue of 19.4 per cent, the company benefited disproportionately compared to the industry development of 7.0 per cent and was able to gain market share accordingly.

The STEMMER IMAGING Group recorded an order intake of EUR 162.40 million in the 2022 fiscal year, which was on a par with the previous year (+ 0.2 per cent).

In view of the higher revenue volume, cost of materials amounted to EUR 97.01 million (2021 fiscal year: EUR 79.70 million). The cost of materials ratio increased to 62.4 per cent (2021 fiscal year: 61.3 per cent), which is mainly influenced by a change in the regional mix and negative influences from US dollar fluctuations.

Other operating income primarily includes income from the reversal of provisions and personnel liabilities (EUR 0.60 million; 2021 fiscal year: EUR 0.35 million), foreign currency gains (EUR 1.49 million; 2021 fiscal year: EUR 1.03 million), reversals of valuation allowances (EUR 0.44 million; 2021 fiscal year: EUR 0.03 million) as well as income from passing on costs incurred (EUR 0.44 million; 2021 fiscal year: EUR 0.00 million).

The personnel expenses of the STEMMER IMAGING Group in the 2022 fiscal year amounted to EUR 23.65 million (2021 fiscal year: EUR 25.54 million), which corresponds to a reduction of 7.4 per cent. This reduction is mainly due to the increased provisions for variable salary components in 2021 and a special payment in November 2021. The average number of employees in the fiscal year at 327 (2021 fiscal year: 333) was slightly below the prior-year figure. The staff costs ratio was 15.2 per cent (2021 fiscal year: 19.6 per cent).

Within other operating expenses, accounts were reclassified compared to the previous year in order to better allocate costs in the areas of administration, sales and operating costs. For better comparability, the expenses of the previous year are presented according to the new logic. In total, the amount of other operating expenses for the 2022 fiscal year has not changed.

Other operating expenses for the 2022 fiscal year amounted to EUR 10.15 million, following EUR 9.51 million in the 2021 fiscal year. This item includes administrative expenses (EUR 4.66 million; 2021 fiscal year: EUR 3.82 million), selling expenses (EUR 1.95 million; 2021 fiscal year: EUR 1.37 million) and other neutral expenses (EUR 2.10 million, 2021 fiscal year: EUR 2.55 million). Other neutral expenses in the 2021 fiscal year included expenses of EUR 1.04 million resulting from the loss of misdirected funds at the Dutch subsidiary in March 2021. These have already been explained in the supplementary report to the 2020 Annual Report.

The key factors influencing the increase in selling expenses were in particular travel expenses (EUR 0.50 million; 2021 fiscal year: EUR 0.29 million) and marketing expenses (EUR 0.52 million; 2021 fiscal year: EUR 0.24 million).

The increase in administrative expenses is primarily explained by project-based costs of EUR 0.44 million (2021 fiscal year: EUR 0.00), which were passed on in full. The corresponding income is recognised in the same amount under other operating income. In addition, IT costs (EUR 1.09 million; 2021 fiscal year: EUR 0.66 million) and internal communication costs (EUR 0.33 million; 2021 fiscal year: EUR 0.23 million) and recruitment (EUR 0.36 million; 2021 fiscal year: EUR 0.23 million) increased significantly. General administrative expenses (EUR 0.43 million; 2021 fiscal year: EUR 0.80 million) developed in the opposite direction.

The increase in other neutral expenses adjusted for the one-off effect in 2021 is mainly attributable to foreign currency losses of EUR 1.52 million (2021 fiscal year: EUR 0.76 million).

Consolidated EBITDA totalled EUR 28.24 million (2021 fiscal year: EUR 17.36 million), which improved the EBITDA ratio from 13.3 per cent in 2021 to 18.2 per cent in 2022. In the 2022 fiscal year, STEMMER IMAGING was able to benefit from overall economic growth despite volatile markets and environmental conditions. Due to a high degression of fixed costs, particularly with personnel expenses and other operating expenses, the absolute increase in gross profit was largely reflected in EBITDA.

Depreciation and impairment of property, plant and equipment and intangible assets totalled EUR 3.90 million in the 2022 fiscal year (2021 fiscal year: EUR 3.93 million), of which EUR 2.59 million was attributable to property, plant and equipment (2021 fiscal year: EUR 2.49 million). Please refer to the notes to the consolidated financial statements for information on the effects of IFRS 16.

Consolidated EBIT amounted to EUR 24.34 million (2021 fiscal year: EUR 13.43 million).

Net financial income amounted to EUR –0.06 million (2021 fiscal year: EUR 0.20 million). In the previous year, the item included interest income from a current intercompany loan to PRIMEPULSE SE (EUR 0.27 million).

In consideration of the income tax expenses of EUR 6.31 million (2021 fiscal year: EUR 3.18 million), the 2022 fiscal year closed with a consolidated net income of EUR 17.97 million (2021 fiscal year: EUR 10.45 million).

In the combined management report 2021, the company has stated the expected revenues of EUR 143 – 156 million and the forecast EBITDA of EUR 19.0 – 24.0 million for the 2022 fiscal year. With the Corporate News of 10 November 2022, the revenue range was limited to EUR 150 – 156 million and the EBITDA expectation was raised to EUR 24.0 – 27.5 million. The forecast range was achieved at the upper end, with revenues of EUR 155.37 million, while the EBITDA range was exceeded at EUR 28.24 million.

## Takeover disclosures

The disclosures in accordance with section 289a (1) and section 315a (1) of the Handelsgesetzbuch (HGB – German Commercial Code) can be found below. Please refer to the information in the notes to the annual financial statements and the notes to the consolidated financial statements of STEMMER IMAGING AG for individual relevant disclosures.

## Amount and classification of share capital

As at 31 December 2022, the share capital of STEMMER IMAGING AG amounted to EUR 6.50 million in accordance with the Articles of Association (31 December 2021: EUR 6.50 million) and was divided into 6,500,000 no-par value bearer shares (ordinary shares). Each share represents EUR 1.00 of share capital. All shares are fully paid in. The shares grant the holder full dividend entitlement from 1 July 2018. Each share grants one vote at the company's Annual General Meeting. They are represented by global certificates. All STEMMER IMAGING AG shareholders are entitled to statutory pre-emption rights, which state that, in the event of capital increases, shareholders must be allocated a portion of the new shares that corresponds to their interest in the existing share capital at their request.

## Direct or indirect shareholdings of 10 per cent or more in capital

Following the retroactive merger of SI Holding GmbH into PRIMEPULSE SE with effect from 1 January 2020, PRIMEPULSE SE holds a direct interest in STEMMER IMAGING AG. Between 1 January 2022 and 31 December 2022, PRIMEPULSE SE increased its stake of shares in STEMMER IMAGING AG from 67.27 per cent to 69.10 per cent.

## Appointment and dismissal of members of the Executive Board

The appointment and dismissal of members of the Executive Board are governed by the provisions of sections 84 and 85 of the Aktiengesetz (AktG – German Stock Corporation Act). The Supervisory Board determines the number of members of the Executive Board. In appointing the members of the Executive Board, STEMMER IMAGING complies with the recommendations of the German Corporate Governance Code, taking into account the specific situation of the company.

The Executive Board of STEMMER IMAGING AG is currently composed of Arne Dehn as Chief Executive Officer and Uwe Kemm (COO). With the decision of the Supervisory Board from 26 March 2021, Arne Dehn was reappointed as Chief Executive Officer for the five-year period beginning on 1 January 2022. In accordance with the decision of the Supervisory Board from 16 September 2021, Uwe Kemm was reappointed as member of the Executive Board until 31 May 2026.

## Amendment of the articles of association

The Supervisory Board is authorised to resolve amendments to the Articles of Association that affect their wording only.

In addition, the Articles of Association can only be amended through a resolution at the Annual General Meeting in accordance with section 179 of the German Stock Corporation Act. Amendments to the Articles of Association become effective after being entered into the commercial register pursuant to section 181 (3) of the German Stock Corporation Act.

Most recently, the Articles of Association were amended in the 2021 fiscal year for sections 16 and 17 (3) with a resolution of the Annual General Meeting on 9 June 2021. There were no amendments in the 2022 fiscal year.

## (Group) corporate governance declaration

The (Group) corporate governance declaration pursuant to section 289 f and 315 d of the German Commercial Code (HGB), including the declaration on the German Corporate Governance Code pursuant to section 161 of the German Stock Corporation Act (AktG), has been published by the company on its website [www.stemmer-imaging.com](http://www.stemmer-imaging.com) in the Investors section.

## Net assets, financial position and results of operations of the HGB single-entity financial statements

### Net assets and financial position

At EUR 133.62 million, STEMMER IMAGING AG's total assets are higher than the previous year's level (31 December 2021: EUR 85.63 million).

The main effect results from the increase in intercompany receivables from cash pooling with SIS STEMMER IMAGING Services GmbH, which increased significantly in the reporting period to EUR 47.03 million (31 December 2021: EUR 0.00 million). On the equity and liabilities side, the corresponding development in the area of intercompany liabilities for cash pooling can be observed, which increased to EUR 42.64 million in the 2022 fiscal year (31 December 2021: EUR 1.87 million). In the 2021 fiscal year, the cash pooling liability was offset against the corresponding receivable, which is why the balance only amounts to EUR 1.87 million.

Financial assets amounted to EUR 38.78 million at the end of 2022 (31 December 2021: EUR 40.64 million). The reduction of EUR 1.86 million is mainly influenced by the repayment of intercompany loans. The loan to the Dutch subsidiary was reduced by EUR 0.75 million to EUR 0.25 million in the reporting period. Through the principal repayments on the loan to the French subsidiary, the receivable was reduced by EUR 1.00 million to EUR 3.99 million in the reporting period.

Trade receivables amounted to EUR 5.13 million as at 31 December 2022 and therefore increased by EUR 2.18 million compared to the previous year due to the strong revenue development in the fourth quarter of 2022.

In addition to receivables from cash pooling, the affiliated company receivables also include the working capital line vis-à-vis SIS STEMMER IMAGING Services GmbH. Compared to the previous year, affiliated company receivables decreased by EUR 0.64 million to EUR 11.09 million (31 December 2021: EUR 11.73 million).

With equity capital of EUR 77.20 million (31 December 2021: EUR 71.43 million), the company reports an equity ratio of 57.8 per cent (31 December 2021: 83.4 per cent). Here too, the significant balance sheet extension is noticeable due to the cash pooling receivables and liabilities no longer being netted.

As at 31 December 2022, other provisions decreased year-on-year to EUR 2.25 million (31 December 2021: EUR 2.93 million), mainly as a result of the reduced provisions for variable salary components.

Tax provisions increased significantly compared to the previous year to EUR 3.70 million (31 December 2021: EUR 0.83 million), which is mainly attributable to the positive business development.

Liabilities to banks declined due to principal repayments on the bank loan taken up in 2019. Bank loans amount to EUR 3.5 million as at 31 December 2022 (31 December 2021: EUR 5.5 million).

The associated company loans excluding cash pooling increased to EUR 3.35 million (31 December 2021: EUR 2.43 million) due to a short-term loan granted by the Spanish subsidiary in the amount of EUR 1.50 million.

There were no significant changes year on year in the other items on the equity and liabilities side.

## Results of operations

In the 2022 fiscal year, STEMMER IMAGING AG generated revenue of EUR 69.41 million compared with EUR 62.48 million in the previous year. This figure includes intra-group allocations of EUR 14.40 million (2021 fiscal year: EUR 14.94 million).

Revenue increased by 11.1 per cent in comparison to the previous year and was therefore significantly above the expectation forecast in the 2021 management report, which assumed revenue growth of up to +14 per cent.

In view of the higher revenue volume, cost of materials amounted to EUR 41.51 million (2021 fiscal year: EUR 38.68 million). The cost of materials ratio improved to 59.8 per cent (2021 fiscal year: 61.9 per cent).

Other operating income of EUR 1.66 million (2021 fiscal year: EUR 2.30 million) mainly includes income from reversals of provisions (EUR 0.50 million, 2021 fiscal year: EUR 0.08 million), income from passing on costs incurred (EUR 0.44 million, 2021 fiscal year: EUR 0.00 million) and income from currency gains (EUR 0.35 million, 2021 fiscal year: EUR 0.47 million).

Personnel expenses decreased to EUR 12.91 million (2021 fiscal year: EUR 14.04 million), mainly due to the higher variable salary components taken into account in the previous year.

Within other operating expenses, accounts were reclassified compared to the previous year in order to better allocate costs in the areas of administration, sales and operating costs. For better comparability, the expenses of the previous year are presented according to the new logic. In total, the amount of other neutral expenses has not changed.

Total operating expenses of EUR 6.26 million (2021 fiscal year: EUR 4.81 million) mainly included selling expenses (EUR 0.59 million, 2021 fiscal year: EUR 0.37 million), operating expenses (EUR 0.41 million, 2021 fiscal year: EUR 0.41 million), administrative expenses (EUR 3.04 million, 2021 fiscal year: EUR 2.19 million) and other operating expenses (EUR 0.95 million, 2021 fiscal year: EUR 0.74 million).

The main factors influencing the increase in other operating expenses were in particular the increased level of activity, which is accompanied by an increase in marketing expenses to EUR 0.27 million (2021 fiscal year: EUR 0.13 million).

The increase in administrative expenses is primarily explained by project-based costs of EUR 0.44 million (2021 fiscal year: EUR 0.00 million), which were passed on in full. The corresponding income is recognised in the same amount under other operating income. In addition, IT expenses increased to EUR 0.94 million (2021 fiscal year: EUR 0.66 million), mainly due to licensing fees for new software products and project-based costs for the introduction of new software.

The increase in other operating expenses is mainly attributable to higher foreign currency losses of EUR 0.38 million (2021 fiscal year: EUR 0.06 million).

Overall, this resulted in a positive EBITDA of EUR 10.39 million (2021 fiscal year: EUR 7.26 million).

In the 2022 fiscal year, dividends from the Swiss subsidiary generated income from investments of EUR 0.50 million (2021 fiscal year: EUR 0.44 million).

Income from the profit transfer agreement with SIS STEMMER IMAGING Services GmbH also had a significant positive effect in 2022, rising from EUR 3.97 million in the previous year to EUR 4.37 million.

Depreciation of financial assets amounted to EUR 0.05 million in 2022 (2021 fiscal year: EUR 0.05 million) and result from written down liquidity injections for shelf companies.

In consideration of the tax expenses of EUR 4.23 million (2021 fiscal year: EUR 2.67 million), the 2022 fiscal year closed with a positive annual result of EUR 10.64 million (2021 fiscal year: EUR 8.64 million).

## Risk report

### Principles of risk management

The risk policy of STEMMER IMAGING is guided by the corporate objectives of sustainable growth and improvement in business performance in order to contribute to an increase in the company's value. Opportunity and risk management is significantly shaped by the risk matrix implemented throughout the Group, which is used for risk identification, analysis and assessment. With the aid of the risk matrix and the early risk identification system, risks that threaten the company's existence will be identified at an early stage and countermeasures defined. The analysis, control and communication of the identified risks is an integral part of the Group-wide risk management system and the risk matrix. This process involves identifying and initiating measures to minimise risks and deriving potential opportunities from them.

## Internal control system and risk management system

STEMMER IMAGING has a mainly appropriate risk management system, which was revised in the wake of the Financial Market Integrity Strengthening Act (FISG) that entered into force on 1 July 2021. In connection with this, the risk management manual was newly compiled and recorded in an extended risk management manual. The risk management manual was approved by the Supervisory Board in December 2021 and has been reviewed and revised by the Supervisory Board, where necessary, since then. The early risk detection system is reviewed quarterly by the responsible employees and adapted to the current risk situation. With regard to accounting, the revised processes are aimed at identifying, evaluating and communicating the risks of incorrect bookkeeping, accounting and reporting in good time.

The internal control system and risk management system are based on the principles, guidelines and measures introduced by the Executive Board for the organisational implementation of the Executive Board's decisions. The early risk detection system and the internal control system deal with the monitoring of accounting-related and non-accounting-related processes. In addition, they include the management of risks and opportunities relating to the achievement of business objectives, compliance with the legal rules and regulations applicable to STEMMER IMAGING, and the regularity and reliability of internal and external accounting. Sustainability aspects are also included in this context and are constantly being further developed.

The internal control system and risk management system comprises all STEMMER IMAGING companies. The activities to be carried out by the respective units are different and depend on the significance for the consolidated financial statements as well as specific risks, which may vary locally. The management of each unit is obliged to implement an appropriate and effective internal control system and risk management system within the scope of its responsibility and in accordance with Group-wide regulations. Key components, such as the quarterly review of the risk matrix, are implemented together with the risk management officers at the Puchheim site. In addition, STEMMER IMAGING has a central enterprise resource management system, which is used for the majority of Group companies and is accordingly controlled centrally.

The Executive Board has overall responsibility for the internal control system and risk management system. The Executive Board is supported in this by risk management officers. This includes the design and maintenance of appropriate and effective processes in the area of the internal control system and risk management system.

The Executive Board reports to the Supervisory Board on a regular basis with regard to the internal control system and risk management system and assesses the appropriateness and effectiveness of the internal control system and risk management system at regular intervals. This assessment is mainly based on the results of the quarterly risk management meetings, the findings from bi-weekly management meetings and the effectiveness testing of key internal controls. Based on these results, as at 31 December 2022, the Executive Board has no knowledge that the internal control system and risk management system would not have been appropriate or effective.

Nevertheless, there can be no assurance that all risks that actually occur will be detected in advance or that any breaches of procedure can be detected in all circumstances. No system of any kind can fully achieve such protection.

## Compliance management system

STEMMER IMAGING's compliance management system is based on the Code of Conduct and contains a framework for the basic principles and standards of conduct that must be adhered to by all employees in the business units and in relation to customers, external partners and the public. The compliance management system focuses on compliance with the relevant legal provisions and regulations that go beyond accounting-related provisions and regulations. STEMMER IMAGING employees must commit themselves to complying with the Code of Conduct and undergo training on the mandatory standards at regular intervals. The training courses and employee commitments are intended to ensure compliance with the specified standards.

Risk management in the area of compliance aims to identify compliance risks at an early stage and to initiate appropriate and effective countermeasures. The compliance management system is continuously adapted to business-specific risks and adapted to local legal requirements.

## Key features of the accounting-related and non-accounting-related internal control system and risk management system

In addition to identifying and assessing risks, this system includes measures to ensure the complete, accurate and timely transmission and presentation of information relevant to compliant financial statements. The overarching objective of the accounting-related internal control system and risk management system is the compliance of the financial reporting. This is reflected in the conformity of the consolidated financial statements, management report and annual financial statements of the Group's parent company, STEMMER IMAGING AG, with all relevant regulations and standards.

In addition to an adequate enterprise resource planning system, the most important prerequisites for proper accounting include detailed training of employees, the definition of responsibilities and the separation of functions in accounting, as well as controlled access at IT system level. STEMMER IMAGING has an ERP system (S4), which supports and documents the main operating processes. Local bookkeeping systems (particularly DATEV) support and ensure proper bookkeeping.

The consolidated financial statements of STEMMER IMAGING are prepared on the basis of a centrally defined conceptual framework. This essentially comprises an accounting manual with accounting guidelines and a uniform chart of accounts, which is uniformly binding for all companies. The companies report all relevant data to the annual financial statements in a uniform reporting package, which must be filled in completely and in the audited national subsidiaries checked by the local auditor. In the run-up to the preparation of the annual financial statements, a review is carried out to determine whether adjustments to the conceptual framework are necessary due to regulatory changes or whether other company specifics have changed.

The financial statement information reported by STEMMER IMAGING AG and the subsidiaries forms the basis for the preparation of the consolidated financial statements. The preparation of financial statement information for all companies is closely supported by the Group accounting department of the parent company. Based on the reported financial statement information, the financial statements are prepared in the consolidation system (LUCANET). This enables transparent, reliable and timely Group accounting and integrated, multi-year budgetary accounting for the Group. Newly founded or acquired companies are integrated into the existing systems as quickly as possible.

The qualification of the employees involved in the accounting process is ensured through appropriate selection processes and training. In principle, the "four-eyes principle" applies, and financial statement information must also be approved by employees in the parent company's Group accounting department. Other control mechanisms include plan/actual comparisons and analyses of changes in individual items. These analyses are carried out both for the individual companies and for the consolidated financial statements. To protect against unauthorised access, access authorisations are defined for the accounting-related IT systems.

The manual control measures also apply to the reconciliation of financial statements prepared in accordance with local law to International Financial Reporting Standards (IFRS).

STEMMER IMAGING regards an active IT-related internal control system and IT risk management as essential to safeguarding ongoing company operations with respect to the IT systems in use. Various preventative measures are set up for this purpose, which are subject to a continuous improvement process and monitored for necessary enhancement measures on a regular basis. In addition to regular system updates and add-ons, they include ensuring employee compliance with internal security and data protection policies. The risk of unauthorised access, modification and withdrawal of company data is mitigated through means including a security system to protect against unwanted network access and access controls at operating system and application level. The design of the IT system contributes to the prompt and proper recording of all relevant information for the accounting process.

STEMMER IMAGING's early risk detection system incorporates strategic corporate planning and internal reporting. An aim of strategic corporate planning is to identify and take advantage of future opportunities giving due consideration to the identified risks. Internal reporting functions as an information system, which provides information on current financial developments for risk analysis. Regular and timely reports on accounting are made to the Executive Board.

## Risk identification, analysis and assessment

At the beginning of 2022, an adjustment was made to the classification of individual risks for both the maximum monetary loss and the probability of occurrence. This adjustment was made in order to be able to carry out a more precise weighting of the respective individual risks. The weighted individual risks are classified into the categories of low (up to EUR 0.15 million), medium (up to EUR 0.5 million) and massive (> EUR 0.5 million). The probability of occurrence in per cent is multiplied by the maximum monetary loss in order to evaluate the risk for the organisation. The quantified value describes the net income risk after mitigation measures. The assessment resulted in an assessed total risk for the past fiscal year of EUR 8.39 million (2021: EUR 7.23 million) (of which STEMMER IMAGING AG EUR 6.27 million; 2021: EUR 5.29 million). The following table is used for weighting the individual risks:

### Maximum monetary damage

in EUR

Classification	Potential amount of damage
Insignificant	5,000
Low	50,000
Medium	150,000
Serious	500,000
Fundamental	5,000,000

### Probability of occurrence

in %

Classification	Probability of occurrence
Almost impossible	5
Unlikely	10
Possible	35
Probable	60
Highly probable	90

This table has been adjusted as described for reasons of clarification and used as follows from the 2022 fiscal year:

<b>Maximum monetary damage</b> in EUR	
<b>Classification</b>	<b>Potential amount of damage</b>
Insignificant	5,000
Low	50,000
Medium	150,000
Serious	500,000
Very serious	1,750,000
Fundamental	5,000,000

<b>Probability of occurrence</b> in %	
<b>Classification</b>	<b>Probability of occurrence</b>
Almost impossible	5
Unlikely	20
Rather improbable	40
Possible	60
Probable	80
Highly probable	95

Identified risks that could currently have a material negative impact on STEMMER IMAGING's business and net assets, financial position or results of operations are described below. Risk clusters with a monetary risk of more than EUR 0.20 million are described. In total EUR 6.27 million (74.7 per cent) of the assessed total risk is explained. The monetary evaluation regarding the weighted individual risks is presented separately according to the overall risk position for the Group and the share of STEMMER IMAGING AG.

At present, the company sees no risks that could jeopardise the future of the company as a going concern. The maximum possible loss will be mitigated by initiating the defined measures and by actively exploiting the opportunities that are opposed to the risks. The risks associated with the war in Ukraine are analysed by the company on a regular basis. However, since STEMMER IMAGING does not have any business relations with Russia or in Ukraine, there is currently no direct risk. The potential risks arising from the geopolitical situation will continue to be evaluated and adjusted if necessary.

Additional risks of which the company is not yet aware, or risks that STEMMER IMAGING currently classifies as immaterial, could likewise have a negative financial or procedural impact on business activities.

## Business risks

### Human resources risks

STEMMER IMAGING's success depends on its ability to attract sufficiently qualified staff, build up its workforce and retain employees at the company over the long term, and keep expertise within the company. STEMMER IMAGING therefore aims to ensure the best possible support of the employees over their entire career and in all their development phases (employee life cycle). Concrete risks arise from the current economic situation in combination with demographic change, which makes it more difficult to fill vacant positions and can potentially lead to sales risks and process risks.

Furthermore, there is the possibility of emerging bottlenecks if fluctuation increases and vacant positions cannot be re-staffed in a timely manner. Ultimately, a cost risk exists with the refilling of vacant positions. Refilling positions can potentially lead to higher costs with a corresponding negative influence on income. Risk and opportunity management therefore aims to attract new employees, reduce fluctuation and avoid or mitigate a shortage of skilled workers.

<p><b>Specific measures taken to minimise risk</b></p> <ul style="list-style-type: none"> <li>– Preventing a shortage of skilled workers through vocational training and dual courses of studies</li> <li>– Continuation and expansion of existing partnerships with associations to attract the interest of prospective new employees early on</li> <li>– Guarantee of qualified junior staff with specialist and management training courses</li> <li>– Retention and development of expertise through further education of employees</li> <li>– Performance-related remuneration system on the basis of regular feedback discussions</li> <li>– Preparation for relocation at the Puchheim location near Munich to create a more attractive work environment</li> <li>– Succession planning for critical positions in the company</li> </ul>	<ul style="list-style-type: none"> <li>– Participation at career information trade fairs for the recruitment of potential vocational trainees</li> </ul>
<p><b>Additional planned measures for 2023</b></p> <ul style="list-style-type: none"> <li>– Employer branding programme</li> <li>– Incentivisation of employee recruitment</li> <li>– Further expansion of processes along the employee life cycle</li> <li>– Formation of competence clusters</li> </ul>	
<p><b>Risk trend 2023</b></p> <p>constant</p>	
<p><b>Assessed total risk</b></p> <p>Group EUR 1.52 million (2021: EUR 1.36 million) (of which STEMMER IMAGING AG EUR 1.24 million, 2021: EUR 1.22 million)</p>	

### Supplier dependency and product risks

STEMMER IMAGING is dependent on positive and smooth-running cooperation with key suppliers. There are no exclusivity agreements between the suppliers and STEMMER IMAGING. STEMMER IMAGING imports some of its products and is subject to the general risk of international trade relations such as delays in delivery, exchange rate fluctuations, changes in safety regulations or changes in the general, economic or political situation in the supplier's country.

Disruptions affecting major suppliers may impair STEMMER IMAGING's delivery capacity and thereby impact its earnings. The company was also affected by supply bottlenecks in the 2022 fiscal year, which were triggered or intensified in particular by global economic and political changes and only improved slightly towards the end of the year. This results in the latent risk of excess stocks in the warehouse due to stock orders from customers during an acute shortage situation, which will not be requested in the future. There is also a risk that suppliers could change their product portfolio and no longer be able to supply individual components in the volume required by STEMMER IMAGING, or to supply any components.

<p><b>Specific measures taken to minimise risk</b></p> <ul style="list-style-type: none"> <li>– Early disposition in connection with proactive customer communication regarding order submission</li> <li>– Evaluation of alternative procurement sources</li> <li>– Forecast planning and adapted warehouse management</li> <li>– Active escalation management</li> <li>– Monitoring and reporting of the supply situation</li> <li>– Evaluation of the supplier quality, particularly regarding product quality and delivery reliability</li> </ul>	<p><b>Additional planned measures for 2023</b></p> <ul style="list-style-type: none"> <li>– Continued increase of efficiency through further optimisation of internal processes</li> </ul>
<p><b>Risk trend 2023</b></p> <p>declining</p>	
<p><b>Assessed total risk</b></p> <p>Group EUR 1.51 million (2021: EUR 1.63 million) (of which STEMMER IMAGING AG EUR 1.10 million, 2021: EUR 1.05 million)</p>	

## Risks from IT operations and IT security

Smooth-running business operations are essential for STEMMER IMAGING. The company is dependent on the functionality and security of the IT systems to guarantee this. Specific risks with regard to functionality arise from:

- System failure risks that can jeopardise the smooth running of business operations (external or internal risks)
- Security risks that could lead to the manipulation or improper use of sensitive data
- Inadequate IT infrastructure due to a lack of or misallocated investments

<p><b>Specific measures taken to minimise risk</b></p> <ul style="list-style-type: none"> <li>– Simulation of a complete power failure of both data centres</li> <li>– Detection of security gaps (e.g. through post-breach penetration testing) and appropriate adaptation of security precautions</li> <li>– Examination of the external IT system security (e.g. firewall review)</li> <li>– Monitoring of the software and hardware infrastructure as well as ongoing investment in IT infrastructure to secure the systems and maintain high server availability</li> <li>– Further develop and monitor clear regulations for the use of the IT infrastructure through clear process specifications (e.g. on-/off-boarding process and change process for business applications)</li> <li>– Continuous further training of employees in the IT department in cyber security and continuity management</li> </ul>	<p><b>Additional planned measures for 2023</b></p> <ul style="list-style-type: none"> <li>– Continuous further development of IT systems and processes</li> <li>– Planning and implementation of ERP preliminary project</li> <li>– Optimisation and further documentation of internal processes and controls (software distribution and admin concept)</li> <li>– Implementation of IT security measures from post-breach penetration testing</li> </ul> <p><b>Risk trend 2023</b> increasing</p> <p><b>Assessed total risk</b> Group EUR 0.39 million (2021: EUR 0.34 million) (of which STEMMER IMAGING AG EUR 0.32 million, 2021: EUR 0.28 million)</p>
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## Compliance

The principle of the STEMMER IMAGING compliance management system is complete conformity with laws and norms. Nevertheless, STEMMER IMAGING sees itself as being exposed to various compliance risks, for example, industrial espionage or data protection breaches by phishing, with the aim of causing (financial) damage to the company. Furthermore, the risk exists that infringements of patents or intellectual property could occur in the course of entering customer relationships. STEMMER IMAGING is also exposed to sustainability risks in the area of corporate governance, in relation to corruption prevention or employee codes of conduct, for example.

<p><b>Specific measures taken to minimise risk</b></p> <ul style="list-style-type: none"> <li>– Regular compliance training of all employees in the Group</li> <li>– Increase of security guidelines regarding banking processes (e.g. payment limits, change of approval process medium, awareness training)</li> <li>– Request for dual use certificates</li> <li>– Implementation of the Code of Conduct and Code of Supply</li> <li>– Further development of the whistle-blower system</li> <li>– Continuous revision of the approval processes (limits of authority)</li> <li>– Implementation of ESG measures and Ecovadis certification to improve governance</li> </ul>	<p><b>Additional planned measures for 2023</b></p> <ul style="list-style-type: none"> <li>– Continuing further development of the compliance management system and training of all employees to raise awareness</li> </ul> <p><b>Risk trend 2023</b> constant</p> <p><b>Assessed total risk</b> Group EUR 0.36 million (2021: EUR 0.26 million) (of which STEMMER IMAGING AG EUR 0.35 million, 2021: EUR 0.25 million)</p>
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## Mergers and acquisitions

The integration of newly acquired companies and the selection of suitable acquisition targets are significant risks in the area of mergers and acquisitions, as is the payment of excessive purchase prices. If a planned acquisition is made on the basis of false assumptions, this transaction could constitute a risk for the Group's financial situation.

Furthermore, there is a risk that important employees or key personnel from the acquired company could leave the company following the acquisition, and that objectives that were planned based on the acquisition can no longer be achieved.

### Specific measures taken to minimise risk

- Performance of due diligence regarding business, financial, legal and tax aspects
- Review and incorporation of necessary guarantees. In individual cases, these may also include measures such as the inclusion of retention clauses in acquisition contracts for employees in key positions
- Integration of the newly acquired units into the technical and procedural infrastructure of the Group
- Review of the individual business plans and introduction of measures, culminating in possible disinvestment

### Additional planned measures for 2023

- Continuous assessment of potential M&A targets
- Achievement of synergy effects through streamlining and centralisation of processes

### Risk trend 2023

constant

### Assessed total risk

Group EUR 0.26 million (2021: EUR 0.28 million)  
(of which STEMMER IMAGING AG  
EUR 0.26 million, 2021: EUR 0.28 million)

## Market and industry-specific risks

### Competitive intensity

Acquisitions and consolidation trends are shaping the competitive environment of STEMMER IMAGING. The Group finds itself increasingly in competition with medium-sized and large manufacturers of machine vision components, as well as with regional and international system providers. In addition, there are tendencies towards market entry by Chinese competitors, who buy market shares through favourable pricing. Another significant risk lies in price pressure and competitive pressure increasing beyond the current level, which could result in a loss of market share and a reduction in margins.

### Specific measures taken to minimise risk

- Expansion of the solution and service business as well as in-house product development to expand unique selling points compared to the competition
- Continuous improvement of the sales organisation in all regions with clear differentiation of customer groups and the associated targeted sales approach (Business Development, Key Account Management, Account Management, Inside Sales)
- Increased efficiency through further digitalisation in sales and preparation of the implementation of e-commerce channels
- Optimisation of the value chain and early sourcing, particularly in a volatile market environment
- Increased M&A activities to increase expertise, competence and access to the market

### Additional planned measures for 2023

- Continuation of sales activities (cross-selling, active sales, focus on project business)
- Further detailing in cost monitoring and process optimisation
- Evaluation of acquisitions to complement and strengthen the market position, both in the area of distribution and in the solution business
- Further expansion of the portfolio, especially in the area of value-added services
- Further optimisation of the sales and marketing approach through the targeted addressing of customers and digitalisation of sales channels
- Introduction of further in-house developed products and service catalogue

### Risk trend 2023

increasing

### Assessed total risk

Group EUR 0.92 million (2021: EUR 0.80 million)  
(of which STEMMER IMAGING AG  
EUR 0.56 million, 2021: EUR 0.38 million)

## Strategy

Rapid technological change, as well as the shift of the competitive situation in particular and also of buyer markets, characterise the strategic environment of STEMMER IMAGING. The development and implementation of the corporate strategy is a key aspect of company management. The company sees particular risks in developing non-sustainable strategies that correlate to the loss of market shares, and in jeopardising existing customer relationships through the misallocation of resources and inaccurate assessment of market trends. Specific measures are intended to ensure that the right strategies are defined and implemented by the organisation.

### Specific measures taken to minimise risk

- Regular strategy workshops in the management team and the extended management group (group leaders and regional managing directors) to develop strategy and elaborate on measures for putting strategies into operation
- Systematic exchange and monitoring in the management team and business units regarding various strategy dimensions
- Expansion of scalable platforms and strengthening of the technology base to increase the reaction speed regarding changes in the business environment
- Ongoing exchange with market participants in order to anticipate changes at an early stage and react accordingly with adapted strategies
- Implementation of agile management methods for flexible reaction to changes

### Additional planned measures for 2023

- Further sharpening of the service portfolio with a focus on the distribution and solution business fields
- Intensified communication of strategic initiatives within the company
- Continuation and expansion of consistent strategy monitoring

### Risk trend 2023

constant

### Assessed total risk

Group EUR 0.86 million (2021: EUR 0.67 million)  
(of which STEMMER IMAGING AG  
EUR 0.60 million, 2021: EUR 0.53 million)

## Covid-19 pandemic

The assessment of the Covid-19 pandemic represents another change to the risk position for STEMMER IMAGING. The measures, which were even more restrictive in the previous year, were almost completely lifted in Europe last year. In China, too, the strict avoidance strategy with large-scale lockdowns was significantly relaxed at the end of 2022. These effects continue to have a positive impact on market stability and thus on risk assessment. STEMMER IMAGING still monitors developments even when the overall risk is low, adapts internal processes accordingly if necessary, and continues to react proactively to changes in the supply situation in this context. Possible mutations of the virus, which can continue to influence the pandemic's momentum, are a cause for uncertainty. However, this risk cannot be reliably assessed at present and is therefore not taken into further account in the risk assessment.

### Specific measures taken to minimise risk

- Monitoring of the pandemic situation, especially in supplier markets
- Adaptation of the measures already taken in previous years
- Further digitalisation of processes

### Additional planned measures for 2023

- In 2023, further monitoring of the pandemic situation is planned in particular, as well as the reduction of measures already taken

### Risk trend 2023

declining

### Assessed total risk

Group EUR 0.28 million (2021: EUR 0.64 million)  
(of which STEMMER IMAGING AG  
EUR 0.20 million, 2021: EUR 0.45 million)

## Report on opportunities

Opportunity management at STEMMER IMAGING is based on the company's risk management. Within the scope of risk identification and analysis, STEMMER IMAGING also derives opportunities that arise internally and externally. The aim is to identify opportunities at an early stage and to make optimal use of them for the company by taking appropriate measures. In line with the risk report, this report on opportunities focuses on key opportunities in connection with the material risks as outlined by the company. Significant opportunities thereby arise for STEMMER IMAGING in connection with the business-related areas of supplier dependence and product risks, human resources, mergers and acquisitions, IT and compliance, the market-related and industry-related areas of competition and strategy and in connection with the Covid-19 pandemic.

The presentation of the opportunities reflects the current assessment of the company, but is expressly not to be regarded as comprehensive and conclusive. Assessments of the opportunities are subject to continuous change since both the company and the business environment are subject to ongoing change processes. Opportunities that have not yet been identified may become more important in a short period of time, or the potential of previously identified opportunities may not be fully realised. This makes the regular identification and evaluation of opportunities key to taking advantage of them.

## Opportunities in relation to the Covid-19 pandemic

The coronavirus situation in China in particular continued to influence the past fiscal year in the form of strong volatility in supply chains, while coronavirus-specific measures and restrictions were largely lifted in Europe. Right at the start of the coronavirus pandemic in 2020, STEMMER IMAGING responded with numerous situation-related measures and implemented them accordingly. In the wake of the Covid-19 pandemic, the company identifies opportunities in the increased volatility of the supplier and buyer markets, which require fast and flexible reactions to the changing conditions. The company sees opportunities to expand market shares through the creation of efficient, digitalised processes, active sourcing to maintain delivery capacity in times of supply bottlenecks, and proactive customer management for early anticipation of customer requirements. The supply bottlenecks related to the coronavirus offer new growth opportunities for STEMMER IMAGING due to the relocation of outsourced production capacities (reshoring) back to Europe.

## Opportunities in corporate strategy

The risks in the area of strategy development, communication, cascading and implementation stand opposed to corresponding opportunities. STEMMER IMAGING sees significant opportunities in clear strategic orientation from both a marketing and a corporate perspective. From a marketing perspective, the defined strategy enables clear positioning of the company in the competitive environment and with relation to customers. On the other hand, it also enables the company to react to market changes and product trends according to the situation, in order to generate additional or new revenue and market shares. Within the company, the cascaded strategy devised provides a clear orientation towards value-adding activities and supports understanding among all employees with regard to their contribution to the company's success through individual target agreements. These factors contribute in particular to cost optimisation and employee motivation.

## Opportunities with regard to competitive intensity

Suitable initiatives that aim at developing and expanding the potential of the product portfolio and of growth provide the opportunity to leverage growth potential and strengthen the company's competitive position. STEMMER IMAGING particularly sees opportunities in:

- Expansion of the market presence, especially in European markets
- Development of the solution and service business as well as a rollout of in-house product developments to create additional unique selling points
- Increased efficiency through further process structuring and digitalisation of the organisation for optimal market development
- Development of new market segments which have been identified as high-growth and promising, particularly in the non-industrial sector
- Identification of new customer groups

Measures regarding these opportunities aim in particular at gaining market shares, increasing company profit and improving customer support.

## Opportunities in mergers and acquisitions

Through continuous market observation, potential acquisition targets will be identified promptly and potential opportunities exploited. Activities in this area support the company's strategic growth by integrating companies in traditional or new markets or product and customer categories. Opportunities can also arise from synergies which improve the cost position of STEMMER IMAGING.

## Opportunities in IT operations and IT security

Process efficiency is one of the key drivers of the STEMMER IMAGING Group's success. Identified inefficiencies therefore offer the opportunity to have a lasting positive influence on cost position and process quality within the framework of projects. Opportunities are to be exploited by investing in the digitalisation of business processes, among other ways. This includes the revision and digitalisation of the CRM process. Another important area of opportunity arises in the determination of pricing for services. Increasing automation and more precise cost allocation are seen as an opportunity to provide product-driven and market-driven prices to potential customers and thus leverage sales and earnings potential. STEMMER IMAGING sees the Salesforce digital platform as an opportunity to further advance the digitalisation of its business model and optimally position the company for future growth.

## Opportunities in human resources

The success of STEMMER IMAGING is significantly influenced by the commitment, expertise and satisfaction of its employees. The measures taken to mitigate specific risks should therefore increase potential opportunities. These measures include increasing employee satisfaction and promoting the positive public image of the company through employer branding programmes, application of the Code of Conduct and clearly defined human resources procedures. STEMMER IMAGING also relies on the beneficial effect of the talent management programme to retain young talent and thereby limit the cost of refilling vacancies. Overall, the company regards a certain fluctuation as desirable. It generates new impulses as vacancies are refilled, which can have a positive impact on the corporate culture and company growth.

## Opportunities in the area of supplier dependency and product risks

Mutually beneficial supplier relationships contribute decisively to the successful further development of STEMMER IMAGING. Active supplier management and constant dialogue not only offer STEMMER IMAGING the opportunity to sell customers optimal solutions and thus generate above-average growth, they also ensure positive economic development for the supplier, which strengthens the partnership relationship and opens up corresponding synergies in the supply chain in a transparent and accessible manner. Close customer and supplier relationships mitigate product risks and create potential for customer-specific product development. This gives STEMMER IMAGING the opportunity to strengthen its position vis-à-vis suppliers and reduce individual dependencies.

## Summarised presentation of the opportunity situation

The success of STEMMER IMAGING's future business performance is predicated on taking full advantage of potential opportunities. The Group has identified the most important fields and is pushing ahead with the corresponding measures for the exploitation of potential opportunities. A combination of organic and inorganic growth, the identification of new markets, customers and products and partnerships with suppliers remain essential for sustainable growth. STEMMER IMAGING focuses on agile decision-making processes and procedures as well as modern forms of project management. Furthermore, the internal focus on efficient and forward-looking processes and technologies as well as forward-looking HR management, is of particular importance. STEMMER IMAGING therefore sees the further digitalisation of its business model and processes as a key lever for leveraging further growth potential. This is intended to maintain a competitive cost position, to identify customer requirements promptly and to enable STEMMER IMAGING to process orders efficiently. The company also sees sustainability-related topics as critical to success and therefore focuses on a modern way of working and cooperation geared towards sustainability and sense of purpose.

## Report on expected developments

### Forecast assumptions

The forecast report reflects the expected development of STEMMER IMAGING AG and the STEMMER IMAGING Group in the 2023 fiscal year from the perspective of the Executive Board. The forecast report contains forward-looking statements that are based on expectations and estimates of the Executive Board and could be influenced by unforeseen events. As a result, the actual course of business may deviate either positively or negatively from the assumptions presented below, among other things, due to changing political and economic conditions.

The following forecast takes into account all information available at the time of its preparation that could have an impact on the economic development of STEMMER IMAGING AG and the STEMMER IMAGING Group. The basis and key assumptions of the forecast for the 2023 fiscal year are presented below.

## Economic outlook

For 2023 as a whole, the International Monetary Fund (IMF) forecasts global economic growth of 2.9 per cent. This is 0.2 percentage points more than expected in October 2022.<sup>1</sup>

Global crises continue to weigh heavily on the global economy, but the complete realignment of China's coronavirus policy could pave the way for recovery according to the IMF. This should prevent the global economy from sliding into recession. Nevertheless, there are a number of risks that would result in worse development: In China, for example, the coronavirus situation and the crisis in the real estate sector could worsen, the war in Ukraine could escalate and a debt crisis could occur in emerging and developing countries.<sup>1</sup>

Overall economic growth of the largest economies varies widely in 2023. In the United Kingdom, economic output is expected to contract by 0.6 per cent. In other countries, a decline should be avoided. After the weak development in 2022, growth in China is expected to be close to the planned figure again in 2023. The IMF forecasts an increase of 5.2 per cent.<sup>1</sup>

In India, now the world's fifth-largest economy, could be somewhat more dynamic again with 6.1 per cent growth. Central bank interest rate hikes in many countries around the world are already having and should continue to have an impact, meaning that global inflation is expected to remain high at 6.6 per cent but lower than in the previous year. However, it will take time for it to return to the range of 2 per cent.<sup>1</sup>

The forecasts of the German Mechanical Engineering Industry Association (VDMA) for economic development serve STEMMER IMAGING AG and the Group as an important indicator for the further course of business in key sales markets.<sup>1</sup>

The VDMA economists expect real production to fall by 2 per cent. The forecast is subject to a high degree of uncertainty, because the further economic development depends on many factors that are currently difficult to assess. War is still raging in Ukraine in the middle of Europe that seems deadlocked. With a view to the coming winter, there is a question mark surrounding the assured supply of energy in the companies. Many companies still have a solid order backlog, but this will fizzle out in places throughout the course of the year. Further easing of supply chains and the reluctance to place orders due to the numerous uncertainties are largely responsible for this. Another cause for concern is the shortage of skilled workers.<sup>1</sup>

According to the VDMA forecast, the German robotics and automation sector expects nominal revenue growth of +9 per cent for 2023. For the machine vision sub-sector, the VDMA expects growth of +5 per cent.<sup>2</sup>

<sup>1</sup> VDMA "Mechanical engineering 2022/Forecast 2023" as at 10 February 2023

<sup>2</sup> Information VDMA as of 2 March 2023

## Forecast for the STEMMER IMAGING Group

The revenue and earnings forecast is based on the current corporate planning and the assumption that the supply chain situation will remain tense in 2023 and that possible supplier-side price increases and cost increases can be countered with price increases vis-à-vis STEMMER IMAGING's customers. At EUR 55.22 million, the order backlog as at 31 December 2022 was at the previous year's level and thus forms a solid basis for the 2023 fiscal year, also taking into account the major order booked at the beginning of the new year in the sports & entertainment sector of almost EUR 14 million. STEMMER IMAGING continues to pursue the goal of limiting its dependence on individual suppliers to less than 25 per cent and keeping customer concentration below the threshold of 10 per cent.

In order to take account of current risks such as the development of supply chains and global political conflicts, the Executive Board envisages a wider range of possible developments in its full-year forecast, despite this positive development. Revenue growth compared to the previous year 2022 is expected to be between 5 per cent and 13 per cent. For 2023, solid growth is expected with consolidated revenues in the range of EUR 163 – 176 million and EBITDA of EUR 26 – 32 million.

In view of the prospects for the 2023 fiscal year and against the background of the strategic positioning that has been continuously expanded over the past few years, the company continues to see itself within the target corridor of the medium-term guidance until 2024 with a revenue target of EUR 200 million. On the basis of the structurally achieved increase in the company's performance and the measures introduced for possible further improvement of the value-added offering, as well as the further steps towards improvement in efficiency, the Executive Board raises the EBITDA forecast for the medium-term period from 13 – 16 per cent to 15 – 19 per cent.

The uncertainties described in connection with the economic outlook could have a significant negative impact on the business performance of the entire Group. In addition, the business performance of STEMMER IMAGING AG may also deviate as a result of the risks and opportunities listed in the risk and opportunity report.

## Forecast for STEMMER IMAGING AG

The Group's parent company generates revenue from selling machine vision technology in Germany and from allocations for services and financing provided to its subsidiaries. All of the conditions referred to for the Group with respect to the economic development in 2023 equally apply to STEMMER IMAGING AG. For the 2023 fiscal year, the Executive Board expects revenue growth in the mid-single-digit range up to 15 per cent. EBITDA is forecast to be in the low double-digit-million-Euro range.

## Other disclosures

### Concluding statement on dependent company report

The company has compiled a dependent company report for the 2022 fiscal year, which ends with the following concluding statement:

"As the Executive Board of STEMMER IMAGING AG, we hereby declare that STEMMER IMAGING AG received appropriate consideration for the legal transactions listed in the above report on relationships with affiliated companies according to the circumstances known to us at the time at which the legal transaction or measure was carried out, and was not disadvantaged by the fact that the measures were taken.

No reportable measures within the meaning of section 312 (1) sentence 2 AktG were taken or omitted in the fiscal year from 1 January 2021 to 31 December 2021."

### Significant events after the end of the fiscal year

With regard to the supplementary report, please refer to the Notes to the consolidated financial statements.

Puchheim, 30 March 2023

STEMMER IMAGING AG  
Executive Board



Arne Dehn



Uwe Kemm

**Technical services**

The specialists from STEMMER IMAGING advise on the project, design systems and support system integration.



# 03 Consolidated financial statements

Consolidated statement of financial position	78
Consolidated income statement	80
Consolidated statement of comprehensive income	81
Consolidated statement of cash flows	82
Consolidated statement of changes in equity	84
Notes to the consolidated financial statements for the 2022 fiscal year	85
Independent auditor's report	139

# Consolidated statement of financial position

as at 31 December 2022

Assets in KEUR	Note	31/12/2022	31/12/2021
<b>Non-current assets</b>			
Property, plant and equipment	2,13	7,228	5,608
Goodwill	1	19,374	19,462
Other intangible assets	1	6,455	7,111
Other investment securities	12	48	27
Other financial assets	12	172	55
Deferred tax assets	25	421	607
<b>Total Non-current assets</b>		<b>33,698</b>	<b>32,870</b>
<b>Current assets</b>			
Inventories	3	18,858	15,587
Trade receivables	4	23,932	16,956
Contract assets	5	0	22
Other financial assets	12	159	126
Income tax receivables	6	253	362
Other assets and prepaid expenses	7	2,081	1,631
Cash and cash equivalents	8	41,574	36,022
<b>Total current assets</b>		<b>86,857</b>	<b>70,706</b>
<b>Total assets</b>		<b>120,555</b>	<b>103,576</b>

<b>Equity and liabilities</b>				
in KEUR				
	Note	<b>31/12/2022</b>	<b>31/12/2021</b>	
<b>Capital and reserves</b>				
Subscribed capital	9	6,500	6,500	
Capital reserves	9	47,495	47,495	
Revenue reserves	9	30,084	17,373	
<b>Total equity</b>		<b>84,079</b>	<b>71,368</b>	
<b>Non-current liabilities</b>				
Non-current loans	12	1,500	3,500	
Provisions for pensions and similar obligations	10	27	47	
Trade payables	12,14	79	0	
Other financial liabilities	12,13	4,458	2,790	
Other liabilities	16	426	641	
Other provisions	11	219	225	
Deferred tax liabilities	25	1,100	1,563	
<b>Total non-current liabilities</b>		<b>7,809</b>	<b>8,766</b>	
<b>Current liabilities</b>				
Current loans	12	2,000	2,003	
Other provisions	11	65	180	
Trade payables	12,14	13,024	10,765	
Contract liabilities and advance payments received on orders	15	668	1,185	
Other financial liabilities	12,13	2,008	1,876	
Income tax liabilities		4,946	1,283	
Other liabilities	16	5,956	6,150	
<b>Total current liabilities</b>		<b>28,667</b>	<b>23,442</b>	
<b>Total liabilities</b>		<b>36,476</b>	<b>32,208</b>	
<b>Total equity and liabilities</b>		<b>120,555</b>	<b>103,576</b>	

# Consolidated income statement

## Development from 1 January to 31 December 2022

in KEUR

	Note	2022	2021
Revenue	18	155,370	130,115
Cost of materials	20	- 97,014	- 79,700
<b>Gross profit</b>		<b>58,356</b>	<b>50,415</b>
Other operating income	19	3,684	1,994
Personnel expenses	21	- 23,649	- 25,539
Other operating expenses	23	- 10,148	- 9,510
<b>EBITDA</b>		<b>28,243</b>	<b>17,360</b>
Depreciation and impairment of property, plant and equipment	22	- 2,587	- 2,492
<b>EBITA</b>		<b>25,656</b>	<b>14,868</b>
Amortisation of intangible assets	22	- 1,315	- 1,442
<b>Operating earnings (EBIT)</b>		<b>24,341</b>	<b>13,426</b>
Finance income	24	24	271
Finance costs	24	- 83	- 67
<b>Profit before income taxes</b>		<b>24,282</b>	<b>13,630</b>
Taxes on income	25	- 6,309	- 3,180
<b>Consolidated net income</b>		<b>17,973</b>	<b>10,450</b>
Of which:			
Shareholders of the parent company		17,973	10,450
Number of shares (weighted average)		6,500,000	6,500,000
Earnings per share in EUR (diluted and basic)		2.77	1.61

## Consolidated statement of comprehensive income

Development from 1 January to 31 December 2022

in KEUR

	2022	2021
<b>Consolidated net income</b>	<b>17,973</b>	<b>10,450</b>
<b>Other comprehensive income</b>		
Items that will be reclassified to profit or loss in future under certain conditions		
Exchange differences that arose during the reporting period	- 406	86
Items that will not be reclassified to profit or loss in future		
Change in actuarial gains/losses	27	4
Deferred taxes from change in actuarial gains/losses	- 8	- 1
	<b>19</b>	<b>3</b>
Other comprehensive income after income taxes	- 387	89
<b>Total comprehensive income</b>	<b>17,586</b>	<b>10,539</b>
Of which:		
Shareholders of the parent company	17,586	10,539

# Consolidated statement of cash flows

Development from 1 January to 31 December 2022<sup>1</sup>

in KEUR

	2022	2021
<b>Cash flow from operating activities</b>		
Consolidated net income	17,973	10,450
Income tax expense recognised in profit or loss	6,309	3,180
Finance costs/income recognised in profit or loss	59	- 204
Amortisation and depreciation of intangible assets, property, plant and equipment and investment securities	3,902	3,934
Increase (+)/decrease (-) in provisions	- 19	126
Other non-cash expenses/income	- 571	- 799
Gain/loss on disposal of property, plant and equipment and intangible assets	2	18
Increase (-)/ decrease (+) in inventories, trade receivables and other assets	- 10,928	- 6,907
Increase (+)/ decrease (-) in liabilities and other liabilities	1,936	1,452
Interest received	24	271
<b>Cash flow from operating activities</b>	<b>18,687</b>	<b>11,521</b>
Income taxes paid	- 2,792	- 3,552
<b>Net cash flow from operating activities</b>	<b>15,895</b>	<b>7,969</b>
<b>Cash flow from investing activities</b>		
Payments for intangible assets	- 659	- 10
Proceeds from disposals of property, plant and equipment	33	134
Payments for investments in property, plant and equipment	- 510	- 239
Proceeds from disposal of financial assets	0	55
Payments for investments in financial assets	- 180	- 58
Payments for financial investments as part of short-term treasury management	0	- 19,531
Repayments of financial investments as part of short-term treasury management	0	19,825
<b>Net cash flow used in/from investing activities</b>	<b>- 1,316</b>	<b>176</b>

**Development from 1 January to 31 December 2022<sup>1</sup>**

in KEUR

	<b>2022</b>	<b>2021</b>
<b>Cash flow from financing activities</b>		
Proceeds from loans	19	0
Repayment of loans <sup>2</sup>	- 3,870	- 3,806
Proceeds from grants received	67	186
Dividends paid to shareholders of the parent company	- 3,280	- 1,950
Dividends paid on free float shares	- 1,595	- 1,300
Interest paid	- 83	- 68
<b>Net cash flow used in financing activities</b>	<b>- 8,742</b>	<b>- 6,938</b>
<b>Net increase in cash and cash equivalents</b>	<b>5,837</b>	<b>1,207</b>
<b>Cash and cash equivalents at the beginning of the reporting period</b>	<b>36,022</b>	<b>34,718</b>
Changes in cash due to exchange rate movements and remeasurement	- 285	98
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>41,574</b>	<b>36,022</b>
Of which cash in hand and bank balances	41,574	36,022

1 For other information on the consolidated statements of cash flows, see "NOTES ON THE STATEMENT OF CASH FLOWS" in the notes to the consolidated financial statements.

2 An explanation on the repayment of leases can be found in the notes on the statement of cash flows.

## Consolidated statement of changes in equity

From 1 January to 31 December 2021

in KEUR

	Subscribed capital	Capital reserves	Revenue reserves			Total	Total
			Reserve for actuarial gains/losses	Currency translation reserve	Other revenue reserve		
<b>As at 1 January 2021</b>	<b>6,500</b>	<b>47,495</b>	<b>8</b>	<b>110</b>	<b>9,966</b>	<b>10,084</b>	<b>64,079</b>
Consolidated net income	0	0	0	0	10,450	10,450	10,450
Dividends paid to shareholders of the parent company	0	0	0	0	-1,950	-1,950	-1,950
Dividends paid on free float shares	0	0	0	0	-1,300	-1,300	-1,300
Other comprehensive income	0	0	3	86	0	89	89
<b>As at 31 December 2021</b>	<b>6,500</b>	<b>47,495</b>	<b>11</b>	<b>196</b>	<b>17,166</b>	<b>17,373</b>	<b>71,368</b>

From 1 January to 31 December 2022

in KEUR

	Subscribed capital	Capital reserves	Revenue reserves			Total	Total
			Reserve for actuarial gains/losses	Currency translation reserve	Other revenue reserve		
<b>As at 1 January 2022</b>	<b>6,500</b>	<b>47,495</b>	<b>11</b>	<b>196</b>	<b>17,166</b>	<b>17,373</b>	<b>71,368</b>
Consolidated net income	0	0	0	0	17,973	17,973	17,973
Dividends paid to shareholders of the parent company	0	0	0	0	-3,280	-3,280	-3,280
Dividends paid on free float shares	0	0	0	0	-1,595	-1,595	-1,595
Other comprehensive income	0	0	19	-406	0	-387	-387
<b>As at 31 December 2022</b>	<b>6,500</b>	<b>47,495</b>	<b>30</b>	<b>-210</b>	<b>30,264</b>	<b>30,084</b>	<b>84,079</b>

# 03

## Consolidated financial statements Notes

<b>A. Basis of the consolidated financial statements</b>	86
1. General information	86
2. Application of new accounting standards	86
3. Consolidated group	88
4. Accounting principles	89
<b>B. Notes on items in the financial statement</b>	104
1. Notes on the statement of financial position	104
2. Notes on the consolidated income statement	127
3. Notes on the statement of cash flows	133
<b>C. Other disclosures</b>	134
1. Related parties	134
2. Company bodies	135
3. Shareholdings held by members of company bodies	136
4. Contingencies, contingent liabilities and other financial obligations	136
5. Auditor's fee	136
6. Exemption in accordance with section 264 (3) HGB	137
7. Events after the end of the reporting period	137
8. Declaration of compliance in accordance with section 161 AktG	138
9. Approval of the financial statements	138
Responsibility statement	138

# Notes to the consolidated financial statements for the 2022 fiscal year

## A. Basis of the consolidated financial statements

### 1. General information

The consolidated financial statements of STEMMER IMAGING AG, Puchheim, and its subsidiaries (hereinafter: "STEMMER IMAGING Group", "STEMMER IMAGING" or "Group") for the 2022 fiscal year have been prepared in accordance with the International Financial Reporting Standards (IFRS, as applicable in the EU) and the additional requirements of German commercial law. The fiscal year covers the period from 1 January 2022 to 31 December 2022.

STEMMER IMAGING is a leading international value-added distributor of machine vision technology for industrial and non-industrial applications. The Group distributes components, as well as modified components, and offers comprehensive know-how and customer service for machine vision solutions for various industrial and non-industrial markets and applications in its service portfolio.

The consolidated financial statements were prepared in euros. Unless specified otherwise, all amounts are stated in thousands of euros (EUR thousand or KEUR). Rounding may mean that individual figures given in this report do not add up exactly to the given total and that percentages are not the exact result of the figures presented. Certain consolidated income statement and consolidated statement of financial position items have been combined to improve the clarity of presentation. A breakdown of these items is presented in the notes to the consolidated financial statements. The consolidated income statement has been prepared in line with the nature of expense method.

The registered office of STEMMER IMAGING is located at Gutenbergstr. 9 – 13, 82178 Puchheim, Germany. STEMMER IMAGING AG is registered at the Local Court of Munich under HRB 237247.

Between 1 January 2022 and 31 December 2022, PRIMEPULSE SE increased its stake of shares in STEMMER IMAGING AG from 67.27 per cent to 69.10 per cent.

As the parent company of the STEMMER IMAGING Group, the company has prepared consolidated financial statements for the smallest group of companies for the 2022 fiscal year in accordance with the International Financial Reporting Standards (IFRS, as applicable in the EU) and the additional requirements of German commercial law. The consolidated financial statements are published in the electronic German Federal Gazette (Bundesanzeiger).

The STEMMER IMAGING Group is included in the consolidated financial statements of PRIMEPULSE SE, Munich, Germany, which prepares consolidated financial statements for the largest group of companies as at 31 December of each calendar year and publishes them in the electronic German Federal Gazette (Bundesanzeiger).

### 2. Application of new accounting standards

As an IFRS user, the Group must uniformly apply all mandatory standards and interpretations as of the end of the reporting period (31 December 2022) for all periods presented. Voluntary early application of standards and interpretations that have already been published and approved by the EU but that were not yet mandatory in the reporting period is also possible.

The changes due to the amendments to IFRS 3 applicable as at 1 January 2022 (Reference to the Conceptual Framework), IAS 16 (Property, Plant and Equipment – Proceeds before Intended Use), IAS 37 (Onerous Contracts – Cost of Fulfilling a Contract) and the annual improvements to IFRS 1, IFRS 9, IFRS 16 and IAS 41 are immaterial for financial accounting within the STEMMER IMAGING Group.

Some new or amended standards entered into force in the current reporting period. However, they had no material effects on the net assets, financial position and results of operations in the 2022 fiscal year.

The temporary exemption from IFRS 16 lease accounting for rental concessions introduced in 2020 in connection with the coronavirus pandemic was extended in 2021 by one year to 30 June 2022. This extension had no material impact on the net assets, financial position and results of operations in the 2022 fiscal year.

### New standards and interpretations that are not yet bindingly applicable

The following new standards and interpretations, which have been approved by the International Accounting Standards Board (IASB) and mandatorily assumed by the EU for fiscal years beginning after 1 January 2022, were not applied when preparing these consolidated financial statements:

Standard or interpretation	Contents and significance for the financial statements	Mandatory date of first-time adoption
IFRS 17 and amendment to IFRS 17	The standard governs the accounting and valuation of insurance contracts with the company that issues these contracts. It is not relevant to the consolidated financial statements of STEMMER IMAGING AG.	01/01/2023
Amendments to IAS 12	The changes oblige companies to recognise deferred taxes on transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.	01/01/2023
Amendments to IAS 1	Guidelines to help entities decide which recognition and measurement principles to disclose in their financial statements.	01/01/2023
Amendments to IAS 8	The standard helps companies differentiate between accounting policies and accounting estimates.	01/01/2023

With regard to the above-mentioned new standards and interpretations not yet requiring mandatory application, the Group has not yet conclusively assessed whether and, if so, what effects these amendments will have on the net assets, financial position and results of operations. At present, no significant effects are expected.

### New standards and interpretations that are not yet applicable

The following standards and interpretations or amendments to existing standards and interpretations have been adopted by the IASB. However, as these have not yet been recognised by the EU, they have not yet been taken into account for the preparation of these consolidated financial statements:

Standard or interpretation	Contents and significance for the financial statements	Mandatory date of first-time adoption
Amendments to IAS 1	Classification of liabilities as current or non-current	01/01/2024
Amendments to IAS 1	IFRS Practice Statement 2: Disclosure of financial reporting principles	01/01/2024
Amendments to IFRS 16	Clarification how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale	01/01/2024

The Group has not yet conclusively assessed whether and, if so, the extent to which the new standards and interpretations listed above that are not yet to be applied will impact net assets, financial position and results of operations. No material impact is expected at present.

### 3. Consolidated group

As in the previous year, the consolidated financial statements as at 31 December 2022 comprise the parent company, i. e. STEMMER IMAGING AG, as well as one domestic and fourteen foreign subsidiaries, which are included in the consolidated financial statements by way of full consolidation.

A subsidiary is a company that is controlled by STEMMER IMAGING AG. STEMMER IMAGING AG controls an investee when it is exposed to or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The following subsidiaries were included in the consolidated group as at 31 December 2022:

Germany: SIS STEMMER IMAGING Services GmbH, Puchheim  
Outside

Germany: **Direct investments**

STEMMER IMAGING S.A.S., Puteaux/France  
STEMMER IMAGING Ltd., Tongham/United Kingdom  
STEMMER IMAGING AG, Pfäffikon/Switzerland  
STEMMER IMAGING B.V., Zutphen/Netherlands  
STEMMER IMAGING AB, Stockholm/Sweden  
STEMMER IMAGING A/S, Copenhagen/Denmark  
STEMMER IMAGING Oy, Espoo/Finland  
STEMMER IMAGING Sp. z o.o., Lowicz/Poland  
STEMMER IMAGING Ges.m.b.H., Graz/Austria  
STEMMER IMAGING S.R.L, Bologna/Italy  
INFAIMON, S.L.U., Barcelona/Spain

**Indirect investments**

INFAIMON UNIPESSOAL, LDA., Aveiro/Portugal  
INFAIMON MEXICO S.A. DE C.V., Querétaro. QRO./Mexico  
INFAIMON DO BRASIL VISAO ARTIFICIAL LTDA,  
São Bernardo do Campo/Brazil

The subsidiaries are held directly and indirectly by STEMMER IMAGING AG with a 100 per cent share of capital.

#### Foreign currency translation

The financial statements included in the consolidated financial statements are prepared in their functional currency. The functional currency is the currency of the primary economic environment in which the company operates. As the equity investments conduct their business as financially, economically and organisationally independent entities, the functional currency is the respective national currency for all equity investments.

In the consolidated financial statements, assets and liabilities of the companies outside Germany are translated into euro at the beginning and end of the year at the respective closing rates. All changes during the fiscal year, expenses and income and cash flows are translated into euro at the average rate for the year.

Equity items are translated at historical rates for the date they were acquired by the Group.

Differences arising from translation at closing rates are shown separately in equity, as a reserve from foreign currency translation or foreign subsidiaries or as currency changes, respectively. Currency translation differences recognised in equity are reversed through profit or loss when Group companies are deconsolidated or the net investment in a foreign operation are reversed through profit or loss.

Changes to exchange rates of key currencies against the euro were as follows:

EUR 1/	Closing rate 31/12/2022	Closing rate 31/12/2021	Average rate 2022	Average rate 2021
CHF Switzerland	0.9847	1.0331	1.0052	1.0814
GBP United Kingdom	0.8869	0.8403	0.8526	0.8600
SEK Sweden	11.1218	10.2503	10.6274	10.1449
DKK Denmark	7.4365	7.4364	7.4396	7.4371
MXN Mexico	20.8560	23.1438	21.2045	23.9903
BRL Brazil	5.6386	6.3101	5.4432	6.3813
PLN Poland	4.6808	4.5969	4.6845	4.5640
USD USA	1.0666	1.1326	1.0539	1.1835

### Foreign currency valuation

Monetary items such as receivables and liabilities in a currency other than the functional currency are measured at the reporting date exchange rate in the individual financial statements of the Group companies. The resulting profit or loss is recognised in profit or loss and shown in consolidated net income under other expenses or income.

## 4. Accounting policies

The main accounting principles applied in the preparation of these consolidated financial statements are presented below. Unless stated otherwise, the policies described were applied consistently to the reporting periods presented.

Standards that are not to be applied until after the reporting date were not adopted early.

The consolidated financial statements for the 2022 fiscal year were prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), London/United Kingdom, as applicable in the European Union as at 31 December 2022.

The financial statements of the German and foreign companies included in the consolidated financial statements were prepared as of the reporting date of STEMMER IMAGING AG, i. e. 31 December 2022.

The consolidated financial statements were prepared according to the going concern principle.

## 4.1. Consolidation methods

The consolidated financial statements are based on the individual financial statements of the STEMMER IMAGING AG companies included in the consolidated financial statements.

As part of initial consolidation, acquired assets and liabilities are recognised at fair value as of the date of acquisition. Any excess of the cost of the acquisition over the Group's share of net assets measured at fair value is carried as goodwill.

All material intragroup gains, losses, revenue, expenses and income, and any receivables and debts between Group companies, are eliminated.

Under the equity method, investments in associates are initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date.

The income statement includes the Group's share of the associate's net income for the period. It is reported in a separate item, including related income taxes. Changes to this investee's other comprehensive income are recognised in the Group's other comprehensive income.

After applying the equity method, the Group assesses whether it is necessary to recognise an impairment loss for its investments in associates. At the end of each reporting period, it determines whether there are objective indications that the investment in an associate could be impaired. If there are indications of this, the amount of the impairment loss is determined as the difference between the recoverable amount of the investments in associates and the carrying amount, and the loss is then recognised through profit or loss in the item "Associates' share of profit or loss".

If the Group acquires significant influence over an associate, it measures all investments that it held in the associate up until this point at fair value. Differences between the carrying amount of the investments in associates at the time significant influence is acquired and the fair value of the existing investment are recognised either in the income statement or in other comprehensive income, depending on the classification under IFRS 9.

## 4.2. Revenue recognition

As a specialist dealer of digital machine vision technology, the Group markets a diverse range of state-of-the-art machine vision products from leading manufacturers using internally developed and purchased software.

STEMMER IMAGING applies IFRS 15 when recognising revenue. Using the five-step model set out under IFRS 15, the Group examines whether the performance commitments listed represent separate performance obligations and whether each contract contains additional obligations that represent separate performance obligations to which a portion of the transaction price must be allocated (e.g. financing components, warranties, equipment (customised parts), right-of-use assets).

The model is comprised of the following steps:

- (1) Identify the contract with the customer
- (2) Identify the individual performance obligations within the contract
- (3) Determine the transaction price
- (4) Allocate the transaction price to the performance obligation
- (5) Recognise revenue (at a point in time or over a period of time)

The Group recognises revenue on the basis of on the consideration established in a contract with a customer. Revenue recognition excludes amounts recognised on behalf of third parties. Revenue is recognised in accordance with the transfer of control to the customer. In the Group, this largely occurs at a point in time when the customer takes ownership of the products. Amounts attributable to trade discounts and rebates are not included in revenue recognition. Guarantees and warranties are within the standard levels for the industry.

When determining the transaction price for the sale of machine vision technology, the Group takes into account the impact of variable consideration, the existence of significant financing components or, for example, consideration payable to a customer. An assessment is carried out for all performance obligations that are distinct in the contract within the meaning of IFRS 15 as to whether the revenue is to be recognised at a point in time or over a period of time.

To identify whether STEMMER IMAGING is acting as a principal or agent for the provision of a service or delivery, the contracts are examined according to the following criteria:

- (1) Identification of the type of performance promise
- (2) Civil-law ownership during the course of the sale – does STEMMER IMAGING have authority of disposal?
- (3) Identification of the inventory risk
- (4) Pricing scope of STEMMER IMAGING

When selling hardware, the STEMMER IMAGING Group records the revenue as the principal, as it has the authority of disposal over the relevant goods before they are delivered to the customer.

When selling software, STEMMER IMAGING differentiates between sales of own software CVB and externally purchased software. In case of own software, STEMMER IMAGING acts as the principal, as the STEMMER IMAGING Group has the power of disposition and pricing and is free to set its own prices. In this case, the Group recognises gross revenues.

In the case of purchased licences, it must be determined whether STEMMER IMAGING is merely acting as an intermediary or whether additional hardware and services are sold in combination with the software.

In the majority of cases, STEMMER IMAGING brokers software products between the manufacturer and the customer. No additional services or modifications are sold within this transaction. Since the 2021 fiscal year, STEMMER IMAGING has adhered to the IFRIC position that revenue generated in the role of agent in the distribution of standard software should be reported net.

Expenses are recognised as an expense when the service is utilised or recognised as expenses at the time they are incurred. Interest is recognised according to the effective interest method.

### 4.3. Earnings per share

Basic earnings per share are calculated by dividing the parent company shareholders' share or profit/loss after tax by the weighted average number of shares outstanding in the fiscal year.

### 4.4. Intangible assets

Purchased intangible assets are capitalised at cost.

With the exception of goodwill, all intangible assets have a limited useful life and are amortised on a straight-line basis over their expected useful life. The amortisation method is reviewed at least at the end of each fiscal year.

In accordance with IAS 36, goodwill is tested for impairment at least annually. The company has set 30 November of each year as the impairment test date.

### 4.5. Research and development costs

In accordance with IAS 38, research and development costs incurred by STEMMER IMAGING cannot currently be capitalised and are recognised as an expense directly in the consolidated income statement.

### 4.6. Property, plant and equipment

In accordance with IAS 16, property, plant and equipment are measured at cost less depreciation. Amortisation and depreciation are recognised on a straight-line basis over the useful life.

Borrowing costs that can be assigned directly to qualifying assets are capitalised as part of cost in line with IAS 23. Repair costs that do not serve to enhance or significantly improve the asset in question are recognised as an expense.

## 4.7. Leases

STEMMER IMAGING applies IFRS 16 to its leases. IFRS 16 provides a comprehensive model for identifying leases and accounting by lessors and lessees. The core aspect is that, in general, all leases and the associated contractual rights and obligations must be reflected in the lessee's statement of financial position. For leases with a term of more than 12 months and that do not have a low value, assets are required to be recognised for the right of use and leasing liabilities. The lessor must classify leases as either financing or operating leases.

Initial measurement of the right-of-use asset for the lease object and the corresponding leasing liability is based on the present value of the lease payments plus initial direct costs, less any incentives received. The discounting takes place at the underlying interest rate of the lease or, if this cannot be readily determined, at the Group's incremental borrowing rate. Within the STEMMER IMAGING Group, interest rates of between 0 per cent and 8.3 per cent were applied with the respective Group companies on the basis of the respective asset classes, the contract term or the start of the contract. Lease payments normally comprise fixed and variable payments that may depend on an index. If the lease comprises an extension or purchase option, which is considered likely to be exercised to a reasonably certain extent, the costs for the option are reflected in the lease payments. The STEMMER IMAGING Group exercises the option provided for in IFRS 16 with respect to the treatment of leases with a term not exceeding 12 months and leases for low-value assets. The corresponding expenses are reported under other operating expenses.

The right-of-use asset for the lease object is depreciated over the shorter of the lease term or the useful life of the underlying asset. The payment obligations resulting from the leases are recognised as liabilities under other financial liabilities and subsequently accounted for according to the effective interest method at amortised cost.

Due to the coronavirus pandemic, leases were adapted or renegotiated in order to cushion the burden from government-imposed lockdowns. The agreed rent concessions comprised rent reductions and deferrals.

The adaptation of IFRS 16 in connection with the coronavirus pandemic in 2020 was extended until 30 June 2022. Accordingly, a lessee continued to have the option to refrain from recognising Covid-19-related rent concessions as a modification and linked it to the application of the following criteria, which had to have been fulfilled cumulatively (IFRS 16.46B):

- (1) The change to the lease is a direct consequence of the coronavirus pandemic.
- (2) The rent concessions comprise changes to the interest and principal repayment schedule.
- (3) The reduced rent payments are due on or before 1 January 2023.
- (4) The rent concessions do not comprise any other changes to the contractual terms and conditions.
- (5) The total lease payments are not increased as a result of the change.

For the application of the exempting provision, different accounting consequences occurred for rent waivers/reductions and for rent deferrals. Consistent application to similarly structured contracts was required.

The waiver or reduction of the rent payments was recognised according to IFRS 16.38 as (negative) variable lease payments and thus as other operating income when granted. The rent waiver or rent reduction was the basis of the derecognition of the specified part of the liability as an opposing entry (IFRS 9.3.1.1). For the application of the exempting provision, no adaptation of the right of use took place, and no new calculation of an interest rate took place, as would be required when applying the regulation for recognition as a modification.

In the 2022 fiscal year, the company did not exercise the extension of the relief provision.

#### 4.8. Depreciation and amortisation

Amortisation of intangible assets and depreciation of property, plant and equipment is calculated primarily on the basis of the following useful lives, which are applied uniformly throughout the Group:

in years	31/12/2022	31/12/2021
Intangible assets acquired for consideration	3–8	3–8
Buildings (tenant installations)	3–10	3–10
Other equipment, operating and office equipment	3–8	3–8

#### 4.9. Impairment of non-financial assets

An impairment loss is recognised for intangible assets and property, plant and equipment if the recoverable amount of the asset is lower than its carrying amount. In accordance with IAS 36, goodwill is tested for impairment at least annually. The company has set 30 November of each year as the impairment test date. If the asset is part of a cash-generating unit, impairment is determined on the basis of the recoverable amount of the unit. The recoverable amount is the higher of the fair value less costs to sell and the value in use. If goodwill has been allocated to a cash-generating unit, and its carrying amount exceeds the recoverable amount, an impairment loss is recognised for the goodwill in the amount of the difference. Any additional impairment requirements are recognised by way of the pro rata reduction of the carrying amounts of other assets of the cash-generating unit. If the reason for a previous impairment loss no longer applies, the write-downs of the intangible assets are reversed. However, the increased carrying amount resulting from the reversal of the write-down may not exceed the depreciated cost. Impairment on goodwill is not reversed.

#### 4.10. Inventories

Inventories are carried at the lower of cost and net realisable value.

Appropriate deductions are made for storage and utilisation risks. Measurement takes into account lower realisable net selling prices at the end of the reporting period. If the reasons for a previous write-down no longer apply, the reversals of the write-downs are recognised as a reduction of material costs.

#### 4.11. Financial instruments

##### Basic information

A financial instrument is any contract that simultaneously gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial instruments are recognised as of the settlement date when STEMMER IMAGING becomes party to a contract for the financial instrument. First-time measurement of financial assets and liabilities is at fair value. This does not apply to trade receivables with no significant financing component, which are measured at the transaction price on the recognition date. Transaction costs increase or decrease the initial carrying amount if the financial asset or financial liability is not measured at fair value when the changes in value are recognised through profit or loss.

In accordance with IFRS 9, all financial assets are divided into two classification categories as part of subsequent accounting: those measured at amortised cost and those measured at fair value. If financial assets are measured at fair value, expenses and income can be recognised either at fair value through profit or loss (FVTPL) or at fair value through other comprehensive income (FVTOCI).

The classification is determined when the financial asset is recognised for the first time, i.e. when the company becomes a counterparty to the instrument's contractual agreements. In certain cases, however, it may be necessary to reclassify financial assets at a later date.

### Financial assets

A debt instrument held by the reporting company that meets the following two criteria must be measured at fair value through other comprehensive income (FVTOCI):

- The objective of the company's business model is to hold financial assets in order to collect contractual cash flows and sell these financial assets.
- The contractual terms of the financial asset result in cash flows at specified dates that are only repayments of portions of the nominal amount and interest on those portions of the nominal amount that have not yet been repaid.

A debt instrument held that meets the following two criteria must be measured at amortised cost (where applicable applying the effective interest method):

- The objective of the company's business model is achieved by collecting the contractual cash flows of financial assets.
- The contractual terms of the financial asset result in cash flows at specified dates that are only repayments of portions of the nominal amount and interest on those portions of the nominal amount that have not yet been repaid.

All other debt instruments that do not meet the criteria above must be measured at fair value through profit or loss (FVTPL).

### Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and the allocation of interest income to the respective periods.

For all financial instruments not assigned to the group of purchased or originated credit impaired financial assets, the effective interest rate is the interest rate with which estimated future incoming payments (including all fees that are part of the effective interest rate, transaction costs and other premiums and discounts) are discounted over the expected term of the debt instrument or, where applicable, a shorter period to the net carrying amount of the asset at first-time recognition.

In the case of financial assets that already have an impaired credit rating upon addition, the interest income is determined by applying an adjusted interest rate to the amortised cost. This adjusted interest rate is the interest rate at which the cash flows expected upon initial recognition (explicitly taking into account expected payment defaults as well as contractual provisions) are discounted to the carrying amount upon initial recognition.

Interest income on debt instruments measured at amortized cost or FVTOCI is determined using the effective interest method. For all financial assets that do not have an impaired credit rating upon initial recognition, interest income is calculated using the effective interest method on the gross carrying amount.

Interest income on financial assets that do not have an impaired credit rating on initial recognition but subsequently is determined by applying the effective interest rate to the amortised cost. If, in subsequent periods, the credit risk of the financial asset that has given rise to the designation improves such that the credit rating is no longer impaired, the interest income is calculated using the effective interest rate based on the gross carrying amount.

In the case of financial assets that already have an impaired credit rating upon initial recognition, the measurement is not based on the gross carrying amount, even after the credit risk has improved.

Interest income is recognised in the income statement under finance income.

#### Equity instruments classified as FVTOCI

Upon initial recognition, the company can irrevocably elect to measure equity instruments it holds at fair value through other comprehensive income (FVTOCI). Only income from dividends is recognised in net income for the period, provided this does not constitute repayment of capital. Unlike for debt instruments held in the FVTOCI category, cumulative gains or losses on measurement are not reclassified to profit or loss when the equity instrument is disposed of. This classification is possible only if these equity instruments are not held for trading.

A financial asset is classified as held for trading if it:

- was acquired primarily with the intention of selling it in the near future, or
- at the time of initial recognition, is part of a portfolio of identified financial instruments managed jointly by the Group for which there are indications of recent short-term profit-taking, or
- is a derivative not designated as a hedging instrument, is effective as such and is not a financial guarantee.

#### Financial assets classified as FVTPL

Financial assets that do not meet the criteria to be classified as FVTOCI or at amortised cost are recognised as FVTPL.

Financial assets classified as FVTPL are measured at fair value at the end of each reporting period. All resulting gains and losses are recognised directly in the income statement, unless they are part of a hedge.

#### Foreign currency gains and losses

The carrying amounts of financial assets recognised in a foreign currency are translated at the closing rate for each reporting period. For

- the assets recognised at amortised cost that are not part of a hedge, corresponding gains and losses are recognised in the income statement.
- debt instruments recognised at FVTOCI that are not part of a hedge, currency translation differences are recognised in the income statement on the basis of amortised cost. Additional currency differences are recognised in other comprehensive income.
- financial assets recognised at FVTPL, currency translation differences are recognised in the income statement, provided these are not part of a hedge.
- equity instruments recognised as FVTOCI, currency translation differences are recognised in other comprehensive income in the currency translation reserve.

### Impairment of financial assets

The company recognises impairment losses on debt instruments measured at amortised cost or at FVTOCI for expected losses on financial assets ("expected loss model"). No impairment losses are recognised on equity instruments. The amount of expected losses is updated at the end of each reporting period so as to account for changes to the default risk since initial recognition.

The company uses the simplified method for trade receivables and contract assets. Under this method, impairment losses are recognised for these financial instruments on the basis of expected losses over their lifetime. The company makes corresponding impairment losses on the basis of past experience and future expectations using a valuation allowance table.

In the case of trade receivables with an insolvent counterparty, the Group does not expect any significant inflows from the impaired receivables. Impaired receivables may nevertheless be subject to enforcement measures to collect overdue receivables.

Cash and cash equivalents are deposited with banks and financial institutions and are due in the short term. These are analysed on regular intervals by approved external rating agencies in the Eurosystem and classified in creditworthiness levels according to their creditworthiness. According to the creditworthiness levels determined by the external rating agencies and the assessments of the Deutsche Bundesbank, the probability of default of cash and cash equivalents is classified as being low. For the evaluation of the default risks as of the end of the reporting period, the Group uses the assessments of the external rating agencies and the Deutsche Bundesbank as a basis.

### Significant increase in default risk or assessment of default risk

The company defines default risk as the risk that a business partner will not perform its contractual obligations, resulting in a financial loss for the Group. The Group is exposed to default risks (e.g. for trade receivables, cash and cash equivalents and other financial instruments) as part of its business activities.

When assessing whether the default risk has increased significantly since initial recognition, the company takes into account both qualitative and quantitative information (e.g. external ratings) that is available and relevant to making this decision and uses this to support the assessment. This includes both past and future information. In this process, past country-specific defaults are used to determine the probability of default for each country.

Future information relates to the development of the industry in which the debtor operates. This information is obtained from industry experts, financial analysts or public bodies.

The following factors are taken into account when classifying the default risk:

- Nature of the financial instrument
- Default risk rating
- Nature of the security (if available)
- Date of initial recognition
- Remaining term
- Sector

At regular intervals the company monitors whether the criteria listed are still appropriate for assessing the default risk and adjusts these as necessary if they are no longer applicable.

### Financial assets that are already impaired upon recognition

A financial asset is already impaired if one or more of the following events have occurred:

- The issuer or the debtor is in serious financial difficulties
- A breach of contract such as a default or delay on payments of interest or principal
- Concessions made by the lender to the borrower for financial or contractual reasons in connection to the borrower's financial difficulties that would not otherwise be granted
- Increased probability that the borrower will declare insolvency or undergo another restructuring process
- The disappearance of an active market for this financial asset on account of financial difficulties
- A financial asset is acquired or issued at a significant discount, reflecting credit losses incurred

### Derecognition of financial assets

The Group derecognises a financial asset only if the contractual rights to cash flows from financial assets expire or if it transfers the financial asset and all opportunities and risks associated with the ownership of the asset to a third party.

If the Group neither transfers nor retains all opportunities and risks associated with the ownership but still has control of the transferred asset, the Group recognises its remaining share of the asset and a corresponding liability for the amounts that may be payable.

If the Group essentially retains all opportunities and risks associated with the ownership of a transferred financial asset, the Group continues to recognise the financial asset and a secured loan for the consideration received.

If a financial asset is fully derecognised, the difference between the carrying amount and the total of the consideration received or to be received is recognised in the income statement. In the case of debt instruments recognised at FVTOCI, cumulative gains or losses that were recognised in other comprehensive income are reclassified to the income statement. For equity instruments recognised at FVTOCI, however, these cumulative gains or losses are not transferred to the income statement and are instead transferred to revenue reserves through other comprehensive income.

### Financial liabilities

Debt and equity instruments are classified in accordance with the economic substance of the contractual agreement and the definition as financial liabilities or equity.

#### Equity instruments

An equity instrument is a contract that evidences a residual interest in the assets of a company after deducting all related liabilities. Equity instruments are recognised in the amount of the proceeds received from the issue less costs that can be directly attributed to the issue. Issuing costs in this context are costs that would not have been incurred if the equity instrument had not been issued.

Repurchases of own equity instruments are deducted directly from equity. The purchase, sale, issue or cancellation of own equity instruments is not recognised in profit or loss.

#### Financial liabilities

All financial liabilities are recognised either at amortised cost applying the effective interest rate method or as FVTPL.

#### Financial liabilities as FVTPL

Financial liabilities are classified as FVTPL if the financial liability relates to

- liabilities for which the fair value option was exercised,
- liabilities held for trading,
- or other contingent claims by an acquirer as part of a business combination within the meaning of IFRS 3

Financial liabilities classified as FVTPL are recognised at fair value. Changes to fair value are recognised in the income statement unless they are part of a hedge. This also takes into account interest payments on the financial liability.

If the change in fair value is due to a change in the liability's default risk, the resulting gains and losses are recognised in other comprehensive income. Future changes do not result in recognition in the income statement. Instead, they are transferred to revenue reserves when the financial liability is derecognised.

#### Derecognition of financial liabilities

A liability or part of the liability is derecognised at the time it is met or repurchased or at the time of debt relief. The difference between the carrying amount of the financial liability and the consideration paid and to be paid is recognised in the income statement.

### 4.12. Government grants

Government grants are recognised at fair value if there is reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Grants that compensate the Group for expenses incurred are recognised as other income or expense in the periods in which the expenses are recognised.

### 4.13. Income taxes

Current income taxes for the current and earlier periods are measured at the amount expected to be refunded by/paid to the tax authorities. The amount is calculated based on the tax rates and tax laws applicable at the end of the reporting period in the countries where the STEMMER IMAGING Group operates.

Deferred taxes are calculated in accordance with the liability method. Under this method, deferred taxes reflect net tax expenses/income of temporary differences between the carrying amount of an asset or liability in the statement of financial position and their value for tax purposes. Deferred taxes are measured using the tax rates expected to apply in the periods in which an asset is realised or a liability is settled. The measurement of deferred taxes takes into account the tax consequences that arise from the way in which an asset is realised or a liability is settled.

Deferred tax assets and liabilities are recognised regardless of the time at which the temporary differences are expected to reverse. These are not discounted and are reported as non-current assets or liabilities.

A deferred tax asset is recognised for all temporary differences to the extent that it is likely that taxable profits will be available against which the temporary difference can be used. This is reassessed at the end of each reporting period.

Current and deferred taxes are charged or credited directly to equity if the taxes relate to items that are directly charged or credited to equity in the same or in another period.

To the extent that undistributed profits of investments are expected to remain invested in that entity for an indefinite period of time, no deferred tax liabilities arise. A deferred tax liability is recognised for all taxable temporary differences, unless they arise from goodwill for which amortisation for tax purposes is not possible.

Deferred tax assets also include tax reduction claims arising from the expected utilisation of unused tax losses and tax credits in the following five years, the realisation of which is reasonably assured.

Deferred taxes are calculated on the basis of the tax rates that apply or are expected to apply under current legislation in the individual countries at the time of realisation.

### 4.14. Provisions for pensions and similar obligations

Provisions for pensions and similar obligations relate to the company's obligations regarding defined benefit plans.

In the case of defined benefit plans, the pension obligations are calculated using the projected unit credit method. The measurement of pension obligations is based on actuarial reports. This takes into account future salary and pension increases by increasing the amount. Mortality and termination probability is calculated in Germany in accordance with the 2018 G Heubeck mortality tables. Outside Germany these are determined using comparable foreign mortality tables.

If pension obligations are covered in full by plan assets with matching cover, these are reported net. The defined benefit obligation is used as the basis when measuring pension provisions and determining pension costs. Actuarial plan gains and losses are recognised through other comprehensive income taking into consideration deferred taxes. Past service cost is recognised immediately in profit or loss. The service cost is recognised in personnel expenses and net interest from additions to provisions and the return on plan assets is recognised in finance expenses.

#### 4.15. Other provisions

Other provisions are recognised for present, legal or constructive obligations arising from past events that will likely lead to a future outflow of economic resources and where the amount of these obligations can be reliably estimated.

They are measured either at the most likely settlement amount or, if probabilities are equal, at the expected settlement amount. Provisions are recognised only for obligations to third parties.

These are measured using the full cost approach, taking into account future cost increases.

Non-current provisions with a term of more than one year are carried at the discounted settlement amount at the end of the reporting period on the basis of appropriate interest rates if the time value of money is material. The underlying interest rates depend on the term of the obligation.

#### 4.16. Contingent liabilities

Contingent liabilities are possible obligations that arise from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within STEMMER IMAGING's control. Contingent liabilities are also current obligations that arise from past events but that are not recognised because it is not probable that an outflow of resources will be required to settle the obligation or because the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are not recognised in the consolidated statement of financial position. Instead, they are stated and described in the notes to the consolidated financial statements.

#### 4.17. Segment reporting

The consolidated financial statements as at 31 December 2022 do not include separate segment reporting as the activities of the STEMMER IMAGING Group are limited to one reportable segment within the meaning of IFRS 8. All business operations focus on trading of machine vision technology and are monitored and managed internally. There are no other operating segments that would be subject to reporting requirements under IFRS 8.11. Regardless of this, company-wide disclosures in accordance with IFRS 8.31 – 34 are provided in connection with the presentation of revenue in section B 18.

#### 4.18. Share-based remuneration

Accounting for share-based remuneration or remuneration programmes is based on IFRS 2. The standard differentiates between equity-settled share-based payment transactions and cash-settled share-based payment transactions.

With effect from 1 January 2021, the Executive Board contracts at STEMMER IMAGING AG were adapted to the remuneration system adopted by the Annual General Meeting 2021 and provided with a component for long-term incentivisation. The programme is recognised according to IFRS 2 "share-based payment transaction" as cash-settled share-based payment transaction. Accordingly, the fair value of the work performed by the Executive Board members is recognised in profit and loss as consideration for the cash settlement as of each reporting date and on the settlement date as expense and as a liability. In the absence of an independently determined fair value of the services, the services are determined with the fair value on the grant date, applying option price models. The calculation is based on the current dividend yield on the reporting date. The programme envisages that annual tranches are valued at the average share price, determined 10 trading days after the publication of the results of the previous year, in order to form performance shares. These performance shares are disbursed 4 years later and are measured on the basis of the share price that is then valid and an EBITA multiplier, which is calculated for the individual tranche in relation to the EBITA achievement in the last budget year, based on the EBITA specified annually by the Supervisory Board for the budget year at the time of granting the tranche. A cap exists per tranche of 200 per cent, which is disbursed as a maximum through a combination of share price and EBITA multiplier. If the cash compensation depends on the completion of a specific period of service by the Executive Board members, it is assumed that the services to be provided by the Executive Board members as consideration will be obtained in the future, during the course of the vesting period. Therefore, the remuneration expense is recognised over the vesting period, within which the beneficiaries will acquire an unlimited claim to the promised instruments.

#### 4.19. Estimates and assumptions

Judgements must be made in the application of accounting policies. Key future assumptions and other key sources of estimation uncertainty as of the end of the reporting period that entail a risk in the form of a need to adjust the carrying amounts of assets and liabilities within the next fiscal year are described below:

- The calculation of the fair values of assets and liabilities and the useful lives of assets is based on management assessments and planning. This also applies to determining impairment of property, plant and equipment, intangible assets and financial assets.
- Impairment losses are recognised for expected losses on financial instruments in order to account for estimated losses from customers' inability or unwillingness to pay. As part of calculating potential impairment losses, historical and forward-looking information is used when deriving assumptions regarding the default probability and when determining the expected loss.
- Assumptions are also to be made when calculating current and deferred taxes. The ability to generate corresponding taxable income plays a particularly key role in assessing whether deferred tax assets can be used.
- Estimates of income to be generated in the future figure prominently when accounting for other provisions.
- Material estimation parameters in accounting for pension provisions also include discounting factors, expected salary and pension trends, fluctuation and mortality.

- When conducting impairment tests, assumptions are made on the basis of the recoverable amount calculated.
- With regard to revenue recognition, assumptions are required at various points when assessing the contract. This applies to determining amounts not included in recognition on account of returns, and also in regard to assumptions of utilisation rates for discounts or the attainment of certain levels for volume-based rebates. Recognising revenue over a period of time on the basis of input-based methods such as the cost-to-cost method is also inherently dependent on a certain amount of discretion when determining the percentage of completion.
- The company has approved a Performance Share Programme for the Executive Board members of STEMMER IMAGING AG. Details about the estimated valuation parameters (term, expected volatility, risk-free interest rate) used in the Black Scholes valuation model to determine the resulting expenses can be found in the Group notes under Part B 16.

In the case of these measurement uncertainties, the best information available in relation to the circumstances at the reporting date is used. The actual amounts may differ from the estimates. The carrying amounts recognised in the financial statements and that are subject to these uncertainties can be found in the statement of financial position or the related section of the Group notes.

## B. Notes on items in the financial statement

### Notes on the statement of financial position

#### 1. Intangible assets

The carrying amount of intangible assets on the reporting date is calculated as follows:

in KEUR

	<b>31/12/2022</b>	<b>31/12/2021</b>
Goodwill	19,374	19,462
Concessions, property rights and patents	713	951
Customer base	3,634	4,488
Brand	968	1,052
Technology	483	620
Advance payments	657	0
<b>Total</b>	<b>25,829</b>	<b>26,573</b>

Changes in intangible assets are shown below:

in KEUR

	<b>Goodwill</b>	<b>Concessions, property rights and patents</b>	<b>Customer base</b>	<b>Order backlog</b>	<b>Brand</b>	<b>Technology</b>	<b>Advance payments</b>	<b>Total</b>
<b>Acquisition and production costs</b>								
<b>As at 01/01/2022</b>	<b>25,100</b>	<b>3,553</b>	<b>6,828</b>	<b>641</b>	<b>1,263</b>	<b>965</b>	<b>0</b>	<b>38,350</b>
Additions	0	2	0	0	0	0	657	659
Disposals	0	-60	0	0	0	0	0	-60
Net exchange rate differences	-88	0	0	0	0	0	0	-88
<b>As at 31/12/2022</b>	<b>25,012</b>	<b>3,495</b>	<b>6,828</b>	<b>641</b>	<b>1,263</b>	<b>965</b>	<b>657</b>	<b>38,861</b>
<b>Cumulative depreciation, amortisation and impairment</b>								
<b>As at 01/01/2022</b>	<b>-5,638</b>	<b>-2,602</b>	<b>-2,340</b>	<b>-641</b>	<b>-211</b>	<b>-345</b>	<b>0</b>	<b>-11,777</b>
Depreciation and amortisation	0	-240	-854	0	-84	-137	0	-1,315
Disposals	0	60	0	0	0	0	0	60
<b>As at 31/12/2022</b>	<b>-5,638</b>	<b>-2,782</b>	<b>-3,194</b>	<b>-641</b>	<b>-295</b>	<b>-482</b>	<b>0</b>	<b>-13,032</b>
<b>As at 31/12/2022</b>	<b>19,374</b>	<b>713</b>	<b>3,634</b>	<b>0</b>	<b>968</b>	<b>483</b>	<b>657</b>	<b>25,829</b>

Intangible assets developed as follows in the previous period:

in KEUR							
	Goodwill	Concessions, property rights and patents	Customer base	Order backlog	Brand	Technology	Total
<b>Acquisition and production costs</b>							
<b>As at 01/01/2021</b>	<b>25,056</b>	<b>3,543</b>	<b>6,828</b>	<b>641</b>	<b>1,263</b>	<b>965</b>	<b>38,296</b>
Additions	0	10	0	0	0	0	10
Net exchange rate differences	44	0	0	0	0	0	44
<b>As at 31/12/2021</b>	<b>25,100</b>	<b>3,553</b>	<b>6,828</b>	<b>641</b>	<b>1,263</b>	<b>965</b>	<b>38,350</b>
<b>Cumulative depreciation, amortisation and impairment</b>							
<b>As at 01/01/2021</b>	<b>-5,638</b>	<b>-2,291</b>	<b>-1,487</b>	<b>-586</b>	<b>-126</b>	<b>-207</b>	<b>-10,335</b>
Depreciation and amortisation	0	-311	-853	-55	-85	-138	-1,442
<b>As at 31/12/2021</b>	<b>-5,638</b>	<b>-2,602</b>	<b>-2,340</b>	<b>-641</b>	<b>-211</b>	<b>-345</b>	<b>-11,777</b>
<b>As at 31/12/2021</b>	<b>19,462</b>	<b>951</b>	<b>4,488</b>	<b>0</b>	<b>1,052</b>	<b>620</b>	<b>26,573</b>

### Allocation to cash-generating units

The carrying amount of goodwill is to be allocated to the cash-generating units as follows:

in KEUR		
	31/12/2022	31/12/2021
STEMMER IMAGING B. V., Zutphen/Netherlands	2,953	2,953
STEMMER IMAGING A/S, Copenhagen/Denmark	141	141
STEMMER IMAGING S. A. S., Puteaux/France	2,097	2,097
STEMMER IMAGING AB, Stockholm/Sweden	1,981	2,069
INFAIMON, S. L. U., Barcelona/Spain	12,202	12,202
<b>Total</b>	<b>19,374</b>	<b>19,462</b>

The recoverable amount of the five cash-generating units was derived by applying discounted cash flow forecasts to calculate a respective value in use. These discounted cash flow forecasts are based on the financial budget approved by the Executive Board for a detailed planning horizon of five years and on a discount rate specific to each cash-generating unit. These models make use of numerous material assumptions, including estimates of future revenue growth rates, the gross profit ratios, the costs of operating activities, sustainable growth rates and average weighted capital costs (discount rate).

Cash flow projections are based on the same expected gross margins and the same estimated rate of price increase for commodities over the entire budget period. The cash flow range was extrapolated to periods after the fifth year assuming a constant annual growth rate of 1 per cent.

The following discount rates before taxes were applied in the individual cash-generating units as at 30 November 2022 (previous year: 30 November 2021):

- STEMMER IMAGING B. V., Zutphen/Netherlands: 9.94 per cent (previous year: 6.82 per cent)
- STEMMER IMAGING A/S, Copenhagen/Denmark: 9.34 per cent (previous year: 7.02 per cent)
- STEMMER IMAGING S. A. S., Puteaux/France: 9.94 per cent (previous year: 6.81 per cent)
- STEMMER IMAGING AB, Stockholm/Sweden: 9.32 per cent (previous year: 7.75 per cent)
- INFAIMON, S. L. U., Barcelona/Spain: 9.94 per cent (previous year: 6.82 per cent)

For the 2023 planning period, the VDMA expects market growth of 9 per cent for the robotics and automation sector and 5 per cent for the machine vision segment. Based on the strong order backlog of EUR 54.3 million, STEMMER IMAGING expects revenue growth in the range of 5 to 13 per cent. More differentiated planning was prepared for 2024, with expected growth in the range of 8 to 26 per cent. The company expects average growth rates of around 15 per cent for 2025 and subsequent years. Based on steadily improving margins with costs rising at a lower rate than revenue, STEMMER IMAGING expects the EBITDA ratio to improve. A new range of 15 to 19 per cent over the medium term has been established. The improvement in the EBIT ratio will also be supported by declining PPA amortisation over the planning period. Cost planning for 2023 is based on a detailed analysis of the planned and expected development of individual cost items. In particular, the detailed planning takes into account the development of revenue, strategic and operational measures, special items and external developments (e.g. expected price increases, specific market developments). For medium-term planning, estimates are used based on experience, which can be subject to corresponding variability. Furthermore, anticipated cost items are also included for the medium-term period if required. Exchange rate fluctuations are not taken into account in planning.

On the basis of the underlying assumptions for the determination of the recoverable value, there was no impairment of any of the cash-generating units as at 30 November 2022.

As part of a sensitivity analysis for the cash-generating units for which goodwill was allocated, expected EBIT was simultaneously reduced by 10 per cent and after-tax interest rates increased by 2 per cent. No impairment requirement arising from changed parameters was determined.

Total expenses for research and development amounted to EUR 1.66 million in the reporting year (previous year: EUR 1.71 million).

The advance payments on intangible assets of EUR 657 thousand reported in the 2022 fiscal year are investments in external services for a new website and for an e-commerce channel.

## 2. Property, plant and equipment

The carrying amounts of property, plant and equipment as of the end of the reporting period were as follows:

in KEUR		
	<b>31/12/2022</b>	<b>31/12/2021</b>
Buildings (leasehold improvements)	662	846
Right-of-use assets for land and buildings	4,801	2,993
Technical equipment and machinery	8	15
Other equipment, operating and office equipment	1,099	1,084
Right-of-use assets for operating and office equipment	658	670
<b>Total</b>	<b>7,228</b>	<b>5,608</b>

Fixed assets developed as follows in the fiscal year:

in KEUR						
	Buildings (leasehold improvements)	Right-of-use assets for land and buildings	Technical equipment and machinery	Other equip- ment, operat- ing and office equipment	Right-of-use assets for operat- ing and of- fice equipment	Total
<b>Acquisition and production costs</b>						
<b>As at 01/01/2022</b>	<b>3,598</b>	<b>6,110</b>	<b>32</b>	<b>5,682</b>	<b>1,610</b>	<b>17,033</b>
Additions	17	2,759	0	493	409	3,678
Reclassifications	12	0	0	-12	0	0
Disposals	-186	-665	0	-312	-437	-1,600
Revaluation	0	568	0	0	70	638
Net exchange rate differences	-26	-69	0	-48	-3	-146
<b>As at 31/12/2022</b>	<b>3,415</b>	<b>8,703</b>	<b>32</b>	<b>5,803</b>	<b>1,649</b>	<b>19,603</b>
<b>Cumulative depreciation, amortisation and impairment</b>						
<b>As at 01/01/2022</b>	<b>-2,752</b>	<b>-3,117</b>	<b>-17</b>	<b>-4,598</b>	<b>-940</b>	<b>-11,425</b>
Depreciation and amortisation	-185	-1,475	-7	-431	-489	-2,587
Reclassifications	-11	0	0	11	0	0
Disposals	172	665	0	276	437	1,550
Net exchange rate differences	23	25	0	38	1	87
<b>As at 31/12/2022</b>	<b>-2,753</b>	<b>-3,902</b>	<b>-24</b>	<b>-4,704</b>	<b>-991</b>	<b>-12,375</b>
<b>As at 31/12/2022</b>	<b>662</b>	<b>4,801</b>	<b>8</b>	<b>1,099</b>	<b>658</b>	<b>7,228</b>

The revaluations of EUR 638 thousand in the 2022 fiscal year (previous year: EUR 1,749 thousand) mainly pertain to contract amendments for finance leases for land and buildings.

Fixed assets developed as follows in the previous period:

in KEUR	Buildings (leasehold improvements)	Right-of-use assets for land and buildings	Technical equipment and machinery	Other equip- ment, operat- ing and office equipment	Right-of-use assets for oper- ating and of- fice equipment	Advance payments and assets under construction	Total
<b>Acquisition and production costs</b>							
As at 01/01/2021	3,595	4,588	32	5,695	1,459	7	15,377
Additions	6	44	0	233	304	0	587
Reclassifications	0	0	0	7	0	-7	0
Disposals	-34	-251	0	-297	-208	0	-790
Revaluation	0	1,702	0	0	47	0	1,749
<b>Net exchange rate differences</b>	<b>31</b>	<b>27</b>	<b>0</b>	<b>44</b>	<b>8</b>	<b>0</b>	<b>110</b>
<b>As at 31/12/2021</b>	<b>3,598</b>	<b>6,110</b>	<b>32</b>	<b>5,682</b>	<b>1,610</b>	<b>0</b>	<b>17,033</b>
Cumulative depreciation, amortisation and impairment							
As at 01/01/2021	-2,498	-2,014	-10	-4,284	-676	0	-9,483
Depreciation and amortisation	-230	-1,334	-7	-454	-467	0	-2,492
Disposals	0	251	0	168	208	0	627
Net exchange rate differences	-24	-20	0	-28	-5	0	-77
<b>As at 31/12/2021</b>	<b>-2,752</b>	<b>-3,117</b>	<b>-17</b>	<b>-4,598</b>	<b>-940</b>	<b>0</b>	<b>-11,425</b>
<b>As at 31/12/2021</b>	<b>846</b>	<b>2,993</b>	<b>15</b>	<b>1,084</b>	<b>670</b>	<b>0</b>	<b>5,608</b>

### 3. Inventories

Inventories are composed as follows:

in KEUR	31/12/2022	31/12/2021
Raw materials and supplies	210	177
Goods	18,327	14,444
Advance payments	321	966
<b>Total</b>	<b>18,858</b>	<b>15,587</b>

In the 2022 fiscal year, inventories of EUR 97,014 thousand (previous year: EUR 79,700 thousand) were recognised as an expense under cost of materials.

The total cost of inventories recognised as expenses in the cost of materials includes write-downs to the net realisable value of EUR 610 thousand (previous year: EUR 398 thousand) due to excess stock, obsolescence, reduced marketability or subsequent costs.

Most of the inventories are expected to be used within twelve months.

#### 4. Trade receivables

in KEUR			
	<b>31/12/2022</b>	<b>31/12/2021</b>	
Trade receivables	24,946	18,222	
Impairment losses	- 1,014	- 1,266	
<b>Total</b>	<b>23,932</b>	<b>16,956</b>	

The Group companies – with the exception of the INFAIMON subsidiaries – generally grant payment terms between 30 and 45 days. The Group does not charge interest to the customer for this period of time. Late payment interest will be subsequently charged on the outstanding amount in individual cases and in accordance with customary business practices in the respective country.

Delivery terms at STEMMER IMAGING are predominantly ex works.

For trade receivables, valuation allowances are recorded using the expected loss method in accordance with IFRS 9.

Impairment losses on trade receivables are explained in note B 12.

The carrying amount of trade receivables is largely considered a suitable estimate of their fair value.

Trade receivables are due within one year.

#### 5. Contract assets

Contract assets are composed as follows:

in KEUR			
	<b>31/12/2022</b>	<b>31/12/2021</b>	
Project order	0	22	
of which current	0	22	

In the previous year, contract assets arose in connection with the recognition of revenue based on the percentage of completion method and recognised for a period of time for a project order in conjunction with the delivery of a subsidiary's bundle of hardware and software components, offset against advanced payments received from customers.

An impairment loss was recognised under the expected loss method in accordance with IFRS 9 but was not reported separately due to the immaterial amount.

#### 6. Income tax receivables

Income tax receivables amounted to EUR 253 thousand (previous year: EUR 362 thousand) at the end of the fiscal year. The majority only arises legally after the end of the reporting period.

#### 7. Other assets and prepaid expenses

Other assets and prepaid expenses break down as follows:

in KEUR			
	<b>31/12/2022</b>	<b>31/12/2021</b>	
Other tax refund claims	1,316	1,072	
Receivables from employees	1	7	
Prepaid expenses and other assets	764	552	
<b>Total</b>	<b>2,081</b>	<b>1,631</b>	

As in the previous year, none of the other assets and prepaid expenses have a remaining term of more than one year.

## 8. Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and bank balances. The carrying amount is to be considered as a suitable estimate of fair value. Bank balances are held exclusively for short-term cash management purposes. Please see the sensitivity analysis under note 12 for information on the foreign currency balance included in cash and cash equivalents.

For cash and cash equivalents, valuation allowances are made in note B 12 using the expected loss method in accordance with IFRS 9. The impairments are explained in note B 12.

## 9. Equity

### Subscribed capital

STEMMER IMAGING AG's share capital is EUR 6,500 thousand (previous year: EUR 6,500 thousand) and is fully paid up. As at 31 December 2021, there were 6,500,000 no-par-value bearer shares (ordinary shares). Each share represents EUR 1.00 of share capital.

The Executive Board was authorised, with the approval of the Supervisory Board, to increase the company's share capital on one or more occasions until 31 October 2022 by a total of EUR 2,500 thousand against cash and/or non-cash contributions by issuing up to 2,500,000 new no-par-value bearer shares (Authorised Capital 2017/I). This option was not utilised in the 2022 fiscal year.

The Annual General Meeting on 7 December 2018 resolved to contingently increase the company's share capital by EUR 200 thousand. This will be used to grant up to 200,000 stock options with pre-emption rights to members of the Executive Board, company employees, members of management and employees of affiliated companies within the meaning of sections 15, 17 AktG on company shares with a term of up to ten years (Contingent Capital 2018/I).

### Capital reserves

Capital reserves amount to EUR 47,495 thousand (previous year: EUR 47,495 thousand).

### Revenue reserves

Other revenue reserves amounted to EUR 30,264 thousand (previous year: EUR 17,166 thousand) at the end of the fiscal year. They include earnings carried forward that were generated in the past by companies included in the consolidated financial statements.

The currency translation reserve decreased by EUR 406 thousand to EUR – 210 thousand in the 2022 fiscal year. Translation differences from translating the foreign currency of foreign operations into the Group's reporting currency are recognised in the consolidated financial statements directly in other comprehensive income and cumulated in the currency translation reserve.

The reserve for actuarial gains/losses increased by EUR 19 thousand to EUR 30 thousand in the 2022 fiscal year. Remeasurements of the net liability for defined benefit plans are recognised directly in other comprehensive income and cumulated in the reserve for actuarial gains/losses.

Key resolutions by the Annual General Meeting of 18 May 2022:

It was resolved to use the German Commercial Code (HGB) unappropriated surplus for the 2021 fiscal year of EUR 15,432,834.40 as follows:

Distribution of a dividend of EUR 0.75 per eligible no-par value share: a total of EUR 4,875,000.00

Carryforward of EUR 10,557,834.40 to new account.

## 10. Employee benefits

### Pensions

In accordance with IAS 19, provisions for defined benefit plans are calculated using the projected unit credit method. Pension obligations are carried at the present value of pension claims earned as at the measurement date, taking into account expected future increases in pensions and salaries. Obligations for active employees increase each year by the accrued interest and by the present value of pension claims earned in the fiscal year. Actuarial gains or losses arise from changes in holdings and where current trends (e.g. income and pension increases, changes in interest rates) deviate from calculation assumptions.

Provisions for pensions and similar obligations are recognised on the basis of benefit plans for commitments for pensions, disability and survivors' benefits. Benefits are based on the duration of employment, the salary and the employment level of the employee entitled to the benefit. Direct and indirect obligations comprise those arising from current pensions and vested pension rights for pensions and retirement benefits payable in future.

As in the previous year, there was a performance obligation to a former member of the Executive Board as at 31 December 2022. There were also performance obligations to employees of a French subsidiary.

Actuarial assumptions:

Pension obligations are calculated using actuarial methods. These include assumptions on future salary, wage and pension trends.

The measurement is based on the following ranges of actuarial assumptions:

in KEUR	31/12/2022	31/12/2021
Interest rate	3.89%	0.91%
Pension/salary trend Germany	n/a	n/a
Pension/salary trend France	2.00%	2.00%

Change in present value for pensions and similar obligations:

in KEUR	2022	2021
<b>As at 01/01</b>	<b>159</b>	<b>157</b>
Service cost	- 20	5
Interest expense	1	1
Actuarial gains (-) and losses (+)	- 28	- 4
<b>As at 31/12</b>	<b>112</b>	<b>159</b>

Material changes in plan assets are shown below:

in KEUR	2022	2021
<b>As at 01/01</b>	<b>112</b>	<b>115</b>
Income/expenses from plan assets	- 27	- 3
<b>As at 31/12</b>	<b>85</b>	<b>112</b>

The following amounts were recognised in total comprehensive income with regard to defined benefit plans:

in KEUR

	<b>2022</b>	<b>2021</b>
Cost of pension claims earned in the reporting year	- 20	5
Actuarial gains (-)/losses (+) from the change in financial assumptions	- 28	- 4
Net interest expenses	1	1
<b>Components of defined benefit expenses recognised in the income statement</b>	<b>- 47</b>	<b>2</b>

The remeasurement of the net defined benefit liabilities is recognised in other comprehensive income.

The amount recognised in the statement of financial position relating to the company's obligation from defined benefit plans is as follows:

in KEUR

	<b>2022</b>	<b>2021</b>
Present value of covered defined benefit obligations	112	159
Fair value of plan assets	85	112
Excess liability (-)/plan surplus (+)	- 27	- 47

The main actuarial assumptions used to determine the defined benefit obligation are the discount rate and pension trends. Potential changes to the respective assumptions that may reasonably occur as of the end of the reporting period have no material impact on any change in the obligation.

The expected term of the defined benefit obligation as at 31 December 2022 was 9.6 years (previous year: 10.6 years). At the French subsidiary, the term is linked to the age of the employees and thus to the maximum length of service.

Plan assets comprise pension liability insurance corresponding to the defined benefit obligation on the basis of a qualifying insurance contract.

No further contributions to the plan assets are expected. As in 2021, STEMMER IMAGING did not expect any pension payments in the fiscal year from 1 January to 31 December 2022.

There have been no changes to the methods and types of assumptions used in preparing the sensitivity analysis in comparison with the previous year. The following sensitivity analysis was carried out using a method that extrapolates the effect of realistic changes in material assumptions, i.e. the discount rate, on the obligation at the end of the reporting period. The sensitivity analysis is based on a change to one material assumption, with all other assumptions remaining unchanged. Accordingly, A change in the discount rate of

- +1.0 per cent results in a decrease in the performance obligation by EUR 8 thousand
- -1.0 per cent results in an increase in the performance obligation by EUR 8 thousand

## 11. Other provisions

Other provisions, recognised in line with the Executive Board's best estimates, and their terms are as follows:

in KEUR

	31/12/2022		31/12/2021	
	Current	Non-current	Current	Non-current
Retention obligations	0	82	0	82
Long-term incentive programme	0	137	0	143
Warranties	16	0	131	0
Other	49	0	49	0
<b>Total</b>	<b>65</b>	<b>219</b>	<b>180</b>	<b>225</b>

in KEUR

	As at	Utilisation	Reversed	Additions	Currency	As at
	01/01/2022					31/12/2022
Retention obligations	82	0	0	0	0	82
Long-term incentive programme	143	-32	0	26	0	137
Warranties	131	-14	-116	16	-1	16
Other	49	-29	0	30	-1	49
<b>Total</b>	<b>405</b>	<b>-75</b>	<b>-116</b>	<b>72</b>	<b>-2</b>	<b>284</b>

in KEUR

	As at	Utilisation	Reversed	Additions	Currency	As at
	01/01/2021					31/12/2021
Retention obligations	82	0	0	0	0	82
Long-term incentive programme	111	0	0	32	0	143
Warranties	189	-40	-116	99	-1	131
Other	41	-7	-21	36	0	49
<b>Total</b>	<b>423</b>	<b>-47</b>	<b>-137</b>	<b>167</b>	<b>-1</b>	<b>405</b>

## Incentive programme

STEMMER IMAGING AG has developed a long-term incentive programme for selected employees. By being included in this programme, employees participate in STEMMER IMAGING's business performance. The programme was launched at the end of the 2010/11 fiscal year and is updated on an ongoing basis. Beneficiaries are entitled to the committed amounts upon termination of their employment at STEMMER IMAGING AG. Participating employees were in ongoing employment relationships when the consolidated financial statements were prepared.

Provisions for the incentive programme are measured at the present value of existing claims in accordance with IAS 19. The calculation of present value is based on a discount rate of 3.89 per cent (previous year: 0.91 per cent).

Change in present value for obligations from the incentive programme:

in KEUR

	2022	2021
	<b>As at 01/01</b>	<b>143</b>
Additions	26	32
Utilisation	-32	0
<b>As at 31/12</b>	<b>137</b>	<b>143</b>

Potential changes to the respective assumptions (discount rate) that may reasonably occur at the end of the reporting period have no material impact on any change in the obligation.

The expected term of the obligation as at 31 December 2022 was 6.0 years (previous year: 8.4 years). STEMMER IMAGING does not expect any payments from this programme in the fiscal year from 1 January to 31 December 2023 (previous year: EUR 0 thousand).

## 12. Financial instruments

### Classification and fair value

The following table provides a reconciliation of the statement of financial position items as of 31 December 2022 relating to financial instruments to classes and measurement categories in accordance with IFRS 9. It also shows aggregated carrying amounts for each measurement category and the fair values for each class.

	Category according to IFRS 9	Carrying amount 31/12/2022	Measurement according to IFRS 9			Measurement according to IFRS 9	Of which assets and liabilities under IFRS 16	Fair value 31/12/2022
			Amortised cost	Fair value through other comprehensive income	Fair value through profit or loss			
<b>Assets</b>								<b>Total</b>
Trade receivables	Amortised cost	23,932	23,932	0	0	23,932	0	23,932
Other investment securities	FVTPL	48	0	0	48	48	0	48
Other financial assets	Amortised cost	331	331	0	0	331	0	331
Cash and cash equivalents	Amortised cost	41,574	41,574	0	0	41,574	0	41,574
<b>Equity and liabilities</b>								
Current and non-current loans	Amortised cost	3,500	3,500	0	0	3,500	0	3,500
Trade payables	Amortised cost	13,103	13,103	0	0	13,103	0	13,103
Contract liabilities and advance payments received on orders	Amortised cost	668	668	0	0	668	0	668
Remaining other financial liabilities	Amortised cost	939	939	0	0	939	0	939
Liabilities from leases	Amortised cost	5,527	0	0	0	0	5,527	5,527

The following table provides a reconciliation of the statement of financial position items as of 31 December 2021 relating to financial instruments to classes and measurement categories in accordance with IFRS 9. It also shows aggregated carrying amounts for each measurement category and the fair values for each class.

	Category according to IFRS 9	Carrying amount 31/12/2021	Measurement according to IFRS 9				Measurement according to IFRS 9	Of which assets and liabilities under IFRS 16	Fair value 31/12/2021
			Amortised cost	Fair value through other comprehensive income	Fair value through profit or loss				
<b>Assets</b>								<b>Total</b>	
Trade receivables	Amortised cost	16,956	16,956	0	0	16,956	0	16,956	
Contract assets	Amortised cost	22	22	0	0	22	0	22	
Other investment securities	FVTPL	27	0	0	27	27	0	27	
Other financial assets	Amortised cost	181	181	0	0	181	0	181	
Cash and cash equivalents	Amortised cost	36,022	36,022	0	0	36,022	0	36,022	
<b>Equity and liabilities</b>									
Current and non-current loans	Amortised cost	5,503	5,503	0	0	5,503	0	5,503	
Trade payables	Amortised cost	10,765	10,765	0	0	10,765	0	10,765	
Contract liabilities and advance payments received on orders	Amortised cost	1,185	1,185	0	0	1,185	0	1,185	
Remaining other financial liabilities	Amortised cost	993	993	0	0	993	0	993	
Liabilities from leases	Amortised cost	3,673	0	0	0	0	3,673	3,673	

IFRS 13 regulates how fair value is determined along with the related disclosures in the notes to the consolidated financial statements. The standard does not explicitly set out in which cases the fair value must be used. Fair value is defined as the price that independent market participants would receive to sell an asset or pay to transfer a liability in an arm's length transaction at the measurement date. The assets and liabilities measured at fair value are allocated to the three levels of the fair value hierarchy in accordance with IFRS 13. The individual levels of the fair value hierarchy are defined as follows:

**Level 1:**

Quoted market prices in active markets for identical assets or liabilities

**Level 2:**

Level 2 is based on input factors that are observable for the asset or liability, either directly (i. e. as prices) or indirectly (i. e. derived from prices), and on input factors other than the quoted market prices included within Level 1.

**Level 3:**

Level 3 is based on input factors for the asset or liability that cannot be observed in a market (unobservable inputs).

The following table shows the fair value hierarchies of assets and liabilities measured at fair value in the statement of financial position.

in KEUR

Fair value hierarchy	31/12/2022			31/12/2021		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Assets</b>						
Other investment securities			48			27

The fair value in Level 1 is calculated using quoted prices (unadjusted) in an active market for identical assets or liabilities to which STEMMER IMAGING has access at the reporting date.

For Level 2, fair value is determined using a discounted cash flow model based on inputs other than quoted prices included within Level 1 that are either directly or indirectly observable. Level 3 fair values are calculated using valuation techniques that incorporate inputs that are not observable in the active market.

The assessment of whether there has been a transfer between levels of the fair value hierarchy for financial assets and liabilities carried at fair value is made at the end of each reporting period. No reclassifications were made in the past reporting period.

Equity instruments are classified as at fair value through other comprehensive income.

As at 31 December 2022, the non-current other financial assets of EUR 172 thousand (previous year: EUR 55 thousand) mainly consisted of other loans.

Current other financial assets are broken down as follows:

in KEUR		
	<b>31/12/2022</b>	<b>31/12/2021</b>
Other	159	126
<b>Total</b>	<b>159</b>	<b>126</b>

Current other financial assets include creditors with debit balances in the amount of EUR 72 thousand (previous year: EUR 10 thousand).

Non-current other financial liabilities are composed as follows:

in KEUR		
	<b>31/12/2022</b>	<b>31/12/2021</b>
Remaining other financial liabilities	614	689
Liabilities from leases	3,830	2,101
Liabilities other financing agreements	14	0
<b>Total</b>	<b>4,458</b>	<b>2,790</b>

Other financial liabilities include research loans of EUR 613 thousand (previous year: EUR 689 thousand) received by INFAIMON, S. L. U.

Current other financial liabilities are broken down as follows:

in KEUR		
	<b>31/12/2022</b>	<b>31/12/2021</b>
Remaining other financial liabilities	307	304
Liabilities from leases	1,697	1,572
Liabilities other financing agreements	4	0
<b>Total</b>	<b>2,008</b>	<b>1,876</b>

Other financial liabilities include debtors with credit balances in the amount of EUR 218 thousand (previous year: EUR 203 thousand) and current research loans (EUR 76 thousand) received by INFAIMON, S. L. U. (previous year: EUR 96 thousand).

## Financial risk management

### Risk management principles

STEMMER IMAGING's risk policy aims to identify any material risks or risks that could jeopardise the future of the company as a going concern and address these risks responsibly.

STEMMER IMAGING regularly assesses risks by way of a risk analysis.

### Liquidity risks

The Group monitors changes in liquidity at the parent company and subsidiaries on a regular basis in order to ensure that the parent company and subsidiaries can meet their payment obligations at all times.

In connection with the acquisition of the INFAIMON Group, a loan of EUR 10.0 million was taken out, which is to be repaid with a quarterly payment of EUR 0.5 million. The interest rate for the loan is 0.65 per cent.

The liquidity risk essential related to trade payables. Fixed payment terms are in place with suppliers. As a result, there is no risk of payments having to be made earlier.

The following table shows the contractual undiscounted interest and payment terms for financial instruments under IFRS 7:

31/12/2022 in KEUR	Cash Flows 2023	Cash Flows 2024 – 2027	Cash Flows 2028 onwards
Loan liabilities	2,018	1,505	0
Trade payables	13,024	79	0
Contract liabilities and advance payments received on orders	668	0	0
Remaining other financial liabilities	307	442	171
Liabilities other financing agreements	5	24	0
Liabilities from leases	1,789	2,426	1,661
<b>Total</b>	<b>17,811</b>	<b>4,476</b>	<b>1,832</b>

31/12/2021 in KEUR	Cash Flows 2022	Cash Flows 2023 – 2026	Cash Flows 2027 onwards
Loan liabilities	2,035	3,523	0
Trade payables	10,765	0	0
Contract liabilities and advance payments received on orders	1,185	0	0
Remaining other financial liabilities	304	425	264
Liabilities from leases	1,578	1,939	168
<b>Total</b>	<b>15,867</b>	<b>5,887</b>	<b>432</b>

This includes all financial instruments in the portfolio at the end of the reporting periods and for which payments had already been agreed. Foreign currencies are translated at the spot rate on the respective reporting date. Floating-rate interest payments from financial instruments were calculated on the basis of the last fixed interest rates prior to the reporting date in question. Financial liabilities repayable on demand are always assigned to the earliest time band.

#### Currency risks

Certain Group transactions are processed in a foreign currency. This gives rise to risks from exchange rate fluctuations.

The carrying amounts of monetary assets and liabilities denominated in foreign currencies, to the extent that they are exposed to a currency risk through profit or loss, are as follows:

31/12/2022 in KEUR	Current				Non-current			
	GBP	BRL	USD	SEK	GBP	BRL	USD	SEK
Financial assets	2,495	988	2,478	4,243	0	0	0	0
Financial liabilities	- 430	- 71	- 3,264	- 173	- 758	- 23	0	- 235
<b>Total</b>	<b>2,065</b>	<b>917</b>	<b>- 786</b>	<b>4,070</b>	<b>- 758</b>	<b>- 23</b>	<b>0</b>	<b>- 235</b>

31/12/2021 in KEUR	Current				Non-current			
	GBP	BRL	USD	SEK	GBP	BRL	USD	SEK
Financial assets	1,583	371	5,599	3,826	0	0	0	0
Financial liabilities	- 236	- 41	- 2,095	- 1,136	- 22	0	0	- 13
<b>Total</b>	<b>1,346</b>	<b>330</b>	<b>3,504</b>	<b>2,690</b>	<b>- 22</b>	<b>0</b>	<b>0</b>	<b>- 13</b>

The amounts held in all other currencies in the Group, such as Danish krone, Swiss francs, Mexican pesos and Polish zloty, are immaterial.

Because the number of additional transactions made in foreign currencies is not substantial, the resulting currency risks are negligible.

#### Foreign currency sensitivity analysis

The following tables show the sensitivity of profit and equity in relation to the Group's financial assets and financial liabilities and of the BRL/EUR, GBP/EUR, SEK/EUR and USD/EUR exchange rates. All other parameters are unchanged. A change in the BRL/EUR, GBP/EUR, SEK/EUR and USD/EUR exchange rates of +/- 10 per cent as at 31 December 2022 is assumed. This percentage was calculated on the basis of the average market volatility of the exchange rates over the last 12 months.

If the EUR had appreciated against the USD by 10 per cent in 2022, this would have had the following effect:

<b>USD</b> in KEUR	<b>Profit</b>	<b>Equity</b>
31/12/2022	71	71
31/12/2021	- 319	- 319

If the EUR had weakened against the USD by 10 per cent in 2022, this would have had the following effect:

<b>USD</b> in KEUR	<b>Profit</b>	<b>Equity</b>
31/12/2022	- 87	- 87
31/12/2021	389	389

If the EUR had appreciated against the GBP by 10 per cent in 2022, this would have had the following effect:

<b>GBP</b> in KEUR	<b>Profit</b>	<b>Equity</b>
31/12/2022	25	- 238
31/12/2021	- 11	- 122

If the EUR had weakened against the GBP by 10 per cent in 2022, this would have had the following effect:

<b>GBP</b> in KEUR	<b>Profit</b>	<b>Equity</b>
31/12/2022	- 25	238
31/12/2021	11	122

If the EUR had appreciated against the BRL by 10 per cent in 2022, this would have had the following effect:

<b>BRL</b> in KEUR	<b>Profit</b>	<b>Equity</b>
31/12/2022	- 81	65
31/12/2021	- 29	1

If the EUR had weakened against the BRL by 10 per cent in 2022, this would have had the following effect:

<b>BRL</b> in KEUR	<b>Profit</b>	<b>Equity</b>
31/12/2022	81	- 65
31/12/2021	29	- 1

If the EUR had appreciated against the SEK by 10 per cent in 2022, this would have had the following effect:

SEK in KEUR	Profit	Equity
31/12/2022	-9	-407
31/12/2021	115	-472

If the EUR had weakened against the SEK by 10 per cent in 2022, this would have had the following effect:

SEK in KEUR	Profit	Equity
31/12/2022	9	407
31/12/2021	-115	472

Exchange rate risks vary over the year depending on the volume of transactions. Nevertheless, the above analysis can be considered representative of the Group's currency risk.

### Risk of default

The risk of default is the risk of financial losses in the event that a counterparty does not fulfil its obligations towards the Group. The Group is exposed to this risk through various financial instruments, particularly through existing trade receivables, other financial assets measured at amortised cost and investment of cash and cash equivalents. An event of default for the Group occurs when a contracting party is unable to meet its obligations to the Group. Events of default may include disruptions in the contracting party's course of business and associated payment delays, the inability to pay and insolvency. The maximum default risk to which the Group is exposed is limited to the carrying amount of financial assets recognised as of the end of the reporting period, as summarised below:

		Carrying amounts	
		31/12/2022	31/12/2021
in KEUR			
<b>Financial assets</b>			
Trade receivables	gross	24,946	18,222
Trade receivables	Impairment loss	-1,014	-1,266
Trade receivables	net	23,932	16,956
Other financial assets	gross	384	181
Other financial assets	Impairment loss	-53	0
Other financial assets	net	331	181
Cash and cash equivalents	gross	41,616	36,058
Cash and cash equivalents	Impairment loss	-42	-36
Cash and cash equivalents	net	41,574	36,022
<b>Total</b>	<b>Total</b>	<b>65,837</b>	<b>53,159</b>

At STEMMER IMAGING, the procedure for determining the risk provision is as follows:

in KEUR

	Risk provision procedure	Level of risk provision	Carrying amounts	
			31/12/2022	31/12/2021
Trade receivables	Lifetime-expected-credit loss	n/a	23,932	16,956
Cash and cash equivalents	12-month expected credit loss	Level 1	41,574	36,022

The Group monitors the payment history of customers and other contractual parties, who are observed either individually or by group, on an ongoing basis and incorporates this information into its credit risk review. Where these are available at a reasonable cost, external ratings and/or reports on customers or other contractual parties are obtained and analysed. The Group's policy is to deal only with creditworthy contractual partners.

Corresponding impairment losses are recognised for all receivables on the basis of information regarding the counterparty's current financial situation and past experience regarding payment history. Impairment losses are thus recognised if the expected future cash flows are lower than the carrying amount of the receivables.

Before commencing a business relationship with a new customer, the Group conducts internal and external credit checks to assess potential customers' credit standing and to define credit limits. The customer assessment and credit limits are reviewed regularly.

Collateral or other credit improvement measures do not exist for reducing the credit risk.

In line with IFRS 9, the STEMMER IMAGING Group uses the expected loss model to determine impairment losses. Under this method, the threshold for loss recognition includes expected losses, as opposed to only losses that have already occurred.

The tables below provide information on the estimated default risk and expected credit losses for trade receivables as at 31 December 2022 and 31 December 2021:

in KEUR	Loss rate	Gross carrying amount	Impairment loss	Credit-impaired
not past due	1.30%	18,593	- 241	No
1 – 30 days past due	2.22%	3,418	- 76	No
31 – 60 days past due	1.76%	942	- 17	No
61 – 90 days past due	3.74%	461	- 17	No
91 – 180 days past due	20.91%	815	- 170	No
181 – 270 days past due	42.17%	207	- 87	Yes
271 – 360 days past due	59.78%	120	- 72	Yes
More than 360 days past due	85.58%	390	- 334	Yes
<b>Total as at 31/12/2022</b>		<b>24,946</b>	<b>- 1,014</b>	

in KEUR	Loss rate	Gross carrying amount	Impairment loss	Credit-impaired
not past due	2.99%	12,612	- 377	No
1 – 30 days past due	2.12%	2,607	- 55	No
31 – 60 days past due	10.86%	980	- 106	No
61 – 90 days past due	0.68%	613	- 4	No
91 – 180 days past due	22.28%	543	- 121	No
181 – 270 days past due	41.01%	228	- 94	Yes
271 – 360 days past due	63.99%	206	- 132	Yes
More than 360 days past due	86.98%	433	- 377	Yes
<b>Total as at 31/12/2021</b>		<b>18,222</b>	<b>- 1,266</b>	

The reduction in valuation allowances is mainly due to the reversal of valuation allowances according to the case-by-case assessment. On the other hand, the gross carrying amount of receivables increased, so that higher valuation allowances were recognised.

Expected credit losses for trade receivables that were not already impaired on a case-by-case basis (e.g. due to a customer's insolvency) are determined using the practical expedient of a provision matrix, which specifies fixed provision rates depending on the length of time that trade receivables are past due. In addition, in the "not past due" to "61 – 90 days past due" levels, additional risk provisions were formed in view of increased payment deadlines for INFAIMON companies. Impairment allowances based on the provision matrix amount to EUR – 663 thousand (previous year: EUR – 614 thousands). The impairments that were recognised on a case-by-case basis amount to EUR – 351 thousand (previous year: EUR – 652 thousand) and are also shown in the provision matrix according to the past due dates.

Based on the application of the expected loss model, impairment losses at STEMMER IMAGING relating to trade receivables developed as follows:

in KEUR

	<b>2022</b>	<b>2021</b>
As at the beginning of the fiscal year	– 1,266	– 717
Additions	– 232	– 614
Utilisation	1	34
Reversals	501	34
Currency adjustments, other changes	– 18	– 3
<b>Total</b>	<b>– 1,014</b>	<b>– 1,266</b>

The Group is exposed to a credit risk from individual customers in relation to trade receivables and other receivables. However, the Group did not generate any revenue in the reporting period with individual customers that account for over 10 per cent of the Group's annual revenue. There was thus no concentration risk in the reporting period. On the basis of past experience, management regards the credit quality of trade receivables that are not past due or impaired as good.

The credit risk for other financial assets and contract assets is negligible due to the low volume as at 31 December 2022.

The credit risk for cash and cash equivalents is determined on the basis of external ratings. As an impairment loss was formed for bank balances for the first time in the 2020 fiscal year, the historical data is not yet informative. Due to the good credit quality of the banks, the risk is low, owing to a low probability of default. Accordingly, the valuation allowance, at EUR – 6 thousand, is low in the 2022 fiscal year.

The following table shows the development of the valuation allowances for cash and cash equivalents:

in KEUR

	<b>2022</b>	<b>2021</b>
As at the beginning of the fiscal year	– 36	– 28
Additions	– 6	– 8
<b>Total</b>	<b>– 42</b>	<b>– 36</b>

#### Interest rate risk

As at 31 December 2022, there were bank liabilities of EUR 3,500 thousand. This item relates to a bank liability of STEMMER IMAGING AG, which was raised from UniCredit Bank AG, Munich, to finance the acquisition of the INFAIMON Group. Interest of 0.65 per cent p.a. is due at the end of the fixed-interest period on 30 September 2024. The loan is being repaid in quarterly instalments of EUR 500 thousand. The loan was taken up on the basis of special conditions (compliance with key financial ratios, change of control, negative pledge, cross-default clause). STEMMER IMAGING is assuming that the covenants will not be breached in subsequent years, which is why no sensitivities were determined for a potential change in the interest rate.

The item cash and cash equivalents comprises cash in hand, bank balances and current deposits with a term of less than three months that are subject to only an immaterial fluctuation risk.

#### Disproportionately high concentration of risk

The Group is careful to ensure a balanced customer portfolio, long-standing customer relations and risk diversification with regard to industry-specific end markets and regional sales markets. Nevertheless, the Group's business model entails certain risks, which primarily constitute market- and industry-specific risks (e.g. customer budgets, changes to competition, economic risks, sales risks in connection with direct sales by manufacturers) and business risks (e.g. from company acquisitions, storage risks, dependence on suppliers, price increases, currency risks). In the case of trade accounts receivable, the company regularly monitors whether it generates more than 10 per cent of total revenue with any one customer. This did not occur either in the 2022 or 2021 fiscal year.

Bank balances are held exclusively with regional or renowned banks and financial institutions. They are held for short-term liquidity management purposes. The company monitors the creditworthiness of these counterparties on an ongoing basis using the credit ratings of external rating agencies and the assessments of the Deutsche Bundesbank. The default risks are considered to be very low due to the good credit ratings (up to A-3). In the opinion of the Executive Board, there are no disproportionately high risk concentrations.

### 13. Leasing

The leases concluded by STEMMER IMAGING relate to the leasing of right-of-use assets to properties (particularly office premises), as well as to other property, plant and equipment (primarily operating and office equipment and motor vehicles). The leases fulfil a support function for the Group's business operation.

The development of the carrying amount of the leased property, plant and equipment is as follows:

in KEUR

	2022	2021
<b>Initial balance as at 01/01</b>	<b>3,663</b>	<b>3,357</b>
Additions	3,168	348
Revaluations	638	1,749
Currency	- 46	10
Depreciation and amortisation	- 1,964	- 1,801
<b>Final balance as at 31/12</b>	<b>5,459</b>	<b>3,663</b>

The revaluations of EUR 638 thousand mainly pertain to contract amendments for finance leases for land and buildings. The additions are largely for finance leases for land and buildings, as well as finance leases for operating and office equipment, as part of property, plant and equipment. New long-term lease agreements were concluded, and leased vehicles were replaced at the end of leases.

The split of discounted and undiscounted lease liabilities by maturities is shown in the following tables:

<b>31/12/2022</b> in KEUR	<b>Discounted leasing liabilities</b>	<b>Undiscounted leasing liabilities</b>
Liabilities from leases up to 1 year	1,697	1,789
Liabilities from leases 1 to 5 years	2,240	2,426
Liabilities from leases of more than 5 years	1,590	1,661

<b>31/12/2021</b> in KEUR	<b>Discounted leasing liabilities</b>	<b>Undiscounted leasing liabilities</b>
Liabilities from leases up to 1 year	1,572	1,578
Liabilities from leases 1 to 5 years	1,933	1,939
Liabilities from leases of more than 5 years	167	168

Furthermore, future payments exist for leases for low-value assets (low-value leases). Overall, these are of minor significance.

The amounts in the income statement which apply to leases in which STEMMER IMAGING appears as the lessee are as follows:

in KEUR	<b>31/12/2022</b>	<b>31/12/2021</b>
Depreciation and amortisation	1,964	1,801
Interest expenses	32	6
Leases of short duration (Short-Term Leases)	2	0
Leases for low-value assets	28	7
<b>Total leasing expenses</b>	<b>2,026</b>	<b>1,814</b>

The amounts in the cash flow statement which apply to leases in which STEMMER IMAGING appears as the lessee are as follows:

in KEUR	<b>31/12/2022</b>	<b>31/12/2021</b>
Payments from leases for low-value assets	28	7
Payments made under short-term leases	2	0
Payments from leases	1,897	1,809
of which from principal repayment	1,865	1,803
of which from interest	32	6
<b>Total leasing payments</b>	<b>1,927</b>	<b>1,816</b>

The payments from short-term/low-value leases relate to operating cash flow, principal and interest payments relate to cash flows from financing activities.

## 14. Trade payables

Except for the amount of EUR 79 thousand reported under non-current liabilities, trade payables have a remaining term of less than one year. Liabilities are still subject to simple retention of title until they are settled in full.

The carrying amount of trade payables is considered a suitable estimate of their fair value.

## 15. Contract liabilities and advance payments received on orders

As at 31 December 2022, contract liabilities were as follows:

in KEUR		
	<b>31/12/2022</b>	<b>31/12/2021</b>
Contract liabilities and advance payments received on orders	668	1,180
Other contract liabilities	0	5
<b>Total</b>	<b>668</b>	<b>1,185</b>

Contract liabilities in connection with construction contracts arise to the extent that advance payments exceed revenue generated for the period on the basis of the cost-to-cost method. In the previous fiscal year, 2021, EUR 5 thousand of this item related to the time-period-related revenue recognition for a project order in connection with the delivery of a related bundle of hardware and software components. The amounts reported at the reporting dates become revenue in the respective subsequent year.

## 16. Other liabilities

31/12/2022 in KEUR				
	<b>up to 1 year</b>	<b>between 1 and 5 years</b>	<b>more than 5 years</b>	<b>Total</b>
Personnel liabilities	3,048	245	181	3,474
Tax liabilities	2,361	0	0	2,361
Other liabilities	497	0	0	497
Prepaid expenses	50	0	0	50
<b>Total</b>	<b>5,956</b>	<b>245</b>	<b>181</b>	<b>6,382</b>

31/12/2021 in KEUR				
	<b>up to 1 year</b>	<b>between 1 and 5 years</b>	<b>more than 5 years</b>	<b>Total</b>
Personnel liabilities	3,674	235	406	4,315
Tax liabilities	1,779	0	0	1,779
Other liabilities	629	0	0	629
Prepaid expenses	68	0	0	68
<b>Total</b>	<b>6,150</b>	<b>235</b>	<b>406</b>	<b>6,791</b>

Personnel liabilities are composed as follows:

in KEUR		
	<b>31/12/2022</b>	<b>31/12/2021</b>
Liabilities for bonuses	1,755	2,381
Holiday, flexitime credit	368	490
Severance payments	226	102
Other social security liabilities	253	301
Liabilities for contributions to occupational health and safety agency	50	43
Anniversary obligations	308	406
Miscellaneous other personnel liabilities	514	592
<b>Total</b>	<b>3,474</b>	<b>4,315</b>

Miscellaneous other personnel liabilities include share-based remuneration in the amount of EUR 118 thousand (previous year: EUR 235 thousand). Anniversary obligations are calculated using the Projected Unit Credit method. The underlying discount rate is 3.89 per cent (previous year: 0.91 per cent). Mortality and termination probability is calculated in accordance with the 2018 G Heubeck mortality tables. An annual fluctuation rate of 3 per cent (previous year: 3 per cent) is assumed.

The fair value of the Performance Share Plan was determined as at 31 December 2022 on the basis of the following parameters:

in EUR	Tranche 1 fiscal year 2021	Tranche 2 fiscal year 2022
<b>Date of issue</b>	<b>4/12/2021</b>	<b>4/14/2022</b>
Average share price on date of issue	24.34	31.66

in years	Tranche 1 fiscal year 2021	Tranche 2 fiscal year 2022
<b>Term</b>		
Total term	4	4
Remaining term on 31/12/2022	2.28	3.28

in EUR	Tranche 1 fiscal year 2021	Tranche 2 fiscal year 2022
<b>Share price on valuation date</b>	<b>32.00</b>	<b>32.00</b>
Expected volatility	45.00%	45.00%
Risk-free interest rate p. a.	2.060%	2.060%
Fair value on date of issue	23.97	25.14
Fair value on 31/12/2022	37.65	35.02

Development of the number of units of the Performance Share Plan

In units	As at 01/01/2022	Proportionately changed	Granted	As at 31/12/2022
Tranche 2021	6,322	-3,605	0	2,717
Tranche 2022	0	0	871	871

The total income recognised in the fiscal year from the share-based remuneration was EUR 117 thousand (previous year: expense of EUR 235 thousand ) and was formed into a non-current liability in the same amount.

## 17. Capital risk management

The Group manages its capital in order to ensure that all Group companies can operate as a going concern and to maximise shareholder earnings by optimising the ratio of equity to debt.

The Group's capital structure consists of liabilities, cash and equity attributable to the parent company's equity providers. For the purposes of capital management, equity comprises subscribed capital and revenue reserves.

The Group's capital structure is managed and adjusted depending on changes to macroeconomic conditions. To maintain or adjust the capital structure, the Group can make adjustments to dividend payments to shareholders, repay capital to its shareholders or issue new shares.

Management monitors the company's capital structure at regular intervals. Subsidiaries' equity and existing forms of financing are both reported. In the past, on account of its structure and financial resources, the company had a high equity ratio and low debt.

The Group monitors its capital by means of the debt ratio.

As at the end of the reporting period, the equity ratio was around 70 per cent (previous year: 69 per cent) and the net debt ratio was around – 6 per cent (previous year: – 5 per cent). Moving ahead, the company plans to continue optimising the capital structure, taking risk and return aspects into account.

in KEUR	31/12/2022	31/12/2021
Liabilities	36,476	32,208
Cash and bank balances	– 41,574	– 36,022
<b>Net debt</b>	<b>– 5,098</b>	<b>– 3,814</b>
Equity	84,079	71,368
Net debt to equity	– 6.06%	– 5.34%

The capital structure of the Group is regularly monitored in the context of risk management.

The Group is subject to externally determined standard capital requirements (EBITDA to net financial debt) as part of the loan agreement with UniCredit Bank AG.

As at 31 December 2022, no changes were made to the capital risk management targets or processes.

## Notes on the consolidated income statement

### 18. Revenue

in KEUR

	2022	2021
Revenue from the sale of components and modified components	152,723	127,622
Revenue from service	2,647	2,492
<b>Revenue</b>	<b>155,370</b>	<b>130,115</b>

STEMMER IMAGING AG analyses customer revenue not only by customer region with the highest revenue, but also by industry.

For the 2022 fiscal year, the company was able to continue to serve a wide range of industries without having any particular industry focus. While Factory Automation and Sports & Entertainment contribute a disproportionate share, they currently account for less than 30 per cent of all revenue in total.

In the previous fiscal year, 2021, STEMMER IMAGING AG changed its accounting policy for trading with software licenses, due to a substantiation of the International Financial Reporting Standards (IFRS), which has now taken place. For purchased software products that are sold on without additional services, STEMMER IMAGING reports the net revenue generated from the mediation service.

in KEUR

	2022		2021	
	Principal classification	Agent classification (reported)	Principal classification	Agent classification (reported)
<b>Presentation of gross/net</b>				
Revenue	158,452	155,370	132,342	130,115
Cost of materials	- 100,026	- 97,014	- 81,927	- 79,700
Gross profit	58,426	58,356	50,415	50,415
EBITDA	28,313	28,243	17,360	17,360
EBITA	25,726	25,656	14,867	14,867
EBITDA margin	17.9%	18.2%	13.1%	13.3%

A breakdown of revenue by region is also provided below:

in KEUR

	2022	2021
Germany	51,162	43,969
Europe (excluding Germany)	99,549	81,621
Rest of world	4,659	4,525
<b>Total</b>	<b>155,370</b>	<b>130,115</b>

The breakdown of revenue by region is based on the location of the customer, i.e. the place of delivery. Neither in the 2022 fiscal year nor in the 2021 fiscal year did STEMMER IMAGING generate more than 10 per cent of its total revenue with any one customer.

## 19. Other operating income

Other operating income breaks down as follows:

in KEUR

	2022	2021
Income from currency gains	1,490	1,034
Government subsidies	98	240
Offset non-cash benefits	182	169
Prior-period income	0	1
Reversal of valuation allowances on receivables	501	34
Income from provision releases and other liabilities	597	348
Income from compensation	167	48
Income from the disposal of fixed assets	12	20
Miscellaneous other operating income	637	100
<b>Total</b>	<b>3,684</b>	<b>1,994</b>

Miscellaneous other operating income includes income resulted from passing on Group project costs of EUR 438 thousand (previous year: EUR 0 thousand).

Other operating income includes the following income from the measurement of financial instruments:

in KEUR

	2022	2021
Income from currency gains	1,490	1,034
Reversal of valuation allowances on receivables	501	34
<b>Result of financial instruments carried as assets at amortised cost</b>	<b>1,991</b>	<b>1,068</b>

Government subsidies include payments of EUR 62 thousand for research and development measures (previous year: EUR 223 thousand).

## 20. Cost of materials

Costs of materials are composed as follows:

in KEUR	2022	2021
Cost of raw materials, consumables and supplies, and of purchased merchandise	95,654	78,546
Cost of purchased services	1,360	1,154
<b>Cost of materials</b>	<b>97,014</b>	<b>79,700</b>

## 21. Personnel expenses and number of employees

Personnel expenses developed as follows:

in KEUR	2022	2021
Wages and salaries	19,179	21,102
Other social security contributions and employee benefit costs	4,470	4,437
<b>Total</b>	<b>23,649</b>	<b>25,539</b>

In the reporting year, the Group employed an average of 327 staff (previous year: 333). The decrease in personnel expenses resulted mainly from the same effects as in the 2021 fiscal year: above-budget target achievement with the variable salary components in the amount of EUR 1,244 thousand and a special payment during the year to the employees in the amount of EUR 400 thousand.

## 22. Depreciation and amortisation

Depreciation on property, plant and equipment stood at EUR 2,587 thousand (previous year: EUR 2,492 thousand). Amortisation on intangible assets amounted to EUR 1,315 thousand (previous year: EUR 1,442 thousand).

## 23. Other operating expenses

Other operating expenses break down as follows:

in KEUR	2022	2021
Selling expenses	1,948	1,371 <sup>1</sup>
General and administrative expenses	4,643	3,816 <sup>1</sup>
Rent, leases	368	239 <sup>1</sup>
Operating expenses	688	713 <sup>1</sup>
Impairments on financial assets	293	622
Foreign currency losses	1,522	758
Expenses related to affiliated companies	462	487
One-off expenses misdirected payments	0	1,044
Miscellaneous other operating expenses	224	460 <sup>1</sup>
<b>Total</b>	<b>10,148</b>	<b>9,510</b>

1. Prior-year figures were adjusted.

The assignment of cost types in other operating expenses was changed in the 2022 fiscal year in the interest of better cost grouping. The prior-year values were adjusted. As a result, administrative expenses increased by EUR 723 thousand for 2021. Operating expenses decreased by EUR 413 thousand, selling expenses by EUR 69 thousand, rent and leasing by EUR 34 thousand and miscellaneous other operating expenses by EUR 207 thousand.

Rent and lease expenses of EUR 368 thousand include expenses for leases of low-value and current assets of EUR 30 thousand and other expenses from leases (incidental costs) of EUR 338 thousand.

Other operating expenses include the following expenses from the valuation of financial instruments:

in KEUR		
	2022	2021
Impairments on financial assets	293	622
Foreign currency losses	1,522	758
<b>Result of financial instruments carried as assets at amortised cost</b>	<b>1,815</b>	<b>1,380</b>

## 24. Net finance income

Net finance income is composed as follows:

in KEUR		
	2022	2021
Finance income	24	271
Finance costs	-83	-67
<b>Total</b>	<b>-59</b>	<b>204</b>

Finance income mainly consists of interest on bank balances. In the previous fiscal year, 2021, interest income was mainly earned on the loan granted to PRIMEPULSE SE during the year.

Finance costs are composed as follows:

in KEUR		
	2022	2021
Interest and similar expenses to third parties	51	61
Interest and similar expenses for leasing	32	6
<b>Total</b>	<b>83</b>	<b>67</b>

Net finance income includes the following income (+) and expenses (-) from financial instruments:

in KEUR		
	2022	2021
Result of financial instruments carried as assets at amortised cost	24	271
Result from financial instruments at fair value through profit and loss	-51	-62

## 25. Income taxes

Income taxes are composed as follows:

in KEUR		
	2022	2021
Taxes on income	6,562	3,565
Deferred taxes	-253	-385
<b>Total</b>	<b>6,309</b>	<b>3,180</b>

Total actual and deferred taxes resulting from the item directly deducted from or added to equity are EUR -12 thousand (previous year: EUR -5 thousand).

Domestic income taxes include corporate tax of 15 per cent plus the solidarity surcharge of 5.5 per cent on the corporate tax, as well as trade tax at the typical assessment rate (average trade tax rate in 2022 and 2021: 12.25 per cent) and/or comparable foreign taxes.

The differences between the expected tax expense with application of the overall tax rate applicable for STEMMER IMAGING AG to consolidated net income and the tax expense that is actually payable are reconciled as follows for the 2022 and 2021 fiscal years:

in KEUR	2022	2021
Profit before income taxes	24,282	13,630
Income tax income (+), income tax expense (-) at a tax rate of 28.08 %	- 6,818	- 3,827
Impact of differing tax rates at subsidiaries in other legal jurisdictions	494	141
Taxes for previous years	- 28	89
Permanent differences in the statement of financial position	- 108	385
Tax rate changes	13	2
Impact of tax-free income/non-deductible expenses	7	- 25
Impact of first-time consideration/non-consideration of DTA	131	60
Other effects	0	- 6
<b>Total</b>	<b>- 6,309</b>	<b>- 3,180</b>
<b>Income tax income (+) and income tax expense (-) recognised in profit or loss</b>	<b>- 6,309</b>	<b>- 3,180</b>

The tax rate used for the reconciliation shown corresponds to the corporate tax rate to be paid by the company in Germany on taxable earnings in line with German tax law.

The actual tax rate is as follows:

in KEUR	2022	2021
Taxes on income	- 6,562	- 3,565
Deferred taxes	253	385
Income taxes	- 6,309	- 3,180
Earnings before tax	24,282	13,630
Actual tax expense ratio	25.98%	23.33%

The differences for deferred tax assets can be attributed to the following causes:

in KEUR	2022	2021
Goodwill	53	66
Property, plant and equipment	17	17
Inventories	84	35
Trade receivables	249	163
Provisions for pensions	19	17
Personal liabilities and other provisions	98	132
Loss carryforwards	263	207
Trade payables	31	19
Other liabilities	1,317	930 <sup>1</sup>
Other	30	34
<b>Deferred tax assets</b>	<b>2,161</b>	<b>1,620</b>
Offsetting	- 1,740	- 1,013
<b>Deferred tax assets</b>	<b>421</b>	<b>607</b>

1 In the prior year, deferred tax assets and liabilities resulting from matters within the meaning of IFRS 16 were shown net in the above table. Since a gross statement will be made in 2022, the prior year was adjusted.

As at 31 December 2022, deferred taxes on loss carryforwards in the amount of EUR 43 thousand of the Mexican subsidiary were recognized for the first time, as the company recorded a positive development in the 2022 fiscal year and it is assumed that this will also be the case in the long term. The recognition of the deferred tax assets is based on the expected taxable results of the next three years.

No deferred tax was recognised for foreign losses carried forward of EUR 322 thousand (previous year: EUR 562 thousand).

in KEUR

	<b>Corporate income tax loss carryforward</b>	<b>Trade tax loss carryforward</b>
Expiration next year	15	0
Expiration in 2 years	0	0
Expiration in 3 years	47	0
Expiration in 4 years	13	0
Expiration in 5 years	11	0
Expiration in 6 years	0	0
Expiration in 7 years	0	0
Expiration in 8 years	24	0
Expiration in 9 years	121	0
Expiration in 10 years	0	0
No expiration/forfeiture in the foreseeable future	1,172	0

The differences for deferred tax liabilities can be attributed to the following causes:

in KEUR

	<b>2022</b>	<b>2021</b>
Intangible assets	1,281	1,551
Property, plant and equipment	1,342	965 <sup>1</sup>
Trade receivables	0	2
Other liabilities	177	18
Provisions for pensions	13	5
Trade payables	5	0
Other financial liabilities	19	24
Other	3	11
<b>Deferred tax liabilities</b>	<b>2,840</b>	<b>2,576</b>
Offsetting	-1,740	-1,013
<b>Deferred tax liabilities</b>	<b>1,100</b>	<b>1,563</b>

1 In the prior year, deferred tax assets and liabilities resulting from matters within the meaning of IFRS 16 were shown net in the above table. Since a gross statement will be made in 2022, the prior year was adjusted.

A deferred tax liability was not recognised on temporary differences of EUR 105 thousand (previous year: EUR 29 thousand) pertaining to shares in subsidiaries because the Group can control the timing for the reversal of these differences and they are not expected to reverse in the foreseeable future.

## 26. Earnings per share

In calculating basic earnings per share, the earnings attributable to ordinary shareholders of the parent entity are divided by the weighted average number of shares outstanding during the year.

In calculating diluted earnings per share, the earnings attributable to ordinary shareholders of the parent entity (less interest on the convertible preference shares) are divided by the weighted average number of shares outstanding during the year plus the weighted average number of ordinary shares which would result from the conversion of all potential ordinary shares with dilutive effect in ordinary shares. For STEMMER IMAGING AG, there was no dilutive effect in the 2022 fiscal year.

The result of calculating basic earnings per share for the 2022 and 2021 fiscal years is given below:

in KEUR

	<b>2022</b>	<b>2021</b>
Result attributable to ordinary shareholders of the parent entity (in EUR thousand)	17,973	10,450
Average weighted number of ordinary shares	6,500,000	6,500,000
Earnings per share (cents per share)	2.77	1.61

## Notes on the statement of cash flows

The consolidated statement of cash flows shows the changes in the cash and cash equivalents of the STEMMER IMAGING Group during the reporting year as a result of cash inflows and outflows. Cash flows are broken down into operating, investing and financing activities in accordance with IAS 7.

The changes to items in the statement of financial position shown in the consolidated statement of cash flows cannot be derived directly from the consolidated statement of financial position because non-cash effects are excluded.

Cash flow from operating activities is calculated from earnings after tax adjusted for income taxes and net interest income and corrected for depreciation, amortisation, impairment and other non-cash items. Payment flows from received and paid interest and paid taxes are also recognised. Taking into account changes in working capital and the use of provisions results in cash flow from operating activities.

Cash flow from investing activities recognises cash flows from the acquisition or disposal of intangible assets, as well as property, plant and equipment and financial assets. If there is an acquisition or disposal of subsidiaries or other businesses (obtaining or losing control), the impact on the statement of cash flows is shown in individual items. In the previous fiscal year, 2021, a loan of EUR 19,531 thousand was granted to PRIMEPULSE SE within the scope of short-term treasury management. Since a partial amount was issued in US dollars, a currency gain of EUR 294 thousand was realised, resulting in a repayment of EUR 19,825 thousand. Key elements in cash flow from financing activities are changes in capital and dividends paid. The cash flow from financing activities includes repayments for lease liabilities of EUR 1,865 thousand (previous year: EUR 1,803 thousand).

Cash funds (EUR 41,574 thousand, previous year: EUR 36,022 thousand) contain cash and cash equivalents of EUR 41,574 thousand (previous year: EUR 36,022 thousand).

## C. Other disclosures

### 1. Related parties

Related parties are shareholders with significant influence on the STEMMER Group, associates, joint ventures, non-consolidated subsidiaries and persons with a significant influence on STEMMER IMAGING AG and the financial and operating policies of the Group. Persons with significant influence on the financial and operating policies of the Group are all persons in key positions and their close relatives. Within the Group, this relates to the key management personnel of the parent company.

#### Disclosures on affiliated companies

As part of ordinary business operations, STEMMER IMAGING AG and its subsidiaries maintain business relationships with numerous companies.

#### Transactions with PRIMEPULSE SE, Munich

The direct shareholding of PRIMEPULSE SE, Munich, in the company was 69.10 per cent as at the reporting date of 31 December 2022. In the previous year, PRIMEPULSE SE directly held 67.27 per cent of the shares in STEMMER IMAGING AG.

#### Transactions with PRIMEPULSE SE, Munich, and its related companies

According to a service agreement dated 1 April 2018, various commercial and organisational tasks can be outsourced to PRIMEPULSE SE, Munich (such as operations and controlling, tax, M&A support, marketing, PR, IR). For providing the services, PRIMEPULSE SE, Munich, receives daily rates of EUR 1,500 in each case (previous year: EUR 1,000 to EUR 1,500) (plus expenses, value added tax and travel costs). In the fiscal year from 1 January to 31 December 2022, a total gross amount of EUR 558 thousand (previous year: EUR 570 thousand) (net EUR 469 thousand, previous year: EUR 479 thousand) was charged for purchased services and allocated costs, of which EUR 462 thousand (previous year: EUR 479 thousand) was recognised as an expense in 2022.

A total of EUR 558 thousand (previous year: EUR 570 thousand) was paid to PRIMEPULSE SE, Munich, by 31 December 2022. As at 31 December 2022, STEMMER IMAGING AG therefore reported no liability to PRIMEPULSE SE, Munich, for services received.

In the period from January to June 2022, STEMMER IMAGING AG incurred project costs that were charged to PRIMEPULSE SE due to the nature of the project. The gross costs charged in this context stood at EUR 511 thousand (previous year: EUR 0). The net costs amounted to EUR 429 thousand (previous year: EUR 0 thousand).

There were no other transactions with the companies of the PRIMEPULSE Group in the fiscal year from 1 January to 31 December 2022.

Mindcurv GmbH, a related company of PRIMEPULSE SE, provided services valued at EUR 343 thousand (previous year: EUR 0 thousand) for the STEMMER Group in the reporting year. Of this amount, EUR 343 thousand (previous year: EUR 0 thousand) was outstanding as at 31 December 2022.

Furthermore, invoiced services existed for information technology from glueckkanja-gab AG, Offenbach am Main (EUR 197 thousand, previous year: EUR 204 thousand). Of this amount, EUR 13 thousand (previous year: EUR 12 thousand) was outstanding as at 31 December 2022. glueckkanja-gab AG is a subsidiary in the PRIMEPULSE Group.

#### Disclosures on management in key positions

In the fiscal year, the members of the Executive Board were granted remuneration of EUR 1,030 thousand (previous year: EUR 1,114 thousand) for their activities in the Group. This remuneration consists of payments due in the short term in the amount of EUR 912 thousand (previous year: EUR 879 thousand) and the granted long-term remuneration component described below.

The fair value of the Performance Share Plan was determined as at 31 December 2022 on the basis of the following parameters:

in EUR	Tranche 1 fiscal year 2021	Tranche 2 fiscal year 2022
<b>Date of issue</b>	<b>4/12/2021</b>	<b>4/14/2022</b>
Average share price on date of issue	24.34	31.66

in years	Tranche 1 fiscal year 2021	Tranche 2 fiscal year 2022
<b>Term</b>		
Total term	4	4
Remaining term on 31/12/2022	2.28	3.28

in EUR	Tranche 1 fiscal year 2021	Tranche 2 fiscal year 2022
<b>Share price on valuation date</b>	<b>32.00</b>	<b>32.00</b>
Expected volatility	45.00%	45.00%
Risk-free interest rate p. a.	2.060%	2.060%
Fair value on date of issue	23.97	25.14
Fair value on 31/12/2022	37.65	35.02

Development of the number of units of the Performance Share Plan

In units	As at 01/01/2022	Proportionately changed	Granted	As at 31/12/2022
Tranche 2021	6,322	-3,605	0	2,717
Tranche 2022	0	0	871	871

The total income from share-based remuneration recognised in the fiscal year amounted to EUR 117 thousand (previous year: expense of EUR 235 thousand) and was brought forward in the same amount in a non-current liability.

For post-employment obligations in the form of a pension commitment to a former executive, EUR 85 thousand was recognised as at 31 December 2022 (previous year: EUR 112 thousand); EUR 27 thousand (previous year: EUR 3 thousand) was recognised as income for this purpose in the reporting year.

## 2. Company bodies

The members of the Executive Board in the 2022 fiscal year were:

Arne Dehn, Munich, Dipl.-Kfm., Chief Executive Officer  
Uwe Kemm, Munich, Member of the Executive Board (COO)

In the 2022 fiscal year, Supervisory Board activities were carried out by the following people:

Supervisory Board member, name	Profession, town	Function in the STEMMER IMAGING AG Supervisory Board	Member of other statutory supervisory boards
Klaus Weinmann	Managing Director of PRIMEPULSE SE, Munich	Chairman	Chairman of the Advisory Board of PRIMEPULSE SE, Munich, Chairman of the Supervisory Board of KATEK SE, Munich, Deputy Chairman of the Supervisory Board of glueckkanja-gab AG, Offenbach am Main
Markus Saller	Director Mergers & Acquisitions of PRIMEPULSE SE, Munich	Deputy Chairman	Deputy Chairman of the Supervisory Board of KATEK SE, Munich, Member of the Board of Directors Autonomous Capital AG, Zurich, Switzerland
Prof. Dr. Constanze Chwallek	Professor at FH Aachen – University of Applied Sciences, Faculty of Business Studies, Aachen	Member	Chairperson of the Supervisory Board of Adaption AG, Aachen

The total remuneration of the Supervisory Board amounted to EUR 108 thousand in the 2022 fiscal year (previous year: EUR 117 thousand).

### 3. Shareholdings held by members of company bodies

#### Shareholdings held by members of the Executive Board:

As at 31 December 2022, 69.10 per cent (previous year: 67.27 per cent) of the shares in STEMMER IMAGING AG were held by PRIMEPULSE SE, Munich.

As at 31 December 2022, Arne Dehn held 0.67 per cent (previous year: 0.67 per cent) and Uwe Kemm held 0.23 per cent (previous year: 0.21 per cent) of STEMMER IMAGING AG. Former Executive Board member Christof Zollitsch held 1.90 per cent (previous year: 2.22 per cent) and former Executive Board member Martin Kersting held 2.64 per cent (previous year: 2.64 per cent) of the shares on the reporting date.

#### Shareholdings held by members of the Supervisory Board:

As of the reporting date, Klaus Weinmann indirectly held 20.89 per cent (previous year: 20.34 per cent) of the shares in STEMMER IMAGING AG. Markus Saller held an indirect stake of 0.03 per cent (previous year: 0.03 per cent).

### 4. Contingencies, contingent liabilities and other financial obligations

There were no guarantees as at the balance sheet date.

There are other financial obligations from order commitments that fall within the scope of normal business activities. There were no significant rental and leasing obligations in the 2022 fiscal year.

The Group does not expect any significant future payments from sub-leasing agreements.

### 5. Auditor's fee

The following fees were recognised for the auditor in the individual years:

in KEUR

	<u>31/12/2022</u>	<u>31/12/2021</u>
Audits of financial statements	117	272
Other services	0	0
<b>Total</b>	<b>117</b>	<b>272</b>

Other services include expenses for individual audit questions.

## List of shareholdings

No.	Name and registered office of the company	Share of capital in per cent	Type of consolidation	Held by no.
1.	STEMMER IMAGING AG, Puchheim	100	c	1
2.	SIS STEMMER IMAGING Services GmbH, Puchheim	100	c	1
3.	STEMMER IMAGING S. A. S., Puteaux/France	100	c	1
4.	STEMMER IMAGING Ltd., Tongham/United Kingdom	100	c	1
5.	STEMMER IMAGING AG, Pfäffikon/Switzerland	100	c	1
6.	STEMMER IMAGING B. V., Zutphen/Netherlands	100	c	1
7.	STEMMER IMAGING AB, Stockholm/Sweden	100	c	1
8.	STEMMER IMAGING A/S, Copenhagen/Denmark	100	c	1
9.	STEMMER IMAGING Oy, Espoo/Finland	100	c	1
10.	STEMMER IMAGING Sp. z o. o., Lowicz/Poland	100	c	1
11.	STEMMER IMAGING Ges. m. b. H., Graz/Austria	100	c	1
12.	STEMMER IMAGING S. R. L., Bologna/Italy	100	c	1
13.	INFAIMON, S. L. U., Barcelona/Spain	100	c	1
14.	INFAIMON UNIPessoal LDA., Aveiro/Portugal	100	c	13
15.	INFAIMON MEXICO S. A. DE C. V., Querétaro QRO./Mexico	100	c	13
16.	INFAIMON DO BRASIL VISAO ARTIFICIAL LTDA, São Bernardo do Campo/Brazil	100	c	13

c = fully consolidated companies

## 6. Exemption in accordance with section 264 (3) HGB

As a domestic subsidiary, SIS STEMMER IMAGING Services GmbH, Puchheim, utilised the exemption option provided for in section 264 (3) HGB in the 2022 fiscal year.

## 7. Events after the end of the reporting period

At the time of preparation of the Annual Financial Statements on 30 March 2023, the company is not aware of any events of particular importance that would have led to a different presentation of the company's situation had they occurred before the end of the financial year.

## 8. Declaration of compliance in accordance with section 161 AktG

The declaration of compliance with the German Corporate Governance Code according to section 161 AktG was provided by the Executive Board and Supervisory Board of STEMMER IMAGING AG and has been made permanently available to shareholders on the Investors page of the company's website ([www.stemmer-imaging.com](http://www.stemmer-imaging.com)).

## 9. Approval of the financial statements

The Executive Board approved the financial statements on 30 March 2023.

Puchheim, 30 March 2023

STEMMER IMAGING AG  
Executive Board



Arne Dehn



Uwe Kemm

## Responsibility statement by the legal representatives

To the best of our knowledge, and in accordance with the applicable financial reporting principles, the consolidated financial statements present a true and fair view of the net assets, financial position and results of operations of the Group, and the Group management report presents a true and fair view of the development and performance of the business and the position of the Group and describes the principal opportunities and risks associated with the expected development of the Group.

Puchheim, 30 March 2023

STEMMER IMAGING AG  
Executive Board



Arne Dehn



Uwe Kemm

# Independent Auditor's Report

## To STEMMER IMAGING AG, Puchheim

### 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 **STEMMER IMAGING AG** and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statements of profit or loss and of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from 1 January 2022 to 31 December 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the combined management report of STEMMER IMAGING AG for the financial year from 1 January 2022 to 31 December 2022. In accordance with German legal requirements, we have not audited the (Group) Corporate Governance Declaration and the Declaration on the German Corporate Governance Code in the Annual Report section "02 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 IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315e (1) HGB [Handelsgesetzbuch: German Commercial Code] 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 2022 and of its financial performance for the financial year from 1 January 2022 to 31 December 2022, 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 its components, mentioned within the Risk Report, in the subsections "Internal Control and Risk Management System", "Compliance Management System" and "Key features of the accounting-related and non-accounting-related Internal Control and Risk Management System".

Pursuant to § 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 § 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 [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the 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) lit. (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 judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January 2022 to 31 December 2022. 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.

We determined the following issue to be the most important in our audit:

### Impairment of goodwill

Our presentation of this key audit matter has been structured as follows:

- 1.) Facts and problem definition
- 2.) Audit procedures and findings
- 3.) Reference to further information

In the following we present the key audit matter:

### Impairment of Goodwill

1. In the consolidated financial statements of STEMMER IMAGING AG, goodwill in the amount of EUR 19.4 million is reported under the balance sheet item "Intangible assets", which thus represents 16.1% of the balance sheet total. Goodwill is tested for impairment by the Company annually on 30 November of the financial year or on a case-by-case basis. In principle, the carrying amounts of the corresponding group of cash-generating units are compared with the determined values in use. These valuations are regularly based on the present value of future cash flows of the cash-generating unit to which the respective goodwill is allocated.

The valuations are based on the planning calculations of the single cash-generating units, which are based on the financial plans approved by management. Discounting is carried out using the weighted average cost of capital of the respective cash-generating unit. The result of this valuation is highly dependent on management's assessment of future cash inflows and the discount rate used and is therefore subject to considerable uncertainty, which is why this issue is of particular importance in the context of our audit.

2. In order to adequately assess this risk, we critically reviewed management's assumptions and estimates and performed, among others, the following audit procedures:

- We followed the methodology for performing the impairment tests and assessed the determination of the weighted average cost of capital.
- We have convinced ourselves that the future cash inflows on which the valuations are based and the discount rates used form an appropriate basis for the impairment tests of the individual cash-generating units.
- In our assessment of the planning calculations, we relied, among other things, on a comparison with general and industry-specific market expectations as well as comprehensive explanations by management on the main value drivers of the planning and comparison of this information with the current budgets from the planning approved by the Supervisory Board.
- With the knowledge that even relatively small changes in the discount rate can have a significant impact on the amount of the value in use determined in this way, we have dealt with the parameters used to determine the applied discount rate and understood the company's calculation scheme.
- Taking into account the available information, the valuation parameters and assumptions used by the executive directors are, in our view, generally suitable for impairment testing of goodwill.

3. The Company's disclosures on goodwill are included in the Consolidated Financial Statements Notes in subsection "A . Basis of the Consolidated Financial Statements" under "4.1. Consolidation Methods", "4.4. Intangible Assets" and "4.9. Impairment of non-financial Assets" and in subsection "B. Notes on Items in the financial statements" under "1. Intangible Assets".

## Other Information

The executive directors and the Supervisory Board are responsible for the other information. The other information comprises:

- the assurance attached to the Consolidated Financial Statements Notes pursuant to § 297 (2) sentence 4 HGB to the consolidated financial statements and pursuant to § 289 (1) sentence 5 HGB and pursuant to § 315 (1) sentence 5 HGB to the combined management report.
- the (Group) corporate governance declaration published on the Company's website to which reference is made in the section "(Group) corporate governance declaration" of the combined management report.
- the remaining parts of the annual report (particularly also the subsections "Internal Control and Risk Management System", "Compliance Management System" and "Key features of the accounting-related and non-accounting-related Internal Control and Risk Management System" within the risk report), but not the single-entity financial statements and the consolidated financial statements, not the information included in the substantive audit of the combined management report and our corresponding audit reports.

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

In connection with our audit, it is our responsibility to read the Other Information and to assess whether the Other Information

- contains material discrepancies with the consolidated financial statements, the combined management report or our knowledge gained during the audit, or
- otherwise appears materially misrepresented.

## Responsibility 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 IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 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 (i. e., fraudulent financial reporting and misappropriation of assets) 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 § 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 judgment and maintain professional skepticism throughout the audit. We also

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the 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 the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the 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 IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e (1) HGB.
- Obtain sufficient appropriate audit evidence regarding the financial accounting 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 also make a declaration to those charged with governance that we have complied with the relevant independence requirements and discuss with them all relationships and other matters that may reasonably be thought to bear on our independence, and, where relevant, the actions or safeguards taken against threats towards independence.

From the matters discussed with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current reporting period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or other regulations preclude public disclosure about the matter.

## Other Legal and Regulatory Requirements

### Report on the Audit of the Electronic Reproductions of the Consolidated Financial Statements and the Combined Management Report prepared for Disclosure Purposes pursuant to § 317 (3a) HGB

#### Audit opinion

In accordance with § 317 (3a) of the German Commercial Code (HGB), we have performed a reasonable assurance audit to determine whether the data contained in the provided file ESEFUnterlagenKAStemmer2022 with the audited ESEF documents and prepared for the purpose of publication of the consolidated financial statements and the combined management report (hereinafter referred to as the "ESEF documents") comply in all material respects with the electronic reporting format ("ESEF format") pursuant to § 328 (1) HGB. In accordance with German legal requirements, this audit covers only the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format and therefore does not extend to the information contained in these reproductions or to any other information contained in the aforementioned file.

In our opinion, the reproductions of the consolidated financial statements and the combined management report contained in the provided file referred to above and prepared for disclosure purposes comply, in all material respects, with the requirements of § 328 (1) HGB for the electronic reporting format. We do not express any opinion on the information contained in these reproductions or on the other information contained in the above-mentioned file beyond this opinion and our opinions on the accompanying consolidated financial statements and the accompanying combined management report for the financial year from 1 January 2022 to 31 December 2022 contained in the preceding "Report on the audit of the consolidated financial statements and of the combined management report".

#### Basis for the Audit Opinion

We conducted our audit of the reproductions of the consolidated financial statements and the combined management report contained in the above-mentioned provided file in accordance with § 317 (3a) of the German Commercial Code (HGB) and the IDW Auditing Standard: Audit of Electronic Reproductions of Financial Statements and Management Reports Prepared for Disclosure Purposes in Accordance with § 317 (3a) HGB (IDW PS 410 (06.2022)). Our responsibility thereafter is further described in the section "Auditor's Responsibility for the Audit of the ESEF Documents". Our auditing practice has complied with the quality assurance system requirements of the IDW Quality Assurance Standard: Requirements for Quality Assurance in the Auditing Practice (IDW QS 1).

#### Responsibility of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Company are responsible for the preparation of the ESEF documents with the electronic reproductions of the consolidated financial statements and the combined management report in accordance with § 328 (1) sentence 4 no.1 HGB and for the markup of the consolidated financial statements in accordance with § 328 (1) sentence 4 no.2 HGB.

Furthermore, the executive directors are responsible for the internal controls they have considered necessary to enable the preparation of the ESEF documents that are free from material non-compliance, whether due to fraud or error, with the electronic reporting format requirements of § 328 (1) HGB.

The Supervisory Board is responsible for overseeing the preparation process of the ESEF documents as part of the financial reporting process

## Auditor's Responsibility for the Audit of the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance, whether due to fraud or error, with the requirements of § 328 (1) HGB. We exercise professional judgment and maintain professional skepticism throughout the audit. We also

- Identify and assess the risks of material non-compliance with the requirements of § 328 (1) HGB, 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 opinion.
- Obtain an understanding of internal control relevant to the audit of the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documentation, i. e., whether the provided file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, as applicable at the reporting date, regarding the technical specification for that file.
- We assess whether the ESEF documents allow for a content identical XHTML reproduction of the audited consolidated financial statements and the audited combined management report.
- Assess whether the markup of the ESEF documents with inline XBRL technology (iXBRL) in accordance with Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, as applicable at the reporting date, enables an adequate 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 auditors by the annual general meeting on 18 May 2022. We were engaged by the Supervisory Board on 1 August 2022. We have been acting as auditors of the annual consolidated financial statements of STEMMER IMAGING AG, Puchheim, since the financial year 2022.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the Supervisory Board pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

## Other Facts – Use of the Audit Report

Our audit report must always be read in conjunction with the audited consolidated financial statements and the audited combined management report as well as the audited ESEF documents. The consolidated financial statements and combined management report converted into ESEF format – including the versions to be entered in the Business Register – are merely electronic reproductions of the audited consolidated financial statements and the audited combined management report and do not replace them. In particular, the ESEF report and our audit opinion contained therein can only be used in conjunction with the audited ESEF documents provided in electronic form.

## German Public Auditor responsible for the Engagement

The German Public Auditor responsible for the engagement is Franz Fußstetter.

München, 30 March 2023

Baker Tilly GmbH & Co. KG  
Wirtschaftsprüfungsgesellschaft  
(Düsseldorf)

**Weissinger**  
Wirtschaftsprüfer  
German Public Auditor

**Fußstetter**  
Wirtschaftsprüfer  
German Public Auditor



**Logistics services**

STEMMER IMAGING offers planning reliability for its customers with special, customer-specific delivery and documentation standards, warranty extensions or by providing project-specific safety stocks.

# 04 Single-entity financial statements

Balance sheet	148
Income statement	150
Notes	151
Independent auditor's report	166

# Balance sheet

<b>Assets</b> in KEUR	<b>31/12/2022</b>	<b>31/12/2021</b>
<b>A. Fixed assets</b>	<b>41,154</b>	<b>42,804</b>
I. Intangible Assets		
1. Purchased industrial and similar rights and assets	709	945
2. Advance payments on intangible assets	657	0
	<b>1,366</b>	<b>945</b>
II. Tangible assets		
1. Land, land rights and buildings, including buildings on third-party land	558	711
2. Other equipment, operating and office equipment	448	510
	<b>1,006</b>	<b>1,221</b>
III. Financial assets		
1. Shares in affiliated companies	34,545	34,545
2. Loans to affiliated companies	4,237	6,093
	<b>38,782</b>	<b>40,638</b>
<b>B. Current assets</b>	<b>92,186</b>	<b>42,520</b>
I. Inventories		
1. Goods	71	173
2. Advance payments on goods	1	0
	72	173
II. Receivables and other assets		
1. Trade receivables	5,128	2,945
2. Receivables from affiliated companies*	58,040	11,729
4. Other assets	1,319	1,009
	<b>64,487</b>	<b>15,682</b>
III. Cash-in-hand and bank balances	27,627	26,665
<b>C. Prepaid expenses</b>	<b>276</b>	<b>307</b>
	<b>133,616</b>	<b>85,631</b>

<b>Equity and Liabilities</b> in KEUR	<b>31/12/2022</b>	<b>31/12/2021</b>
<b>A. Equity</b>	<b>77,200</b>	<b>71,433</b>
I. Subscribed capital (contingent capital KEUR 200, previous year: KEUR 200)	6,500	6,500
II. Capital reserves	49,500	49,500
III. Net retained profits	21,200	15,433
<b>B. Provisions</b>	<b>5,951</b>	<b>3,759</b>
1. Provisions for taxes	3,700	829
2. Other provisions	2,251	2,930
<b>C. Liabilities</b>	<b>50,465</b>	<b>10,439</b>
1. Liabilities to banks	3,500	5,500
2. Payments received on account of orders	125	87
3. Trade payables	438	219
4. Liabilities to affiliated companies	46,025	4,348
5. Other liabilities	377	285
	<b>133,616</b>	<b>85,631</b>

# Income statement

in KEUR

	2022	2021
<b>1. Revenue</b>	<b>69,410</b>	<b>62,484</b>
2. Other operating income	1,660	2,299
3. Cost of materials		
a) Cost of raw materials, consumables and supplies, and of purchased merchandise	-36,587	-32,421
b) Cost of purchased services	-4,923	-6,254
	<b>-41,510</b>	<b>-38,675</b>
4. Personnel expenses		
a) Wages and salaries	-11,078	-12,153
b) Social security and pension expenses	-1,827	-1,890
	<b>-12,905</b>	<b>-14,043</b>
5. Amortisation and depreciation of intangible assets, property, plant and equipment	-607	-716
6. Other operating expenses	-6,259	-4,807
7. Income from other participations	502	443
8. Profits received on the basis of a profit transfer agreement	4,367	3,966
9. Income from other securities and long-term loans	117	79
10. Other interest and similar income	261	435
11. Depreciation and impairment of financial assets	-50	-50
12. Interest and similar expenses	-108	-104
13. Taxes on income	-4,233	-2,671
14. Other taxes	-3	0
<b>15. Earnings after tax = net income for the year</b>	<b>10,642</b>	<b>8,640</b>
16. Retained profits brought forward before profit appropriation	15,433	10,043
17. Distribution	-4,875	-3,250
<b>18. Net retained profits</b>	<b>21,200</b>	<b>15,433</b>

# Notes

## 1. Accounting policies

STEMMER IMAGING AG, Puchheim, (hereinafter also referred to as "the company") is registered with the Local Court of Munich under number HRB 237247. On 10 May 2019, the company moved from the Scale segment of Frankfurt Stock Exchange's Open Market to the Regulated Market of the Frankfurt Stock Exchange and simultaneously to the subsegment of the Regulated Market with additional admission follow-up obligations (Prime Standard) by including all 6,500,000 shares.

The annual financial statements have been prepared in accordance with the provisions of the German Commercial Code (HGB) and the supplementary provisions of the German Stock Corporation Act (AktG). The company is subject to the provisions for large corporations in accordance with section 267 HGB.

The presentation, classification, recognition and measurement of the annual financial statements are in line with the previous year's principles.

The income statement is prepared according to the total cost method.

Measurement was performed on the assumption that the company is a going concern. The annual financial statements were prepared in accordance with the following accounting policies.

Acquired **intangible assets** and **tangible assets** are carried at cost less amortisation and depreciation. Amortisation and depreciation are recognised on a straight-line basis over the relevant useful life. The useful lives are predominantly between three and ten years.

For additions of **low-value tangible assets**, the tax requirements for immediate depreciation are applied. Movable fixed assets of up to EUR 800.00 are written off in full in the year of acquisition.

**Financial assets** are carried at cost unless write-downs are required due to expected permanent impairment. The fair values of shares in affiliated companies and investments are determined on the basis of multi-year planning using the capitalised earnings method.

If the value of **fixed assets** determined in accordance with the above principles is higher than their value at the balance sheet date, this is taken into account by means of write-downs. If it emerges in a subsequent fiscal year that the reasons for this have ceased to exist, the amount of these write-downs is reversed, resulting in a revaluation which takes into account the amortisation and depreciation that would have been made during that time. No write-up takes place higher than the value of the acquisition cost.

**Goods** are valued at cost in line with the principle of lower of cost or market value. Appropriate deductions were made for storage and utilisation risks.

**Receivables** and **other assets** are carried at nominal value or the fair value as of the balance sheet date. Identifiable risks among the receivables are accounted for appropriately by recognising specific valuation allowances. The general default and credit risk is accounted for by a global valuation allowance of 1.0 per cent (previous year: 1.0 per cent) on the net receivables.

**Advance payments made** are recognised on a net basis.

**Prepaid expenses** relate to expenditures before the balance sheet date representing an expense for a certain period after this date. The items are reversed on a straight-line basis over time or according to economic affiliation.

**Deferred tax assets and liabilities** are determined for temporary differences between the carrying amounts of assets and liabilities under commercial law and for tax purposes. Any tax expense resulting overall would be recognised in the balance sheet as a deferred tax liability if, overall, tax expenses are anticipated in future fiscal years. In the event of a surplus of deferred tax assets, the option according to section 274 (1) sentence 2 HGB would be exercised and they would not be capitalised. As in the previous year, there was a surplus of deferred tax assets in the fiscal year that was not recognised.

Assets that are inaccessible to all other creditors, unencumbered, default-free and used solely to satisfy liabilities from pension obligations (**plan assets**) are offset directly against the corresponding liabilities in accordance with section 246 (2) sentence 2 HGB. In accordance with section 253 (1) sentence 3 HGB, pension provisions, where pension liabilities are determined exclusively by the fair value of securities held as fixed assets, are to be recognised at the fair value of these securities if this exceeds a guaranteed minimum amount. As the **pension obligation** is a pension commitment linked to pension liability insurance, the book value of the pension obligation in accordance with section 253 (1) sentence 3 HGB is recognised accordingly in line with the fair value of the corresponding pension liability insurance and offset against this. The mortality and retirement probabilities are determined according to the mortality tables 2018 G by Klaus Heubeck.

The discounting of the pension provision is based on an interest rate for an average remaining term of 15 years of 1.79 per cent (previous year: 1.87 per cent) and a calculated retirement age of 68 years (previous year: 68 years).

The anniversary provision is measured as the present value of future anniversary gifts, whereby the gift is accumulated in instalments over the years the recipient works for the company. It is discounted at an interest rate of 1.45 per cent (previous year: 1.35 per cent) for an average remaining term of 15 years. An annual fluctuation rate of 3 per cent (previous year: 3 per cent) is assumed. The mortality and retirement probabilities are determined according to the mortality tables 2018 G by Klaus Heubeck.

Other **provisions** are recognised in the amount required in line with prudent business judgement. They cover all discernible risks and uncertain liabilities. Future increases in prices and costs are taken into account, provided there are sufficient objective indications that these will occur. Provisions with a term of more than one year are discounted at an average market interest rate of the last seven years as determined by the Deutsche Bundesbank as of the balance sheet date for their remaining term.

With effect from 1 January 2021, the Executive Board contracts at STEMMER IMAGING AG were adapted to the remuneration system adopted by the Annual General Meeting and provided with a component for long-term incentivisation. The programme is recognised as **cash-settled share-based payment transaction**. Accordingly, the fair value of the work performed by the Executive Board members is recognised in profit and loss as consideration for the cash settlement as of each reporting date and on the settlement date as expense and as a provision. In the absence of an independently determined fair value of the services, the services are determined with the fair value on the grant date, applying option price models. The calculation is based on the current dividend yield on the reporting date. The programme envisages that annual tranches are valued at the average share price, determined 10 trading days after the publication of the results of the previous year, in order to form performance shares. These performance shares are disbursed 4 years later and are measured on the basis of the share price that is then valid and an EBITA multiplier, which is calculated for the individual tranche in relation to the EBITA achievement in the last budget year, based on the EBITA specified annually by the Supervisory Board for the budget year at the time of granting the tranche. A cap exists per tranche of 200 per cent of the target amount, which is disbursed as a maximum through a combination of share price and EBITA multiplier. If the cash compensation depends on the completion of a specific period of service by the Executive Board members, it is assumed that the services to be provided by the Executive Board members as consideration will be obtained in the future, during the course of the vesting period. Therefore, the remuneration expense is recognised over the vesting period, within which the beneficiaries will acquire an unlimited claim to the promised instruments.

**Advanced payments received on orders** are recognised net after the deduction of value added tax.

**Liabilities** are recognised at the settlement amount. Non-current liabilities with a term of more than one year are discounted at the interest rates prevailing as of the balance sheet date.

Assets and liabilities in foreign currencies with a remaining term of up to one year are translated at the middle spot exchange rate on the balance sheet date in accordance with section 256a HGB. This results in unrealised profits and losses from currency translation, which are included in these annual financial statements. In the event of changes in the exchange rate up to the balance sheet date, measurement is generally based on the exchange rate on the balance sheet date in accordance with the principle of lower of cost or market value for assets and in accordance with the principle of higher of cost or market value for equity and liabilities.

Proceeds from the sale of products and the provision of services are recognised as **revenue**. In accordance with the realisation principle, they are recognised when the risk is transferred or the service is rendered. Sales allowances are deducted from revenue.

## 2. Notes to the balance sheet

### 2.1. Fixed assets

The statement of changes in fixed assets, which is presented separately, is an integral part of the notes. For details, please refer to the statement of changes in fixed assets at the end of the single-entity financial statements.

### 2.2. Receivables and other assets

All receivables and other assets, with the exception of an amount of EUR 60 thousand (previous year: EUR 39 thousand), are due within one year.

Receivables from affiliated companies in the amount of EUR 58,040 thousand (previous year: EUR 11,729 thousand) include cash pool receivables of EUR 47,033 thousand (previous year: EUR 0 thousand) and EUR 10,921 thousand (previous year: EUR 10,921 thousand) that relate to the short-term operating credit line to a subsidiary. A further EUR 4,367 thousand (previous year: EUR 3,966 thousand) relate to receivables from profit and loss transfer with a subsidiary. In addition, liabilities to affiliated companies in the amount of EUR 4,580 thousand (previous year: EUR 3,215 thousand) are offset against receivables.

Other assets of EUR 1,461 thousand (previous year: EUR 1,240 thousand) mainly include VAT receivables with an amount of EUR 1,185 thousand (previous year: EUR 993 thousand).

### 2.3. Deferred taxes

As a result of measurement differences between the financial and tax accounts, there are individual temporary differences resulting from deviating measurements of personnel provisions (holiday, overtime, incentives and anniversary provisions) and of property, plant and equipment. Overall, with an applicable tax rate of around 28 per cent (previous year: 28 per cent), this results in a deferred tax liability of EUR 52 thousand (previous year: EUR 65 thousand) and deferred tax assets of EUR 127 thousand (previous year: EUR 120 thousand), resulting in a surplus of deferred tax assets of EUR 75 thousand (previous year: EUR 55 thousand), which is not recognised in exercising the option pursuant to Section 274 (1) sentence 2 HGB.

## 2.4. Equity

The **subscribed capital** (share capital) totalled EUR 6,500 thousand as at 31 December 2022 (previous year: EUR 6,500 thousand) and is fully paid up. As at 31 December 2022, there were EUR 6,500 thousand no-par-value bearer shares (ordinary shares). Each share represents EUR 1.00 of share capital. The shares grant the holder full dividend entitlement from 1 July 2018. Each share grants one vote at the company's Annual General Meeting. They are represented by global certificates. All STEMMER IMAGING AG shareholders are entitled to statutory pre-emption rights, which state that, in the event of capital increases, shareholders must be allocated a portion of the new shares that corresponds to their interest in the existing share capital at their request.

The Executive Board was authorised, with the approval of the Supervisory Board, to increase the company's share capital on one or more occasions until 31 October 2022 by a total of EUR 2,500 thousand against cash and/or non-cash contributions by issuing up to EUR 2,500 thousand new no-par-value bearer shares (Authorised Capital 2017/I). This option was not exercised in fiscal year 2022.

The Annual General Meeting of 7 December 2018 resolved to contingently increase the company's share capital by EUR 200 thousand in order to issue members of the Executive Board, company employees, members of management and employees of affiliated companies within the meaning of sections 15 and 17 AktG up to 200,000 stock options with pre-emption rights to company shares with a term of up to ten years (**Contingent Capital 2018/I**).

The **capital reserves** in accordance with section 272 (2) no.1 HGB amount to EUR 49,500 thousand (previous year: EUR 49,500 thousand), hence no legal reserve has to be allocated as this already amounts to one tenth of the share capital.

**Net retained profits** are as follows:

in KEUR

	<b>31/12/2022</b>	<b>31/12/2021</b>
Retained profits brought forward	15,433	10,043
Dividend distribution	-4,875	-3,250
Net profit for the year	10,642	8,640
<b>Net retained profits 31/12</b>	<b>21,200</b>	<b>15,433</b>

Net retained profits of EUR 3 thousand (previous year: EUR 8 thousand) are subject to a distribution block from § 253 (6) of the German commercial Code (HGB).

## 2.5. Provisions

The excess of plan assets over pension liabilities formed in accordance with section 246 (2) HGB results from the coverage of pension obligations (original obligation EUR 100 thousand); settlement amount of the obligation as of the balance sheet date EUR 113 thousand (previous year: EUR 111 thousand) with assets (fair value EUR 113 thousand, previous year: EUR 111 thousand, acquisition costs EUR 100 thousand) that are inaccessible to all other creditors except the entitled former board member and are used solely to satisfy liabilities from these obligations (called plan assets).

The fair value of the offset assets is based on actuarially determined pension liability insurance as at the balance sheet date (plan assets including allotted surpluses).

in KEUR

	<b>31/12/2022</b>
Pension obligation	113
Plan assets (fair value)	113
Provisions for pensions	0
Plan assets (acquisition costs)	100

**Other provisions** of EUR 2,251 thousand (previous year: EUR 2,930 thousand) essentially include personnel provisions (in particular, for holiday, flexitime, bonuses, anniversaries and severance payments) in the amount of EUR 1,619 thousand (previous year: EUR 2,185 thousand), amounts for auditing the financial statements, tax advice and the Annual General Meeting (EUR 334 thousand; previous year: EUR 398 thousand) as well as for other provisions (EUR 299 thousand; previous year: EUR 348 thousand). Provision amounts with a term of less than twelve months were not discounted.

The personnel provisions in other provisions include share-based non-current payment transactions of EUR 118 thousand (previous year: EUR 235 thousand).

## 2.6. Liabilities

**Liabilities to banks** comprise an LfA capital market loan of EUR 10.0 million that was raised on 24 July 2019. A tranche of EUR 6.5 million (previous year: EUR 4.5 million) was repaid on 31 December 2022; EUR 2.0 million of the loan have a remaining term of up to one year, EUR 1.5 million (previous year: EUR 3.5 million) have a remaining term of one to five years. The loan is unsecured.

As in the previous year, all other liabilities have a remaining term of up to one year.

**Trade payables** with a term of up to one year are subject to retentions of title for goods supplied, as is typical in the sector.

Liabilities to affiliated companies include short-term loans to affiliated companies in the amount of EUR 3,349 thousand (previous year: EUR 2,426 thousand). Another EUR 42,636 thousand (previous year: EUR 1,866 thousand) relate to financial liabilities from cash pooling, which was introduced in the 2021 fiscal year. As in the previous year, the remaining amounts relate to trade payables.

**Other liabilities** are as follows:

in KEUR

	<b>31/12/2022</b>	<b>31/12/2021</b>
Tax liabilities	166	171
Social security liabilities	31	28
Remaining other liabilities	179	86
<b>Total</b>	<b>376</b>	<b>285</b>

### 3. Notes to the income statement

#### 3.1. Revenue

STEMMER IMAGING AG is one of the leading specialist dealers of machine vision technology. The generated revenue is distributed as follows:

##### By area of activity:

	<b>2022</b>	<b>2021</b>
Revenue from the sale of components and modified components	55,010	47,546
Intra-group allocations and services	14,400	14,938
<b>Total</b>	<b>69,410</b>	<b>62,484</b>

##### By region:

	<b>2022</b>	<b>2021</b>
Germany	65,817	59,576
EU	3,131	2,218
Other	462	690
<b>Total</b>	<b>69,410</b>	<b>62,484</b>

#### 3.2. Other operating income

**Prior-period income** of EUR 594 thousand (previous year: EUR 102 thousand) is recognised under other operating income. This primarily relates to income from the reversal of provisions and the disposal of fixed assets.

The item does not include income from the increase of shares in affiliated companies. In the previous year, this item amounted to EUR 1,499 thousand, as the reason for the write-down ceased to apply.

Other operating income includes **income from currency translation** of EUR 354 thousand (previous year: EUR 466 thousand); EUR 233 thousand (previous year: EUR 48 thousand) of this relate to unrealised income from currency translation.

#### 3.3. Personnel expenses

The item "social security, post-employment and other employee benefit costs" includes **pension expenses** of EUR 7 thousand (previous year: EUR 6 thousand), attributable in full to pension expenses for a former executive.

#### 3.4. Other operating expenses

Other operating expenses include **expenses from currency translation** of EUR 379 thousand (previous year: EUR 56 thousand). Of this, EUR 203 thousand (previous year: EUR 51 thousand) relate to unrealised expenses.

#### 3.5. Net income from investments

Net income from investments include EUR 502 thousand (previous year: EUR 443 thousand) in profit distributions from **affiliated companies**.

In addition, EUR 4,367 thousand (previous year: EUR 3,966 thousand) are attributable to income from the profit transfer agreement with SIS STEMMER IMAGING Services GmbH.

### 3.6. Net finance income

in KEUR

	<b>2022</b>	<b>2021</b>
Income from other securities and long-term loans	117	79
Other interest and similar income	255	435
Interest and similar expenses	- 108	- 104
<b>Total</b>	<b>264</b>	<b>410</b>

As in the previous year, income from long-term loans relates entirely to interest from affiliated companies.

As in the previous year, other interest and similar income relates entirely to interest from affiliated companies.

Interest and similar expenses of EUR 70 thousand (previous year: EUR 33 thousand) relate to interest expenses to affiliated companies.

Interest expense from the pension obligation (EUR 3 thousand) was netted with income from the plan assets (EUR 2 thousand).

### 3.7. Depreciation and impairment of financial assets

Of the depreciation and impairment of financial assets of EUR 50 thousand (previous year: EUR 50 thousand), EUR 50 thousand (previous year: EUR 50 thousand) relate to loans to affiliated companies. Both shelf companies STEMMER IMAGING S. R. L. and STEMMER IMAGING Sp. z. o. o. received a loan of EUR 25 thousand, which were immediately written off, as they concern the financial resources of shelf companies.

### 3.8. Taxes on income

Taxes on income include prior-period expenses of EUR 159 thousand (previous year: prior-period income of EUR 6 thousand).

### 3.9. Extraordinary expenses and income

#### Extraordinary income

In addition, extraordinary income of EUR 438 thousand (previous year: EUR 0 thousand) resulted from passing on Group project costs.

#### Extraordinary expenses

A Group project carried out in the reporting year resulted in extraordinary expenses of EUR 438 thousand (previous year: EUR 0 thousand). These were passed on in full within the Group to Primepulse SE.

## 4. Other disclosures

### 4.1. Disclosures on shareholdings

As at 31 December 2022, the company held interests in the following domestic and foreign companies:

Name and registered office of the company	Share of capital	Currency 2022	Net income 2022	Equity as of 31/12/2022
<b>Germany</b>				
SIS STEMMER IMAGING Services GmbH, Puchheim/D 1	100%	KEUR	4,367	107
<b>Outside Germany</b>				
STEMMER IMAGING S. A. S., Puteaux/France	100%	KEUR	1,681	5,077
STEMMER IMAGING Ltd., Tongham/United Kingdom	100%	KEUR	857	2,123
STEMMER IMAGING AG, Pfäffikon/Switzerland	100%	KEUR	369	554
STEMMER IMAGING B. V., Zutphen/Netherlands	100%	KEUR	1,246	3,558
STEMMER IMAGING AB, Stockholm/Sweden	100%	KEUR	921	4,167
STEMMER IMAGING A/S, Copenhagen/Denmark	100%	KEUR	788	1,190
STEMMER IMAGING Oy, Espoo/Finland	100%	KEUR	62	183
STEMMER IMAGING Sp. z o. o., Lowicz/Poland	100%	KEUR	- 20	- 80
STEMMER IMAGING Ges. m. b. H., Graz/Austria	100%	KEUR	471	1,082
STEMMER IMAGING S. R. L., Bologna/Italy	100%	KEUR	- 35	- 42
INFAIMON, S. L. U., Barcelona/Spain	100%	KEUR	1,488	6,992
INFAIMON UNIPessoal LDA., Aveiro/Portugal	100% <sup>2</sup>	KEUR	90	413
INFAIMON MEXICO S. A. DE C. V., Querétaro QRO./Mexico	100% <sup>2</sup>	KEUR	54	382
INFAIMON DO BRASIL VISAO ARTIFICIAL LTDA, São Bernardo do Campo/Brazil	100% <sup>2</sup>	KEUR	32	141

1 Before profit/loss transfer

2 Indirectly via INFAIMON, S. L. U., Barcelona/ES

Equity in foreign currencies is translated at the historical rate and net income in foreign currencies at the middle spot exchange rate.

## 4.2. Consolidated financial statements

As the parent company of the STEMMER IMAGING Group, the company prepares consolidated financial statements for the fiscal year from 1 January to 31 December 2022 in accordance with the International Financial Reporting Standards (IFRS, as applicable in the EU) and the additional requirements of commercial law. The consolidated financial statements are published in the electronic German Federal Gazette (Bundesanzeiger).

The STEMMER IMAGING Group is included in the consolidated financial statements of PRIMEPULSE SE, Munich, which prepares consolidated financial statements for the largest group of companies as at 31 December of each calendar year. The consolidated financial statements of PRIMEPULSE SE are published in the electronic German Federal Gazette (Bundesanzeiger).

## 4.3. Other financial commitments and contingent liabilities

As at the balance sheet date, there are future payment obligations (other financial commitments) from leases (EUR 981 thousand) and from car leasing (EUR 208 thousand). EUR 843 thousand of these are due within one year and EUR 346 thousand within the next one to five years.

As the parent company, STEMMER IMAGING AG is also liable for taxes payable by the company affiliated with it through the profit-and-loss transfer agreement.

## 4.4. Company bodies

### Executive Board

Arne Dehn, Munich, Dipl.-Kfm., Chief Executive Officer

Uwe Kemm, Munich, Member of the Executive Board (COO)

The total remuneration of the Executive Board in accordance with section 285 No. 9a HGB amounted to EUR 1,030 thousand in the fiscal year (previous year: EUR 1,114 thousand). The remuneration includes a short-term remuneration component and a long-term remuneration component.

The fair value of the Performance Share Plan was determined as at 31 December 2022 on the basis of the following parameters:

in EUR	Tranche 1 fiscal year 2021	Tranche 2 fiscal year 2022
<b>Date of issue</b>	<b>4/12/2021</b>	<b>4/14/2022</b>
Average share price on date of issue	24.34	31.66

in years	Tranche 1 fiscal year 2021	Tranche 2 fiscal year 2022
<b>Term</b>		
Total term	4	4
Remaining term on 31/12/2022	2.28	3.28

in EUR	Tranche 1 fiscal year 2021	Tranche 2 fiscal year 2022
<b>Share price on valuation date</b>	<b>32.00</b>	<b>32.00</b>
Expected volatility	45.00%	45.00%
Risk-free interest rate p. a.	2.060%	2.060%
Fair value on date of issue	23.97	25.14
Fair value on 31/12/2022	37.65	35.02

## Development of the number of units of the Performance Share Plan

In units	As at 01/01/2022	Proportionately changed	Granted	As at 31/12/2022
Tranche 2021	6,322	-3,605	0	2,717
Tranche 2022	0	0	871	871

The total income from share-based remuneration recognised in the fiscal year amounted to EUR 117 thousand (previous year: EUR 235 thousand expense) and was brought forward in the same amount.

As at 31 December 2022, there are pension obligations to a former member of the Executive Board in the amount of EUR 113 thousand (previous year: EUR 111 thousand), which are covered by a corresponding pension liability insurance policy.

### Supervisory Board

Klaus Weinmann, Munich, Chairman of the Advisory Board and Managing Director of PRIMEPULSE SE, Chairman of the Supervisory Board

Markus Saller, Garmisch-Partenkirchen, Director Mergers & Acquisitions of PRIMEPULSE SE, Deputy Chairman

Prof. Dr. Constanze Chwallek, Aachen, Professor at the Aachen University of Applied Sciences, Faculty of Economics

Klaus Weinmann is also the Chairman of the Supervisory Board of KATEK SE, Munich. Klaus Weinmann is also the Deputy Chairman of the Supervisory Board of glueckkanja-gab AG, Offenbach am Main. There are no further memberships of supervisory boards or committees within the meaning of section 125 (1) sentence 5 of the German Stock Corporation Act (AktG).

Markus Saller is a member of the Supervisory Board of Autonomous Capital AG, Zurich. Markus Saller was appointed as a member of the Supervisory Board of KATEK SE by the court as at 18 January 2022. Within the scope of a resolution by written circular dated 21 February 2022, Markus Saller was elected as Deputy Chairman of the Supervisory Board of KATEK SE. There are no further memberships of supervisory boards or committees within the meaning of section 125 (1) sentence 5 of the German Stock Corporation Act (AktG).

Prof. Dr. Constanze Chwallek is also the Chair of the Supervisory Board of Adapton AG, Aachen. There are no further memberships of supervisory boards or committees within the meaning of section 125 (1) sentence 5 of the German Stock Corporation Act (AktG).

The total remuneration of the Supervisory Board amounted to EUR 108 thousand in the 2022 fiscal year (previous year: EUR 117 thousand). Remuneration is divided into fixed remuneration of EUR 90 thousand (previous year: EUR 90 thousand) and attendance fees of EUR 18 thousand (previous year: EUR 27 thousand).

#### 4.5. Employees

The average number of employees during the fiscal year was 169 (previous year: 172). They were attributable to the following areas:

Number	<b>2022</b>
Administration	43
Sales	20
Technology	35
Supply Chain	72
<b>Total</b>	<b>169</b>

#### 4.6. Auditor's fee

The following fees were recognised for the auditor in the individual years:

in KEUR	<b>31/12/2022</b>	<b>31/12/2021</b>
Audits of financial statements	117	272
Other services	0	0
<b>Total</b>	<b>117</b>	<b>272</b>

Other services include expenses for individual audit questions.

#### 4.7. Related party transactions

In accordance with section 312 of the German Stock Corporation Act (AktG), STEMMER IMAGING AG prepared a report on relations to affiliated companies, which ends with the following concluding statement:

"As the Executive Board of STEMMER IMAGING AG, we hereby state that, under the circumstances known to us at the date on which the transactions listed in this report on relations to affiliated companies were conducted, STEMMER IMAGING AG received adequate consideration for each transaction. No reportable measures within the meaning of section 312 (1) sentence 2 AktG were taken or omitted in the fiscal year from 1 January to 31 December 2022."

#### 4.8. Appropriation of net profit and restriction on distribution

Taking into account the financing requirements for the growing volume of business, the Executive Board plans to propose the distribution of a dividend of EUR 1.00 and a one-off special dividend of EUR 2.00 per dividend-bearing share at the Annual General Meeting.

#### 4.9. Disclosures on voting rights in accordance with section 160 (1) no.8 AktG

The following notifications in accordance with section 20 (6) AktG were published:

- SI HOLDING GmbH, Kötz, notified us in accordance with section 20 (1) of the German Stock Corporation Act (AktG) that SI HOLDING GmbH, Kötz, owns more than a quarter of the shares of STEMMER IMAGING AG, Puchheim. (Puchheim, in November 2018)
- SI HOLDING GmbH, Kötz, notified us in accordance with section 20 (4) in conjunction with section 16 (1) of the German Stock Corporation Act (AktG) that it owns a majority of the shareholding in STEMMER IMAGING AG, Puchheim. (Puchheim, in November 2018)

With effect from 1 January 2020, the previous main shareholder SI Holding GmbH, Munich, was merged into PRIMEPULSE SE, Munich. The entire share ownership in STEMMER IMAGING AG hereby transferred to PRIMEPULSE SE. STEMMER IMAGING AG received the corresponding notification on 19 May 2020.

In the 2022 fiscal year, the following notification in accordance with section 40 (1) of the German Securities Trading Act (WpHG) was published:

Shareholder subject to notification	Requirement	Date on which threshold was met	New voting share in %	Absolute
Allianz Global Investors GmbH	Frankfurt am Main, Germany	March 16, 2022	2.99	194,485

#### 4.10. Supplementary report

At the time of preparation of the Annual Financial Statements on 30 March 2023, the company is not aware of any events of particular importance that would have led to a different presentation of the company's situation had they occurred before the end of the financial year.

#### 4.11. German Corporate Governance Code

The declaration of compliance with the German Corporate Governance Code according to section 161 of the German Stock Corporation Act (AktG) was provided by the Executive Board and Supervisory Board of STEMMER IMAGING AG and has been made permanently available to shareholders on the Investor Relations page of the company's website ([www.stemmer-imaging.com](http://www.stemmer-imaging.com)).

Puchheim, 30 March 2023

STEMMER IMAGING AG  
Executive Board



Arne Dehn



Uwe Kemm

#### Responsibility statement

To the best of our knowledge, and in accordance with the applicable financial reporting principles, the annual financial statements present a true and fair view of the net assets, financial position and results of operations of the company, and the management report of STEMMER IMAGING AG, which is combined with the Group management report, presents a true and fair view of the development and performance of the business and the position of the company and describes the principal opportunities and risks associated with the expected development of the company.

Puchheim, 30 March 2023

STEMMER IMAGING AG  
Executive Board



Arne Dehn



Uwe Kemm

## Statement of changes in fixed assets

For the fiscal year from 1 January to 31 December 2022  
in KEUR

	Acquisition and production costs			As at 31 December 2022
	As at 01 January 2022	Additions	Disposals	
<b>Intangible assets</b>				
Purchased industrial and similar rights and assets	3,200	0	0	3,200
Advance payments on intangible assets	0	657	0	657
	<b>3,200</b>	<b>657</b>	<b>0</b>	<b>3,857</b>
<b>Tangible assets</b>				
Land, land rights and buildings, including buildings on third-party land	2,895	0	0	2,895
Other equipment, operating and office equipment	3,532	155	- 58	3,629
	<b>6,427</b>	<b>155</b>	<b>- 58</b>	<b>6,524</b>
<b>Financial assets</b>				
Shares in affiliated companies	36,157	0	0	36,157
Loans to affiliated companies	6,174	50	- 1,856	4,368
	<b>42,331</b>	<b>50</b>	<b>- 1,856</b>	<b>40,525</b>
<b>Total</b>	<b>51,958</b>	<b>862</b>	<b>- 1,914</b>	<b>50,906</b>

Cumulative depreciation and amortisation					Carrying amounts	
As at 01 January 2022	Additions	Write-uos	Disposals	As at 31 December 2022	As at 31 December 2022	As at 31 December 2021
- 2,255	- 236	0	0	- 2,491	709	945
0	0	0	0	0	657	0
<b>- 2,255</b>	<b>- 236</b>	<b>0</b>	<b>0</b>	<b>- 2,491</b>	<b>1,366</b>	<b>945</b>
- 2,184	- 153	0	0	- 2,337	558	711
- 3,021	- 218	0	58	- 3,181	448	510
<b>- 5,205</b>	<b>- 371</b>	<b>0</b>	<b>58</b>	<b>- 5,518</b>	<b>1,006</b>	<b>1,221</b>
- 1,612	0	0	0	- 1,612	34,545	34,545
- 81	- 50	0	0	- 131	4,237	6,093
<b>- 1,693</b>	<b>- 50</b>	<b>0</b>	<b>0</b>	<b>- 1,743</b>	<b>38,782</b>	<b>40,638</b>
<b>- 9,153</b>	<b>- 657</b>	<b>0</b>	<b>58</b>	<b>- 9,752</b>	<b>41,154</b>	<b>42,804</b>

# Independent Auditor's Report

To STEMMER IMAGING AG, Puchheim

## Report on the Audit of the Annual Financial Statements and of the Combined Management Report

### Audit Opinions

We have audited the annual financial statements of **STEMMER IMAGING AG**, which comprise the balance sheet as at 31 December 2022, the statement of profit and loss for the financial year from 1 January 2022 to 31 December 2022, and notes to the annual financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the combined management report of STEMMER IMAGING AG for the financial year from 1 January 2022 to 31 December 2022. In accordance with German legal requirements, we have not audited the (Group) Corporate Governance Declaration and the Declaration on the German Corporate Governance Code in the Annual Report section "02 Combined Management Report".

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities, and financial position of the Company as at 31 December 2022 and of its financial performance for the financial year from 1 January 2022 to 31 December 2022, and
- the accompanying combined management report as a whole provides an appropriate view of the Company's position. In all material respects, this combined management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the combined management report does not extend to the content of its components, mentioned within the Risk Report, in the subsections "Internal Control and Risk Management System" and "Compliance Management System".

Pursuant to § 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the combined management report.

### Basis for the Audit Opinions

We conducted our audit of the annual financial statements and of the combined management report in accordance with § 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 [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Combined Management Report" section of our auditor's report. We are independent of the Company 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) lit. (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 annual financial statements and on the combined management report.

## Key Audit Matters in the Audit of the Annual Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the financial year from 1 January 2022 to 31 December 2022. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our audit opinion thereon, we do not provide a separate audit opinion on these matters.

We determined the following issue to be the most important in our audit:

Impairment of participations in affiliated companies as well as loans to and receivables from affiliated companies

Our presentation of this key audit matter has been structured as follows:

- 1.) Facts and problem definition
- 2.) Audit procedures and findings
- 3.) Reference to further information

In the following we present the key audit matter:

1. In the annual financial statements of STEMMER IMAGING AG, participations in affiliated companies of EUR 34.5 million, loans to affiliated companies of EUR 4.2 million as well as receivables from affiliated companies of EUR 58 million are reported under the balance sheet item "Financial assets", which together represent around 72% of the balance sheet total. The significant participations in affiliated companies are tested for impairment by the Company annually on the balance sheet date or on a case-by-case basis. These valuations are regularly based on the present value of future cash flows of the respective affiliated company. The valuations are based on the planning calculations of the single affiliated companies, which are based on the financial plans approved by management. Discounting is carried out using the weighted average cost of capital of the respective company. The result of this valuation is highly dependent on the assessment of future cash inflows by the Company's executive directors and the discount rate used and is therefore subject to considerable uncertainty, which is why this issue is of particular importance in the context of our audit.

2. In order to address this risk, we critically reviewed management's assumptions and estimates and performed, among others, the following audit procedures:

- We followed the methodology for performing the impairment tests and assessed the determination of the weighted average cost of capital.
- We have convinced ourselves that the future cash inflows on which the valuations are based and the discount rates used form an appropriate basis for the impairment tests of the single cash-generating units.
- In our assessment of the planning calculations, we relied, among other things, on a comparison with general and industry-specific market expectations as well as comprehensive explanations by management on the main value drivers of the respective planning and comparison of this information with the current budgets from the planning approved by the Supervisory Board.
- With the knowledge that even relatively small changes in the discount rate can have a significant impact on the amount of the value in use determined in this way, we have analysed the parameters used to determine the applied discount rate and understood the Company's calculation scheme for determining the present value of the cash flows.
- The selection of assumptions was based on qualitative aspects and the amount of excess coverage of the respective carrying amount by the value in use. We consider the valuation process and the assumptions and parameters used therein to be an appropriate and sufficient basis for the impairment testing of the participations in affiliated companies, loans to and receivables from affiliated companies recognised in the balance sheet.

3. The Company's disclosures on the above balance sheet items are included in the Notes in section "1. Accounting Policies", "2.1 Fixed Assets" and "2.2 Receivables and other Assets".

## Other Information

The executive directors and the Supervisory Board are responsible for the other information. The other information comprises:

- the assurance attached to the notes pursuant to § 264 (2) sentence 3 HGB to the annual financial statements and to the combined management report pursuant to § 289 (1) sentence 5 HGB and pursuant to § 315 (1) sentence 5 HGB.
- the (Group) Corporate Governance Statement published on the Company's website to which reference is made in the section "(Group) Corporate Governance Statement" of the combined management report.
- the remaining parts of the annual report (particularly also the subsections "Internal Control and Risk Management System" and "Compliance Management System" within the risk report), but not the single-entity financial statements, not the information included in the substantive audit of the combined management report and our corresponding audit reports.

Our audit opinions on the annual financial statements and combined management report do not cover the other information and, accordingly, we do not express an opinion or any other form of audit conclusion thereon.

In connection with our audit, it is our responsibility to read the Other Information and to assess whether the Other Information

- contains material discrepancies with the annual financial statements, the combined management report or our knowledge gained during the audit, or
- otherwise appears materially misrepresented

## Responsibility of the Executive Directors and the Supervisory Board for the Annual Financial Statements and the Combined Management Report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position, and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud (i. e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company'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, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the combined management report that, as a whole, provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual 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 Company's financial reporting process for the preparation of the annual financial statements and of the combined management report.

## Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Combined Management Report

Our objectives are to obtain reasonable assurance about whether the annual 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 Company's position and, in all material respects, is consistent with the annual 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 annual 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 § 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 annual financial statements and this combined management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also

- Identify and assess the risks of material misstatement of the annual 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 the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) 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 of the Company.
- 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 Company'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 annual 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 Company to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- Evaluate the consistency of the combined management report with the annual financial statements, its conformity with German law, and the view of the Company'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 also make a declaration to those charged with governance that we have complied with the relevant independence requirements and discuss with them all relationships and other matters that may reasonably be thought to bear on our independence, and, were relevant, the actions or safeguards taken against threats towards independence.

From the matters discussed with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current reporting period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or other regulations preclude public disclosure about the matter.

## Other legal and regulatory requirements

### Report on the Audit of the Electronic Reproductions of the Annual Financial Statements and the Combined Management Report prepared for Disclosure Purpose of pursuant to § 317 (3a) HGB

#### Audit opinion

In accordance with § 317 (3a) of the German Commercial Code (HGB), we have performed a reasonable assurance audit to determine whether the data contained in the provided file ESEFUnterlagenEAStemmer2022 with the audited ESEF documents and prepared for the purpose of publication of the annual financial statements and the combined management report (hereinafter referred to as the "ESEF documents") comply in all material respects with the electronic reporting format ("ESEF format") pursuant to § 328 (1) HGB. In accordance with German legal requirements, this audit covers only the conversion of the information contained in the annual financial statements and the combined management report into the ESEF format and therefore does not extend to the information contained in these reproductions or to any other information contained in the aforementioned file.

In our opinion, the reproductions of the annual financial statements and the combined management report contained in the provided file referred to above and prepared for disclosure purposes comply, in all material respects, with the requirements of § 328 (1) HGB for the electronic reporting format. We do not express any opinion on the information contained in these reproductions or on the other information contained in the above-mentioned file beyond this opinion and our opinions on the accompanying annual financial statements and the accompanying combined management report for the financial year from 1 January 2022 to 31 December 2022 contained in the preceding "Report on the Audit of the Annual Financial Statements and of the Combined Management Report".

#### Basis for the Audit Opinion

We conducted our audit of the reproductions of the annual financial statements and the combined management report contained in the above-mentioned provided file in accordance with § 317 (3a) of the German Commercial Code (HGB) and the IDW Auditing Standard: Audit of Electronic Reproductions of Financial Statements and Management Reports Prepared for Disclosure Purposes in Accordance with § 317 (3a) HGB (IDW PS 410 (06.2022)). Our responsibility thereafter is further described in the section "Auditor's Responsibility for the Audit of the ESEF Documents". Our auditing practice has complied with the quality assurance system requirements of the IDW Quality Assurance Standard: Requirements for Quality Assurance in the Auditing Practice (IDW QS 1).

#### Responsibility of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Company are responsible for the preparation of the ESEF documents with the electronic reproductions of the annual financial statements and the combined management report in accordance with § 328 (1) sentence 4 no.1 HGB.

Furthermore, the executive directors are responsible for the internal controls they have considered necessary to enable the preparation of the ESEF documents that are free from material non-compliance, whether due to fraud or error, with the electronic reporting format requirements of § 328 (1) HGB.

The Supervisory Board is responsible for overseeing the preparation process of the ESEF documents as part of the financial reporting process.

## Auditor's Responsibility for the Audit of the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance, whether due to fraud or error, with the requirements of § 328 (1) HGB. We exercise professional judgment and maintain professional skepticism throughout the audit. We also

- Identify and assess the risks of material non-compliance with the requirements of § 328 (1) HGB, 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 opinion.
- Obtain an understanding of internal control relevant to the audit of the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documentation, i. e., whether the provided file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, as applicable at the reporting date, regarding the technical specification for that file.
- We assess whether the ESEF documents allow for a content identical XHTML reproduction of the audited annual financial statements and the audited combined management report.

## Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditors by the annual general meeting on 18 May 2022. We were engaged by the Supervisory Board on 1 August 2022. We have been acting as auditors of the annual financial statements of STEMMER IMAGING AG, Puchheim, since the financial year 2022.

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 facts – Use of the Audit Report

Our audit report must always be read in conjunction with the audited annual financial statements and the audited combined management report as well as the audited ESEF documents. The annual financial statements and combined management report converted into the ESEF format – including the versions to be entered in the Business Register – are merely electronic reproductions of the audited annual financial statements and the audited combined management report and do not replace them. In particular, the ESEF report and our audit opinion contained therein can only be used in conjunction with the audited ESEF documents provided in electronic form.

## German Public Auditor responsible for the Engagement

The German Public Auditor responsible for the engagement is Franz Fußstetter.

München, 30 March 2023

Baker Tilly GmbH & Co. KG  
Wirtschaftsprüfungsgesellschaft  
(Düsseldorf)

**Weissinger**  
Wirtschaftsprüfer  
(German Public Auditor)

**Fußstetter**  
Wirtschaftsprüfer  
(German Public Auditor)

### Know-how and expertise

STEMMER IMAGING's experienced technology specialists offer qualified support in all machine vision issues and application-oriented training for both beginners and professionals.



# 05 Additional information

Financial calendar	176
Publication details	177

# Financial calendar<sup>1</sup>

Monday  
24/04  
2023

Goldman Sachs  
Machine Vision Webcast

Wednesday  
10/05  
2023

Publication of Q1/3M 2023  
interim report

Friday  
12/05  
2023

Annual General Meeting, virtual

Thursday-Friday  
15/ – 16/06  
2023

Warburg Highlights,  
Hamburg

Thursday  
10/08  
2023

Publication of Q2/6M 2023  
interim report

Monday – Wednesday  
18/ – 20/09  
2023

Berenberg and Goldman Sachs  
12th German Corporate  
Conference, Munich

Thursday  
09/11  
2023

Publication of Q3/9M 2023  
interim report

Monday – Wednesday  
27/ – 29/11  
2023

German Equity Forum,  
Frankfurt am Main

<sup>1</sup> Dates may change at short notice.

# Publication details

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Text and editing: STEMMER IMAGING AG

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The STEMMER IMAGING AG annual report is available in German and English.  
The German version is legally binding.

## Credits:

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