Mutares SE & Co. KGaA, Munich

Combined Management and Group Management Report

for the financial year from January 1 to December 31, 2022

The translation of this document was prepared for convenience purpose only. The German original version prevails.

1. Fundamentals of the Company and the Group

1.1 Business model and organization

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

Within the framework of this business model, Mutares actively and systematically searches for targets in situations of transition in order to leverage existing value potential with innovative and individually tailored solution approaches.

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

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

- Spin-off of groups
- Sales from EUR 100-750 million
- Established market position (products, brand, customer base, technology/know-how)
- Economically challenging situation or situation of upheaval (e.g. pending restructuring)
- Operational improvement potential along the value chain
- Focus of activities in Europe

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

Other core aspects of Mutares' business model are:

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

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

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

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

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

Mutares pursues the private equity typical strategy of allowing the shareholders of Mutares SE & Co. KGaA to participate directly and continuously in the company's success. Against this background, a sustainable and attractive dividend policy is one of the essential elements of the Mutares business model. The net income of Mutares SE & Co. KGaA is mainly derived from three different sources, namely from revenues from the intra-group consulting business, dividends from portfolio companies and exit proceeds from the sale of investments. Sales revenues and dividends (mainly income from investments received in the same period) make up what is known as "portfolio income". Due to this diversified revenue structure, Mutares believes that even in a year that was operationally difficult for various portfolio companies, it is generally in a position to generate a sufficiently high net income to be able to continue its long-term sustainable dividend policy.

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

As of December 31, 2022, the portfolio of Mutares SE & Co. KGaA contains a total of 29 operating investments or investment groups (previous year: 23), which are divided into three segments:

- Automotive & Mobility:

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

  (1) MoldTecs Group
  (2) Light Mobility Solutions
  (3) ESF Industrial Solutions Group[1]
  (4) KICO Group and ISH Group
  (5) Cimos Group
  (6) PrimoTECS Group
  (7) iinovis Group
  (8) Plati Group[1]

- Engineering & Technology:

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

  (9) Balcke-Dürr and NEM Energy Group
  (10) Donges Group
  (11) La Rochette Cartonboard
  (12) Lacroix + Kress
  (13) Special Melted Products
  (14) Gemini Rail and ADComms Group
  (15) Guascor Energy
  (16) VALTI
  (17) Clecim
  (18) Steyr Motors Group
  (19) Japy Tech[2]

[1] In the combined management report for the financial year 2021, SFC Solutions, Elastomer Solutions and Plati were listed together as a group of shareholdings under "ESF Industrial Solutions Group". In view of the fact that the Plati Group remains largely independent, it is presented separately in this combined management report.

[2] In the combined management report for the financial year 2021, Japy Tech was presented together with Royal De Boer as one investment group. After Royal de Boer was sold in December 2022, Japy Tech is presented as a stand-alone investment. An agreement for the sale of the company was signed in the financial year 2022 and the closing took place in January 2023.

- Goods & Services

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

  (20) Lapeyre Group
  (21) Frigoscandia Group
  (22) Terranor Group
  (23) keeeper Group
  (24) EXI and SIX Energy Group
  (25) Ganter Group
  (26) FASANA
  (27) Repartim Group
  (28) SABO
  (29) Asteri Facility Solutions

1.2 Research and development

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

Overall, as in the previous year, the Group invested a single digit million amount in research and development in the financial year 2022; capitalized development costs are of minor importance for the Group as a whole.

2. Economic Report

2.1 Macroeconomic and industry-specific conditions

World

According to the Munich-based ifo Institute's economic report ("ifo Economic Forecast Winter 2022" 3, published in December 2022), the global economy has experienced a downturn since the beginning of 2022. Furthermore, consumer price inflation in many countries rose to a decade-long high. This was due to higher energy prices caused by geopolitical tensions and higher food prices caused in part by extreme climate conditions, such as heat waves and droughts. Although the Corona pandemic has weakened significantly, persistent waves, particularly in China, continued to impact economic activity.

Both manufacturing and market services in industrialized and emerging countries are affected by the slowdown in economic activity. Even an increase in industrial production in the third quarter of 2022 only partially offset the previous decline. As a result of the economic downturn, many raw material prices have also declined in recent months. This affected industrial raw materials in particular, but also oil prices. European gas and electricity prices also fell significantly from their record highs since August. Despite these countervailing developments, inflation is expected to reach 8.8% in 2022.[2]

Europe

According to the European Commission's "Winter Forecast 2023"[3] , economic growth in the first half of 2022 eased in the third quarter. This was followed by a much more positive development in the fourth quarter, so that the growth rate for 2022 in the euro area is estimated at 3.5% overall.

The broader positioning of the energy supply and the reduction in gas consumption made a positive contribution to the development. In addition, the unemployment rate in the EU remained at an exceptionally low level of 6.1% until the end of 2022. Continuing high energy costs for consumers and companies increased core inflation, further reducing the purchasing power of private households.

The ECB has tightened its monetary policy to counteract a permanent increase in inflation expectations. As a result, interest rates on government bonds have already risen in many eurozone countries.[4]

[2] https://www.bmwk.de/Redaktion/DE/Schlaglichter-der-Wirtschaftspolitik/2022/12/13-die-lage-der-weltwirtschaft-zum-ende-des-jahres-2022.html#:~:text=In%20his%20forecast%20is%20the,%2C3%20%25%20in%202023).

[3] https://ec.europa.eu/commission/presscorner/detail/de/ip_23_707

[4] https://www.ifo.de/publikationen/2022/zeitschrift-einzelheft/ifo-schnelldienst-sonderausgabe-dezember-2022

Germany

According to the "ifo Economic Forecast Winter 2022"[5] , the German economy suffered from bottlenecks in the supply of energy, intermediate products and merchandise and was burdened by labor shortages. This led to a restriction of production possibilities, as well as to an increase in production costs.

Despite these developments, demand for goods and services remained high and private consumption also expanded into late summer. The waning of the Corona pandemic had a positive impact on consumer-related service sectors and the normalization of household spending patterns. In addition, the reduction of surplus savings from the pandemic period and broad-based fiscal relief packages counteracted the inflation-related loss of purchasing power, so that production capacities were overutilized in some cases. In some sectors of the economy, the high demand led companies to expand their profits, which further increased prices, which had already risen due to the inflation of energy, raw materials and intermediate products. As a result, the inflation rate since October 2022 has exceeded 10%, the highest level since 1951, and the annual average for 2022 as a whole is 7.9%.

Investment industry

Developments in the private equity sector showed a degree of robustness in 2022 following the record years prior to the pandemic, according to the Bundesverband Deutscher Kapital beteiligungs gesell schaften (BVK - German Private Equity and Venture Capital Association) ("The German Private Equity Market 2022," March 2023[6]).

The investments of the investment companies based in Germany in the financing phase of the buyouts relevant for Mutares reached EUR 3.4 billion (previous year: EUR 4.3 billion). The volume of investment sales showed different developments in 2022 in the exit channels that are particularly important for Mutares: While sales to strategic investors decreased to EUR 0.7 billion (previous year: EUR 1.6 billion), sales to other investment companies increased to EUR 1.9 billion (previous year: EUR 1.7 billion).

5 https://www.ifo.de/publikationen/2022/zeitschrift-einzelheft/ifo-schnelldienst-sonderausgabe-dezember-2022

6 https://www.bvkap.de/files/content/statistik-deutschland/pdfs/BVK%20Statistik%202022%20in%20Tabellen.pdf

2.2 Business performance

In the financial year 2022, the Mutares Group generated revenues of EUR 3,751.7 million (previous year: EUR 2,504.0 million) and EBITDA according to IFRS of EUR 181.5 million (previous year: EUR 566.5 million). Adjusted EBITDA (as defined below in connection with the presentation of financial performance indicators – see section 5.1) amounts to EUR –32.7 million (previous year: EUR –41.3 million).

The revenues of the Mutares Holding, i. e. Mutares SE & Co. KGaA, result from consulting services to affiliated companies and management fees. The increase to EUR 71.1 million (previous year: EUR 50.5 million) is a consequence of the high transaction activity in the past and a resulting enlarged portfolio. Sales revenues and dividends from the portfolio (mainly income from investments received in the same period) result in the so-called "Portfolio Income", which for the financial year 2022 amounts to EUR 139.8 million (previous year: EUR 64.9 million). As a result, the net profit for the year according to HGB amounts to EUR 72.9 million, compared to EUR 50.7 million in the previous year.

Mutares' business performance in the financial year 2022 was characterized by the following significant events:

- *Attractive, long-term dividend policy confirmed by the Annual General Meeting*

  On May 17, 2022, the Company's Annual General Meeting again approved a **dividend of EUR 1.50** per share for financial year 2021. This consists of a basic dividend of EUR 1.00 per share and a performance dividend of EUR 0.50 per share. This confirms what the Management Board considers to be an attractive, long-term dividend policy.

- *High transaction activity*

  The financial year 2022 was again characterized by a high level of transaction activity at Mutares. All three segments were strengthened by a total of **twelve completed acquisitions**, seven of which were platform acquisitions and five add-on acquisitions.[7] In addition, agreements were signed for four further acquisitions for each of which the closing of the acquisition was still outstanding as of December 31, 2022.

  The acquisitions resulted in gains from bargain purchases 10 totaling EUR 262.0 million (previous year: EUR 692.7 million), which are recognized in other income.

  On the exit side, Mutares successfully completed sale of six portfolio companies in the financial year 2022. The deconsolidation resulted in gains of EUR 31.8 million (previous year: EUR 32.8 million 11) and losses of EUR 3.2 million (previous year: EUR 36.7 million), which are recognized in other income and other expenses, respectively. In addition, an agreement was signed for the sale of Japy Tech in the financial year 2022, with closing taking place in January 2023.

[7] Cf. the comments in the reports from the portfolio companies (para.2.3).

- *Impact of the Ukraine war and economic environment*

  The war in Ukraine, which started with the military invasion by Russian forces on February 24, 2022, has a direct and indirect impact on the business development, risks, results of operations as well as cash flows of the portfolio companies in the Mutares Group.

  Direct effects in the form of lost sales to customers in Ukraine, Russia or Belarus, as well as production stoppages or delivery problems at the Plati plant in Ukraine, had less impact than the indirect effects, such as the increasingly frequent disruptions to supply chains, significant price increases for raw materials, intermediates and energy, and the resulting overall weakening of the economy. The indirect effects are clearly visible and are having a noticeably negative impact on both the earnings situation and the financial situation of individual portfolio companies.

  Mutares has taken numerous measures with the entire management team and the managements and workforces of the portfolio companies to mitigate the direct and indirect effects on liquidity and profitability. These include the establishment of a procurement management system and the strict monitoring of the respective suppliers as well as the initiation of measures to pass on price increases to customers and to reduce energy consumption.

- *Restructuring and development progress*

  In addition to the extensive activities related to the buy-side and sell-side transactions, the various portfolio companies of Mutares have each implemented comprehensive operational improvement programs in the course of the financial year 2022 in a partly very challenging environment, with the aim of significantly increasing the value of the respective investment in the event of a subsequent exit. In particular, the Management Board considers the development at Terranor, La Rochette, Frigoscandia, Clecim, Ganter and Special Melted Products to be positive. The development of the Group's largest shareholdings in terms of sales (Lapeyre Group, LMS and Donges Group) is also satisfactory overall, despite the clearly visible negative impact of the indirect effects of the war in Ukraine.

2.3 Reports from the portfolio companies

The following explanations reflect the developments of the individual segments or portfolio companies in the Mutares Group in the financial year 2022.

Automotive & Mobility segment

No.	Participation	Branch	Headquarters	Acquisition
(1)	**MoldTecs** Group[8]	Supplier of high-performance plastic parts for the automotive industry	Laval/FR	09/2022
(2)	**Light Mobility Solutions[10]**	Supplier of plastic components for the automotive industry	Obertshausen/DE	07/2021
(3)	**ESF Industrial Solutions** Group[10, 9]	Automotive supplier for Fluid transfer systems and sealing solutions	various	08/2009 07/2020
(4)	**KICO** and **ISH** Group	System supplier for Automotive Engineering	Halver/DE Hainichen/DE	07/2019 09/2021
(5)	**Cimos** Group	Automotive components supplier	Koper/SVN	09/2022
(6)	**PrimoTECS** Group	Supplier of forged parts in the fields of engine, transmission and drivetrain.	Avigliana/IT	01/2020
(7)	**iinovis** Group	Engineering service provider for Automotive Engineering	Munich/DE	11/2020
(8)	**Plati** Group[11]	Wire harness and cabling manufacturer	Madone/IT	01/2019

[8] MoldTecs Group, LMS, and the SFC companies will be combined under the name Amaneos Group during financial 2023.

[9] In the combined management report for financial 2021, SFC Solutions, Elastomer Solutions and Plati were listed as a group of investments under "ESF Industrial Solutions Group". Considering that Plati remains largely independent, it is now presented as a separate investment.

According to the German Association of the Automotive Industry ("VDA")[10] , the international automotive markets remained overall at the previous year's level in terms of volumes in 2022. However, the dynamics varied, with the markets in Europe, Japan and the USA falling short of the previous year's level and sales in China increasing significantly. Rising energy and material costs as well as the negative impact of interrupted supply chains, together with continuing uncertainty due to geopolitical tensions, prevented a better result for the industry.

These industry-wide dynamics were reflected in the segment’s investments: On the sales side, short-term cancellations or postponements of call-offs and the delayed start-up of product series led to sales shortfalls. On the procurement side, significant price increases for energy and raw materials, as well as for other operating expenses (e. g. logistics), resulted in operating earnings shortfalls. Even a wide range of counter measures introduced including price increases and cost overcharges, the use of short-time working allowances, and additional cost savings were only able to partially mitigate the negative business development in the segment or will only mitigate the negative effects with a delay that is in some cases considerable.

The sales revenue of the Automotive & Mobility segment for the financial year 2022 amounts to EUR 1,081.6 million (previous year: EUR 719.9 million). In addition to higher sales, in particular due to implemented price increases, the increase was primarily due to the acquisitions of the financial year (MoldTecs, Cimos and SFC Automotive France) and the full inclusion of the acquisitions from the previous year (LMS, ISH and Rasche), which were only included in the Group from the acquisition date in financial year 2021. The EBITDA of this segment for the financial year 2022 amounts to EUR 34.8 million (previous year: EUR 86.4 million). This includes gains from bargain purchases from the acquisitions totaling EUR 86.0 million (previous year: EUR 123.9 million), in particular from the acquisition of MoldTecs. Adjusted EBITDA, on the other hand, was burdened by the above-mentioned influences as well as the still negative earnings contributions from the new acquisitions and thus decreased to EUR –49.0 million (previous year: EUR –20.0 million).

MOLDTECS GROUP

To strengthen the segment, Mutares completed the acquisition of the high-performance plastic parts business of MANN+HUMMEL in September 2022. The acquired company operates three plants in Germany and France and now trades under the name MoldTecs Group.

MoldTecs Group is a supplier of high performance plastic parts for the automotive industry and supplies all the world's leading automotive manufacturers ("original equipment manufacturers", "OEMs") with a comprehensive product portfolio that includes intake manifolds, high-pressure air lines, air ducts and all types of fluid reservoirs. At the three plants, these products are manufactured and then assembled using state-of-the-art injection molding, blow molding and welding technologies.

Together with the local management, a transformation program was initiated immediately after the acquisition. This is aimed at expanding the production and sales network globally via further production sites in the USA and China and sales units in Mexico, Brazil, Japan, South Korea and India. With the measures initiated, MoldTec's Group is expected to achieve a positive operating result in financial 2024 following a transformation year in 2023.

[10] https://www.vda.de/de/presse/Pressemeldungen/2023/230118_PM_Internationale_Automobilmaerkte_2022_Europa_Japan_und_USA_mit_Rueckgaengen

LIGHT MOBILITY SOLUTIONS

Light Mobility Solutions ("LMS") is a supplier of exterior elements and systems for the automotive industry, supplying all leading European OEMs with a comprehensive product portfolio including facias, radiator grilles, sill, side and roof panels as well as spoilers and other exterior trim parts. The company manufactures at three production sites in Germany with technology focus on injection molding, surface treatment (painting and chrome plating) and assembly. The modern logistics processes allow the final delivery of the products directly to the assembly lines of the OEMs.

The transformation plan for LMS envisages improving the product and customer portfolio and creating competitive cost structures. As a major milestone from this, a comprehensive reduction in the workforce was agreed and implemented with the trade union in financial 2022 by means of a social plan, and a collective agreement was initiated.

In a difficult market environment, LMS significantly improved its operating result year-on-year in financial year 2022 thanks to the measures implemented and consistent negotiations with customers, and was already able to achieve a positive operating result in the fourth quarter of the financial year . At the same time, LMS recorded an outstanding volume of incoming orders, also with new customers. On this basis, management expects that LMS will significantly increase sales in the financial year 2023 and thus achieve an extraordinarily improved positive operating result.

ESF INDUSTRIAL SOLUTIONS GROUP

ESF Industrial Solutions combines SFC Solutions Group, a provider of fluid transfer systems and sealing solutions, and Elastomer Solutions Group, a manufacturer of rubber and thermoplastic components.[11]

SFC Solutions is an automotive supplier in the field of fluid transfer systems and sealing solutions with sites in Europe and India. Business development in the reporting period was characterized by a difficult European market environment with significantly declining sales volumes and simultaneously rising energy and material costs. As a result, profitability in the financial year 2022 was impacted and the operating result of the European units was slightly negative. Based on cost-cutting measures introduced and intensified negotiations with customers on passing on cost increases, SFC expects a more positive development and an overall balanced operating result for the 2023 financial year.

With the add-on acquisition of Sealynx International in July 2022, SFC Solutions' European production network will be complemented by manufacturing sites in France, Romania and Morocco. The company, which now operates as SFC Automotive France, is a manufacturer of high-quality static and dynamic vehicle seals with a competitive market position and established business relationships with European OEMs. In financial year 2023, the focus will therefore be on integrating the plants in Poland, Italy, Spain, France, Romania and Morocco with the aim of improving competitiveness and increasing efficiency in production and logistics processes.

The market recovery in India combined with a focused transformation plan for the Indian sites led to a slightly positive operating result in financial year 2022. Based on the cost-cutting measures implemented and the intensification of partnerships with customers, the pleasing development is expected to continue in the financial year 2023 with an operating profit at a materially positive level.

Elastomer Solutions manufactures rubber and thermoplastic components at sites in Portugal, Slovakia, Morocco and Mexico. The consistent implementation of cost-cutting measures in the past

[11] In view of the fact that Plati has retained its independence to a large extent, it is now presented as a separate investment.

counteracted the negative effects of volatile markets and increased raw material prices in the financial year 2022, resulting in a materially positive operating result. For the financial year 2023, management expects a significant increase in sales revenues and a further extraordinary improvement in the positive operating result based on a high order intake.

KICO and ISH GROUP

As a supplier to the automotive industry, KICO develops, industrializes and manufactures closure systems for passenger cars at its production and assembly plants in Germany, Poland and Mexico. Innomotive Systems Hainichen GmbH ("ISH") is a manufacturer of sophisticated, high-precision door hinges made of steel or aluminum as well as door retainers and complex hinges for hoods, liftgates and lids. ISH operates two production facilities in Germany and China and offers its customers products and services along the entire value chain from customized product development to CNC machining, broaching, welding, hardening and semi- and fully automated assembly lines with integrated quality control.

In the financial year 2022, KICO and ISH focused on identifying and implementing synergy measures. One core element was the merging of functions, particularly in the administrative area. In addition, the establishment of a service center in Romania was initiated. KICO benefited strongly in financial year 2022 from the improvement measures implemented in the past, while at ISH the transformation program initiated immediately after the acquisition at the end of the third quarter of the previous year led to efficiency improvements in production processes while reducing direct material and other costs. In addition, the site in China successfully implemented a large number of new ramp-ups in the financial year, so that a significantly positive contribution to operating profit is expected for 2023.

In a difficult market environment and due to the start-up losses in China customary in the industry, it was nevertheless only possible to achieve a balanced operating result overall in financial year 2022 due to higher material and energy costs. For the financial year 2023, however, the management expects an improvement to a slightly positive level driven by a market normalization in combination with the initiated measures.

CIMOS GROUP

In September 2022, Mutares completed the acquisition of Cimos d.d. and its subsidiaries. Headquartered in Slovenia, the company is a manufacturer of automotive components such as compressor and center housings, engine mounts, brake discs and drums, transmission parts, nozzle rings and flywheels and has eight plants in Slovenia, Croatia, Serbia and Bosnia-Herzegovina.

Together with the local management, a transformation program was initiated immediately after the takeover. On the one hand, this focuses on securing future competitiveness in the automotive market and, on the other, on placing Cimos on a sound financial footing for the long term. The consistent passing-on of price increases on the procurement side and a strict efficiency enhancement program are intended to improve profitability and at the same time have a positive impact on liquidity. The key points of the efficiency enhancement program are energy cost savings through more sustainable internal processes and procedures, improved production efficiency, more favorable use of cross-site synergies, a significant reduction in quality costs, and strict cost discipline.

On this basis, management expects a material increase in sales and operating profit at a materially positive level in the financial year 2023.

PRIMOTECS GROUP

PrimoTECS produces forged parts used in electric, hybrid and conventional powertrains in the automotive industry at two sites in northern Italy. The financial year 2022 was strongly impacted by the high volatility of steel and energy prices and closed with a clearly negative operating result despite a significant year-on-year increase in sales revenue. For the financial year 2023, PrimoTECS expects an extraordinary increase in sales revenue and an operating result at a slightly positive level due to its good positioning in the market and agreements with customers on more flexible sales prices based on raw material and energy costs.

In the fourth quarter of the financial year 2021, Rasche Umformtechnik GmbH & Co KG ("Rasche") was acquired as an add-on acquisition for PrimoTECS. Rasche produces forgings that are supplied as blanks, semi-finished products, finished parts or assemblies to customers in the automotive, industrial truck, aerospace, valve and mechanical engineering industries. Despite lower volumes, especially in the second half of the year, a slightly positive operating result was achieved in the financial year 2022, boosted by successful cooperation with customers and the passing on of increased costs for raw materials and energy. For the financial year 2023, the management expects further sales growth and a resulting improvement in operating profit.

IINOVIS GROUP

iinovis provides engineering services in the field of automotive and industrial technology with competencies in key growth areas such as simulation, testing, electrics/electronics and vehicle development (cars, motorcycles and their components). In addition to engineering services, which are increasingly in demand by other Mutares portfolio companies, iinovis is also active in prototype and small series production as well as in the production of wire harnesses. In addition to its four locations in Germany, the company has test track access in Spain for specific customer test requirements and cooperates with a strategic engineering service provider in India to ensure price competitiveness.

The market environment for iinovis remained challenging in the financial year 2022 and was characterized by low order volumes and tough competition. Due to the extensive reduction of the workforce in the previous year and further cost measures, the operating result in the financial year 2022 improved significantly but was still negative. The local management continued the strategy for new technologies such as e-mobility and successfully started to contribute to the innovation process of other Mutares portfolio companies. In combination with a pleasing order intake, this forms the basis for an expected extraordinary increase in operating profit to a materially positive level in the financial year 2023.

PLATI

Plati is a manufacturer of wire harnesses, special cables and connectors with two production sites in Poland and Ukraine and a sales office in Italy. Despite the war in Ukraine, production was maintained at both sites in financial year 2022. In the first half of the financial year 2022, Plati recorded an increase in sales revenue compared to the same period of the previous year due to new projects in the fields of e-mobility and electrical engineering. However, delivery problems with components led to a significant backlog in shipments to customers. Overall, in a difficult market environment, operating profit in the financial year 2022 amounted to a slightly improved but still materially negative level compared with the previous year. Negotiations with suppliers on payment terms and with customers on pricing were intensified to eliminate liquidity bottlenecks. Based on further optimization initiatives and a market recovery, management expects a substantial increase in sales revenue and an exceptionally improved operating result at a slightly positive level in the financial year 2023.

Engineering & Technology segment

No.	Participation	Branch	Headquarters	Acquisition
(9)	**Balcke-Dürr** and **NEM Energy** Group	Supplier and service provider for steam generators with heat recovery, heat exchangers and reactors.	Düsseldorf/DE Zoeterwoude/NL	12/2016 11/2022
(10)	**Donges** Group	Full-range supplier of steel structures, roof and facade systems	Darmstadt/DE	11/2017
(11)	**La Rochette Cartonboard**	Folding carton manufacturer	Valgelon-La Rochette/FR	04/2021
(12)	**Lacroix + Kress**	Oxygen free copper wire manufacturer	Bramsche/DE	11/2020
(13)	**Special Melted Products**	Supplier of forged and machined special steel products	Sheffield/UK	05/2022
(14)	**Gemini Rail** and **AD-Comms** Group	Industrial, technological and infrastructure service provider for the British railroad industry	Wolverton/UK Scunthorpe/UK	11/2018 05/2021

No.	Participation	Branch	Headquarters	Acquisition
(15)	**Guascor Energy**	Gas and diesel engine manufacturer	Zumaia/ES	10/2022
(16)	**VALTI**	High precision seamless tube manufacturer	Montbard/FR	05/2022
(17)	**Clecim**	Supplier of high-end solutions for steel processing lines	Savigneux/FR	03/2021
(18)	**Steyr Motors** Group	Manufacturer of diesel engines and auxiliary electric drives for special applications	Steyr/AT	11/2022
(19)	**Japy Tech**	Cooling tank manufacturer	Dijon/FR	12/2020

The investments of the Engineering & Technology segment generated sales of EUR 1,176.0 million (previous year: EUR 871.9 million). The full-year effect of La Rochette Cartonboard and Clecim, which were acquired in the course of the previous year, contributed significantly to the increase in sales. In addition, the acquisitions of the financial year 2022, in particular Special Melted Products and VALTI, also made a significant contribution for the first time from the date of their respective acquisitions. Furthermore, Royal de Boer, which was divested in December 2022, is still included in the financial year 2022 with sales for a full twelve months. Benefiting from bargain purchase gains of EUR 172.2 million and deconsolidation effects of EUR 7.6 million (previous year: EUR 21.2 million) in connection with the transactions of the segment, EBITDA amounts to EUR 138.5 million (previous year: EUR 64.3 million). In addition to the still negative contributions from the recent acquisitions, adjusted EBITDA was also burdened by delays in the awarding of tenders and in the execution of ongoing projects at Gemini Rail and ADComms Group as well as Balcke-Dürr Group and amounted to EUR –3.9 million (previous year: EUR –2.0 million).

BALCKE-DÜRR AND NEM ENERGY GROUP

In fiscal 2021, Balcke-Dürr Group completely withdrew from activities related to coal-fired power generation. The realignment of sales activities and optimization of project management were the focus in the financial year 2022. However, the situation on the sales markets remained very challenging, which led to a significant shortfall in terms of sales revenue and a materially negative operating result.

At the same time, Balcke-Dürr's strategic focus was sharpened by the following transactions: In November 2022, Heat Transfer Technology was acquired from Siemens Energy. The activities now operate under the name NEM Energy, as they did before the takeover by Siemens Energy. The company covers a wide range of heat transfer applications, from industrial-sized waste heat plants to large heat recovery steam generators for gas-fired power plants, and is active worldwide in the development, design, engineering, procurement and supply of components for power plants. On the other hand, the Balcke-Dürr Group has divested its activities in Italy and sold its subsidiary STF Balcke-Dürr, effective December 2022. The company is active in the development, design, production and on-site assembly of heat exchanger components, titanium components and air filter systems for various industries.

DONGES GROUP

The Donges Group offers comprehensive solutions for steel construction, roof and facade systems. Since the initial takeover of Donges SteelTec GmbH in the 2017 financial year, numerous add-on acquisitions have created a European full-service provider. By dovetailing the operating areas, both product-side and operational synergies can be realized without giving up the independence of the individual units.

The partly challenging situation in the supply of raw materials was largely compensated by the stable supplier network and, after a volatile first half of 2022, was overcome without major disruptions in the second half of the year. Donges SteelTec and Kalzip were thus able to meet their budgets in terms of operating profit in financial year 2022, while FDT Flachdach Technologie ("FDT") and Smart Curtain Walls (formerly Permasteelisa España) fell short of expectations. As in previous years, Nordec performed at a consistently high level. As a result, the sale of all shares in the Nordec Group was successfully completed in November 2022. Furthermore, following repositioning, FDT was sold in the first quarter of the financial year 2023.

On the basis of a promising order intake, in particular for Donges SteelTec, the management of the Donges Group expects a significant increase in sales revenues for the remaining group in the financial year 2023 as well as an extraordinary improvement of the operating result to a slightly positive level.

LA ROCHETTE CARTONBOARD

At its French site, La Rochette Cartonboard produces folding cartons based on virgin fibers mainly for the pharmaceutical and food packaging industries.

The measures initiated after the acquisition and further optimization activities, in particular pricing in the context of increased energy costs, were the focus of management in the financial year 2022. La Rochette Cartonboard has been very successful in compensating for the extraordinary increase in energy prices by adjusting prices with customers and has once again been able to significantly improve the operating result to a materially positive level compared to the already ambitious planning.

Based on the now fully completed transformation of La Rochette Cartonboard and the continuing high demand from customers, the management expects a continuation of the positive development and a further material increase in sales and operating profit for the financial year 2023.

LACROIX + KRESS

Lacroix + Kress is a manufacturer of oxygen-free copper wire with two locations in Germany and customers within Tier 1 and Tier 2 representatives from the automotive industry as well as white goods and general industrial applications.

After a difficult start to the financial year 2022 due to the sharp increase in energy costs, Lacroix + Kress was able to at least break even in operating profit in financial year 2022 by introducing energy-indexed pricing.

In the first quarter of the financial year 2023, Lacroix + Kress was sold to Superior Essex Global LLC.

SPECIAL MELTED PRODUCTS

In May 2022, Mutares completed the acquisition of Special Melted Products ("SMP"), a specialized steel forging and rolling mill business with applications in the oil and gas industry. Immediately after the acquisition, Mutares' team, in cooperation with SMP's local management, implemented a restructuring plan with extensive optimization measures. These are aimed in particular at passing on increased energy and raw material costs to customers, making production processes more efficient, and reducing scrap in the production process. In addition, local management is focusing on increasing sales volume while optimizing and diversifying the product portfolio.

For the financial year 2023, management expects further positive impetus from the market situation, which is currently favored by the high demand from the oil and gas industry, and therefore anticipates a further significant increase in sales revenue. Due to this, as well as benefiting from the successful passing on of increased costs to customers, the operating result is expected to improve extraordinarily to an already positive level.

GEMINI RAIL and ADCOMMS GROUP

Gemini Rail is a provider of industrial, technology and infrastructure services to the UK rail industry, focusing in particular on engineering and maintenance services for rolling stock. Alan Dick Communications Limited ("ADComms") works with its customers to develop intelligent, networked solutions in the field of radio and fixed network infrastructure, third-party communications and station communications.

Due to delays in the awarding as well as in the execution of ongoing (major) projects, the operating result in the financial year 2022 was burdened and remained extraordinarily behind the original planning. The management, supported by a Mutares team, has initiated countermeasures to adjust activities to the current market situation. For the financial year 2023, the situation is expected to ease due to positive signals in the tendering of new projects with an expected extraordinary increase in revenues. As a result of this and the improvement measures introduced, the management expects a positive development of the operating result to a slightly positive level.

GUASCOR ENERGY

In October 2022, Mutares acquired Siemens Energy Engines in Spain and related assets from Siemens Energy. The company is a manufacturer of gas and diesel engines for power generation, co-generation, waste-to-energy and marine applications and now operates as Guascor Energy.

Immediately after the acquisition, a team from Mutares started working together with the local management on a restructuring plan, which is now being implemented. In addition to extensive measures on the sales side, the core elements of this restructuring plan are the optimization of the cost base and the establishment of an in-house IT infrastructure.

VALTI

As Vallourec Bearing Tubes, the activities for the production of seamless precision steel tubes in France, now operating as VALTI, were acquired in May 2022. Immediately after the acquisition, the Mutares team, in cooperation with the local management of VALTI, developed a restructuring plan with extensive optimization measures, which is currently being implemented. In the past financial year, VALTI was able to successfully cushion the effect of significantly increased production costs (especially for raw materials and energy) through price increases. The main focus of the optimization measures is on redesigning the product portfolio and concentrating on higher-margin and customer-specific products. In addition, new markets are to be opened up and services expanded. Production processes were also optimized.

On this basis, management expects an extraordinary improvement from an overall operating profit that is still clearly negative in financial year 2022 to an operating profit that is only slightly negative in financial year 2023.

CLECIM

Clecim, acquired in fiscal 2021, is a supplier of steel processing lines, stainless steel rolling mills, and mechatronic products and services in France.

The action plan of the restructuring program was aimed in particular at intensifying sales activities to increase sales revenues on the basis of a concrete product and service strategy, adjusting cost structures, among other things with the help of extensive staff reductions, and further measures to increase efficiency, and was already implemented to a large extent in the financial year 2021. On this basis and benefiting from a reactivation of major projects that had been suspended in the meantime, Clecim was able to significantly increase its sales revenues in the financial year 2022 compared with the original plans and achieve an already materially positive operating result.

For the financial year 2023, management expects a further significant increase in sales revenues and benefiting from the implemented improvement initiatives in the area of project management, a further extraordinary improvement in the positive operating result.

JAPY TECH

Japy Tech is a manufacturer of cooling tanks with a production site in France. The successful implementation of the measures under the transformation plan resulted in an exceptionally improved and already slightly positive operating result in the financial year 2022, with sales at the level of the previous year. Japy was sold at the beginning of financial year 2023.

In December 2022, Mutares sold Royal de Boer Stalinrichtingen BV to Turntide Technologies. Royal de Boer is a manufacturer of barn equipment such as feed fences, cubicles, ventilation systems and manure technology and operates a production facility in Leeuwarden, the Netherlands.

Goods & Services segment

No.	Participation	Branch	Headquarters	Acquisition
(20)	**Lapeyre** Group	Manufacturer and distributor of products for home furnishing	Aubervilliers/FR	06/2021
(21)	**Frigoscandia** Group	Supplier for temperature-controlled logistics services	Helsingborg/SE	12/2021
(22)	**Terranor** Group	Provider of road operation and maintenance services	Solna/SE	11/2020
(23)	**keeeper** Group	Household products manufacturer	Stemwede/DE	06/2019
(24)	**EXI** and **SIX ENERGY** Group	Service provider for telecommunications and energy infrastructure	Rome/IT Milan/IT	03/2021 09/2022
(25)	**Ganter** Group	General contractor in interior design and store fitting	Waldkirch/DE	10/2021
(26)	**FASANA**	Paper napkins manufacturer	Euskirchen/DE	02/2020
(27)	**Repartim** Group	Home repair and emergency services provider	Tours/FR	04/2021
(28)	**SABO**	Lawn mower manufacturer	Gummersbach/DE	08/2020
(29)	**Asteri Facility Solutions**	Service provider in the field of facility management	Solna/SE	12/2021

Sales revenues of the Goods & Services segment in the financial year 2022 amount to EUR 1,494.2 million (previous year: EUR 912.4 million). The development is mainly transaction-related: The acquisitions of the previous year, namely the acquisition of the Lapeyre Group, the largest acquisition in terms of sales and number of employees in the history of Mutares in June 2021 as well as the acquisition of the Frigoscandia Group at the end of the financial year 2021 contributed significantly to the increase in sales in the financial year 2022 due to the first-time inclusion for a full financial year. The exits in the financial year 2022 and the previous year, above all BEXity in February 2022, had a counteracting effect. EBITDA of the Goods & Services segment for the financial year 2022 amounts to EUR 23.7 million; the EBITDA of the previous year of EUR 450.8 million was influenced in particular by the gain on bargain purchase of Lapeyre. With regard to the adjusted EBITDA of this segment, some investments, above all Terranor Group, Frigoscandia Group and Ganter, showed a pleasing development in the financial year 2022. As a result, the adjusted EBITDA of the segment increased to EUR 24.8 million (previous year: EUR –13.2 million).

LAPEYRE GROUP

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

Lapeyre is currently working successfully to strengthen its positioning in the French market with a variety of strategic initiatives such as redesigning of its product offering, the development of additional services for its business customers, the optimization of its digital and physical presence, the development of IT solutions for better customer service, and the optimization of its branch network. In addition to developing these strategic initiatives, numerous other measures have already been implemented to reduce the fixed cost base. These include improving purchasing conditions to cushion higher procurement prices, optimizing supply chains, and implementing a comprehensive productivity improvement plan.

Lapeyre's sales in the financial year fell materially short of original plans in a challenging market environment. At the same time, however, comprehensive cost control measures resulted in an extraordinary improvement in operating profit (excluding one-time expenses, in particular for the spin-off of all activities from the group structures of the former owner) to an already break-even level. For the financial year 2023, management expects a further extraordinary improvement in the operating result with materially increased sales revenues due to price increases.

FRIGOSCANDIA GROUP

Frigoscandia Group is a player in logistics solutions for fresh, chilled and frozen food in Northern Europe. The company has 25 warehouses and terminals in Sweden and Norway and operates in three areas: domestic transport, international transport and warehousing.

The transformation plan for Frigoscandia provides for a realignment of the warehouse and logistics concepts as well as sales initiatives and cost-cutting measures. Major milestones of this plan were initiated or already implemented in the financial year 2022. Despite challenges in the context of high energy and fuel prices, Frigoscandia already achieved a slightly positive operating result.

Frigoscandia aims to become the leading temperature-controlled logistics platform in Northern Europe. With the acquisitions of Polar Frakt and Götene Kyltransporter, two acquisitions were consequently made in the financial year 2022 to expand the logistics network and strengthen the presence in the core markets. At the same time, the sale of the French subsidiary enables Frigoscandia to focus strategically on the countries of Northern Europe.

Based on performance to date, management believes that Frigoscandia is well positioned to significantly increase revenues in financial year 2023, taking into account the integrated add-on acquisitions, while improving operating income to a materially positive level.

TERRANOR GROUP

In the financial year 2022, Terranor Group, a provider of operations and maintenance services to ensure safe traffic on and around roads in Scandinavian countries, was able to fully complete the restructuring phase and move into a growth phase.

The three companies in Sweden, Finland and Denmark recorded above-average growth rates in their order books thanks to significantly improved bid costing. In particular, the Swedish company was able to expand its activities in the local markets through additional orders in the small and medium-size segment and was particularly convincing thanks to its clear vision and the high quality standards derived from it in project planning and implementation. Thanks to successfully completed optimization measures, Terranor achieved an extraordinary increase in operating profit compared with the previous year.

In financial year 2023, the companies in Sweden and Finland will focus on accelerating the expansion of their core business and, in addition to horizontal diversification, aim for vertical diversification in order to tap into adjacent market segments. The company in Denmark will defend its 100% market share in the maintenance of state roads and develop further measures to increase efficiency in the handling of projects. On this basis, Terranor's management expects to once again materially increase revenues and operating profit compared to the past financial year 2022.

KEEEPER GROUP

In the first half of the financial year 2022, keeeper Group, a manufacturer of household products, was affected by a slump in demand, an extraordinary increase in raw material prices, and significantly higher energy and freight costs. Measures introduced to increase efficiency and reduce costs were only able to partially compensate for the decline in sales and cost pressure. The negative effects of this were only offset in the course of the second half of the year by price increases and in the context of declining prices on the raw material markets. Nevertheless, profitability remained depressed overall in the financial year 2022 and operating profit was slightly negative.

Following the relocation of production activities to the Polish site in the past, all logistics processes will also be integrated there in the financial year 2022. The management expects this measure to have further positive implications for keeeper's cost base. Based on this, the positive development is to be continued in the 2023 financial year and, in the context of materially higher sales revenues, an extraordinarily increased, positive operating result is to result.

EXI AND SIX ENERGY GROUP

EXI is active in the field of design, construction and maintenance of networks and communication services for all major telecom operators in Italy, with a particular focus on advanced 5G technologies and fiber links. Tower operators and private network operators are also part of EXI's customer network.

The restructuring plan for EXI was essentially aimed at optimizing the organizational structure, significantly reducing costs and establishing a new sales structure with the aim of winning new customers. The transformation of the organization has now largely been implemented. However, developments on the market led to project awards by established customers being cancelled in some cases and postponed in others. As a result, revenues in the financial year 2022 did not reach the planned level, with a corresponding negative impact on the operating result. EXI continues to work on the development of additional new business and has already achieved initial successes. On this basis, management expects a material increase in revenues and an extraordinarily improved, but still slightly negative operating result for the financial year 2023.

Mutares completed the acquisition of Sirti Energia in September 2022. The company, which now operates under the name SIX Energy, is a provider of construction and maintenance services in the energy infrastructure market and, as such, has the installation and maintenance of medium- and low-voltage networks as well as high-voltage networks in its service portfolio. SIX Energy also maintains and installs electrical solutions for e-vehicles and data centers. Immediately after the acquisition, Mutares initiated a comprehensive realignment process aimed at acquiring new business, increasing margins in existing customer contracts as well as improving efficiency across the value chain and optimizing its geographic presence in Italy. In addition, the focus in the financial year 2023 will be on tapping synergies with EXI and other shareholdings.

GANTER GROUP

Ganter acts as a general contractor in interior design and store fitting and realizes projects for an international customer base. Immediately after the acquisition in the fourth quarter of fiscal 2021, a Mutares team together with the local management initiated the transformation aimed at restructuring the project and market portfolio, adjusting cost structures, and increasing capacity utilization. The measures of the optimization plan, which are currently being implemented, were already able to have a positive impact in the financial year 2022. In addition to the cost reduction measures, the initiatives on the sales side also led to an improvement in order intake and consequently to good capacity utilization. Based on these developments, the operating result in the financial year 2022 was already increased to a slightly positive level.

For the financial year 2023, Ganter's management expects despite the gloomy economic outlook for the construction industry a stable performance at the level of financial year 2022 and a continued slightly positive operating result.

FASANA

FASANA is a manufacturer of innovative and high-quality paper napkins for the consumer and bulk markets. Following continued restrictions to combat the COVID 19 pandemic in hotels, restaurants, cafés, and canteens at the beginning of financial year 2022, the subsequent easing led to a significant recovery in demand. However, high raw material prices for pulp and cost increases for energy and logistics weighed on profitability. However, FASANA's business model proved to be robust and customers very largely accepted the need for price increases. Production capacities were gradually built up to meet the strong demand. As a result, in the financial year 2022, sales revenues were significantly higher than in the previous year and taking into account the positive effect from the reimbursement of the EEG levy a balanced operating result was achieved.

With the new brand identity, a further product line with new sales channels was introduced at the same time, and the course was set for a sustainable orientation of the product portfolio with napkins made of grass and cotton pulp. The management thus believes that the foundations have been laid for further growth and an increase in productivity and expects another substantial increase in sales revenues and an extraordinary increase in the operating result for the financial year 2023 (benefiting from further price adjustments on the sales side). At the same time, however, the further development of FASANA in terms of profitability and liquidity remains heavily dependent on external factors, namely price fluctuations on the energy and raw materials markets and the development of purchasing power in the core sales markets.

REPARTIM GROUP

Repartim is a partner of major customers such as insurance companies in France, with services for repairs and emergencies in private households, in which Mutares holds a majority stake of 80%. [12]

The restructuring plan for Repartim is essentially aimed at completely redesigning all core processes, including adapting the IT landscape. Repartim already simplified the organization of its various call centers with the aim of improving service quality for customers. It also aimed to generate additional business with insurance companies and property managers, as well as significant savings in procurement and personnel costs. Despite some success in implementing the restructuring measures, operating profit in the 2022 financial year fell short of original plans, partly due to bottlenecks in staff availability and higher procurement prices, and amounted to a still materially negative level, albeit with a positive trend in the second half of the year.

For the 2023 financial year, Repartim expects to generate significantly higher sales revenues as a result of the initiatives on the sales side and benefiting from a clearing of the renovation backlog among real estate landlords. As a result, the operating profit benefiting from this is expected to increase to a slightly positive level in the financial year 2023.

[12] After the end of the financial year, the remaining 20% stake in Repartim was also acquired from HomeServe France, a specialist in home repairs and maintenance, in the first quarter of 2023.

SABO

The manufacturer of lawn mowers and other outdoor cordless tools, SABO Maschinenfabrik ("SABO"), continued its successful development in the financial year 2022: Sales revenues were materially above those of the previous year, boosted by the further accelerated geographic expansion and high customer demand. At the same time, gross margin developed positively despite challenges in the availability of individual components and the increased prices for raw materials and components. To meet rising market demand, a further new production line was commissioned in the financial year 2022, ensuring SABO's ability to supply in the face of increasing demand. The restructuring already successfully completed in the previous year, coupled with continued consistent cost management, led to a reduction in personnel and overhead costs, so that SABO now has a competitive cost base. Accordingly, SABO achieved a materially positive operating result in the financial year 2022 with sales significantly above those of the previous year.

For the financial year 2023, management is forecasting a further increase in sales revenue due to the launch of two new product lines and further growth in the international markets, but. a slight decline in operating profit in view of increasing cost pressure, but nevertheless a materially positive operating result.

ASTERI FACILITY SOLUTIONS

Asteri Facility Solutions ("Asteri") provides facility management and cleaning services to the Swedish market for private companies and public clients, as well as housekeeping services to major international hotel chains.

Following the closing of the acquisition at the end of the previous year, a Mutares team initiated an optimization program for Asteri together with the local management from the beginning of the 2022 financial year. The focus included stabilizing the business activities after the change of ownership and also realizing the carve-out from the group structures of the former owner. In this context, an IT carve-out was carried out and the digitalization of previously manual activities, the optimization of procurement costs and existing processes were implemented. With a lean organizational structure, the focus of activities in the financial year 2022 was also on sustainably increasing sales revenues. Thanks to the initiatives implemented, Asteri was able to exceed the operating result of the planning in the financial year 2022.

In financial year 2023, Asteri is focusing on further growth by entering new geographical areas within Sweden and expanding its service offering. Depending on the successful outcome of the tenders, management expects a significant increase in sales revenue and an extraordinary improvement in operating profit to break even.

3. Situation of the Group including net assets, financial position and results of operations

In view of the numerous M& A transactions, Mutares' business model thus involves regular changes in the scope of consolidation that have a significant impact on the consolidated financial statements. This again applies to the financial year 2022, in which the initial consolidations and deconsolidation presented above had a significant impact on the items of the consolidated statement of comprehensive income and statement of financial position.

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

3.1 Results of operations of the Group

In the financial year 2022, the Mutares Group generated consolidated revenues of EUR 3,751.7 million (previous year: EUR 2,504.0 million). The increase is largely due to changes in the scope of consolidation. With regard to the allocation of sales to the individual segments and developments within the segments, please refer to the above explanations in the reports from the portfolio companies (Note 2.3).

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

Mio. EUR	**2022**	**2021**
Europe	**3,462.4**	**2,301.5**
France	936.7	647.4
Germany	891.0	585.7
Sweden	523.1	282.0
Italy	199.4	153.8
United Kingdom	133.5	76.8
Switzerland	100.0	24.2
Finland	91.0	67.0
Denmark	78.4	27.9
Austria	72.7	155.3
Spain	68.3	37.7
Netherlands	66.9	49.7
Poland	47.5	43.1
Czech Republic	27.8	24.3
Belgium	26.7	29.0
Rest of Europe	199.3	97.6
Asia	**179.8**	**148.7**
America	**77.9**	**36.8**
Africa	**31.8**	**17.0**

The **other income** of EUR 355.5 million in the financial year 2022 (previous year: EUR 770.1 million) are again driven in particular by consolidation effects: The acquisitions resulted in gains from bargain purchases totaling EUR 262.0 million (previous year: EUR 692.7 million). The deconsolidation gains included in other income amount to EUR 31.8 million (previous year: EUR 32.8 million). These and the other components of other income are shown in the following table:

EUR million	2022	2021
Gains from bargain purchases	262.0	692.7
Gains from deconsolidation	31.8	32.8
Income from raw material and waste recycling	10.0	9.4
Income from risk allowance	5.2	2.6
Insurance compensation and indemnification	5.0	2.3
Income from other services	4.2	2.5
Income from rentals and leases	3.4	5.1
Income from the disposal of fixed assets	2.6	1.0
Income from foreign currency translation	2.2	2.0
Other own work capitalized	1.5	1.8
Miscellaneous other income	27.6	17.9
Other operating income	**355.5**	**770.1**

The **cost of materials** for the financial year 2022 amounts to EUR 2,398.6 million (previous year: EUR 1,579.7 million). The cost of materials ratio (in relation to sales) amounts to 64 % (previous year: 63 %).

Personnel expenses for the financial year 2022 amount to EUR 909.6 million (previous year: EUR 660.4 million). The increase reflects the higher number of employees in the Mutares Group due to the high transaction activity of Mutares. In addition, the amount of personnel expenses is influenced by a variety of other, partly opposing effects (e. g., collective bargaining agreements, staff reduction measures, etc.).

The **other expenses** of EUR 601.2 million (previous year: EUR 474.3 million) in the financial year 2022 are distributed as follows:

EUR million	2022	2021
Selling expenses	167.6	116.4
Legal and consulting expenses	76.1	66.9
Administration	65.4	57.0
Rent, leases and license fees	60.2	39.3
Maintenance and servicing	49.5	38.9
Advertising and travel expenses	38.2	28.0
Damage claims, guarantee and warranty	29.4	20.4
Expenses from measurement as held for sale	22.5	1.7
Basic levies and other taxes	16.4	10.2
Vehicle fleet	13.0	9.3
Expenses for general partners	10.5	8.8
Expenses from foreign currency translation	5.6	3.1
Expenses from expected credit losses	3.9	6.4
Losses from deconsolidation	3.2	36.7
Losses on the disposal of non-current assets	3.1	3.1
Miscellaneous expenses	36.6	28.1
Other expenses	**601.2**	**474.3**

As a result of the developments described above, the **EBITDA** of the Mutares Group for the financial year 2022 amounts to EUR 181.5 million (previous year: EUR 566.5 million).

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

To improve transparency, Mutares uses **Adjusted EBITDA** as a key performance indicator, which is adjusted in particular for the effects of frequent changes in the composition of the portfolio that are inherent in the business model. The Adjusted EBITDA of the Group (as defined below in the presentation of the financial performance indicators) amounts to EUR –32.7 million (previous year: EUR –41.3 million). In the financial year 2022, the Group's Adjusted EBITDA was impacted by, among other things, by the price increases on the procurement markets for raw materials and energy described above and the still negative earnings contributions from the investments acquired in the past twelve months.

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

EUR million	2022	2021
EBITDA	**181.5**	**566.5**
Income from burgain purchases	-262.0	-692.7
Restructuring and other non-recurring expenses	76.4	80.9
Deconsolidation effects	-28.6	3.9
Adjusted EBITDA	**-32.7**	**-41.3**

For information on bargain purchases and deconsolidation effects, please refer to the comments above on business performance (Note 2.2) and in the reports on the portfolio companies (Note 2.3).

The restructuring and other non-recurring expenses of the Group in financial year 2022 include in particular the following items:

- For carve-out activities (especially in the area of IT), costs of EUR 25.5 million (previous year: EUR 24.0 million), most of which related to Lapeyre (EUR 21.6 million, previous year: EUR 17.9 million).

- Expenses for severance payments and social plans total EUR 17.4 million (previous year: EUR 26.9 million)

- It includes consulting expenses in connection with restructuring (EUR 1.4 million; previous year: EUR 2.3 million), M & A activities (EUR 2.9 million; previous year: EUR 2.0 million) and other legal and consulting expenses of a non-recurring nature (EUR 5.2 million; previous year: EUR 2.2 million) were incurred.

- The accounting for assets held for sale (IFRS 5) resulted in expenses totaling EUR 22.5 million (previous year: EUR 1.7 million).

The following items were included in the Group's restructuring and other non-recurring expenses in the previous year:

- Due to the COVID 19 pandemic, a major customer project at a Gemini Rail Group company was discontinued, assets (inventories, current contract assets and receivables) were written down and the corresponding expenses of EUR 10.3 million were recognized as other non-recurring expenses. Due to two major projects running below expectations, the operating result of ADComms in the financial year 2021 was extraordinarily burdened and the corresponding expenses of EUR 10.9 million were recognized as other non-recurring expenses.

- The valuation of an earn-out agreement in connection with a company sold in the financial year 2017 resulted in an expense of EUR 1.1 million.

Depreciation and **amortization** of EUR 184.6 million (previous year: EUR 119.2 million) of the Group for the financial year 2022 include impairment losses of EUR 23.7 million (previous year: EUR 3.8 million), in particular for impairments of property, plant and equipment as a result of the comparison of the recoverable amount with the respective carrying amounts.

The financial result of EUR –53.3 million (previous year: EUR –18.7 million) of the Group for the financial year 2022 consists of financial income of EUR 15.1 million (previous year: EUR 8.5 million) and financial expenses of EUR 68.4 million (previous year: EUR 27.2 million).

As in the previous year, the Group’s **income taxes** in the financial year 2022 amount to a total income (EUR 35.5 million; previous year: EUR 13.7 million) and include actual tax expenses (EUR –9.1 million; previous year: EUR –5.5 million) and income from deferred taxes (EUR 44.6 million; previous year: EUR 19.2 million).

The developments described above result in a **consolidated net profit** for the financial year 2022 of EUR –21.0 million (previous year: EUR 442.3 million).

The Group’s **other comprehensive income** in the financial year 2022 includes actuarial gains of EUR 29.6 million (previous year: EUR 4.5 million) in connection with the measurement of provisions for pensions (IAS 19) at portfolio companies in the context of significantly increased interest rates and exchange rate differences of EUR –4.9 million (previous year: EUR +4.0 million). Furthermore, other comprehensive income includes effects from the change in fair value of the bond of EUR +5.4 million (previous year: EUR –3.3 million), which are attributable in particular to the change in the interest rate level.

3.2 Net assets and financial position of the Group

Total assets in the Mutares Group as of 31 December 2022 amount to EUR 3,029.6 million (previous year: EUR 2,560.4 million). The increase is mainly due to the inclusion of the newly acquired investments.

Non-current assets increased from EUR 1,120.6 million as of 31 December 2021 to EUR 1,377.2 million as of 31 December 2022, mainly due to increases in property, plant and equipment (EUR +207.5 million), rights of use (EUR +57.0 million), other assets (EUR +17.3 million), and intangible assets (EUR +9.9 million). In contrast, there was a decrease in other financial assets in particular (EUR –27.6 million) and deferred tax assets (EUR –7.0 million).

The increase in **current assets** to EUR 1,652.4 million as of 31 December 2022 (previous year: EUR 1,439.8 million) mainly results from an increase in inventories (EUR +137.5 million) and trade and other receivables (+EUR 121.2 million). Assets held for sale increased in the opposite direction from EUR 177.1 million in the previous year to EUR 115.0 million.

Cash and cash equivalents as of 31 December 2022 amount to EUR 246.4 million (previous year: EUR 255.1 million). This is offset by current liabilities to banks and loans as part of the balance sheet item current financial liabilities of EUR 171.5 million (previous year: EUR 64.6 million), which result from current account and loan liabilities and from the recognition of "unreal" factoring. The net cash position as of 31 December 2022, amounts to EUR 74.9 million (previous year: EUR 190.5 million). In the course of financial management, short-term liquidity surpluses that exist in individual portfolio companies can be transferred to the parent company in certain situations. The liquidity is used to finance the parent company and, if necessary, can also be used to finance other portfolio companies by means of loans granted by the parent company.

As of the reporting date 31 December 2022, **assets and liabilities** held for sale comprise in particular the assets and liabilities held for sale in connection with the portfolio companies Lacroix + Kress, FDT and Royal de Boer. As of 31 December 2021, this balance sheet item included the assets or liabilities of BEXity. Furthermore, as of 31 December 2021, the disposals under sale and leaseback transactions of 26 businesses from the Lapeyre subgroup and of one property of ISH were highly probable, which is why the carrying amounts of the assets concerned have also been reclassified in accordance with IFRS 5.

As of 31 December 2022, **equity** amounts to EUR 714.0 million (previous year: EUR 736.4 million). The positive overall result of EUR 9.2 million (previous year: EUR 447.8 million) led to an increase in equity, while in the opposite direction the dividend payment for the financial year 2021 to the shareholders of the parent company, the shareholders of Mutares SE & Co. KGaA, of EUR 30.9 million (previous year: EUR 23.1 million) reduced equity. The equity ratio as of 31 December 2022 amounts to 24 % (previous year: 29 %). With regard to the disclosures concerning the acquisition of treasury shares pursuant to Section 160 (1) no. 2 AktG, we refer to the disclosures in the notes to the financial statements of Mutares SE Co. & KGaA (in Note 3.5).

The **non-current liabilities** of EUR 816.3 million (previous year: EUR 799.3 million) include non-current lease liabilities of EUR 294.6 million (previous year: EUR 262.7 million) and provisions for pensions and similar obligations of EUR 94.4 million (previous year: EUR 153.0 million) of various Group entities (but not of Mutares SE & Co. KGaA itself) and other non-current provisions of EUR 119.3 million (previous year: EUR 88.9 million). The increase in other financial liabilities to EUR 180.7 million (previous year: EUR 145.9 million) is due to additional financing. Non-compliance with covenants in connection with the issued bond can generally lead to a termination of the bond. The resulting repayment obligation therefore poses a potential risk to the financial position of the Company and the Group. However, due to the relevant key figures being significantly above the agreed covenants, the Management Board does not see any specific risk from non-compliance with the covenants. Long-term leasing and other financial liabilities are mainly denominated in euros. Other financial liabilities arising from loans are mostly at fixed interest rates. Non-current financial liabilities with variable interest rates exist almost exclusively in the form of the bond. Deferred tax liabilities amount to EUR 116.1 million (previous year: EUR 137.8 million).

Current liabilities as of 31 December 2022 amount to EUR 1,499.6 million (previous year: EUR 1,024.8 million) and relate to EUR 588.0 million (previous year: EUR 372.2 million) of trade payables. The increase in other financial liabilities (EUR 305.9 million; previous year: EUR 141.2 million) and other liabilities (EUR 173.4 million; previous year: EUR 148.0 million) reflects, among other things, relief on payment terms, deferrals of payments to public-sector creditors and the raising of additional financing. Current other financial liabilities are mainly denominated in euros and bear variable interest rates. The reference interest rate used is in particular EURIBOR with the corresponding maturities.

The **cash flow from operating activities** in the financial year 2022 amounts to EUR –20.8 million (previous year: EUR –103.5 million). This is due to: a consolidated net result for the year of EUR –21.0 million (previous year: EUR +442.3 million), including non-cash expenses and income totaling EUR 85.5 million (previous year: EUR 551.4 million), changes in the balance sheet items of working capital (trade working capital and other working capital) with an increase in cash flow of EUR 72.9 million (previous year: increase of EUR 12.0 million) and effects from interest and taxes of EUR +11.7 million (previous year: EUR –1.9 million).

The **cash flow from investing activities** in the financial year 2022 of EUR 84.1 million (previous year: EUR 171.5 million) mainly results from net cash inflows from additions to the scope of consolidation of EUR 110.4 million (previous year: EUR 188.8 million). Proceeds from disposals of property, plant and equipment, intangible assets and liabilities held for sale amounted to EUR 49.2 million (previous year: EUR 11.9 million). This was offset by cash outflows for investments in property, plant and equipment and intangible assets (EUR –102.9 million; previous year: EUR –59.7 million). Disposals from the scope of consolidation resulted in a cash inflow of EUR 26.7 million (previous year: cash inflow of EUR 29.5 million).

The **cash flow from financing activities** in the financial year 2022 amounts to EUR –55.8 million (previous year: EUR 47.9 million). The raising of bonds and (financial) loans results in cash inflows of EUR 117.9 million (previous year: EUR 61.7 million), cash inflows from factoring amounted to EUR 21.2 million (previous year: cash outflows of EUR 9.9 million). In contrast, lease liabilities of EUR 74.0 million (previous year: EUR 49.5 million) and (financial) loans of EUR 60.7 million (previous year: EUR 17.7 million) were repaid; the interest paid amounts to EUR 29.3 million (previous year: EUR 13.4 million). In the previous year, the capital increase resulted in net proceeds of EUR 94.3 million. The dividend paid to the shareholders of the parent company, the shareholders of Mutares SE & Co. KGaA, amounted to EUR 30.9 million (previous year: EUR 23.1 million). As of the balance sheet date, unused credit lines amount to an almost double-digit million figure and relate to undrawn current account and factoring lines for which saleable trade accounts receivable are available as of the same date.

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

As of the balance sheet date, unused credit lines amount to an almost double-digit million figure and relate to undrawn current account and factoring lines for which saleable trade accounts receivable are available as of the same date.

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

4. Position of the Company including net assets, financial position and results of operations

Mutares SE & Co. KGaA is the parent company of the Mutares Group. The Company's business development is fundamentally dependent on the developments in the individual portfolio companies. Their opportunities and risks therefore also have a fundamental impact on the opportunities and risks of Mutares SE & Co. KGaA. However, the net income of Mutares SE & Co. KGaA is mainly derived from three different sources, namely from sales revenues from the intra-group consulting business, dividends from portfolio companies and exit proceeds from the sale of investments. Sales revenues and dividends (mainly income from investments received in the same period) result in the so-called "portfolio income".

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

4.1 Results of Operations of the Company

The **revenues** of Mutares SE & Co. KGaA result from the intra-group consulting business, i. e. consulting services to affiliated companies and management fees. The increase to EUR 71.1 million in the financial year 2022 (previous year: EUR 50.5 million) is a consequence of the enlarged portfolio in connection with the high transaction activity in the past, which was covered by an expansion of the internal, operational consulting capacities.

Other operating income of Mutares SE & Co. KGaA in the financial year 2022 amounts to EUR 12.9 million (previous year: EUR 3.8 million) and includes EUR 12.3 million from the collection of loan receivables that were recognized at an amount lower than the nominal value. Other operating income in the previous year included income of EUR 3.4 million from the reversal of impairment losses recognized on receivables from portfolio companies in previous years.

The **cost of purchased services** of Mutares SE & Co. KGaA in the financial year 2022 of EUR 21.5 million (previous year: EUR 14.8 million) include expenses from Mutares' national companies in connection with restructuring services for indirect subsidiaries.

The **personnel expenses** of Mutares SE & Co. KGaA in the financial year 2022 amount to EUR 17.6 million compared to EUR 14.0 million in the previous year. The increase results from the increase in the number of employees at the Company to an annual average of 74 (previous year: 60) in connection with the enlarged portfolio due to the high level of transaction activity, which mainly relates to additional employees for the Group's internal consulting business.

The **other operating expenses** of Mutares SE & Co. KGaA of EUR 51.4 million in the financial year 2022 (previous year: EUR 43.6 million) include EUR 23.6 million (previous year: EUR 20.7 million) in expenses from the recharging of Mutares Management SE and the Mutares national companies as well as legal and consulting services of EUR 9.5 million (previous year: EUR 13.7 million, thereof of EUR 6.3 million in connection with the capital increase and the uplisting of the company in the financial year 2021). Furthermore, these other operating expenses include write-downs on current assets of EUR 10.5 million (previous year: EUR 0.6 million).

Income from investments and gains on the disposal of investments for the financial year 2022 amount to EUR 72.5 million (previous year: EUR 72.5 million). This figure mainly includes income from the (phased) collection of gains from investments.

Sales and dividends from the portfolio (mainly income from investments received in the same period) result in the so-called **"Portfolio Income"**, which for the financial year 2022 amounts to EUR 139.8 million (previous year: EUR 64.9 million).

The **interest result** of Mutares SE & Co. KGaA in the financial year 2022 includes interest income of EUR 10.2 million (previous year: EUR 3.5 million) and interest expenses of EUR 7.6 million (previous year: EUR 6.0 million). The latter mainly includes current interest payments for the bond. **Write-downs on financial assets** amount to EUR 4.8 million (previous year: EUR 0.9 million).

In connection with **taxes on income**, the tax income for the financial year 2022 amounts to EUR 9.3 million (previous year: EUR 0.0 million). This is due to income from deferred tax assets in connection with the future utilization of tax loss carryforwards of EUR 10.7 million (previous year: EUR 0.0 million), which outweighs the expense from current taxes of EUR 1.4 million (previous year: EUR 0.0 million).

The result for Mutares SE & Co. KGaA in 2022 is a **net profit** according to HGB of EUR 72.9 million in the financial year 2022 compared to EUR 50.7 million in the previous year.

4.2 Net assets and financial position of the company

The **fixed assets** of Mutares SE & Co. KGaA of EUR 95.2 million (previous year: EUR 65.9 million) as of 31 December 2022 mainly include financial assets of EUR 94.8 million (previous year: EUR 65.4 million), which in turn are divided into shares in affiliated companies (EUR 66.5 million; previous year: EUR 47.8 million) and loans to affiliated companies (EUR 28.3 million; previous year: EUR 17.6 million).

The **current assets** of Mutares SE & Co. KGaA include EUR 299.6 million as of 31 December 2022 (previous year: EUR 195.4 million), receivables from affiliated companies, which mainly amount to EUR 161.8 million (previous year: EUR 66.5 million) relate to loans receivable from subsidiaries, EUR 68.2 million (previous year: EUR 64.1 million) to receivables from profit distributions and EUR 56.1 million (previous year: EUR 32.3 million) to trade receivables. As of 31 December 2022, bank balances amount to EUR 12.5 million (previous year: EUR 44.9 million). In the previous year, current assets also included securities in the form of a bearer bond of EUR 29.9 million. In addition to **prepaid expenses** of EUR 1.3 million (previous year: EUR 1.1 million), **deferred tax assets** in connection with the future utilization of tax loss carryforwards of EUR 10.7 million (previous year: EUR 0.0 million).

Taking into account the net income for the year and after distribution of a dividend of EUR 30.9 million for the previous year (corresponding to EUR 1.50 per no-par value share entitled to dividend), the Company's **equity** as of 31 December 2022 amounts to EUR 273.9 million (previous year: EUR 231.9 million).

The **provisions** of Mutares SE & Co. KGaA as of 31 December 2022 amount to EUR 21.5 million (previous year: EUR 7.8 million) and relate with EUR 12.0 million to payments received in connection with the acquisition of the shares in Balcke-Dürr Energy Solutions S.p.a, Genoa. The contribution received by Mutares SE & Co. KGaA serves to cover uncertain obligations from guarantees and is therefore recognized as other provisions. In addition, other provisions of EUR 6.4 million mainly include provisions for personnel costs (previous year: EUR 5.1 million). As of 31 December 2022, **liabilities** increased to EUR 146.7 million as of 31 December 2022 (previous year: EUR 105.5 million), mainly due to higher liabilities to affiliated companies of EUR 53.5 million (previous year: EUR 15.3 million).

5. Performance indicators and the Management Board's assessment of business performance

5.1 Financial performance indicators

The significant financial performance indicators of the **Mutares Group** are, in the opinion of the Management Board:

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

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

As part of its business strategy, the Company resolutely pursues an attractive and long-term dividend policy, so that the Management Board considers the net profit for the year determined in accordance with the German Commercial Code (HGB) to be another significant financial performance indicator for **Mutares SE & Co**. The net income of Mutares SE & Co. KGaA is mainly derived from three different sources, namely revenues from the intra-group consulting business, dividends from portfolio companies and exit proceeds from the sale of investments. Sales revenues and dividends (mainly income from investments received in the same period) make up what is known as portfolio income. For information on the development of the individual financial performance indicators, please refer to the comments above on the Group's results of operations (Note 3.1). and of the company (para. 4.1).

With regard to the forecasts made in the combined management report of the previous year for financial year 2022, the actual development is as follows:

- For the financial year 2022, the Management Board expected an extraordinary increase in **revenues** for the Mutares Group to at least EUR 4.0 billion due to the acquisitions completed and signed by the preparation date for the combined management and group management report for the financial year 2021. With revenues in the financial year 2022 of EUR 3,751.7 million, this target was not achieved despite the continued high level of acquisition activity, in particular due to the external framework conditions (as described in Note 2.1), this target was achieved despite an extraordinary increase in sales by 50 % was not fully achieved.

- Benefiting from gains from bargain purchases in connection with the acquisitions in the financial year 2022 totaling EUR 262.0 million, Group **EBITDA** amounted to EUR 181.5 million (previous year: EUR 566.5 million). With regard to the main influencing factors, we refer to the explanations above under Note 3.1.

- As expected, **Adjusted EBITDA** was impacted by the negative earnings contributions of the new acquisitions. In addition, supply chain disruptions, significant price increases for raw materials, intermediates and energy, and the overall weakening of the economy (as described in Note 2.1) had a negative impact on profitability. Nevertheless, the Adjusted EBITDA in the financial year 2022 of EUR −32.7 million compared to the previous year (EUR −41.3 million) could be improved significantly, but not extraordinarily.

- The **net profit** of Mutares SE & Co. KGaA, determined in accordance with the provisions of German commercial law, should regularly be within a range of 1.8 % to 2.2 % of the consolidated revenues of the Mutares Group, in line with the Company's long-term objectives. Based on originally expected revenues for the Mutares Group of at least EUR 4.0 billion, the Management Board expected a net profit of EUR 72 million to EUR 88 million for the financial year 2022. For the financial year 2022, with revenues of EUR 3,751.8 million in the Mutares Group and a net profit of EUR 72.9 million for Mutares SE & Co. KGaA, a percentage of 1.94 %, which is within the target corridor.

The Mutares Group is currently managed primarily on the basis of financial performance indicators. The non-financial Group report pursuant to Section 315b (3) HGB is submitted in a separate sustainability report.

5.2 Management Board's assessment of business performance

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

With regard to the **transaction activities** in the financial year 2022, the Management Board is extremely satisfied with the large number and quality of acquisitions and exits; the high frequency from the transaction-rich the financial year 2021 was success- fully continued and the level was stabilized.

The Management Board is very satisfied with the **progress of restructuring and development** at some subsidiaries particularly against the background of the burdens caused by the indirect effects of the war in Ukraine but still sees clear potential for improvement at others. In particular, the Management Board considers the performance of Terranor, La Rochette, Frigoscandia, Clecim, Ganter and Special Melted Products to be positive, while significant potential for improvement is seen at ESF Industrial Solutions, iinovis, Balcke-Dürr, Gemini Rail and ADComms Group as well as FASANA. The development of the Group’s largest shareholdings in terms of sales (Lapeyre Group, LMS and Donges Group) is satisfactory overall, despite the clearly visible negative influences from external conditions.

The Management Board is generally satisfied with the course of the financial year against the backdrop of the special burdens, in particular disruptions in the supply chains, significant price increases for raw materials, intermediate products and energy, as well as an overall weakening of the economy. This applies both with regard to the parent company Mutares SE & Co. KGaA and its development in the financial year 2022 as well as with regard to the Mutares Group. The Management Board considers the ambitious growth course to be on a successful path due to the acquisitions made.

6. More details

6.1 Supplementary report

Please refer to the notes to the consolidated financial statements (note 50) and the notes to the annual financial statements (note 5.10) of Mutares SE & Co. KGaA for information on significant events after the balance sheet date.

6.2 Takeover-relevant information

The following comments contain the disclosures required by sections 289a and 315a of the German Commercial Code (HGB), including information on share capital, voting rights and the transfer of shares.

Composition of capital /Grade of shares

The share capital of Mutares SE & Co. KGaA amounted to EUR 20,636,731.00 as of December 31, 2022, divided into 20,636,731 no-par value shares (shares without par value). The shares of the Company are registered shares. There is only one class of shares; the same rights and obligations are attached to all shares, which result from the statutory regulations.

Restrictions affecting voting rights or the transfer of shares

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

On the basis of a contractual agreement, the Chairman of the Board of Management, Robin Laik, can dispose of voting rights for a total of 5,175,771 shares; the voting rights for these shares are exercised uniformly by Mr. Robin Laik.

Direct or indirect interest in share capital exceeding 10% of voting rights

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

Provisions (statutory/statute) on appointment and dismissal of the Management Board and amendments to the Articles of Association

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

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

Authority of the Board of Management to issue or repurchase shares

Conditional capital

The Annual General Meeting of the Company on 3 June 2016 authorized the Management Board, with the consent of the Supervisory Board, to issue up to 1,500,000 subscription rights ("stock options") to members of the Management Board of the Company, members of the management of affiliated domestic and foreign companies of the Company, and employees of the Company and employees of affiliated domestic and foreign companies until 2 June 2020 ("Mutares Stock Option Plan 2016"). The stock options entitle the holder to subscribe to up to 1,500,000 no-par value registered shares of the Company with a notional interest in the share capital of EUR 1.00 each. Furthermore, the Annual General Meeting resolved to conditionally increase the share capital of the Company by EUR 1.5 million by issuing up to 1,500,000 no-par value bearer shares to service the Mutares Stock Option Plan 2016 ("Conditional Capital 2016 / I"). The Annual General Meeting of the Company on 23 May 2019 resolved to cancel the Conditional Capital 2016 / I to the extent that it relates to the stock options not issued under the Mutares Stock Option Plan 2016. As a result, the Conditional Capital 2016 / I amounts to EUR 361 thousand after reduction as of the reporting date.

The Annual General Meeting of the Company on 23 May 2019 created Conditional Capital 2019 / I of EUR 3,000 thousand for the purpose of granting shares upon exercise of conversion or option rights or upon fulfillment of conversion or option obligations to the holders or creditors of convertible bonds, bonds with warrants, profit participation rights and /or participating bonds or combinations of these instruments issued on the basis of the authorization resolution of the Annual General Meeting on 23 May 2019.

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

After the partial cancellation of the Conditional Capital 2016 / I has become effective, the share capital of the Company shall be conditionally increased by up to EUR 387 thousand by issuing up to 387,000 no-par value registered shares ("Conditional Capital 2021 / I"). The Conditional Capital 2021 / I is exclusively for the purpose of issuing shares of the Company to service subscription rights to shares of the Company issued to members of the Management Board of the Company and employees of the Company as well as to members of the management and employees of affiliated companies within the meaning of Secs. 15 et seq. AktG in the form of stock options in accordance with the above authorization resolution pursuant to lit. b).

Authorized capital

By resolution of 23 May 2019, the Annual General Meeting of the Company resolved to cancel the Authorized Capital 2015 / I and instead authorized the Management Board to increase the share capital of the Company in the period until 22 May 2024, with the consent of the Supervisory Board, by a total of up to EUR 7.7 million by issuing up to 7,748,146 new registered no-par value shares against cash contributions and /or contributions in kind ("Authorized Capital 2019 / I"). The Management Board of the Company's general partner, Mutares Management SE, resolved on 28 September 2021, with the approval of the Supervisory Board, to increase the Company's share capital from previously EUR 15.5 million to EUR 20.6 million by issuing 5.1 million new no-par value registered shares. The capital increase with subscription rights for the limited liability shareholders of the Company was carried out in return for cash contributions by making partial use of the existing Authorized Capital 2019 / I. The authorized capital amounts to EUR 1.5 million after the partial use of the existing Authorized Capital 2019 / I. This still amounts to EUR 2,608 thousand after the partial utilization.

Acquisition of treasury shares

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

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

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

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

Further details of the existing authorizations can be found in the respective resolutions of the Annual General Meeting. Information on authorized and conditional capital and on the acquisition of treasury shares can also be found in the notes to the annual financial statements (Note 3.5) and in the notes to the consolidated financial statements (Notes 31, 32.1 and 33).

Agreements that are conditional on a change of control as a result of a takeover bid

In February 2020, Mutares SE & Co. KGaA placed a bond, which was fully drawn in the amount of EUR 80.0 million as of the reporting date 31 December 2022, unchanged compared to 31 December 2021. The agreement concluded under the bond grants the other contracting party a right of termination, inter alia, in the event of (i) the delisting of the shares from the Frankfurt Stock Exchange, (ii) 50 % of the shares being held by a natural person or legal entity or group of persons (with the exception of Robin Laik), (iii) the disposal of all or any material assets, whether individually or in a series of connected transactions.

6.3 Corporate governance and non-financial statement

The Management Board of the general partner of Mutares SE & Co. KGaA, Mutares Management SE, as well as the Shareholders' Committee and the Supervisory Board of Mutares SE & Co. KGaA are committed to the principles of corporate governance focused on long-term and sustainable value creation. To this end, they jointly issue a summarized "Corporate Governance Statement" in accordance with Sections 289f and 315d of the German Commercial Code (HGB). The full text of the current declaration is available on the company's website at https://ir.mutares.de/en/corporate-governance. As part of the corporate governance statement, the Management Board of the general partner of Mutares SE & Co. KGaA, Mutares Management SE, and the Supervisory Board of Mutares SE & Co. KGaA issued the statement required by Section 161 of the German Stock Corporation Act (AktG) in December 2022 and made it publicly available on the company's website at https://ir.mutares.de/en/corporate-governance.

The Management Board of the general partner of Mutares SE & Co. KGaA, Mutares Management SE, and the Supervisory Board of Mutares SE & Co. KGaA will fulfill the obligation to submit a non-financial consolidated statement pursuant to Section 315b HGB by publishing a separate non-financial consolidated report on the Company's website at https://ir.mutares.de/en/corporate-governance.

7. Opportunity and risk report

7.1 Risk management and internal control system

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

Risk management system

Mutares SE & Co. KGaA is required by law (cf. Section 278 (3) AktG in conjunction with Section 91 (3) AktG) to operate and maintain an appropriate and effective risk management system, including an early risk detection management system pursuant to Section 91 (2) AktG.

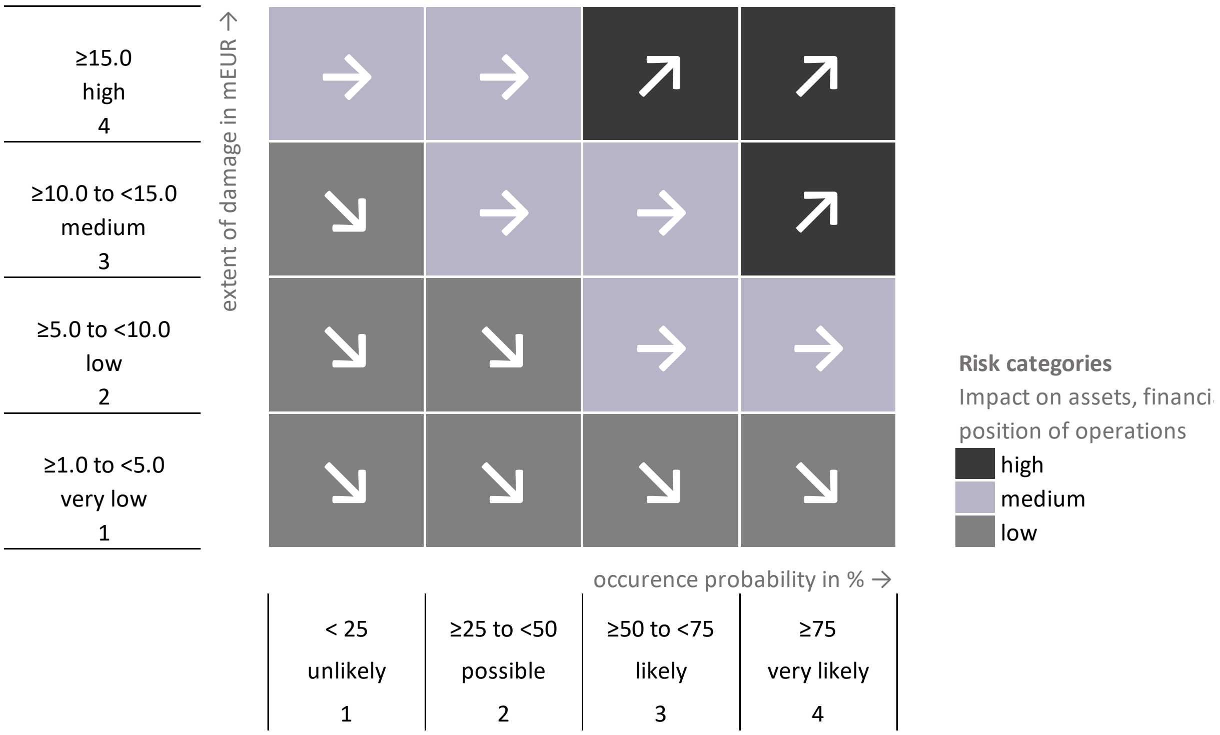
Risk management, as the totality of all organizational regulations and measures for the early identification of risks and the adequate handling of the risks of entrepreneurial activity, has a high priority in the Group and plays a central role in the Mutares business model. The Management Board has therefore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

The primary objective of Mutares' risk strategy is to identify existential risks and reliably avert them from the company while limiting risk costs to a necessary level. Furthermore, risks that threaten to miss the published forecasts if they materialize, thus leading to a failure to meet the expectations of the capital market, are to be avoided. Using the risk management process ,[13] actual and potential risks are identified, assessed and reported:

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

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

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



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

Mutares has installed a standardized **reporting** process for the reporting of actual and potential risks: Accordingly, quarterly reports are submitted to the Company by the operating portfolio companies and assessed together with the Company's risk analysis. In the case of particularly significant new risks (especially those threatening the existence of the company) or significant changes in existing risk positions, there is also immediate reporting (ad hoc risk process). Regular reporting to the Board of Management and the Supervisory Board is also carried out on a quarterly basis and, in addition, on an ad hoc basis.

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

Risk management is further flanked by the following activities: All critical contractual elements, business developments and liability risks are subjected to rigorous review and regularly followed up in portfolio company reviews and Management Board and Supervisory Board meetings. Standardized reporting of all portfolio companies on a weekly or monthly basis provides the Management Board with a comprehensive picture of developments across the portfolio. In addition, Mutares works closely with the operational teams in the portfolio companies consisting of Mutares consultants on site and /or the local management members who review compliance on site in the respective portfolio companies and develop concrete steps for their implementation together with Mutares. The Management Board monitors the business performance of the portfolio companies in regular reviews and is informed about the net assets, financial position and results of operations of all investments on the basis of the implemented reporting system. If necessary, Mutares tries to maintain sufficient free personnel and financial capacities in order to be able to react flexibly and appropriately.

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

Internal control system [14]

The internal control system ("ICS"), as the totality of all systematically defined controls and monitoring activities, aims to ensure the security and efficiency of business operations, the reliability of financial reporting, and the compliance of all activities with relevant laws and internal policies. In addition to safeguarding against financial reporting risks, the ICS therefore also includes general basic safeguarding against sustainability risks and compliance risks, for example.

In accordance with Section 91 (3) of the German Stock Corporation Act (AktG), the scope and design of the ICS are at the discretion and responsibility of the Board of Management. The ICS supports the organizational implementation of the Management Board’s decisions. This includes the achievement of business objectives, the correctness and reliability of accounting (cf. the explanations in the following paragraph on the internal control and risk management system in relation to the accounting process), and compliance with the relevant legal requirements and regulations. Sustainability and compliance aspects are also taken into account and continuously developed on the basis of regulatory requirements.

The components of the ICS organization are anchored decentrally in the portfolio companies of the Mutares Group and comprise system-related controls as well as manual spot checks, system-related and manual reconciliation processes and the separation of executive and controlling functions (so-called "separation of functions").

The Board of Management is not aware of any relevant indications that materially conflict with the appropriateness and effectiveness of the internal control system as a whole. Irrespective of this, every internal control system is subject to inherent limitations which, by their very nature, do not provide complete assurance that all relevant risks are detected via appropriate control mechanisms and addressed fully and effectively. This is all the more true due to the frequent changes in the composition of the portfolio inherent to the business model and the special investment focus of Mutares on targets in economically challenging situations or situations of transition (e.g. pending restructuring).

[14] The disclosures in this section are so-called non-management report disclosures that go beyond the statutory requirements for the (combined) management report and are therefore excluded from the content audit by the auditor.

Internal control and risk management system in relation to the accounting process

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

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

Internal audit

Against the backdrop of growth, a significant conceptual expansion of Internal Auditing was initiated in the financial year 2022. Among other things, the tasks, purpose, powers and responsibilities of Internal Auditing were codified in a set of rules of procedure (the "Audit Charter") and the annual audit plan for subsequent years was drawn up on the basis of a risk-oriented assessment of relevant information in the Group (the "Audit Universe") and management criteria.

7.2 Risks to future development

The table shows the risks discussed in the following[15] and classifies them into the risk classes defined above (low/medium/high) on the basis of the two key dimensions of extent of damage and probability of occurrence (in each case taking mitigating measures into account, i.e. net).

		Current closing date			Previous Year
		Extent of damage	Probability of occurrence	Total	
Future economic conditions	Economic development	High	High	High	High
	Geopolitical development	High	High	High	High
Opportunities and risks inherent in the business model	Increased competition	Medium	Possible	Medium	Medium
	Risks from the acquisition process	Medium	Possible	Medium	Medium
	Failure to achieve restructuring successes	High	Possible	Medium	Medium
	Diversification of the portfolio	Low	Possible	Low	Low
Other risk areas and significant individual risks	Legal and compliance risks	High	Possible	Medium	Medium
	Financial and financing risks	High	High	High	High
	Distribution and sales risks	High	Possible	Medium	Medium
	Sustainability risks	Low	Possible	Low	Low
	Supply chain risks	High	High	High	Medium
	Personnel risks	Low	Possible	Low	Low
	IT risks and data security	High	Possible	Medium	Medium
	Tax risks	Low	Possible	Low	Low

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

[15] Due to the fact that the identification and exploitation of (investment) opportunities is the core of Mutares' business, the comments here focus quite predominantly on the risks of our business activities.

Future economic conditions

Economic development

The ifo Institute's forecast ("ifo Economic Forecast Winter 2022"[16] , published in December 2022) assumes that gas prices in Europe will not fall until the second half of 2023. Tight monetary policy will have an impact on the economy and dampen demand, so inflation momentum is expected to weaken. In addition, weakening commodity prices are also expected to reduce the rise in consumer prices.

Gross domestic product, which is expected to contract in the euro zone in the winter half of 2022/2023, is expected to recover slightly in the further course of 2023, resulting in comparatively low growth of 0.6 % expected for 2023 as a whole. The assessment of economic development for the current year in Germany is now more positive than previously assumed. Moderate economic growth of 0.2 % is expected for 2023 despite the energy crisis and persistent inflation as well as possible further interest rate increases.

On the supply side, production is restricted by bottlenecks in the supply of energy, raw materials and intermediate products and the associated high costs. On the demand side, high inflation is affecting real income, so that household consumption is being dampened despite considerable support from fiscal policy.

Geopolitical development

The war in Ukraine, which started with the military invasion by Russian forces on February 24, 2022, has a direct and indirect impact on the business development, risks, results of operations as well as cash flows of the portfolio companies in the Mutares Group.

Direct effects in the form of lost sales to customers in Ukraine, Russia or Belarus, as well as production stoppages or delivery problems at the Plati plant in Ukraine, had less impact than the indirect effects such as increasingly occurring supply chain disruptions, significant price increases for raw materials, intermediates and energy, and the overall resulting weakening of the economy. The indirect effects are clearly visible and are having a noticeable negative impact on both the earnings situation and the financial situation of individual portfolio companies.

Mutares has taken numerous measures with the entire management team and the managements and workforces of the portfolio companies to mitigate the direct and indirect effects on liquidity and profitability. These include the establishment of a procurement management system and the strict monitoring of the respective suppliers as well as the initiation of measures to pass on price increases to customers and to reduce energy consumption.

[16] https://www.ifo.de/publikationen/2022/zeitschrift-einzelheft/ifo-schnelldienst-sonderausgabe-dezember-2022

Risks inherent in the business model

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

Increased competitive situation

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

Opportunities and risks from the acquisition process

As part of its business model, Mutares actively and systematically looks for targets in situations of transition. In times of high uncertainty, additional opportunities may open up, especially on the buy side. The pipeline for purchase transactions comprises a mid-double-digit number of significant acquisition projects. In addition to Mutares' strong reputation with a successful track record in the market for special situations private equity, financial flexibility is another pledge of trust for our transaction partners.

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

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

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

Failure to achieve restructuring success

If Mutares succeeds in successfully restructuring and developing the investments as planned, there is a high value enhancement potential for Mutares. There is a risk that Mutares also acquires investments whose restructuring turns out to be more difficult than assumed in the previous due diligence. Even with careful and conscientious selection of the target companies, it can also not be ruled out that the success Mutares is aiming for from the turnaround situation does not occur or does not occur quickly enough in individual cases, or that the economic or political framework conditions in the countries important for the portfolio companies deteriorate.

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

Diversification of the portfolio

When selecting investments, Mutares is generally not limited to specific regions or business models. However, the focus is on companies with a focus of activities in Europe that are in a situation of transition or are suitable as add-on acquisitions for existing platforms. In terms of sectors, the focus is on the three segments Automotive & Mobility, Engineering & Technology and Goods & Services. These focuses may lead to a concentration of investments within individual industries or regions, which exposes Mutares to fundamental industry and/or regional risk. Mutares strives to minimize these risks through a diversified portfolio of companies, thus limiting the risks of individual sectors or regions from economic fluctuations or geopolitical developments. The Management Board also strives for a balanced distribution of portfolio companies with regard to the three phases of value creation that investments usually go through during their affiliation with Mutares (realignment, optimization and harvesting). However, diversification of the investment portfolio can only reduce those risks that are limited to certain industries or regions or specific stages of value creation. However, economic and/or geopolitical developments as well as the development of the financial markets as a whole regularly take place across industries and regions. Their influence on the business success of Mutares can therefore only be reduced to a limited extent through diversification.

Other risk areas and significant individual risks

Legal and compliance risks

In connection with its business activities, Mutares may be confronted with various legal disputes and legal proceedings. Some of the associated risks are significant. Details on ongoing proceedings are presented in the section "Litigation".

For example, difficulties may arise in fulfilling obligations under purchase agreements or business plans communicated prior to a transaction. Both can end in legal disputes, the probable outcome of which cannot always be clearly estimated. In addition, legal cases taken on by the portfolio companies may turn out to be more critical, but also more positive, in the course of time than originally assumed.

Furthermore, failure to comply with legal requirements and regulations may result in the threat of official proceedings.

Capital Market Compliance

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

Privacy

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

Risk from pass-through liability

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

In addition, Mutares is also exposed to a risk of pass-through liability in relation to other areas of law. This applies in particular, but not exclusively, to the risk arising from potential violations of antitrust and competition law, where not only potential fines are calculated on the basis of Group revenue, but – under certain circumstances – the Group parent company could also be held liable.

Obligations from acquisitions and disposals of companies

In connection with contracts for the purchase or sale of companies, Mutares issues guarantees under which it may be held liable or which may lead to legal disputes (for an overview of all current guarantees, please refer to Note 45 of the notes to the consolidated financial statements). The issuance of guarantees can be a differentiating factor in the competition for potential takeover targets if competitors are unable to issue guarantees due to their own articles of association. In individual cases, a possible claim under the guarantees given may have a significant negative impact on the net assets, financial position and results of operations of the Mutares Group.

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

Litigation

A lawsuit was filed in the Court of Michigan against companies of the SFC Solutions Group by the former owner Cooper-Standard Automotive, Inc. ("CSA") based on alleged default in payment of royalties. The lawsuit is based on a licensing agreement under which companies of the SFC Solutions Group are required to pay royalties on intellectual property owned by CSA. However, there is essentially disagreement about the basis, cause, scope and existence of the claimed royalties. SFC Solutions Group considers the action to be inadmissible, in any case without merit, and has taken up the defense. The Court of Michigan has referred the action to the competent federal court in Michigan/ MI (USA).

Another lawsuit is being pursued by the liquidator of the former investment Grosbill, based on an alleged corporate liability of Mutares. At the same time, the former seller of Grosbill is being sued for breach of contract towards the sold company. Mutares has defended itself in full against this action, which it considered to be without merit. The lawsuit was initially deleted from the list of ongoing proceedings for lack of grounds and put on hold; at the end of 2022 (shortly before the statute of limitations for potential claims), the plaintiff filed a new statement of claim containing grounds. Mutares will defend itself against this as the claims are considered to be without merit.

Other obligations

Indirect subsidiaries of Mutares SE & Co. KGaA from the Engineering & Technology segment are involved as partners in joint agreements within the framework of joint ventures or consortium agreements. These have been entered into with the aim of implementing customer projects. The majority of the joint ventures are based in Germany. The share of ownership ranges from 28 % to 77 %.

Taking into account the structure and legal form of the arrangements and all other relevant facts and circumstances, the joint arrangements are to be classified as joint operations that are not individually material to the Group.

As of the reporting date, the joint and several liability from the investment in the civil law companies relates to projects with a total contract value equivalent to approximately EUR 462 million (previous year: approximately EUR 368 million). The own share of the portfolio companies included in this amounts to EUR 192.5 million (previous year: EUR 162 million). Due to the ongoing credit assessments of the ARGE and consortium partners, Mutares does not assume that a claim will be made for the shares of other companies. Mutares also does not expect a utilization for its own share with the exception of the amounts recognized as provisions for onerous contracts or as part of the loss-free valuation.

Financial risks and financing risks

Price change, default and liquidity risk

Fluctuations in prices, sales and demand, including supply bottlenecks on the part of customers and suppliers, as well as general fluctuations on the commodity, capital and currency markets can have a negative impact on the Group's financial position and results of operations. Mutares counters the risks at the level of the portfolio companies by continuously and promptly monitoring the business results and project progress, among other things with the help of indicators (e.g. cash balance and cash flow development), in order to be able to take countermeasures at an early stage. In addition to extensive on-site reviews, a central management information system is used to monitor the performance of the portfolio companies in real time. The level of cash and cash equivalents is monitored on a weekly basis. Nevertheless, there is a risk that the management information system may provide insufficient, late or incorrect information, resulting in incorrect decisions being made.

Financial instruments are used as required to hedge commodity, currency and interest rate risks. The focus of the instruments is on forward transactions which provide for a fixed cash inflow or outflow in the future. The aim of using financial instruments is to hedge underlying transactions and reduce risks from cash flow fluctuations. The discontinuation of the underlying transaction or a change in the assumptions essential for hedging can lead to an increased liquidity risk.

Another significant risk for Mutares against the background of its business model is the correct quantification of the future prospects and the restructuring effort of the portfolio companies, the provision of appropriate financing and the corresponding human resources on the part of Mutares. This risk is limited as best as possible through focused due diligence and subsequently continuously monitored.

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

Financing risks

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

Increasing regulatory requirements for banks and insurance companies as well as a change in the credit rating of individual investments may lead to more difficult or less favorable financing conditions or to more difficult and more expensive procurement of guarantees. In addition to the bond terms and conditions affecting Mutares SE & Co. KGaA, the contracts in connection with financing lines at the investments generally contain covenants and other obligations, the breach of which may give the financing partner the right to terminate and thus have a negative impact on the financial position.

Investments with existing financing in the form of credit, loan, leasing, guarantee or factoring agreements at the time of acquisition are exposed to the risk that the financing partners may terminate these financing agreements at short notice in the event of a change of ownership or provide them with less favorable terms. In addition, if performance falls short of planning, the repayment of (loan) liabilities may be delayed or not possible in full.

Mutares counters these risks by usually contacting financing partners before or shortly after the acquisition and also explaining in detail the current financial situation and the restructuring plan for the investment. However, there is a fundamental risk with every takeover that the previous financing partner cannot be fully convinced and therefore announces the termination of the existing financing. The same can happen due to a breach of agreed covenants.

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

In the case of investments that are to be developed with a new strategy following successful repositioning, access to external financing is often an essential prerequisite for further growth. Due to a more restrictive financing environment as well as the commenced reduction of the expansive monetary policy of the European Central Bank, and thus a possible reduction of the available liquidity on the credit and capital markets, such financing may not always be secured.

Distribution and sales risks

Adjusting the product and customer portfolio for negative contribution margins is usually part of the restructuring following the acquisition of a new portfolio company. The loss of profitable customers or the delay of major orders in particular can have a negative impact on the net assets, financial position and results of operations of portfolio companies whose business is highly concentrated on a small number of major customers or projects. The same applies to sales markets characterized by high competitive pressure, from which the contribution margins and margins of the portfolio companies suffer. Finally, problems with customers that have arisen at one investee may also have a negative impact on the Group's other investees, especially those in the same segment.

As a rule, these risks are countered by active communication with customers and systematic sales structure and work at the level of the respective shareholding. Particularly for customers who account for a large proportion of sales, the aim is to conclude longer-term contracts, thereby increasing the ability to plan. Intensive communication can lead to better opportunities for orders or for large orders, especially if order processing has been satisfactory to both sides in the past.

Sustainability risks

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

Environmental risks[17] include risks to the health of people, living creatures, the environment and nature and can arise from a company's business activities and its products ("inside-out view"). Causes may include waste, chemicals and raw materials that cause air, soil and water pollution. Mutares may be exposed to these risks at the level of the portfolio companies, for example by taking over hidden soil and groundwater damages, which may cause cost-intensive remediation requirements. By means of a careful examination of possible environmental risks and their costs, Mutares already deals with the acquisition of a target company in the context of due diligence before the acquisition. Environmental risks can also arise as a result of an accident, for example if harmful substances leak into the environment. The occurrence of such environmental risks is counteracted

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

by an active approach to environmental protection and occupational safety as well as the training of employees at the producing sites of the portfolio companies.

Furthermore, environmental risks can also consist of climate-related risks that are physical or transitory in nature (so-called transition risks).

Physical climate risks

Physical climate risks comprise risks from direct damage to and/or costs for a company ("outside-in view") as a result of physical phenomena such as extreme weather events. A distinction is made between increasing frequency and intensity (acute climate risks) and longer-term changes in mean values and fluctuation ranges of various climate variables (chronic climate risks). Mutares counters the acute, physical climate risks, which can have an impact on the earnings and liquidity situation, for example through a shutdown of operations or through repair and investment costs, at the portfolio company level. Among other things, building damage insurance policies that cover the operating sites may also include claims from natural disasters. Chronic, physical climate risks may be relevant for those portfolio companies that conduct their business activities in locations that are more exposed to extreme weather events in the future, such as coastal locations. These are not yet directly affected by loss events today, but may be affected in the future due to the impact of climate change. If a portfolio company is affected by chronic, physical climate risks, this is countered by physical measures such as flood protection.

Chronic, physical climate risks have not materialized for the Mutares Group as of the current status, nor have any material chronic, physical climate risks been identified.

Climate-related transition risks

Climate-related transition risks can materialize through new legislation and further structural changes. For example, consumers' increasing orientation towards climate protection leads to market risks for a company's products and services that do not contribute to a CO_2 -neutral overall economy. Political and regulatory changes, such as the introduction of a CO_2 tax, can have a negative impact on business activities.

Managing these climate-related transition risks is critical for Mutares and its sustainable development.

Supply chain risks

Procurement risks

In the area of purchasing, the Group companies are exposed to risks such as supplier default, late or poor-quality delivery, and price fluctuations, especially of raw materials. Mutares counters these risks by establishing a procurement management as well as a strict monitoring of the respective suppliers on the level of the portfolio companies. At various investments of Mutares, partly dramatic price increases of raw materials (e.g. steel, plastic granules and pulp) up to restrictions in availability due to a shortage of raw materials on the procurement markets were observed in the financial year 2021 and also still in the financial year 2022. Depending on further developments, this may have potentially negative and in some cases also very negative effects on profitability in the Group, particularly if it is not possible to pass on these price increases to customers to an appropriate extent.

The Supply Chain Due Diligence Act ("Supply Chain Act") came into force on January 1, 2023. The aim of the Act is to ensure compliance with fundamental human rights standards in global supply chains. This was and is already a matter of course for the companies of the Group as required by the Mutares Code of Conduct before. Notwithstanding, Mutares is currently adapting its internal processes to the requirements of the new law. Companies within the scope of the Supply Chain Act are required, among other things, to extensively expand their risk assessment and supply chain management. The core of the expanded risk management is a comprehensive risk analysis, which must be carried out once a year as well as on an ad hoc basis if the company expects human rights and environmental risks to have changed significantly or expanded. As with other new laws, questions arise when implementing the requirements of the Supply Chain Act regarding the practical implementation of the regulations into operational practice. Mutares has decided to implement all requirements conscientiously and with the advice of external experts.

Production risks

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

Trade credit insurance

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

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

Personnel risks

Mutares' business success depends to a large extent on experienced key personnel, who must have outstanding cross-industry expertise in corporate transactions, financing and corporate law, as well as operational restructuring, while at the same time being highly resilient. Mutares competes globally with private equity firms in recruiting and retaining these key personnel, who are also in high demand for this profile. Mutares faces this competition and ensures through a bundle of measures that the company has sufficient highly qualified personnel to operate its business model. Through careful personnel selection, a high degree of autonomy for the restructuring managers deployed, and compensation that is as variable and highly performance-related as possible, Mutares offers an attractive working environment for entrepreneurial personalities.

In the portfolio companies, too, averting fluctuation or recruiting qualified personnel is a key success factor. Here, local factors such as locations without an attractive local living environment or high demand from other employers in the region can represent an additional risk. Here, too, Mutares tries to create attractive framework conditions for qualified personnel by offering appropriate conditions, which are generally also designed to be success-oriented.

IT risks and information/data security

The business and production processes and the internal and external communication of companies are based to a large extent on information technologies. Data protection requirements are constantly changing and increasing particularly with regard to the confidentiality, availability and integrity of personal data, but also increasingly with regard to authenticity, non-repudiation, binding nature and reliability. Reliable protection against unauthorized access, for example to sensitive information on potential transactions, the portfolio companies or economic information of the Mutares Group, is particularly important. Attacks on networks, infrastructure, applications, systems as well as targeted interception of digital, analog and spoken information represent a risk for the Mutares Group. A significant disruption or failure of the systems used may lead to an impairment of business and production systems up to a complete loss of information and data and may result in financial, compliance and reputational damage.

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

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

Newly acquired portfolio companies of Mutares are regularly confronted with the challenge of separating the existing IT systems from the IT landscape of the former parent company and/or upgrading them to a state of the art level in a timely, cost-efficient manner and without system failures. Such changeover phases are also subject to the risks outlined above. Mutares generally pursues the approach here of subjecting the group companies to technical modernization as part of the carve-out, replacing outdated systems and hardware and thereby raising the IT security standard, as well as identifying and implementing applicable standards and laws in the security context. As part of due diligence with regard to IT, IT and information risks are recorded, assessed and mitigation measures defined. The implementation of these measures is weighed according to a dedicated cost-benefit ratio and can also imply risk acceptance, avoidance or transfer (e.g., through appropriate insurance). The goal is always the use of state-of-the-art systems and applications and the use of cloud technologies for an efficient and secure delivery of business processes. Mutares strives to achieve a high level of transparency regarding the security level of each Group company and to ensure pragmatic implementation of security measures in line with the respective security ambition.

The generally observed increase in attacks on commercial enterprises with the aim of sabotage, blackmail or industrial espionage in recent years reinforces our approach to continuously review and improve our standards. To this end, Mutares has invested in the field of cyber security for the future in order to further conceptualize and implement information and IT security according to leading standards as well as to continuously monitor and consistently establish relevant standards and laws within the Group.

Tax risks

Mutares SE & Co. KGaA and its portfolio companies operate worldwide and are therefore subject to various tax laws. Uncertainties with effects on the net assets, financial position and results of operations of the Mutares Group may thus result in particular from ongoing changes in legislation, case law and different legal interpretations by the respective tax authorities, and may possibly assume a significant extent. In order to be able to respond appropriately to the associated tax risks, changes in tax legislation are continuously monitored by the tax department and countered by means of appropriate measures. External experts are consulted where necessary.

Overall statement on the risk situation

Based on the information currently available to the Management Board from the systematic, multi-level risk management system, no risks can be identified by the Management Board that could individually or in combination jeopardize the continued existence of the Mutares Group or individual material Group companies. However, it is generally possible that future assessments may deviate from this current assessment. In particular, the further course of the armed conflict between Russia and Ukraine that started on February 24, 2022 and its respective economic impact cannot be reliably estimated at the time of preparation of this combined management and group management report;

however, in the opinion of the Management Board, this does not affect the positive going concern forecast for the Mutares Group as a whole.

7.3 Opportunities for future development

The identification of opportunities and the entrepreneurial exploitation of the identified opportunities represent the core of the Mutares business model.

In addition to the presentation of risks above, the following section provides information on opportunities where the Management Board considers them to be of particular relevance. The order in which the following explanations are presented does not reflect the assessment of the opportunities in terms of their significance.

Opportunities inherent in the business model[18]

The acquisition of companies in economically challenging situations or situations of upheaval (e.g. pending restructuring) with potential for operational improvement holds high value enhancement potential. To this end, extensive transformation plans are being implemented at the portfolio companies. Ultimately, Mutares must succeed in selling the investment in order to achieve a high return on invested capital and sustainably collect dividends from profitable portfolio companies.

As part of its business model, Mutares actively and systematically searches for target companies in situations of transition. In times of high uncertainty, additional opportunities may open up, especially on the buy side. The pipeline for purchase transactions includes a high double-digit number of significant acquisition projects. In addition to Mutares' strong reputation with a successful track record in the market for special situations private equity, financial flexibility is another pledge of trust for our transaction partners.

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

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

Overall statement on the opportunity situation

The opportunities inherent in the business model described are not the only ones that arise and are flanked in particular by opportunities in the existing portfolio and a possible exceptionally good business performance in the portfolio companies (as described in the reports from the portfolio companies in Note 2.3). The assessment of opportunities for future development is also subject to change, as

[18] With regard to the opportunities in the portfolio companies, we refer to the comments above in the reports from the portfolio companies (para. 2.3).

both the Group and the markets in which the portfolio companies operate are subject to continuous change. It is also possible that opportunities may not necessarily materialize.

8. Forecast Report

The forecast for the financial year 2023 in the combined management report for the financial year 2022 continues to be influenced by the war in Ukraine. The war in Ukraine has direct and indirect effects on the business performance, risks, results of operations and cash flows of the portfolio companies in the Mutares Group. The Management Board assumes that, as in the reporting year, direct effects in the form of lost sales with customers in Ukraine, Russia or Belarus as well as production shutdowns or delivery problems at the Plati plant in Ukraine will have less impact in the financial year 2023 than the indirect effects such as ongoing disruptions in supply chains, significant price increases for raw materials, intermediate products and energy, as well as the overall resulting weakening of the economy. The indirect effects are clearly visible and have a noticeable negative impact on both the results of operations and the financial position of individual portfolio companies. Mutares, together with the entire management team and the managements and workforces of the portfolio companies, has taken numerous measures to mitigate the direct and indirect effects on liquidity and profitability, which will be continued or adapted and/or expanded in the financial year 2023. These include the establishment of a procurement management system and the strict monitoring of the respective suppliers, as well as the initiation of measures to pass on price increases to customers and reduce energy consumption. Notwithstanding the above, the Management Board believes that the future development of the portfolio companies and the Group as a whole in terms of financial position, net assets and results of operations will be significantly influenced by the further course of the war in Ukraine and the associated disruptions to supply chains as indirect effects, significant price increases for raw materials, intermediate products and energy, and an overall weakening of the economy.

As a result, the Management Board's forecast is not only subject to greater uncertainty than usual due to the high degree of uncertainty regarding future economic developments, but also expressly assumes that risks from the armed conflict between Russia and Ukraine will not materialize to an even greater extent than before, to a significant extent for the financial position, net assets and results of operations of Mutares; in particular, there is a significant risk for individual portfolio companies in the Mutares Group that the significant increase in procurement prices and the loss of revenues will have a negative impact on the companies' earnings and financial position and slow down the restructuring processes.

At the same time, however, the Management Board believes that the weakening economy and the resulting increase in restructuring pressure will provide many companies with more opportunities to acquire additional portfolio companies in line with Mutares' investment focus. In this environment, the Management Board continues to aim for a **transaction volume** for the financial year 2023 at least at the level of the financial year 2022. Currently, it is not foreseeable that the currently high transaction activity will decline; therefore, the Management Board is confident to achieve this target.

Against the background of the transactions of the current financial year 2023 concluded and signed by the preparation date of this combined management and group management report, the assumptions regarding further intended transactions in the course of the year, as well as the planning of the individual portfolio companies prepared in the second half of the financial year 2022, the Management Board continues to expect an increase in annualized **revenues** for the Mutares Group to EUR 4.8 billion to EUR 5.4 billion in the financial year 2023. All three Mutares segments are again expected to contribute to this.

Taking into account the transactions concluded, signed and intended by the preparation date for the current financial year 2023, (reported) **EBITDA** is again expected to reach at least a slightly positive level, in particular due to the gains from bargain purchases arising in this context.

In terms of **adjusted EBITDA**, the Management Board currently expects an extraordinary improvement compared with the 2022 financial year on the basis of the existing budgets and the start to the 2023 financial year to date, on balance due to opposing effects. Adjusted EBITDA will be negatively impacted by the negative earnings contributions of the newly acquired investments. On the other hand, from today's perspective the Management Board expects a clearly positive overall contribution to adjusted EBITDA from the restructuring measures successfully initiated in the acquisitions from the 2020 and 2021 financial years and in some cases also in the acquisitions from 2022, and the resulting increase in the respective profitability. However, adjusted EBITDA is expected to continue to be negatively impacted by the in part massive price increases for raw materials and energy at various shareholdings. Depending on the further development of raw material prices in the financial year 2023 and the development of pricing

The net profit of Mutares SE & Co. KGaA shall regularly be in a range of 1.8 % to 2.2 % of the consolidated revenues of the Mutares Group. Based on expected revenues for the Mutares Group of EUR 5.1 billion on average, the Management Board therefore expects a net profit of EUR 92 million to EUR 112 million in the financial year 2023. All sources from which the net profit of Mutares SE & Co. KGaA is generally derived, namely revenues from the consulting business on the one hand and dividends from portfolio companies as well as exit proceeds from the sale of investments on the other hand, are expected to contribute to this. Based on the current planning and under consideration of the risk factors, the Management Board therefore assumes that a sufficiently high net profit can also be generated for the financial year 2023 in order to ensure the ability of Mutares SE & Co. KGaA to pay dividends at least at the level of the market expectation.

Beyond this, the Management Board has no new information to suggest that the most recent forecasts and other statements despite some changes in the underlying conditions regarding the expected development of the Group for the financial year 2023 have changed significantly.

Munich, April 5, 2023

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

The Board

Robin Laik

Mark Friedrich

Johannes Laumann

Mutares SE & Co. KGaA, Munich

Annual financial statements

for the financial year from 1 January to 31 December 2022

Balance

in EUR thousand	31.12.2022	31.12.2021
Assets		
A. Fixed assets		
I. Intangible assets	0	0
Concessions, industrial property rights and similar rights and assets acquired for consideration as well as licenses to such rights and asset	0	0
II. Tangible fixed assets	415	463
1. Other equipment, factory and office equipment	415	440
2. Prepayments made	0	23
III. Financial assets	94,795	65,439
1. Shares in affiliated companies	66,482	47,779
2. Loans to affiliated companies	28,276	17,624
3. Participations	36	36
	95,210	**65,902**
B. Current assets		
I. Receivables and other assets	322,364	203,373
1. Receivables from affiliated companies	299,612	195,380
2. Receivables from companies in which participations are held	0	200
3. Other assets	22,752	7,793
(thereof with a remaining term of more than one year)	*229*	*229*
II. Securities	0	29,903
Other Securities	0	29,903
III. Cash on hand and bank balances	12,481	44,878
	334,845	**278,154**
C. Prepaid expenses	**1,309**	**1,110**
D. Active deferred taxes	**10,727**	**0**
Total Assets	**442,091**	**345,166**

in EUR thousand	31.12.2022	31.12.2021
Equity & Liabilities		
A. Equity		
I. Capital issued	20,627	20,627
1. Share capital	20,637	20,637
(Contingent capital)	*(4.550)*	*(4.550)*
2. Own shares	-10	-10
II. Capital contribution of the personally liable shareholder - without insert -	0	0
III. Capital reserves	135,293	135,293
IV. Retained earnings	132	132
Legal reserve	132	132
V. Retained earnings	117,829	75,864
	273,879	**231,916**
B. Provisions		
1. Bonds	1,802	0
2. Other provisions	19,704	7,785
	21,506	**7,785**
C. Verbindlichkeiten		
1. Bonds	80,000	80,000
2. Trade payables	2,784	2,000
3. Liabilities to affiliated companies	53,523	15,317
4. Liabilities to companies in which participations are held	9,820	7,564
5. Other liabilities	579	584
(thereof from taxes)	*335*	*346*
(of which social security)	*18*	*45*
	146,706	**105,465**
Total Equity & Liabilities	**442,091**	**345,166**

INCOME STATEMENT

in EUR thousand	2022	2021
1. Revenues	71,112	50,463
2. Other operating income	12,887	3,785
3. Expenses for purchased services	-21,476	-14,840
4. Personnel expenses	-17,556	-14,001
a) Wages and salaries	-16,556	-13,141
b) Social security contributions and expenses for pensions and other employee benefits	-1,000	-861
(thereof for pensions)	*0*	*0*
5. Amortization of intangible assets and depreciation of property, plant and equipment	-278	-198
6. Other operating expenses	-51,442	-43,550
7. Income from investments and gains on the disposal of investments	72,479	72,472
(thereof from affiliated companies)	*72,479*	*46,893*
8. Income from long term loans	362	467
(thereof from affiliated companies)	*362*	*467*
9. Other interest and similar income	9,849	3,059
(thereof from affiliated companies)	*9,543*	*3,059*
10. Write-downs of financial assets and marketable securities	-4,809	-939
11. Interest and similar expenses	-7,551	-5,967
(thereof to affiliated companies)	*-1,870*	*-564*
12. Income tax	9,329	-1
(thereof income from deferred taxes)	*10,727*	*0*
13. Earnings after taxes	**72,905**	**50,751**
14. Other taxes	-2	-4
15. Net income for the year	**72,903**	**50,747**
16. Profit carried forward from the previous year	44,926	20,117
17. Offsetting the difference in connection with the acquisition of treasury shares	0	5,000
18. Retained earnings	**117,829**	**75,864**

APPENDIX

1. General information

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

The financial statements for the financial year from 1 January to 31 December 2022 have been prepared on the basis of the German Commercial Code and the German Stock Corporation Act. Mutares is considered a large corporation due to the listing of the Company's shares on the organized market in accordance with section 267 (3) sentence 2 HGB in conjunction with section 264d HGB. The annual financial statements of Mutares SE & Co. KGaA are prepared by the Management Board of the general partner of Mutares SE & Co. KGaA, Mutares Management SE, and are to be adopted by the Annual General Meeting of Mutares SE & Co. KGaA.

The financial year is the calendar year.

The balance sheet has been structured in accordance with Section 266 HGB. The income statement has been prepared using the nature of expense method in accordance with Section 275 (2) HGB. For reasons of clarity, additional disclosures required by law are generally made in the notes.

The principle of the representation continuity was observed.

Some of the figures in these notes are presented in thousands of euros (EUR thousand for short) or millions of euros (EUR million for short). This may result in rounding differences in individual cases.

2. Accounting and valuation principles

The annual financial statements of the Company have been prepared unchanged in accordance with the following accounting policies and on a going concern basis.

Balance

Fixed assets

Purchased **intangible assets** are capitalized at cost and amortized on a straight-line basis over their expected useful lives of three years. If the fair value of individual intangible assets included in the non-current assets falls below their carrying amount, additional impairment losses are recognized.

Property, plant and equipment have been capitalized at cost and depreciated on a scheduled basis. Items of property, plant and equipment are depreciated on a straight-line basis over their expected useful lives of three to fifteen years. Additions in the financial year were depreciated pro rata temporis. If the fair values of individual assets are lower than their carrying amounts, additional scheduled depreciation is charged in addition to in the event of an expected permanent impairment in value.

Since 1 January 2018, movable items of property, plant and equipment with an acquisition cost of up to EUR 800.00 have been fully depreciated in the year of acquisition and treated as disposals in the statement of changes in non-current assets on an accrual basis. Such assets are shown in the statement of changes in non-current assets exclusively under other equipment, factory and office equipment.

The carrying amount of **financial assets in the** statement of **financial** position is the cost of acquisition plus incidental acquisition costs and, where appropriate, write-downs in accordance with Section 253 (3) Sentence 5 of the German Commercial Code (HGB) if the impairment in value is expected to be permanent. If the reasons for a write-down made in the past no longer exist, write-ups are made up to a maximum of the historical acquisition cost.

Current assets

Receivables and other assets are stated at nominal value or - in compliance with the strict lower-of-cost-or-market principle - at the lower value applicable on the balance sheet date.

Cash on hand and **bank balances** are stated at their nominal or face value at the balance sheet date.

Prepaid expenses

Payments made before the balance sheet date are recognized as **prepaid** expenses at if they represent expenses for a certain period after this date. If the settlement amount of a liability is higher than the issue amount, the difference is recognized as a discount on the assets side and amortized over the term of the liability.

Deferred taxes

Deferred taxes are calculated for temporary differences between the carrying amounts of assets, liabilities and prepaid expenses in the financial statements and the tax base, as well as for tax loss carryforwards. Deferred taxes are calculated on the basis of the corporate income tax and trade tax of Mutares SE & Co. KGaA, which currently add up to 32.98%. The Company has tax loss carryforwards on which **deferred tax assets** are recognized. They are reported on a net basis. Use has been made of the option under Sec. 274 (1) Sentence 2 HGB to recognize a total resulting tax relief as deferred tax asset.

Provisions

Provisions are recognized for uncertain liabilities and for anticipated losses from pending transactions and are stated at the settlement amount deemed necessary in accordance with prudent business judgment. Provisions with a remaining term of more than one year are discounted at the average market interest rate of the past seven years corresponding to their remaining term, as published by the Deutsche Bundesbank.

Liabilities

Liabilities are recognized at their settlement amount.

Foreign currency translation

Transactions in **foreign currencies** during the year are recorded at the respective daily exchange rate. Receivables and liabilities with a remaining term of one year or less are translated at the mean spot exchange rate at the balance sheet date in accordance with Section 256a HGB. In the case of a remaining term of more than one year, translation is performed taking into account the realization principle (Section 252 (1) no. 4 half-sentence 2 HGB) and the historical cost principle (Section 253 (1) sentence 1 HGB).

Profit and loss account

Revenues result from consulting services to affiliated companies and management fees and is recognized as soon as the service has been rendered.

Income from investments is recognized (in the same period) at the level of the subsidiary in the year in which distributable profit arises if the parent company holds a 100% interest in the subsidiary, the subsidiary is a dependent group company within the meaning of sections 17 (2) and 18 (1) sentence 3 of the German Stock Corporation Act (AktG), the shareholders' meeting or annual general meeting of the dependent subsidiary has adopted a resolution approving the annual financial statements and the appropriation of profits for the past financial year before the audit of the annual financial statements of the parent company is completed, and the parent company has a 100% interest in the subsidiary. 3 AktG, the shareholders' meeting or general shareholders' meeting of the dependent subsidiary has resolved to approve the annual financial statements and the appropriation of profits for the past financial year before the audit of the annual financial statements of the parent company has been completed, and the parent company and subsidiary have the same financial year. In the case of a majority shareholding of less than 100%, an accounting obligation is also to be assumed if the financial year of the subsidiary does not end after that of the parent company, the annual financial statements of the subsidiary have been adopted before completion of the audit of the annual financial statements of the parent company, and the controlling parent company alone is in a position to enforce the corresponding resolution on the appropriation of profits. Otherwise, such income is not recognized until after the resolution on the proposed distribution has become legally effective and the legal right to receive the distribution has arisen (in the following year).

3. Notes to the balance sheet

3.1 Fixed assets

For further information on non-current assets, please refer to the statement of changes in non-current assets (Appendix 1 to the Notes).

The list of shareholdings required to be disclosed pursuant to Section 285 No. 11 to 11b HGB (list of shareholdings) is attached as Annex 2 to the Notes.

3.2 Current assets

Receivables from affiliated companies and companies in which participations are held, as well as other assets, break down as follows:

in EUR thousand	**31.12.2022**	**31.12.2021**
Receivables from affiliated companies	299,612	195,380
thereof trade receivables	56,050	32,251
of which receivables from loans	161,828	66,464
of which receivables from profit distributions	68,154	64,075
of which receivables from the sale of investments	13,590	32,590
Receivables from companies in which participations are held (residual term<1y)	0	200
Other assets	22,752	7,793
Total receivables and other assets	**322,364**	**203,373**

As in the previous year, receivables **from affiliated companies do** not include any receivables with a remaining term of more than one year. On the basis of current information, the Management Board assumes that part of the total carrying amount of the receivables from affiliated companies as of 31 December 2022 will not be collected until after a period of twelve months from the balance sheet date.

Other assets include pledged credit balances in connection with the acquisition of shares in an indirect subsidiary, Balcke-Dürr Energy Solutions S.p.A., Genoa, by a direct subsidiary in the amount of EUR 17,544 thousand. Furthermore, other assets include a loan receivable from the former subsidiary STS Group AG in the amount of EUR 3,295 thousand (31 December 2021: EUR 4,166 thousand). Other assets include those with a remaining term of more than one year in the amount of EUR 4,785 thousand (31 December 2021: EUR 229 thousand).

The other securities, which had been acquired in December 2021 as part of the Company's active liquidity management, were sold at nominal value (EUR 30 million) in April 2022.

As of 31 December 2022, **cash and cash equivalents** amounted to EUR 12,481 thousand (31 December 2021: EUR 44,878 thousand).

3.3 Prepaid expenses and deferred charges

Deferred income was calculated pro rata temporis according to the nominal amount. In connection with the increase of the bond in August 2020 (after initial issuance in February 2020), a discount of EUR 600 thousand was capitalized, which will be amortized over the term of the liability. With the increase of the bond in February 2021, a further discount of EUR 150 thousand was capitalized, which will be amortized over the term of the liability. The total amount of the discount as of 31 December 2022 is EUR 256 thousand (31 December 2021: EUR 478 thousand).

3.4 Deferred taxes

Deferred tax liabilities exist for differences between the carrying amounts of assets, liabilities and prepaid expenses for financial reporting purposes and their tax bases in the amount of EUR 905 thousand, which relate to receivables from and liabilities to affiliated companies. In addition, deferred tax assets are recognized in connection with the future utilization of tax loss carryforwards in the amount of EUR 11,632 thousand. The future usability of the tax loss carryforwards is based on a five-year plan, on the basis of which it is predominantly probable that the tax loss carryforwards can be partially utilized in the following five assessment periods. The recognition of deferred tax assets takes into account a complete utilization of the trade tax loss carryforwards in the planning period. No deferred tax assets are recognized for corporate income tax loss carryforwards amounting to approximately EUR 3,000 thousand, as it is not predominantly probable that they will be utilized in the five-year planning period. After netting the deferred tax assets and liabilities, the net amount of EUR 10,727 thousand is recognized as deferred tax assets.

The total amount of the distribution-restricted amounts within the meaning of Section 268 (8) HGB of EUR 10,727 thousand (31 December 2021: EUR 0 thousand) relates in full to the surplus of deferred tax assets.

3.5 Equity

Subscribed capital

The subscribed capital of Mutares SE & Co. KGaA is fully paid-in and consists of 20,636,731 (31 December 2021: 20,636,731) no-par value registered shares with a notional interest in the share capital of EUR 1.00 each as of 31 December 2022.

Conditional capital

The Annual General Meeting of the Company on 3 June 2016 authorized the Management Board, with the approval of the Supervisory Board, to issue up to 1,500,000 subscription rights ("stock options") to members of the Management Board of the Company, members of the management of affiliated domestic and foreign companies of the Company, and employees of the Company and employees of affiliated domestic and foreign companies until 2 June 2020 ("Mutares Stock Option Plan 2016"). The stock options entitle the holder to subscribe to up to 1,500,000 no-par value registered shares of the Company with a notional interest in the share capital of EUR 1.00 each. Furthermore, the Annual General Meeting resolved to conditionally increase the share capital of the Company by EUR 1.5 million by issuing up to 1,500,000 no-par value bearer shares to service the Mutares Stock Option Plan 2016 ("Conditional Capital 2016/I"). The Annual General Meeting of the Company on 23 May 2019 resolved to cancel the Conditional Capital 2016/I to the extent that it relates to the stock options not issued under the Mutares Stock Option Plan 2016. As a result, the Conditional Capital 2016/I amounts to EUR 361 thousand after reduction as of the reporting date.

The Annual General Meeting of the Company on 23 May 2019 created Conditional Capital 2019/I in the amount of EUR 3,000 thousand for the purpose of granting shares upon exercise of conversion or option rights or upon fulfillment of conversion or option obligations to the holders or creditors of convertible bonds, warrant bonds, profit participation rights and/or participating bonds or combinations of these instruments issued on the basis of the authorization resolution of the Annual General Meeting of 23 May 2019.

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

After the partial cancellation of the Conditional Capital 2016/I has become effective, the share capital of the Company shall be conditionally increased by up to EUR 387 thousand by issuing up to 387,000 no-par value registered shares ("Conditional Capital 2021/I"). The Conditional Capital 2021/I is exclusively for the purpose of issuing shares of the Company to service subscription rights to shares of the Company issued to members of the Management Board of the Company and employees of the Company as well as to members of the management and employees of affiliated companies within the meaning of Secs. 15 et seq. AktG in the form of stock options in accordance with the above authorization resolution pursuant to lit. b).

Authorized capital

By resolution of 23 May 2019, the Annual General Meeting of the Company resolved to cancel the Authorized Capital 2015/I and instead authorized the Management Board to increase the share capital of the Company in the period until 22 May 2024, with the consent of the Supervisory Board, by a total of up to EUR 7.7 million by issuing up to 7,748,146 new registered no-par value shares against cash contributions and/or contributions in kind ("Authorized Capital 2019/I"). The Management Board of the Company's general partner, Mutares Management SE, resolved on 28 September 2021, with the approval of the Supervisory Board, to increase the Company's share capital from previously EUR 15.5 million to EUR 20.6 million by issuing 5.1 million new registered ordinary shares (no-par value shares). The capital increase with subscription rights for the limited liability shareholders of the Company was carried out in return for cash contributions, making partial use of the existing Authorized Capital 2019/I. The authorized capital amounts to EUR 1.5 million after the partial use of the existing Authorized Capital 2019/I. This still amounts to EUR 2,608 thousand after the partial utilization.

Own shares

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

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

The Management Board of the general partner of Mutares SE & Co. KGaA resolved on 17 September

2020, with the approval of the Supervisory Board of the general partner, to launch a share buyback program using the authorization granted by the Annual General Meeting on 23 May 2019 ("Share Buyback Program 2020/I"). Under the share buyback program 2020/I, up to a total of 250,000 treasury shares (corresponding to up to 1.61% of the Company's share capital) could be repurchased in the period from 17 September 2020 to 31 March 2021 at a total purchase price (excluding incidental acquisition costs) of up to EUR 2.5 million. A total of 210,600 shares were acquired during this period. The difference between the acquisition cost and the imputed value of the treasury shares amounts to a total of EUR 2.3 million and was offset against retained earnings. To service the stock options exercised under the 2016 Stock Option Plan, the Company used part of the 472,475 treasury shares existing as of 31 December 2020 in the financial year 2021. The reissuance prices were in a range between EUR 19.10 and EUR 24.60 and were used to cover costs as well as to settle taxes arising from the exercise of the stock options for the beneficiaries and to be paid by the Company. The difference between the acquisition cost and the nominal value of the treasury shares was offset against retained earnings when they were acquired in the past due to the lack of freely available reserves of EUR 3,649 thousand. When treasury shares were used in the context of servicing the stock options exercised under the 2016 Stock Option Plan, the difference between the nominal value of the treasury shares and the exercise price of EUR 3,649 thousand was offset against retained earnings in the opposite direction; the difference between the original average acquisition cost and the exercise price of EUR 1,351 thousand was also offset against retained earnings. In total, the number of treasury shares thus decreased to 10,475 as of 31 December 2021.

No transactions with treasury shares took place in the financial year 2022, so that the number of treasury shares remains at 10,475 as of 31 December 2022. Their share in the capital stock remains unchanged at EUR 10,475 or 0.1% as of 31 December 2021.

Capital reserve

As of 31 December 2022, the capital reserve amounts to EUR 135,293 thousand (31 December 2021: EUR 135,293). As part of the capital increase in financial year 2021, the amount of EUR 95,098 thousand resulting from the difference between the issue amount and the notional share of capital stock of EUR 1.00 per share was transferred to the capital reserve. Furthermore, the amount of EUR 4,049 thousand resulting from the difference between the issue amount and the imputed share of capital stock of EUR 1.00 per share was transferred to additional paid-in capital in connection with the use of treasury shares to service the stock options exercised under the Stock Option Plan 2016.

Retained earnings

The legal reserve as of 31 December 2022 amounts to EUR 132 thousand (31 December 2021: 132 thousand).

Appropriation of earnings

By resolution of the Annual General Meeting on 17 May 2022, a partial amount of EUR 30,939,384.00 of the net profit of the Company as of 31 December 2021 of EUR 75,865,346.02 was distributed in the form of a dividend of EUR 1.50 per no-par value share entitled to dividend and the remaining amount of EUR 44,925,962.02 was carried forward to new account.

3.6 Provisions

The **tax provisions** as of 31 December 2022 relate to corporate income tax, solidarity surcharge and trade tax for the assessment period 2022.

Other provisions developed as follows in the financial year 2022:

in EUR thousand	As at 31. December 2022	As at 1. January 2022
Personnel costs	6,359	5,073
Legal costs	50	416
Outstanding invoices	788	1,766
Closing and audit costs	470	484
Other accrued expenses	12,037	45
Total other accruals	**19,704**	**7,785**

There were no provisions with a remaining term of more than one year as of 31 December 2022 or 31 December 2021.

Other provisions of EUR 12,000 thousand relate to payments received in connection with the acquisition of shares in Balcke-Dürr Energy Solutions S.p.a, Genoa, by an indirect subsidiary. The contribution received by Mutares SE & Co. KGaA serves to cover the uncertain obligations from guarantee assumptions and is therefore recognized as other provisions.

Provisions for personnel costs include bonuses of EUR 5,840 thousand (31 December 2021: EUR 4,639 thousand) and vacation provisions of EUR 519 thousand (31 December 2021: EUR 434 thousand).

Provisions for outstanding invoices include consulting services to affiliated companies in the amount of EUR 669 thousand (31 December 2021: EUR 622 thousand) and provisions for legal advice in the amount of EUR 74 thousand (31 December 2021: EUR 367 thousand).

3.7 Liabilities

Liabilities break down as follows:

in EUR thousand	31.12.2022	31.12.2021
Liabilities from bonds	80,000	80,000
of which with a remaining term of more than one year	*80,000*	*80,000*
of which with a remaining term of up to one year	*0*	*0*
Trade accounts payable	2,784	2,000
of which with a remaining term of more than one year	*0*	*0*
of which with a remaining term of up to one year	*2,784*	*2,000*
Liabilities to affiliated companies	53,523	15,317
of which with a remaining term of more than one year	*0*	*0*
of which with a remaining term of up to one year	*53,523*	*15,317*
Liabilities to companies in which a participating interest exists	9,820	7,564
of which with a remaining term of more than one year	*0*	*0*
of which with a remaining term of up to one year	*9,820*	*7,564*
Other liabilities	579	584
of which from taxes	*335*	*346*
of which social security	*18*	*45*
of which with a remaining term of more than one year	*0*	*0*
of which with a remaining term of up to one year	*579*	*584*
Total liabilities	**146,706**	**105,465**

As in the previous year, there are no liabilities with a remaining term of more than five years.

Liabilities to affiliated companies include EUR 33,240 thousand in liabilities from (formally short-term) loans (31 December 2021: EUR 13,000 thousand), EUR 13,067 thousand in trade and other payables (31 December 2021: EUR 1,826 thousand) and EUR 7,225 thousand in advance payments received for consulting services (31 December 2021: EUR 500 thousand).

4. Notes to the income statement

4.1 Sales revenue

The sales revenues in the financial year 2022 in the amount of EUR 71,112 thousand (previous year: EUR 50,463 thousand) result from consulting services to affiliated companies in the amount of TEUR 60,914 (previous year: EUR 43,649 thousand) and management fees in the amount of 10,198 (previous year: EUR 6,814 thousand).

4.2 Other operating income

Other operating income includes EUR 12,335 thousand from the collection of loan receivables that were recognized at an amount lower than their nominal value. This income also represents extraordinary income within the meaning of Section 285 No. 31 HGB. Other operating income in the previous year included EUR 3,440 thousand from the reversal of impairment losses on receivables written down in previous years.

4.3 Expenses for purchased services

The cost of purchased services includes an amount of 19,204 (previous year: EUR 10,719 thousand), mainly expenses from Mutares' national companies in connection with restructuring services for indirect subsidiaries.

4.4 Personnel expenses

During the financial year 2022, Mutares SE & Co. KGaA employed an average of 74 people (previous year: 60) in M&A (10; previous year: 7), Operations (45; previous year: 34) and Administration (19; previous year: 19).

4.5 Other operating expenses

Other operating expenses include:

in EUR thousand	2022	2021
Other operating expenses affiliated companies	13,060	9,663
Other operating expenses Mutares Management SE	10,531	11,108
Depreciation of current assets	10,525	577
Legal and consulting fees	9,503	14,051
Travel expenses etc.	3,825	2,684
Administration	1,030	999
Insurance, contributions and levies	559	440
Occupancy costs	516	457
Vehicle costs	397	274
Provisionen zu Aktien	0	2,694
Other	1,495	603
Other operating expenses	**51,442**	**43,550**

Other operating expenses in connection with affiliated companies relate to the charging on of consulting services of the national companies of EUR 13,060 thousand (previous year: EUR 11,108 thousand) and write-downs of receivables included as write-downs of current assets of EUR 10,525 thousand (previous year: EUR 577 thousand). In the previous year, other operating expenses included expenses in connection with the capital increase and the uplisting amounting to EUR 6,303k and resulted in particular from commissions to banks in the amount of EUR 3,279 thousand and expenses for consulting services in the amount of EUR 3,023 thousand. These also represented extraordinary expenses within the meaning of Section 285 No. 31 HGB.

4.6 Income from investments and gains on the disposal of investments

Income from investments and gains on the disposal of investments mainly includes income from the recognition of profits from subsidiaries in the same period amounting to EUR 70,440 thousand (previous year: EUR 14,160 thousand) and the recognition of profits from subsidiaries in different periods amounting to EUR 1,894 thousand (previous year: EUR 250 thousand). Income from the disposal of subsidiaries amounted to EUR 145 thousand. Income in the previous year included gains from the intra-Group disposal of two subsidiaries in the combined amount of EUR 32,483 thousand and gains from the disposal of subsidiaries to third parties in the amount of EUR 25,579 thousand.

4.7 Write-downs of financial assets and marketable securities

This item includes EUR 4,809 thousand (previous year: EUR 842 thousand) in write-downs on shares in affiliated companies due to an expected permanent impairment.

4.8 Interest

Interest and similar income include interest on loans to and the assumption of guarantees in favor of subsidiaries in the amount of EUR 9,543 thousand (previous year: EUR 3,059 thousand).

Interest and similar expenses in the financial year 2022 include interest expenses of EUR 5,196 thousand (previous year: EUR 5,039 thousand) from the bond issued.

5. Other information

5.1 Auditor's fee

The total fee of the auditor of Mutares SE & Co. KGaA for the financial year 2022 is composed as follows:

in EUR thousand	2022	2021
Audit services	869	894
Other certification services	36	573
Tax consulting services	0	0
Other services	76	100
Total fee	**981**	**1,567**

The audit services include fees of EUR 144 thousand relating to services for the financial year 2021.

In addition, the auditor of the consolidated financial statements charged other assurance services in the amount of EUR 21 thousand and other services in the amount of EUR 76 thousand. The other assurance services related to agreed-upon procedures in connection with the bond, and the other services related in particular to the audit of the non-financial reporting. The services were provided in each case on the basis of a previous engagement by the Audit Committee, which was authorized to do so by the Supervisory Board.

5.2 Supervisory Board of Mutares SE & Co KGaA

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

- Volker Rofalski, Managing Director of only natural munich GmbH, Munich, Chairman, Member of the Audit Committee;
  Membership of statutory supervisory boards or comparable German or foreign boards of business enterprises (as of 31 December 2022):
  - HELIAD Equity Partners GmbH & Co. KGaA, Frankfurt am Main (Chairman of the Supervisory Board)
  - Bio-Gate AG, Nuremberg (Member of the Supervisory Board)
  - Mutares Management SE, Munich (Member of the Supervisory Board)
  - FinLab AG, Frankfurt (Member of the Supervisory Board)
  - paycentive Group AG, Augsburg (Member of the Supervisory Board)

- Dr. Axel Müller, independent management consultant, Lahnstein, Vice Chairman, Chairman of the Audit Committee;
  Membership of statutory supervisory boards or comparable German or foreign boards of business enterprises (as of 31 December 2022):
  - Mutares Management SE, Munich (Member of the Supervisory Board)
  - Mellifera Sechsunddreißigste Beteiligungsgesellschaft mbH (MIP Pharma Unter nehmens gruppe), Berlin (Chairman of the Advisory Board)

- Dr. Lothar Koniarski, Managing Director of ELBER GmbH, Regensburg, Member of the Supervisory Board;
  Membership of statutory supervisory boards or comparable German or foreign boards of business enterprises (as of 31 December 2022):
  - Mutares Management SE, Munich (Deputy Chairman of the Supervisory Board)
  - CANCOM SE, Munich (Deputy Chairman of the Supervisory Board and Chairman of the Audit Committee)
  - DV Immobilien GmbH (Deputy Chairman of the Supervisory Board)
  - SBF AG, Leipzig (Chairman of the Supervisory Board)

- Prof. Dr. iur. Micha Bloching, tax advisor, lawyer, university lecturer, Munich, member of the Supervisory Board (until the end of the Annual General Meeting on 17 May 2022);
  Membership of statutory supervisory boards or comparable German or foreign boards of business enterprises (as of 31 December 2022):
  - Mutares Management SE, Munich (until the end of the Annual General Meeting on 17 May 2022, Chairman of the Supervisory Board)

- Raffaela Rein, Managing Director of WildWildVentures GmbH, Member of the Board of the German Startup Association, Berlin, Member of the Supervisory Board (from the end of the Annual General Meeting on 17 May 2022);
  Membership of statutory supervisory boards or comparable German or foreign boards of business enterprises (as of 31 December 2022):
  - Member of the Advisory Board, IU International University of Applied Sciences
  - Member of the Sustainability Advisory Board, Porsche AG
  - Member of the Extended Board, German Startups Association e.V.

The current remuneration of the members of the Supervisory Board of the Company was determined retroactively as of 1 January 2022 by resolution of the Annual General Meeting of the Company on 17 May 2022. The members of the Supervisory Board of the Company receive a fixed basic remuneration of EUR 20 thousand for the respective financial year of the Company. The Chairman of the Supervisory Board receives a fixed basic remuneration of EUR 45 thousand and his deputy receives a fixed basic remuneration of EUR 30 thousand for the respective financial year of the Company. As the Supervisory Board consisted of a Chairman, a Deputy Chairman and two other members in the financial year 2022, the total basic compensation of the members of the Supervisory Board of the Company amounted to EUR 115 thousand in the financial year 2022. For their work on the Audit Committee of the Supervisory Board, the Chairman of the Committee receives an additional EUR 15 thousand and each other member of the Committee receives an additional EUR 5 thousand for the respective financial year of the Company. The Company has an Audit Committee, whose members are Dr. Axel Müller as Chairman and Volker Rofalski. For their work on other Supervisory Board committees, the Chairman of the committee receives EUR 10 thousand and each other member of the committee EUR 5 thousand for the respective financial year of the Company. In addition to the aforementioned remuneration, the members of the Supervisory Board are reimbursed for expenses incurred in the performance of their duties, which also include any value-added tax incurred. The compensation is payable at the end of the respective financial year. Members of the Supervisory Board who are members of the Supervisory Board or a committee of the Supervisory Board for only part of the full financial year, or who hold the office of Chairman or Deputy Chairman, shall receive remuneration on a pro rata basis.

The remuneration of the members of the Supervisory Board of Mutares Management SE was resolved at the Annual General Meeting of Mutares Management SE on 17 May 2022. The members of the Supervisory Board of Mutares Management SE receive a fixed basic remuneration of EUR 50 thousand for the respective financial year of the Company. The Chairman of the Supervisory Board receives a fixed basic remuneration of EUR 90 thousand and his deputy receives a fixed basic remuneration of EUR 70 thousand for the respective financial year of the Company. As the Supervisory Board of Mutares Management SE currently consists of a Chairman, a Deputy Chairman and two other members, the total basic remuneration of the Supervisory Board members amounted to EUR 260 thousand in the financial year 2022. The Supervisory Board of Mutares Management SE has no committees.

5.3 Management Board of Mutares Management SE

The Management Board of Mutares Management SE as general partner of Mutares SE & Co. KGaA is composed of the following persons:

- Robin Laik, Chief Executive Officer, Munich;
  Membership of statutory supervisory boards or comparable German or foreign boards of business enterprises (as of 31 December 2022):
  - mutares Holding-02 AG, Bad Wiessee (Member of the Supervisory Board)
  - mutares Holding-11 AG i.L., Bad Wiessee (Member of the Supervisory Board)
  - mutares Holding-13 AG i.L., Bad Wiessee (Member of the Supervisory Board)
  - mutares Holding-20 AG i.L., Bad Wiessee (Member of the Supervisory Board)
  - mutares Holding-21 AG, Bad Wiessee (Member of the Supervisory Board)

- Mark Friedrich, Chief Financial Officer, Munich;
  Membership of statutory supervisory boards or comparable German or foreign boards of business enterprises (as of 31 December 2022): none

- Johannes Laumann, Chief Investment Officer, Bonn;
  Membership of statutory supervisory boards or comparable German or foreign boards of business enterprises (as of 31 December 2022):
  - iinovis GmbH, Munich (until 13 July 2022, member of the Supervisory Board)
  - Atrium 248th European VV SE (since 12 September 2022, member of the Supervisory Board)

The total compensation of the Management Board (including share-based compensation) for the financial year 2022 amounted to EUR 11.6 million (previous year: EUR 11.9 million), of which EUR 0.0 million (previous year: EUR 2.3 million) was paid to members of the Management Board who have since left the company. No payments were made to members of the Board of Management in connection with defined contribution plans. In addition, the members of the Management Board received benefits totaling EUR 1.9 million (previous year: EUR 1.0 million) from five management participation programs[1] . Finally, 180,000 stock options were issued to members of the Management Board in April 2022 from the 2021 Stock Option Plan. The stock options granted are not entitled to dividends and do not grant any voting rights.

Furthermore, Mutares Management SE, as general partner, receives an annual remuneration of 4% of its share capital, irrespective of profit and loss, plus any value-added tax due. For the financial year 2022, this remuneration amounted to EUR 5 thousand, as in the previous year.

[1] As participation in the Company's shareholding program is financed from the private assets of the Management Board members, the benefits are not promised or granted as consideration for or with regard to the Management Board activity, but with regard to the respective privately financed participation as (indirect) shareholder of the operating subsidiaries. The disclosure is therefore made purely as a precautionary measure.

5.4 Other financial obligations

Annual financial obligations of EUR 373 thousand (previous year: EUR 352 thousand) have existed since April 2016 under a long-term rental agreement for the fixed basic rental period of ten years.

5.5 Contingent liabilities

Guarantees/patronage declarations

There are guarantees and letters of comfort in favor of affiliated companies totaling EUR 19.3 million. In addition, there are guarantees and letters of comfort in favor of affiliated companies in favor of third parties totaling EUR 80.5 million, of which EUR 44.1 million relate to guarantees for loan collateral and EUR 36.4 million to payment and performance guarantees.

In addition, Mutares SE & Co. KGaA has a guarantee facility with a financial institution in the amount of EUR 15.0 million, which was utilized in the amount of EUR 3.6 million as of 31 December 2022.

The Management Board of the Company does not currently see any significant risk from potential claims under guarantees and letters of comfort. When financing is provided under commitments to affiliated companies, a receivable is simultaneously created against the respective affiliated company. However, depending on future economic developments, the probability of a claim may increase, and it cannot be ruled out that a claim may be made under the commitments entered into.

Obligations from business combinations

Mutares SE & Co. KGaA has issued rental guarantees in connection with the acquisition of Gemini Rail Group to secure the fulfillment of the contractual obligations of Gemini Rail Services UK Ltd. The liability under these guarantees is limited to an amount of approximately EUR 9.7 million and reduces over time in the amount of the rental payments made by Gemini Rail Services UK Ltd. As of the reporting date, the potential liability from this rental guarantee amounts to EUR 5.6 million.

Mutares SE & Co. KGaA has undertaken to indemnify the seller of keeeper GmbH in the event of a claim in connection with a previous financing commitment as well as previously issued guarantees, whereby this obligation is limited to an amount of EUR 3.5 million and ends on 30 June 2024.

In connection with the acquisition of the transport logistics and warehouse business BEXity GmbH, Mutares SE & Co. KGaA has undertaken towards the seller to indemnify the seller against claims by third parties in connection with legal relationships assumed and in the event of insolvency of BEXity GmbH. The indemnification claim of the seller is limited in time and amounts to EUR 9.0 million until 30 December, 2021, to EUR 6.0 million until 30 December, 2022, and to EUR 3.0 million until 30 December, 2023. The aforementioned liability limits increase by profit distributions of BEXity GmbH and decrease by financing lines granted and loans of Mutares SE & Co. KGaA not yet repaid. The obligation had decreased from EUR 9.0 million to EUR 6.0 million as of 31 December 2021, and amounted to EUR 6.3 million as of 31 December 2021, taking into account additional payments. With the sale of BEXity GmbH, the acquirer of BEXity has also assumed the aforementioned obligation to the seller, jointly and severally, and at the same time has undertaken to indemnify Mutares SE & Co. KGaA in the event of a claim. Furthermore, the seller has also declared that it will only make claims against Mutares SE & Co. KGaA subordinate to the acquirer.

Mutares SE & Co. KGaA has given an undertaking to the seller of the paper napkin business acquired from FASANA GmbH to provide the purchaser with funding of up to EUR 10.0 million for a period of 24 months from February 2020, should this be necessary to avoid insolvency. This guarantee expired in the financial year 2022 without being called. Irrespective of this, Mutares SE & Co. KGaA has provided financial resources to FASANA GmbH via a direct subsidiary. In addition, Mutares SE & Co. KGaA indemnifies the seller against certain claims of employees assigned to the paper napkin business for a period of four years from February 2020. The indemnification is limited to EUR 10 million in the first two years; this amount is reduced by any funds provided by Mutares SE & Co. KGaA to FASANA GmbH. In the third year, the maximum exemption amount is reduced to EUR 7.5 million and in the fourth year to EUR 5.0 million. As of the reporting date, Mutares SE & Co. KGaA had provided FASANA GmbH with funds in the amount of EUR 5.2 million. As a result, the guarantee decreased to EUR 4.8 million as of the reporting date 31 December 2022.

In September 2020, Mutares SE & Co. KGaA acquired SABO Maschinenfabrik GmbH via a direct subsidiary. As part of the acquisition, Mutares guarantees to be fully responsible for the fulfillment of the contractual obligations of the buyer, should the buyer fail to fulfill these obligations. In particular, the Purchaser has undertaken to indemnify the Vendor as well as any corporate bodies from any claims by third parties in connection with the legal relationships of SABO Maschinenfabrik GmbH. The indemnification obligation of the purchaser is limited in time to 24 months from closing and thus until the end of August 2022 as well as an amount of EUR 5.0 million. In addition, the purchaser has undertaken for a period of 24 months to provide SABO Maschinenfabrik GmbH with liquid funds to the extent necessary to avoid insolvency of the company and to the extent that the purchaser has received payments from SABO Maschinenfabrik GmbH during this period. Both guarantees expired in financial year 2022 without being called upon.

In connection with the acquisition of Lacroix + Kress GmbH, Mutares has undertaken to indemnify the seller, a direct subsidiary, against any avoidance claims in the event of insolvency of Lacroix + Kress GmbH. The indemnification is limited to a period of 27 months from the closing of the transaction and thus until February 2023 and an amount of EUR 2.0 million. In addition, the purchaser indemnifies the bodies of the seller from a claim by third parties in connection with the legal relationships of the company. Mutares SE & Co. KGaA guarantees to the seller the fulfillment of the contractual obligations of the buyer.

In connection with the acquisition of Terranor A/S in May 2021, Mutares SE & Co. KGaA has undertaken to guarantee the liability of Terranor AB to indemnify the seller against a claim by various guarantors of Terranor A/S. The guarantee is limited to a maximum amount of EUR 1.0 million. The guarantee is limited to a maximum amount of EUR 1.0 million. The guarantee expired in the reporting period without being called upon.

In connection with the acquisition of iinovis Group, Mutares SE & Co. KGaA has undertaken to indemnify the seller against any rescission claims in the event of insolvency of the target company. The indemnification is limited in time to a period of 48 months from the closing of the transaction (i.e. until 13 November 2024) and in amount to EUR 5.0 million, with this guarantee being reduced to EUR 2.5 million as of 13 November 2023. Furthermore, Mutares has undertaken to provide the Company with financial resources of up to EUR 5.0 million to avoid insolvency. The guarantee is reduced by payments made by Mutares to the iinovis Group and amounts to EUR 0.0 million as of the reporting date.

In December 2020, a direct subsidiary of Mutares SE & Co. KGaA acquired Japy Tech S.A.S. and Royal de Boer Stalinrichtingen B.V.. In connection with the acquisition of Royal de Boer, Mutares SE & Co. KGaA has undertaken to the seller to provide the company with financial resources in the amount of EUR 1.0 million until 31 December 2022, should this be necessary to avoid insolvency. The guarantee is increased by all payments made by Royal de Boer to Mutares. The guarantee amounted to EUR 3.7 million as of 31 December 2021. This guarantee expired with the sale of Royal de Boer Stalinrichtingen in December 2022 without being called upon and with the consent of the original seller.

As part of the acquisition of Japy Tech S.A.S., Mutares SE & Co. KGaA has also undertaken to provide the Company with financial resources of EUR 4.0 million until 31 December 2022, should this be necessary to avoid insolvency, with the amount increasing to EUR 5.0 million in May 2021. The guarantee increases by all payments made by Japy Tech S.A.S. to Mutares. The guarantee amounted to EUR 5.5 million as of 31 December 2021. The guarantee expired without being called in the reporting period.

In the course of the sale of real estate and the lease back of this real estate to Japy Tech S.A.S. in November 2021, Mutares SE & Co. KGaA has undertaken to guarantee capex obligations of Japy Tech S.A.S. with an amount of up to EUR 1.5 million and with an amount of up to EUR 1.2 million for the payment obligations under the lease agreement for a period of five years from the date of sale, i.e. until 8 November 2026. The guarantee in respect of the obligations under the purchase agreement can be converted into a rental guarantee, provided that the guarantee for the payment obligations under the lease agreement has been utilized in full.

In connection with the acquisition of Clecim S.A.S. in March 2021, Mutares SE & Co. KGaA has undertaken to provide the company with financial resources in the maximum amount of EUR 5.0 million until February 2023, should this be necessary to avoid insolvency. This guarantee has not been utilized to date. Furthermore, Mutares SE & Co. KGaA has undertaken in connection with the acquisition to guarantee the purchaser's obligation to indemnify the seller against a claim by various guarantors for a limited period of 17 months from the closing date. The guarantee was limited to a maximum amount of EUR 0.7 million and expired in the financial year 2022 without being called upon.

In February 2021, Mutares SE & Co. KGaA undertook, as part of the acquisition of the majority stake of 80% in Repartim Group, to provide the company with financial resources of up to EUR 4.0 million until 24 months after completion of the acquisition, i.e. until 9 April 2023, should this be necessary to avoid insolvency.

In April 2021, as part of the acquisition of La Rochette Cartonboard S.A.S., Mutares SE & Co. KGaA undertook to indemnify the seller against claims arising from the loan relationship between Intesa Sanpaolo and La Rochette Cartonboard S.A.S. until November 2023. The indemnification is limited to EUR 5.0 million. Furthermore, Mutares has guaranteed to the seller to assume the obligations of La Rochette Cartonboard S.A.S. from the loan relationship with the former shareholder in the amount of EUR 6.5 million until April 2024. As of 31 December 2022, there is still an obligation from the loan relationship in the amount of EUR 1.8 million.

In connection with the acquisition of three Exterior plants, Mutares SE & Co. KGaA has undertaken vis-à-vis the seller to make payments into the capital reserve of the acquiring company Light Mobility Solutions GmbH in the total amount of EUR 10.0 million. This payment was made in full during the financial year 2022. Furthermore, Mutares SE & Co. KGaA has undertaken vis-à-vis the seller to provide Light Mobility Solutions with financial resources of up to EUR 15.0 million until June 2024, should this be necessary to avoid a possible insolvency. The guarantee is increased by all payments made by Light Mobility Solutions GmbH to Mutares and reduced accordingly by payments made by Mutares to Light Mobility Solutions GmbH. This does not include the above-mentioned payments into the capital reserve in the amount of EUR 10.0 million. As of the reporting date of 31 December 2022, there is therefore still a guarantee amount of EUR 15.0 million.

A direct subsidiary of Mutares SE & Co. KGaA acquired Lapeyre S.A.S. and its subsidiaries in April 2021. As part of this transaction, Mutares has undertaken to guarantee the liabilities of the buyer, including the obligation to contribute financial resources in the amount of EUR 5.0 million to the Lapeyre Group by 1 June 2023 at the latest. As of the reporting date 31 December 2022, there is therefore still a guaranteed amount of EUR 5.0 million.

In May 2021, a direct subsidiary of Mutares SE & Co. KGaA acquired Alan Dick Communications Ltd. As part of the transaction, Mutares has undertaken to indemnify the seller for losses from two projects existing at the time of closing of the transaction. The indemnification is limited to EUR 7.1 million and expires upon completion of the projects, i.e. presumably in 2029.

In August 2021, Mutares SE & Co. KGaA undertook as part of the acquisition of Innomotive Systems Hainichen GmbH to indemnify the seller and its affiliates against any damages in the event of a breach of the repayment lock-up regarding repayment and redemption on the portion of liabilities from existing loan relationships between Innomotive Systems Hainichen and the seller, which were acquired by Mutares SE & Co. This indemnification obligation was limited to an amount of EUR 7.5 million and expires on 30 December 2022. This indemnification obligation expired in the financial year 2022 without being utilized.

A direct subsidiary of Mutares SE & Co. KGaA has completed the acquisition of the Italian Balcke Dürr Energy Solution S.p.A. (formerly: Toshiba Transmission & Distribution Europe S.p.A.) in February 2022. As part of the acquisition, Mutares SE & Co. KGaA has undertaken to indemnify the seller from the signing of the purchase agreement until five years after the closing of the transaction against damages arising from the buyer's failure to fully and timely fulfill certain obligations defined in the guarantee. This obligation is limited to EUR 2.0 million. Furthermore, Mutares SE & Co. KGaA has undertaken vis-à-vis the seller and vis-à-vis a company belonging to the seller's group of companies to guarantee all obligations of the buyer under a customer relationship defined in the purchase agreement. This guarantee is limited to EUR 8.0 million and a period of five years after the closing of the transaction. In addition, Mutares SE & Co. KGaA has undertaken to provide two guarantees to Solutions Bank S.p.A. as part of the purchase agreement. The first guarantee is limited to EUR 3.8 million and has a term until February 2023. This guarantee expired without being called upon upon payment of the secured amount of EUR 3.8 million to Balcke-Dürr Energy Solutions S.p.A. in March 2023. The second guarantee expires six months after closing of the transaction and is also limited to EUR 3.8 million. This guarantee expired in financial year 2022 without being called. In addition, Mutares SE & Co. KGaA has pledged credit balances in the amount of EUR 17.5 million at this bank in the course of the acquisition to secure a guarantee provided by Intesa Sanpaolo to the seller or a company belonging to the group of companies of the seller. The term of the obligation and the collateral is not limited. The obligation and the security reduce over time due to the completion of project services by Balcke Dürr Energy Solution S.p.A. Mutares SE & Co. KGaA has undertaken to use the funds released in the context of a reduction of the security by the bank up to an amount of EUR 12.0 million for the benefit of Balcke Dürr Energy Solution S.p.A., with the necessity depending on the development of Balcke-Dürr Energy Solutions S.p.A. at the discretion of Mutares SE & Co. KGaA. In connection with this obligation, Mutares SE & Co. KGaA indemnifies the seller against all possible damages resulting from the breach of its agreed obligations. At the time of preparation of these financial statements, no breach of duty is known, and no actions have been initiated in which a breach of the agreed duties could be seen.

In July 2022, a direct subsidiary of Mutares SE & Co. KGaA acquired SFC Solutions Automotive France SAS (formerly Sealynx International SAS). As part of the transaction, Mutares SE & Co. KGaA has guaranteed to the seller that it will provide SFC Solutions Automotive France SAS with financial resources if the latter is unable to repay the existing loan obligation between it and the seller. This guarantee is limited to EUR 6.5 million and has a term until 15 January 2027, provided that the loan is not repaid in full by SFC Solutions Automotive France SAS to the seller before then.

In September 2022, a direct subsidiary of Mutares SE & Co. KGaA acquired SIX Energy S.p.A. (formerly: Sirti Energia S.p.A.), based in Italy. As part of the transaction, Mutares SE & Co. KGaA has undertaken vis-à-vis the seller to guarantee the buyer's obligations under the purchase agreement up to an amount of EUR 10.0 million. The guarantee remains in full force and effect until the date on which the buyer has fulfilled all obligations under the purchase agreement or at the longest until five years after the closing of the transaction, i.e. until 22 September 2027.

A direct subsidiary of Mutares SE & Co. KGaA acquired Guascor Energy S.A.U. (formerly: Siemens Energy Engines S.A.U.), in October 2022. As part of the transaction, Mutares SE & Co. KGaA has undertaken to guarantee all obligations of the buyer under the purchase and assignment agreement for a period of five years from the closing date. The guarantee is limited to the amount of the purchase price only with respect to damages arising from misrepresentations or representations made by the buyer. Furthermore, Mutares SE & Co. KGaA has issued a further guarantee to third parties in the total amount of EUR 3.6 million in connection with the acquisition. The guarantee is not limited in time.

In connection with the acquisition of the heat transfer technology business of Siemens Energy B.V., Mutares SE & Co. KGaA has undertaken to issue a loan commitment in the amount of EUR 5.0 million with a term of four years to the acquiring company NEM Energy B.V. upon closing of the acquisition. In addition, Mutares SE & Co. KGaA has undertaken to provide NEM Energy B.V. with liquid funds in the amount of EUR 10.0 million for a period of four years to the extent necessary to avoid insolvency of the company. This guarantee is reduced to EUR 7.5 million after twelve months, to EUR 5.0 million after 24 months and to EUR 2.5 million after 36 months. Furthermore, Mutares SE & Co. KGaA has issued further guarantees to third parties in connection with the acquisition in the total amount of EUR 36.8 million.

A direct subsidiary of Mutares SE & Co. KGaA acquired MoldTecs GmbH as well as companies in France, USA, China, Japan, Korea, Brazil and India in October 2022. As part of the financing of the transaction with an expected term until September 2023, Mutares SE & Co. KGaA has issued a guarantee to third parties in the amount of EUR 25 million. This guarantee is generally not limited in time but is linked to the term of the financing. It is expected to be called only if the direct subsidiary fails to meet its payment obligations under the financing.

In November 2022, a direct subsidiary of Mutares SE & Co. KGaA acquired Steyr Motors Betriebs GmbH based in Austria. As part of the transaction, Mutares SE & Co. KGaA has undertaken to provide the company with financial resources to fulfill its obligations to the seller under the purchase agreement. This guarantee is limited to EUR 4.0 million and a period of twelve months after the closing of the transaction, i.e. until 30 November 2023.
In principle, the Management Board does not expect any obligations from company acquisitions to be utilized - with the exception of the obligation described above in connection with the acquisition of Lapeyre S.A.S., where a payment into the equity of the company should simultaneously increase the carrying amount of the investment at Mutares SE & Co. However, depending on the further development of the economy, the probability of a claim may increase, and it cannot be ruled out that

a claim may arise from the obligations entered into.

Obligations from company disposals

In connection with the sale of all shares in A+F Automation und Fördertechnik GmbH by a direct subsidiary in the financial year 2017, Mutares SE & Co. KGaA has issued a directly enforceable guarantee for the fulfillment of certain obligations of the direct subsidiary towards the acquirer regarding possible warranty claims, possible specific indemnification claims as well as possible specific cost reimbursement claims, which are limited in time with regard to regular warranty claims except for fundamental warranties until 30 September 2019 (no utilization took place), with regard to these fundamental warranty claims until 31 December 2020 (no utilization took place), with regard to the indemnification claims until 31 December 20 (no utilization took place), and with regard to these fundamental warranty claims until 31 December 20 (no utilization took place). With regard to these fundamental warranty claims, they are limited in time until 31 December 2020 (no claim was made), with regard to the indemnification claims until 31 December 2022, and with regard to the reimbursement of costs they are unlimited in time. In terms of amount, these claims are limited to an amount of EUR 4.0 million with regard to the regular warranty claims with the exception of fundamental warranties, to an amount of EUR 50 thousand with regard to the cost reimbursement claims and otherwise to the base purchase price in total with regard to all claims together. This guarantee expired in the financial year 2022 without being called upon.

On 10 November 2022, the sale of all shares in Nordec Group OY by DONGES STEELTEC GmbH was completed. In connection with the sale, Mutares SE & Co. KGaA has undertaken to guarantee the indemnification obligation of DONGES STEELTEC GmbH under the purchase and assignment agreement. The guarantee is limited to a maximum amount of EUR 13.0 million. The guarantee expires (i) at the latest fifteen years after the issuance of the guarantee, i.e. at the end of 10 November 2037, or (ii) if all claims have been duly satisfied and no further claims for indemnification are expected or (iii) if the maximum amount has been exhausted or (iv) if a cancellation agreement regarding the guarantee has been reached or (v) if the claims for indemnification have been waived as a result of a change of control. The Management Board does not expect to be called upon under this obligation.

Litigation

The liquidator of the former investment Grosbill has been pursuing a lawsuit against Mutares SE & Co. KGaA since 2020, based on an alleged corporate liability of Mutares. At the same time, the former seller of Grosbill is being sued for breach of contract towards the sold company. Mutares has defended itself in full against this action, which it considers to be without merit. The lawsuit was initially deleted from the list of ongoing proceedings for lack of filed statement of claim and put on hold; at the end of 2022 (shortly before the statute of limitations for potential claims), the plaintiff filed a new statement of claim containing a statement of claim. Mutares will defend itself against this, as the claims are considered to be without merit.

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

The Management Board of the general partner of Mutares SE & Co. KGaA, Mutares Management SE, as well as the Shareholders' Committee and the Supervisory Board of Mutares SE & Co. KGaA are committed to the principles of corporate governance focused on long-term and sustainable value creation. To this end, they jointly issue a summarized "Corporate Governance Statement" in accordance with Sections 289f and 315d of the German Commercial Code (HGB). The full text of the current declaration is available on the company's website at https://ir.mutares.de/corporate-governance/. As part of the corporate governance statement, the Management Board of the general partner of Mutares SE & Co. KGaA, Mutares Management SE, and the Supervisory Board of Mutares

SE & Co. KGaA issued the statement required by Section 161 of the German Stock Corporation Act (AktG) in December 2022 and made it publicly available on the company's website at https://ir.mutares.de/corporate-governance/.

5.7 Group affiliation

The Company prepares consolidated financial statements for the largest group of companies and the smallest group of companies as of 31 December 2022. Disclosure shall be made by means of electronic transmission of the documents to the body keeping the register of companies for inclusion in the register of companies.

5.8 Disclosure of voting rights notifications pursuant to Section 160 (1) no. 8 AktG

Pursuant to Section 160 (1) No. 8 of the German Stock Corporation Act (AktG), information must be provided on the existence of shareholdings that have been notified pursuant to Section 20 (1) or (4) of the German Stock Corporation Act (AktG) or Section 33 (1) or (2) of the German Securities Trading Act (WpHG). Under these provisions, investors whose share of voting rights in listed companies has reached, exceeded or fallen below certain thresholds are required to notify the Company.

The notifications received by the Company pursuant to Section 33 (1) or (2) of the German Securities Trading Act (WpHG) are listed below, reflecting the shareholdings last reported to Mutares SE & Co KGaA. There may have been changes in the voting rights listed after the dates indicated that were not notifiable to the Company.

Date of notification to the Company	Communicating person	Share of voting rights	Shares held directly or indirectly
20.10.2021	Robin Laik	25,08%	**direct**
20.10.2021	Dr. Johann Vielberth	10,12%	**indirect**
20.10.2021	ELBER GmbH	10,12%	**direct**

In addition, five further members of Robin Laik's family, all resident in Germany, directly hold the above-mentioned 25.08% share of voting rights. The voting rights for these shares are exercised uniformly by Robin Laik.

5.9 Proposal for the appropriation of earnings

The Management Board of the general partner of Mutares SE & Co. KGaA will propose to the Annual General Meeting for the financial year 2022 to be held in 2023 to use the retained earnings of Mutares SE & Co. KGaA as of 31 December 2022 in the amount of EUR 117,828,514.82 to distribute a dividend of EUR 1.00 per no-par value share entitled to dividend and otherwise to carry it forward to new account. This corresponds to a total amount of EUR 20,626 thousand in relation to the shares currently in circulation. The remaining amount of EUR 97,202 thousand is to be carried forward.

5.10 Events after the balance sheet date

With a value date of 31 March 2023, Mutares SE & Co. KGaA as issuer has issued a senior secured bond with a nominal volume of EUR 100 million and a maturity date of 31 March 2027. The proceeds of the issue will be used to refinance the bond issued in the financial year 2020 (WKN A254QY / ISIN NO0010872864) and for general corporate financing. The new bond is listed on the Open Market of the Frankfurt Stock Exchange (WKN A30V9T / ISIN NO0012530965). A further listing on the Nordic ABM of the Oslo Stock Exchange is planned during the financial year 2023. The bond was issued at an issue price of 100.00%. The bond bears interest quarterly, for the first time on 30 June 2023, at the 3-month EURIBOR (EURIBOR floor of 0.00%) plus a margin of 8.50% and can be increased to a nominal volume of up to EUR 250 million during the term depending on market conditions. The bond is secured by the pledge of 100% of the shares in certain affiliated companies held by Mutares SE & Co. KGaA and by the assignment of existing and any future loan receivables of Mutares SE & Co. KGaA from these affiliated companies. The terms and conditions of the bonds contain various provisions regarding general obligations, information obligations, and financial covenants. Compliance with these regulations is monitored on an ongoing basis as part of the risk management of Mutares SE & Co.

Munich, 5 April 2023

Mutares Management SE,

General Partner of Mutares SE & Co. KGaA

The Board

Robin Laik

Mark Friedrich

Johannes Laumann

Appendix 1 to the Notes: Fixed Assets Schedule

in EUR	Acquisition and production costs				
	01 January 2022	Additions	Disposals [1]	Reclassifications	31 December 2022
I. Intangible assets					
Acquired concessions, industrial property rights and similar rights and assets as well as licenses to such rights and assets	70,490	0	0	0	70,490
	70,490	0	0	0	70,490
II. Property, plant and equipment					
1. other equipment, factory and office equipment	1,069,947	228,200	3,867	0	1,294,280
2. advance payments made	22,609	17,154	39,763	0	0
	1,092,556	245,354	43,629	0	1,294,280
III. Financial assets					
1. shares in affiliated companies	59,991,468	24,369,673	2,167,770	0	82,193,372
2. loans to affiliated companies	17,623,410	10,652,606	0	0	28,276,016
3. participating interests	36,000	0	0	0	36,000
	77,650,879	35,022,279	2,167,770	0	110,505,388
Total	**78,813,924**	**35,267,633**	**2,211,399**	**0**	**111,870,158**

in EUR	Accumulated depreciation					Book value	
	01 January 2022	Additions	Disposals [1]	Reclassifications	31 December 2022	31 December 2022	31 December 2021
I. Intangible assets							
Acquired concessions, industrial property rights and similar rights and assets as well as licenses to such rights and assets	70,483	0			70,483	7	7
	70,483	0	0	0	70,483	7	7
II. Property, plant and equipment							
1. other equipment, factory and office equipment	629,664	278,295	26,143		878,815	415,465	440,283
2. advance payments made	0	0			0	0	22,609
	629,664	278,295	26,143	0	878,815	415,465	462,892
III. Financial assets							
1. shares in affiliated companies	12,211,983	4,808,695	1,310,489		15,710,189	66,483,183	47,779,485
2. loans to affiliated companies	0	0	0	0	0	28,276,016	17,623,410
3. participating interests	0	0	0	0	0	36,000	36,000
	12,211,983	4,808,695	1,310,489	0	15,710,189	94,795,199	65,438,896
Total	**12,912,129**	**5,086,990**	**1,336,632**	**0**	**16,659,487**	**95,210,671**	**65,901,795**

[1] This includes adjustments of EUR 1.3 million attributable to disposals in previous years. Historical cost and accumulated depreciation have been adjusted accordingly.

Appendix 2 to the Notes: List of shareholdings as of 31 December 2022

Direct shareholdings/ holding companies	Seat	Share in % 12/31/2022	Share in % 12/31/2022
mutares Holding-02 AG (1)	Bad Wiessee	100	100
mutares Holding-03 AG (1)	Bad Wiessee	100	100
mutares Holding-07 GmbH (1)	Bad Wiessee	90	90
mutares Holding-09 AG i.L. (4)	Bad Wiessee	100	100
mutares Holding-10 GmbH (1)	Bad Wiessee	100	100
mutares Holding-11 AG i.L. (4)	Bad Wiessee	100	100
mutares Holding-13 AG i.L. (4)	Bad Wiessee	100	100
mutares Holding-14 GmbH (1)	Bad Wiessee	100	100
mutares Holding-20 AG i.L. (4)	Bad Wiessee	100	100
mutares Holding-21 AG (1)	Bad Wiessee	100	100
mutares Holding-23 GmbH (1)	Bad Wiessee	-	100
mutares Holding-25 GmbH (1)	Bad Wiessee	100	100
mutares Holding-26 GmbH (1)	Bad Wiessee	90	90
mutares Holding-28 GmbH (1)	Bad Wiessee	100	100
mutares Holding-29 GmbH (1)	Bad Wiessee	-	90
mutares Holding-30 AG i.L. (4)	Bad Wiessee	100	100
mutares Holding-31 GmbH (1)	Bad Wiessee	100	100
mutares Holding-32 GmbH (1)	Bad Wiessee	-	90
mutares Holding-33 GmbH (1)	Bad Wiessee	100	100
mutares Holding-35 GmbH (1)	Bad Wiessee	90	90
mutares Holding-36 GmbH (1)	Bad Wiessee	90	90
mutares Holding-37 GmbH (1)	Bad Wiessee	100	88
mutares Holding-38 GmbH (1)	Bad Wiessee	90	90
mutares Holding-39 GmbH (1)	Bad Wiessee	90	90
mutares Holding-40 GmbH (1)	Bad Wiessee	85	85
mutares Holding-41 GmbH (1)	Bad Wiessee	100	100
mutares Holding-42 GmbH (1)	Bad Wiessee	90	90
mutares Holding-43 GmbH (1)	Bad Wiessee	100	100
mutares Holding-45 GmbH (1)	Bad Wiessee	90	90
mutares Holding-46 GmbH (1)	Bad Wiessee	90	90
mutares Holding-47 GmbH (1)	Bad Wiessee	90	90
mutares Holding-48 GmbH (1)	Bad Wiessee	90	100
mutares Holding-49 GmbH (1)	Bad Wiessee	87	100
mutares Holding-50 GmbH (1)	Bad Wiessee	91	-
mutares Holding-51 GmbH (1)	Bad Wiessee	100	100
mutares Holding-53 GmbH (1)	Bad Wiessee	100	100
mutares Holding-54 GmbH (1)	Bad Wiessee	100	100
mutares Holding-55 GmbH (1)	Bad Wiessee	100	100
mutares Holding-56 GmbH (1)	Bad Wiessee	100	100
mutares Holding-57 GmbH (1)	Bad Wiessee	100	100
mutares Holding-58 GmbH (1)	Bad Wiessee	100	100
mutares Holding-59 GmbH (1)	Bad Wiessee	100	100
mutares Holding-60 GmbH (1)	Bad Wiessee	100	-
mutares Holding-61 GmbH (1)	Bad Wiessee	100	-
mutares Holding-62 GmbH (1)	Bad Wiessee	100	-
mutares Holding-63 GmbH (1)	Bad Wiessee	100	-
mutares Holding-64 GmbH (1)	Bad Wiessee	100	-
mutares Holding-65 GmbH i.G. (1)	Bad Wiessee	100	-
mutares Holding-66 GmbH i.G. (1)	Bad Wiessee	100	-
mutares Holding-67 GmbH i.G. (1)	Bad Wiessee	100	-
mutares Holding-68 GmbH i.G. (1)	Bad Wiessee	100	-
mutares Holding-69 GmbH i.G. (1)	Bad Wiessee	100	-
Purple Holding SAS (1)	Paris/FR	100	-

Direct shareholdings/ holding companies	**Seat**	**Share in % 12/31/2022**	**Share in % 12/31/2022**
Mutares Austria Holding-01 GmbH (formerly: AE BG GammaEta Holding GmbH) (1)	Vienna/AT	100	-
Mutares Holding Italy 1 S.r.l. (1)	Milan/IT	100	100
Mutares Sierra S.L. (1)	Madrid/ES	100	100
Mutares Investment S.L. (1)	Madrid/ES	100	100
MuxTec GmbH (1)	Munich	100	100
Mutares Verwaltungs GmbH (2)	Bad Wiessee	100	100
Mutares Management SE (3)	Munich	30	30
National companies	**Seat**		
Mutares France S.A.S. (1)	Paris/FR	100	100
Mutares Italy S.r.l. (1)	Milan/IT	100	100
Mutares UK Ltd (1)	London/UK	100	100
Mutares Nordics Oy (1)	Vantaa/FI	100	100
Mutares Nordics AB (1)	Stockholm/SE	100	100
Mutares Iberia S.L.U. (1)	Madrid/ES	100	100
Mutares Austria GmbH (1)	Vienna/AU	100	100
Mutares Benelux B.V. (1)	Amsterdam/NL	100	100
Mutares Poland Sp.z.o.o. (1)	Czestochowa/PL	100	-

Indirect shareholdings: Operating units/subgroups	**Seat**	**Share in % 12/31/2022**	**Share in % 12/31/2021**
MoldTecs Group			
MoldTecs-01-2022 Ltd (1)	Stuttgart	100	-
MoldTecs GmbH (1)	Bad Harzburg	100	-
MoldTecs S.A.S. (1)	Laval Cedex/FR	100	-
MoldTecs US L.L.C. (1)	Willmington/US	100	-
Shanghai MoldTecs Trading Co. Ltd (1)	Shanghai/CN	100	-
MoldTecs Bazil Ltda (1)	Indaiatuba/BR	100	
MoldTecs Trading India Private Limited (1)	Bangalore/IN	100	
MoldTecs Korea Ltd (1)	Weonju/KOR	100	
MoldTecs Godo Kaisha Ltd (1)	Yokohama/JP	100	-
Light Mobility Solutions			
Light Mobility Solutions GmbH (1)	Obertshausen	100	100
Atrium 248th European VV SE (1)	Frankfurt a.M.	100	-
SFC Solutions Group			
SFC Solutions Germany GmbH (1)	Mannheim	100	100
SFC Solutions India Sealing Private Ltd (1)	Dehli/IN	100	100
SFC Solutions India Fluid Private Ltd (1)	Chengalpattu/IN	100	100
SFC Solutions Czestochowa Sp.z.o.o. (1)	Czestochowa/PL	100	100
SFC Piotrkow Sp.z.o.o. (1)	Warsaw/PL	100	100
SFC Solutions Italy S.R.L. (1)	Cirié/IT	100	100
SFC Solutions Spain Borja SL (1)	Borja/ES	100	100
SFC Solutions France S.A.S. (1)	Rennes/FR	100	100
SFC Solutions Automotive S.A.S. (1)	Charleval/FR	100	-
SFC Solutions Automotive S.r.l. (1)	Clucereasa/RO	100	-
SFC Solutions Automotive S.a.r.l. (1)	Tangier/MA	100	-
Sealynx Automotive Algeria S.p.A. i.L. (2)	Arbal/DZ	29	-

Indirect shareholdings: Operating units/subgroups	Seat	Share in % 12/31/2022	Share in % 12/31/2021
Elastomer Solutions Group			
Elastomer Solutions GmbH (1)	Wiesbaum	100	100
DF Elastomer Solutions Lda (1)	Mindelo/PT	100	100
Elastomer Solutions s.r.o. (1)	Belusa/SK	100	100
Elastomer Solutions Maroc S.à.r.l. (1)	Free Trade Zone Tangier/MA	100	100
Elastomer Solutions Mexico S. de R.L. de C.V. (1)	Fresnillo/MX	100	100
KICO and ISH Group			
KICO Ltd (1)	Halver	100	100
Mesenhöller Verwaltungs GmbH (1)	Halver	100	100
KICO Plastics Technology GmbH (1)	Halver	100	100
KICO-Polska Sp.z.o.o. (1)	Swiebodzin/PL	100	100
KICO Sistemas Mexico S. de R.L. de C.V. (1)	El Marqués/MX	100	100
Innomotive Systems Hainichen GmbH (1)	Hainichen	100	100
Innomotive Systems Hainichen Co. Ltd (1)	Nanjing/CN	100	100
Alemante Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs KG i.L. (2)	Mainz	94	94
Cimos Group			
Cimos d.d. (1)	Koper/SI	100	-
Cimos IP (1)	Koper/SI	100	-
P.P.C. Buzet d.o.o. (1)	Buzert/HR	100	-
Cimos Buzet d.o.o. (1)	Buzert/HR	100	-
Cimos Ljevaonica Roc d.o.o. (1)	Roc/HR	100	-
Cimos "TMD Automobilka Indusrija" d.o.o. (1)	Gradacac/BA	100	-
Livnica Kikinda Automobilska Indusrija d.o.o. (1)	Kikinda/RS	93	-
Cimos Germany GmbH (1)	Munich	100	-
PrimoTECS Group			
PrimoTECS S.P.A. (1)	Avigliana/IT	100	100
Rasche Holding GmbH (1)	Plettenberg	100	100
Rasche Umformtechnik GmbH & Co KG (1)	Plettenberg	100	100
Rasche Verwaltungs GmbH (1)	Plettenberg	100	100
iinovis Group			
iinovis Beteiligungs GmbH (1)	Munich	100	100
iinovis Verwaltungs GmbH (1)	Munich	100	100
iinovis Holding GmbH & Co KG (1)	Munich	100	100
iinovis GmbH (1)	Bad Friedrichshall	100	100
BAUR Karosserie- und Fahrzeugbau GmbH (1)	Bad Friedrichshall	100	100
iinovis Testing Spain S.L. (1)	Antas/ES	100	100
Plati Group			
Plati Elettroforniture S.r.l. (formerly S.p.A.) (1)	Torino/IT	100	100
Plati Logistics KFT i.L (1)	Budapest/HU	-	100
Plati Ukraine Limited (1)	Vynohradiw/UA	100	100
Plati Polska S.p.z.o.o (1)	Gdansk/PL	95	95
Plati Maroc Sarl i.L. (1)	Mohammedia/MA	90	90
Plati Electronics UG (2)	Munich	100	100

Indirect shareholdings: Operating units/subgroups	Seat	Share in % 12/31/2022	Share in % 12/31/2021
Balcke-Dürr & NEM Energy B.V. Group			
Balcke-Dürr GmbH (1)	Düsseldorf	100	100
STF Balcke-Dürr S.r.l. (1)	Rome/IT	-	100
Balcke-Dürr Technologies India Private Ltd (2)	Chennai/IN	100	100
Wuxi Balcke-Dürr Technologies Co., Ltd. (1)	Wuxi/CN	100	100
Balcke-Dürr Engineering Private Ltd (2)	Chennai/IN	100	100
Balcke-Dürr Nuklearservice GmbH (1)	Düsseldorf	100	100
STF Balcke-Duerr France (2)	St. Dizier/FR	-	100
Balcke-Dürr Energy Solutions (1)	Genoa/IT	100	-
NEM Energy B.V. (formerly: Balcke-Dürr B.V.) (1)	Zoeterwourde/NL (formerly: Amsterdam/NL)	100	-
Donges Group			
Donges SteelTec GmbH (1)	Darmstadt	100	100
Kalzip GmbH (1)	Koblenz	100	100
Kalzip France S.A.S. (1)	Ancerville/FR	100	100
Kalzip FZE (1)	Dubai/AE	100	100
Kalzip Ltd (1)	Haydock/UK	100	100
Kalzip India Private Ltd (1)	Gurgaon/IN	100	100
Kalzip S.L.U. (1)	Madrid/ES	100	100
Kalzip Asia PTE Ltd (1)	Singapore/SG	100	100
Kalzip Inc (1)	Michigan/US	100	100
BFS Ltd (2)	Mannheim	100	100
FDT Flachdach Technologie GmbH (1)	Mannheim	100	100
FDT Flat Roof Technology S.A./N.V. (1)	Nivelles/BE	100	100
FDT France S.A.S (1)	Osny/FR	100	100
Nordec Group Oy (1)	Vantaa/FI	-	100
Nordec Envelope Oy (1)	Helsinki/FI	-	100
Nordec Construction AB (1)	Saltsjö-Boo/SE	-	100
Kiinteistö Oy Normek Karvia i.L (4)	Helsinki/FI	-	53
Kiinteistö Oy Alavuden Teollisuuspuisto (1)	Alavus/FI	-	100
Nordec AS (1)	Oslo/NO	-	100
Nordec Oy (1)	Helsinki/FI	-	100
Nordec Sp.z.o.o (1)	Oborniki/PL	-	100
Nordec s.r.o. (1)	Prague/CZ	-	100
UAB Nordec (1)	Gargzdai/LT	-	100
Smart Curtain Wall S.A. (formerly: Permasteelisa Espana Donges Group S.A.) (1)	Madrid/ES	100	100
La Rochette			
La Rochette Holding S.A.S (1)	Paris/FR	100	100
La Rochette Cartonboard S.A.S. (1)	La Rochette/FR	100	100
Bonaparte Holding S.A.S. (1)	Paris/FR	100	100
Lacroix & Kress			
LACROIX + KRESS GmbH (1)	Bramsche	100	100
Lackdraht Union Unterstützungseinrichtung GmbH (1)	Bramsche	100	100
Special Melted Products			
Special Melted Products Ltd (formerly: Allegheny Technologies Limited) (1)	Sheffield/UK	100	-

Indirect shareholdings: Operating units/subgroups	Seat	Share in % 12/31/2022	Share in % 12/31/2021
Gemini Rail and ADComms			
Gemini Rail Holdings UK Ltd (1)	Wolverton/UK	-	100
Gemini Rail Technology UK Ltd. i.L. (4)	Wolverton/UK	100	100
Gemini Rail Services UK Ltd (1)	Wolverton/UK	100	100
Alan Dick Communications Ltd (1)	Scunthorpe/UK	100	100
IPS Communications Ltd (1)	Scunthorpe/UK	100	100
Rail Order Ltd (1)	Scunthorpe/UK	100	100
Guascor Energy			
Guascor Energy S.A.U. (formerly: Siemens Energy Engines S.A.U.) (1)	Zumaia/ES	100	-
Royal de Boer & Japy Tech Group			
Japy Tech S.A.S. (1)	Dijon/FR	100	100
Royal de Boer Stalinrichtingen B.V. (1)	Leeuwarden/NL	-	100
VALTI			
Valti S.A.S. (formerly: Vallourec Bearing Tubes S.A.S.) (1)	Montbard/FR	100	-
Clecim			
Clecim S.A.S. (1)	Savigneux/FR	100	100
Steyr Motors Group			
Steyr Motors Betriebs GmbH (1)	Steyr/AT	100	-
Steyr Motors Immo Ltd (1)	Steyr/AT	100	-
Stey Motors North America, Inc. (2)	Costa Mesa/US	100	-
Steyr Motors Hong Kong Co. Ltd (2)	Hong Kong/HK	100	-

Indirect shareholdings: Operating units/subgroups	Seat	Share in % 12/31/2022	Share in % 12/31/2021
Lapeyre Group			
Lapeyre Holding S.A.S. (1)	Paris/FR	100	100
Lapeyre S.A.S (1)	Paris/FR	100	100
Lapeyre Services S.A.S. (1)	Aubervillieres/FR	100	100
Distrilap S.A.S. (1)	Aubervillieres/FR	100	100
Enterprise Cordier S.A.S. (1)	Magenta/FR	100	100
Lagrange Production S.A.S. (1)	La Magdelaine Sur Tarn/FR	100	100
Les Menuiseries du Centre S.A.S (1)	Ydes/FR	100	100
Pastural S.A.S. (1)	Epernay/FR	100	100
Poreaux S.A.S. (1)	Saint Martin Sur Le Pre/FR	100	100
Giraud Production S.A.S. (1)	Cours/FR	100	100
Azur Production S.A.S. (1)	Aubervillieres/FR	100	100
Gam S.A.S. (1)	Cours/FR	100	100
S.B.L S.A.S. (1)	Marcoing/FR	-	100
Cougnaud S.A.S. (1)	Aizenay/FR	100	100
Ouest Production S.A.S. (1)	La Chaize Giraud/FR	100	100

Indirect shareholdings: Operating units/subgroups	**Seat**	**Share in % 12/31/2022**	**Share in % 12/31/2021**
Frigoscandia Group			
Frigoscandia AB (1)	Helsingborg/SE	100	100
Frigoscandia B.V. (1)	DB Ridderkerk/NL	100	100
Frigoscandia Denmark A/S (1)	Aalborg/DN	100	100
Svebol Logistics AB (1)	Sundbyberg/SE	100	100
Bring Frigo S.L. (1)	Boulogne sur Mer/FR	100	100
Frigoscandia S.A.S (1)	Boulogne sur Mer/FR	-	100
Frigoscandia Akeri AB (1)	Helsingborg/SE	100	100
Frigoscandia Norway AS (1)	Rud/NO	100	100
Frigoscandia Temp AB (formerly: Bring Frigo Temp AB) (1)	Helsingborg/SE	100	100
Frigoscandia Oy (1)	Vantaa/FI	100	100
Frigoscandia Fastighets AB (1)	Helsingborg/SE	100	100
Kommanditbolaget Eslöv Gurkan 2 (2)	Helsingborg/SE	100	100
Kommanditbolaget Beckslagaren 9 Örebro (2)	Helsingborg/SE	100	100
Kommanditbolaget Jordbromalm 4:4 Haninge (2)	Helsingborg/SE	100	100
Frigoscandia Transport AS (formerly: Polar Frakt AS) (1)	Oslo/NO	100	-
Götene Kyltransporter AB (1)	ötene/SE	100	-
Terranor Group			
Terranor Oy (1)	Helsinki/FI	100	100
Terranor AB (1)	Stockholm/SE	100	100
Terranor A/S (1)	Silkeborg/DN	100	100
keeeper Group			
keeeper GmbH (1)	Stemwede	100	100
keeeper Sp.z.o.o. (1)	Bydgoszcz/PL	100	100
EXI & Sirti Group			
EXI S.p.A. (1)	Rome/IT	100	100
SIX Energy S.p.A. (formerly: Sirti Energia S.p.A.) (1)	Milan/IT	100	-
Ganter Group			
Ganter Constructions & Interiors GmbH (1)	Waldkirch	100	100
Ganter Interior GmbH (1)	Waldkirch	100	100
Ganter France S.a.r.l. (1)	Paris/FR	100	100
Ganter Italia S.r.l. (1)	Merano/IT	100	100
Ganter UK Ltd. i.L. (4)	London/UK	100	100
Ganter Suisse AG (1)	Schenkon/CH	100	100
FASANA			
FASANA Ltd (1)	Stemwede	100	100
Repartim Group			
Mouse Holding S.A.S. (1)	Paris/FR	80	80
Repartim S.A.S (1)	Saint-Pierre-des-Corps/FR	100	100
Sky in Lab S.A.S. (2)	Montastruc-La-Conseillere/FR	-	11
Presta Terre Services S.a.r.l. (1)	Pompey/FR	100	100
GROUPEMENT SAINT MAURIEN S.A.S. (1)	Servon/FR	100	100
SABO			
SABO Machine Factory Ltd (1)	Gummersbach	100	100

Indirect shareholdings: Operating units/subgroups	**Seat**	**Share in % 12/31/2022**	**Share in % 12/31/2021**
Asteri			
Asteri Facility Solutions AB (1)	Solna/SE	100	100

Other	**Seat**	**Share in % 31.12.2022**	**Share in % 31.12.2021**
BEXity Ltd (1)	Vienna/AU	-	100
Pixmania SRO i.L. (4)	Brno/CZ	100	100
E-Merchant S.A.S i.L. (4)	Asnières-sur-Seine/FR	100	100
Zanders-Abwicklungs GmbH (5)	Bergisch Gladbach	95	95
BGE Eisenbahn Güterverkehr GmbH i.L. (5)	Bergisch Gladbach	100	100
Artmadis S.A.S. i.L. (6)	Wasquehal/FR	100	100
Cofistock S.à.r.l. (6)	Wasquehal/FR	100	100
Cogemag S.A.S. i.L. (6)	Croix/FR	100	100

Companies in connection with management participation programs	**Seat**	**Share in % 12/31/2022**	**Share in % 12/31/2021**
keeeper Beteiligungs GmbH & Co KG (2)	Bad Wiessee	-	-
SABO Beteiligungs GmbH & Co KG (2)	Bad Wiessee	-	-
Terranor Beteiligungs GmbH & Co KG (2)	Bad Wiessee	-	-
Carbon Beteiligungs GmbH & Co KG (2)	Bad Wiessee	-	-
Vespucci Beteiligungs GmbH & Co KG (2)	Bad Wiessee	-	-
Iinovis Beteiligungs GmbH & Co KG (2)	Bad Wiessee	-	-
Lacroix+Kress Beteiligungs GmbH & Co KG (2)	Bad Wiessee	-	-
Clecim Beteiligungs GmbH & Co KG (2)	Bad Wiessee	-	-
Crystal Beteiligungs GmbH & Co KG (2)	Bad Wiessee	-	-
Maison Beteiligungs GmbH & Co KG (2)	Bad Wiessee	-	-
LaRochette Beteiligungs GmbH & Co KG (2)	Bad Wiessee	-	-
Dora Beteiligungs GmbH & Co KG (2)	Bad Wiessee	-	-
Frigoscandia Beteiligungs GmbH & Co KG (2)	Bad Wiessee	-	-
Asteri Beteiligungs GmbH & Co KG (2)	Bad Wiessee	-	-
Ganter Beteiligungs GmbH & Co KG (2)	Bad Wiessee	-	-

(1) Included in full consolidation as the requirements of IFRS 10.7 are met.

(2) Inclusion in accordance with the principle of materiality is waived (cf. IAS 1.29 et seq.), as the subsidiary is of minor importance for the obligation to give a true and fair view of the net assets, financial position and results of operations of the Group. Together, the subsidiaries whose inclusion is waived are also of minor importance. Inclusion would only result in an insignificant improvement in information.

(3) Treatment as an associated company is waived with reference to the principle of materiality, as the investment is of minor importance for the presentation of a true and fair view of the net assets, financial position and results of operations of the Group.

(4) The company is currently in liquidation. With reference to IFRS 10.7, it is not included in the consolidated financial statements.

(5) In June 2018, the management filed for insolvency proceedings in view of an imminent insolvency and planned to continue the reorganization under self-administration proceedings. The Company and its subsidiary were deconsolidated as of June 30, 2018 due to the resulting loss of control. The court finally opened insolvency proceedings in the standard procedure for the Company's assets by order dated September 1, 2018.

(6) Artmadis S.A.S. filed for insolvency proceedings in 2018 due to ongoing economic difficulties and is - like its subsidiaries Cofistock and Cogemag - in liquidation. Artmadis Belgium as well as Artmadis Hong Kong were sold in financial 2018. Consequently, all five companies were deconsolidated in 2018.

Assurance of the legal Representatives

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the combined management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Munich, 5 April 2023

Mutares Management SE,

General Partner of Mutares SE & Co. KGaA

The Board

Robin Laik

Mark Friedrich

Johannes Laumann

Translation – German version prevails

INDEPENDENT AUDITOR'S REPORT

To Mutares SE & Co. KGaA, Munich/Germany

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 Mutares SE & Co. KGaA, Munich/Germany, which comprise the balance sheet as at 31 December 2022, and the statement of profit and loss for the financial year from 1 January to 31 December 2022, and the notes to the financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the combined management report for the parent and the group ("combined management report") of Mutares SE & Co. KGaA, Munich/Germany, for the financial year from 1 January to 31 December 2022. In accordance with the German legal requirements, we have not audited the content of the combined corporate governance statement pursuant to Sections 289f and 315d German Commercial Code (HGB), including the statement pursuant to Section 161 German Stock Corporation Act (AktG) included therein, to which reference is made in section 6.3 of the combined management report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying 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 to 31 December 2022 in compliance with German Legally Required Accounting Principles, 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 audit opinion on the combined management report does not cover the content of the combined corporate governance statement nor the statement pursuant to Section 161 AktG included therein, which are referred to above.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the 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 Section 317 HGB and the EU Audit Regulation (No. 537/2014; referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the 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) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the 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 judgement, were of most significance in our audit of the annual financial statements for the financial year from 1 January 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.

In the following we present the key audit matters we have determined in the course of our audit:

1. Recognition of income from long-term equity investments in profit and loss
2. Income from the intragroup disposal of long-term equity investments

Our presentation of these key audit matters has been structured as follows:

a) description (including reference to corresponding information in the annual financial statements)

b) auditor's response

1. Recognition of income from long-term equity investments in profit and loss

a) Mutares SE & Co. KGaA stated income from long-term equity investments of mEUR 72.3 (prior year: mEUR 14.4) in the statement of profit and loss for the financial year from 1 January to 31 December 2022, which corresponds to approx. 99% of profit for the period in the financial year (prior year: approx. 28%). Income from long-term equity investments exclusively relates to affiliated companies and is partially recognised as part of a same-phase profit recognition in profit and loss and partially recognised based on distributions after the according resolutions on the appropriation of profits were made. Income from long-term equity investments is realised if the stipulations for a same-phase recognition of the profit for the period in profit and loss are met and the general meeting has resolved the respective necessary resolution. This matter was of particular significance during our audit as auditing the stipulations for a same-phase recognition of profit for the period in profit and loss proved to be complex and time-consuming and income from long-term equity investments has considerable influence particularly on the Company's financial performance.

   The executive directors have made according disclosures in the chapter "Statement of profit and loss" under the "Recognition and valuation methods" section as well as in the explanatory note 4.6 in the notes to the financial statements.

b) In conducting our audit we first obtained an understanding of the processes and workflows implemented by the executive directors in respect of the recognition of income from long-term equity investments in profit and loss. Additionally, we reviewed whether the income form long-term equity investments was determined correctly based on the affiliated companies' annual financial statements and the respective resolutions of the general meetings. This also included the assessment whether the stipulations for a same-phase recognition of profits in profit and loss were met pursuant to the legislation of the European Court of Justice and the German Federal Court of Justice as well as to necessary further requirements. Furthermore, we audited whether income from long-term equity investments were appropriately disclosed in the statement of profit and loss and whether the according receivables were recognised in the balance sheet appropriately and whether the disclosures made in the notes to the financial statements were complete and correct.

2. Income from the intragroup disposal of long-term equity investments

a) Mutares SE & Co. KGaA, Munich/Germany, holds 90% of the shares in mutares Holding-39 GmbH, Bad Wiessee/Germany, which in turn holds 100% of the shares in Terranor AB, Stockholm/Sweden, and – prior to the intragroup disposal – held 100% of the shares in Terranor Oy, Helsinki/Finland. By agreement of 9 December 2022, mutares Holding-39 GmbH sold its shares in Terranor Oy to Terranor AB taking effect on 31 December 2022. The agreed purchase price amounted to mEUR 16.8 and was due for payment on 31 December 2022. The gain on disposal of mEUR 16.8 was recognised in the statement of profit and loss for the financial year 2022 of mutares Holding-39 GmbH with an effect on income. Accordingly, this gain on disposal was included in income from long-term equity investments and thus in the profit and loss for the period 2022 of Mutares SE & Co. KGaA as part of the same-phase profit recognition in the amount of the proportional shareholding of 90%.

The purchase price of the shares in Terranor Oy was determined based on the cash flow planning provided by Terranor Oy, which they prepared based on their expectations about the future market and industry development as well as the further development of Terranor Oy's business model. For value determination, the executive directors of Terranor AB commissioned an external expert to prepare a valuation according to the principles IDW S 1 (Principles for the Performance of Business Valuations) using a discounted cash flow model.

Terranor Oy's executive directors' cash flow planning is highly dependent on their assessment of this company's development, which forms the basis for the planned future cash flows. Another significant influencing factor for determining the business value is the discount rate which was derived from industry-specific weighted average cost of capital. In preparing the valuation, the executive directors have to make numerous assumptions, making it subject to judgement and material uncertainties.

Against this background and given the existing constellation of related entities for which there is no balancing of interest from the outset corresponding to an arm's length comparison, this intragroup disposal of the shares in Terranor Oy was of particular significance in our audit of the annual financial statements of Mutares SE & Co. KGaA.

The disclosures of the executive directors concerning the income from long-term equity investments and from the disposal of long-term equity investments are included in section 4.6 of the notes.

b) In auditing the transaction regarding the intragroup disposal of the shares in Terranor Oy, among other things, we looked through the concluded agreement and obtained an understanding of the methodical and substantial approach for purchase price determination carried out by the executive directors of Terranor Oy and the external expert. In this respect, we inspected whether the future cash flows determined by the executive directors and included in the valuation and the respective weighted average cost of capital applied for the valuation served as a basis for the determination of the business value in accordance with the principles of IDW S 1. When analysing the results of the valuation, we – among other things – relied on publicly available general and industry-specific market expectations and forecasts. We critically assessed the extensive explanations provided by the executive directors of Terranor Oy and of Mutares SE & Co. KGaA regarding the essential factors and valuation parameters on which the expected future cash flows were based on. Moreover, we satisfied ourselves of the expertise, the abilities and the objectivity of the external expert and integrated in-house valuation experts in our audit team, who supported us in our intense analysis of the parameters used for the determination of the discount rate and the weighted average cost of capital. In particular, we reviewed the methods applied by the executive directors of Terranor Oy, their assumptions made as well as the data and parameters used and assessed whether they are acceptable as part of us auditing this matter. Furthermore, we reconstructed the calculation scheme used for the business valuation and recalculated some parts of it. Finally, we examined the determination and recognition of profits resulting from the intragroup disposal.

Other Information

The executive directors and/or the supervisory board are responsible for the other information. The other information comprises

- the report of the supervisory board,
- the combined corporate governance statement pursuant to Sections 289f HGB and 315d HGB, including the statement pursuant to Section 161 AktG, to which reference is made in the combined management report,
- the consolidated non-financial report pursuant to Section 315b (3) HGB to which reference is made in the combined management report and which is expected to be presented to us after the date of this auditor’s report,
- the other unaudited content of the combined management report marked as “unaudited”,
- the executive directors’ confirmation regarding the annual financial statements and the combined management report pursuant to Section 264 (2) sentence 3 and Section 289 (1) sentence 5 HGB, and
- all other parts of the annual report, which is expected to be presented to us after the date of this auditor’s report,
- but not the annual financial statements, not the audited content of the combined management report and not our auditor’s report thereon.

The supervisory board is responsible for the report of the supervisory board. The executive directors, the shareholder committee and the supervisory board are responsible for the statement according to Section 161 AktG concerning the German Corporate Governance Code, which is part of the combined corporate governance statement to which reference is made in the combined management report. Otherwise the executive directors are responsible for the other information.

Our audit opinions on the annual financial statements and on the combined management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information identified above and, in doing so, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the combined management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the 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, in accordance with German Legally Required Accounting Principles, 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 Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this combined management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the 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 controls.
- obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems 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 provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken or safeguards applied to eliminate independence threats.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements for the current period and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on the Audit of the Electronic Reproductions of the Annual Financial Statements and of the Combined Management Report Prepared for Publication Pursuant to Section 317 (3a) HGB

Audit Opinion

We have performed an audit in accordance with Section 317 (3a) HGB to obtain reasonable assurance whether the electronic reproductions of the annual financial statements and of the combined management report (hereinafter referred to as "ESEF documents") prepared for publication, contained in the file, which has the SHA-256 value 11268a0054ab458c819b0c398162a6a221c1eef50448f5860d97341253dfa256, meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB ("ESEF format"). In accordance with the German legal requirements, this audit only covers the conversion of the information contained in the annual financial statements and the combined management report into the ESEF format, and therefore covers neither the information contained in these electronic reproductions nor any other information contained in the file identified above.

In our opinion, the electronic reproductions of the annual financial statements and of the combined management report prepared for publication contained in the file identified above meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB. Beyond this audit opinion and our audit opinions on the accompanying annual financial statements and on the accompanying combined management report for the financial year from 1 January to 31 December 2022 contained in the "Report on the Audit of the Annual Financial Statements and of the Combined Management Report" above, we do not express any assurance opinion on the information contained within these electronic reproductions or on any other information contained in the file identified above.

Basis for the Audit Opinion

We conducted our audit of the electronic reproductions of the annual financial statements and of the combined management report contained in the file identified above in accordance with Section 317 (3a) HGB and on the basis of the IDW Auditing Standard: Audit of the Electronic Reproductions of Financial Statements and Management Reports Prepared for Publication Purposes Pursuant to Section 317 (3a) HGB (IDW AuS 410 (06.2022)). Our responsibilities in this context are further described in the "Auditor's Responsibilities for the Audit of the ESEF Documents" section. Our audit firm has applied the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Company are responsible for the preparation of the ESEF documents based on the electronic files of the annual financial statements and of the combined management report according to Section 328 (1) sentence 4 no. 1 HGB.

In addition, the executive directors of the Company are responsible for such internal controls that they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements for the electronic reporting format pursuant to Section 328 (1) HGB.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Auditor's Responsibilities for the Audit of the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion.
- obtain an understanding of internal control relevant to the audit on the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.

- evaluate the technical validity of the ESEF documents, i.e. whether the file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, in the version in force at the balance sheet date, on the technical specification for this electronic file.
- evaluate whether the ESEF documents enable a XHTML reproduction with content equivalent to the audited annual financial statements and to the audited combined management report.

Further information pursuant to Article 10 of the EU Audit Regulation

We were elected as auditor by the general meeting on 17 May 2022. We were engaged by the supervisory board on 12 December 2022. We have been the auditor of Mutares SE & Co. KGaA, Munich/Germany, without interruptions since the financial year 2011.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

OTHER MATTER – USE OF THE AUDITOR'S REPORT

Our auditor's report must always be read together with the audited annual financial statements and the audited combined management report as well as with the audited ESEF documents. The annual financial statements and the group management report converted into the ESEF format – including the versions to be submitted for inclusion in the Company Register – are merely electronic reproductions of the audited annual financial statements and the audited combined management report and do not take their place. In particular, the ESEF report and our audit opinion contained therein are to be used solely together with the audited ESEF documents made available in electronic form.

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Dirk Bäßler.

Munich/Germany, 5 April 2023

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Signed:	Signed:
Dirk Bäßler	Wolfgang Braun
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)