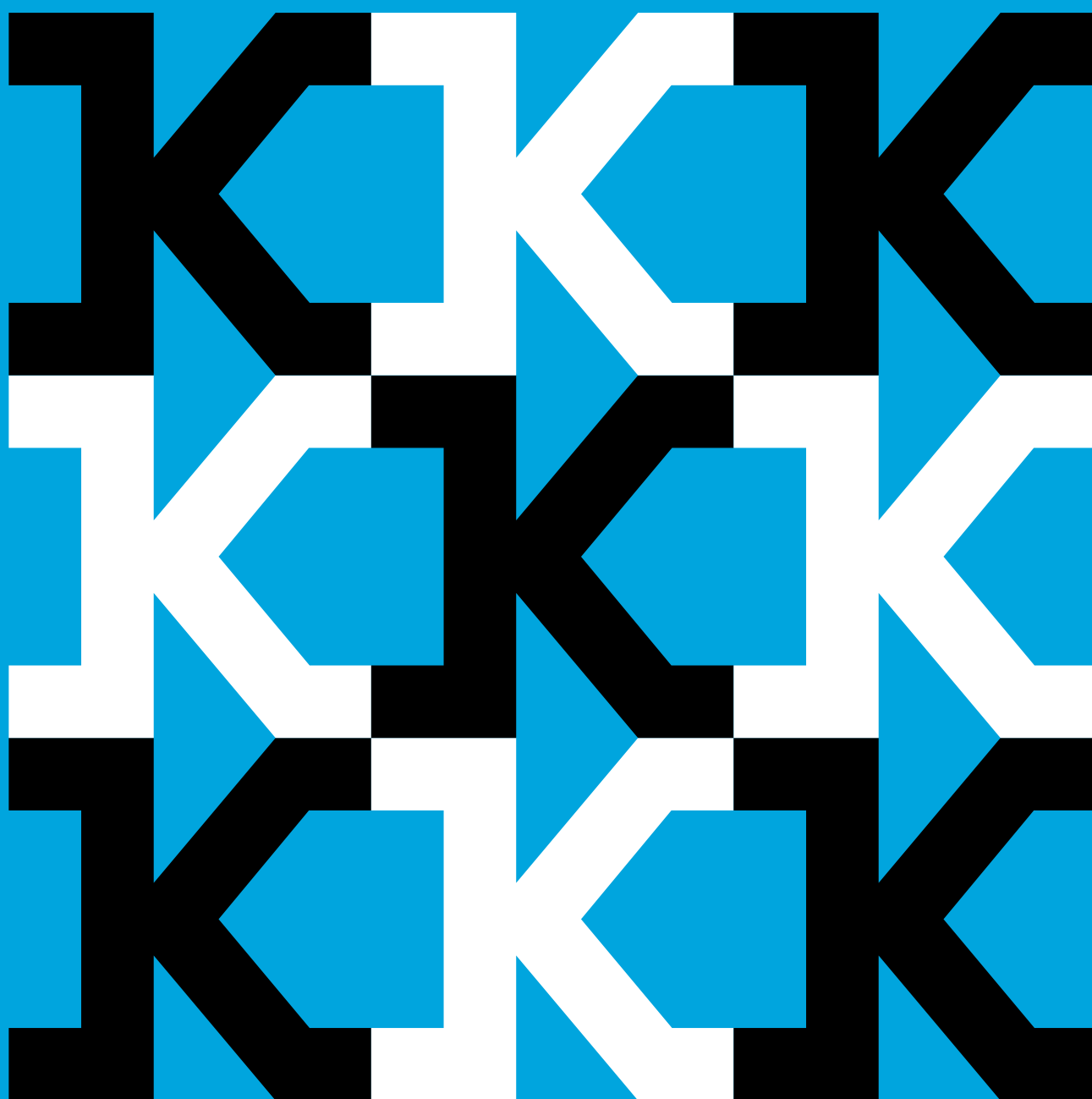


# KATEK

Lead the category

MEMBER OF PRIMEPULSE

## Annual Report 2022



# At a glance

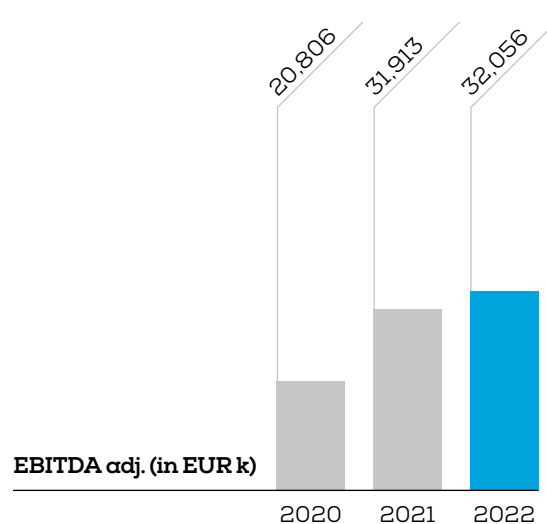
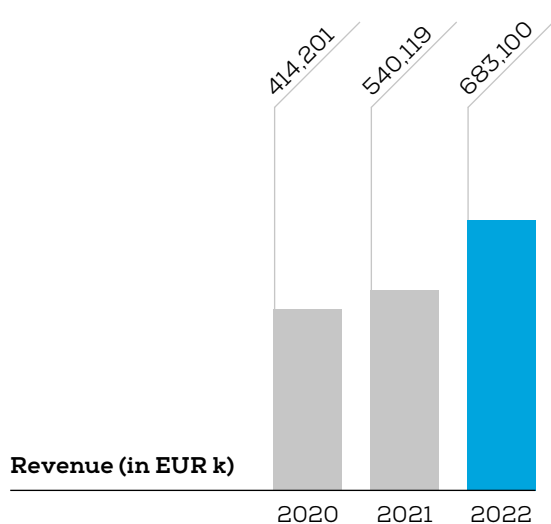
## Group key figures (in EUR k)

	YTD Dec/2022	YTD Dec/2021	YTD Dec/2020
Revenue	683,100	540,119	414,201
Gross profit	184,691	160,522	123,407
EBITDA	23,126	30,274	12,898
EBIT	790	9,050	-1,295
EBITDA adj.	32,056	31,913	20,806
Marge EBITDA (adj.)*	4.6%	5.9%	5.0%
Net profit or loss of the Group	-7,099	8,175	1,591

	31 Dec 2022	31 Dec 2021	31 Dec 2020
Total Assets	502,097	393,941	270,521
Equity	164,963	151,799	65,093
Equity ratio	32.9%	38.5%	24.1%

\* in % of total operating performance



# 120,000+

Storage and inverter produced  
in the solar & renewables division

# +88 %

Growth in CarePhone devices  
(Quantities)

# +27 %

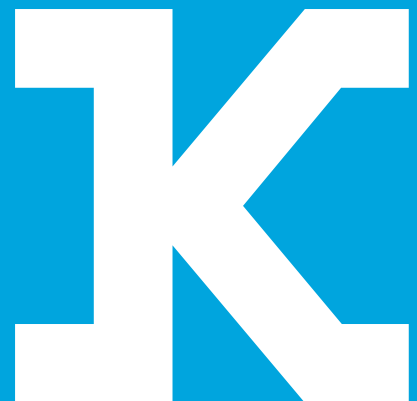
Growth in Wallboxes (Quantities)

# 59,000+

Charging cables (ICCPD) produced for electric vehicles

KATEK Group, headquartered in Munich, is one of the fastest growing electronics companies in Europe and aims to make a decisive contribution to the "electronification of the world". KATEK is an end-to-end service provider for highvalue electronics. The range of services covers the entire product life cycle. From the development of software and hardware, through rapid prototyping of electronic assemblies and production, to subsequent support of the process at the customer's premises, including logistics, after-sales and service activities.

Approx. 3,000 employees at locations in Germany, Eastern Europe, North America and Asia produce the megatrends of the future. With its local-to-local approach, KATEK ensures proximity to the customer and at the same time paves the way to the global market. Market leaders from the fastest-growing industries - from electromobility to renewable energies to medical technology - rely on this strategy.



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# Review of 2022

Jan

KATEK Singapore, a subsidiary founded in 2021, opens its office at the new location and commences operation. As a result, the KATEK Group can offer its complete portfolio of goods and services to both its European and Asian customers at high local standards.

Mar

The KATEK subsidiary beflex electronic GmbH erects a new prototyping center at the KATEK facility in Leipzig. Together with the existing locations in Frickenhausen near Stuttgart, Witten, Hamburg and Munich, the prototyping specialist is continuing its nationwide location strategy in order to combine proximity to customers and time-to-market benefits in optimal fashion.

May

The KATEK brands Steca and eSystems jointly present their extensive suite of solar and energy expertise at the InterSolar trade fair in Munich, the world's leading exhibition for the solar sector.

The Annual General Meeting of KATEK SE is held with all points of the agenda being passed by a large majority of the shareholders.

German OEM classifies the KATEK subsidiary eSystems as an A-grade supplier.

The KATEK Group launches its first inhouse white-label wallbox ghostONE, a high-tech 22 kW e-charger, on the market. The state-of-the-art wallbox was developed by eSystems, a KATEK brand, and is manufactured within the KATEK Group. With ghostONE KATEK demonstrates how well the various steps of the product development cycle can be synchronized with each other to offer the customer a fully-developed solution.

Apr

Developments in the year 2022 are the result of massive dedication on the part of our Team BLUE in both Germany and abroad. We have successfully made many small but not minor steps each day. Some of the key events are presented below:

Jul

By opening a new production facility in Bulgaria, the KATEK Group enlarges its development and manufacturing capacities, reinforcing the eastern European location in the process.

Sep

The KATEK Group reinforces its management team.

A very experienced top manager with a strong focus on the electronics industry is recruited for the KATEK subsidiary in Grassau.

Changes at the C-level and the Management Board of KATEK SE are aimed at making operations, human resources, purchasing and business performance run even more successfully in future.

The KATEK brand TeleAlarm successfully hosts its first network event in Leipzig under the title "Keep Connected".

Nov

KATEK signs the purchase agreement to take over the American company, Nextek. The acquisition not only expands KATEK's local presence in North America but also reinforces its access to the strongly growing markets of homeland security and defense, medical technology, energy, high-end industrial and, a new field for KATEK, aerospace.

KATEK SE successfully concludes the acquisition of the Canadian company, SigmaPoint, a leading electronics services provider in the field of high-value electronics. This gives the KATEK Group a strong presence on the North American continent and allows it to tap new markets in homeland security and defense.

Aug

Oct

In Malaysia, the production hall for the KATEK Group and its prototyping subsidiary, beflex, is successfully completed. As a result, the KATEK Group can offer its complete portfolio of goods and services to both its European and Asian customers at high local standards.

Dec

With new additions to top-management strengthening sales (CSO) and transformation (CTRO), KATEK would like to skillfully exploit the opportunities afforded by the current crises and extend its rapid growth trajectory.

KATEK successfully places a capital increase, wins new investors and creates additional headroom for further acquisitions.

## Dear shareholders,

the year 2022 was a challenging one for KATEK: We were not only able to hold our own in an extremely volatile environment, but also to achieve considerable growth of more than 26% compared to the previous year and also to implement further important steps in the development of our Group.

The business environment in 2022 was characterized by various overlapping issues that touch and challenge us as people and managers: The global Corona pandemic, while becoming much more manageable, has not yet ended. The supply chain crisis, which ultimately had its origins in the disruptions to global supply chains associated with the pandemic, also reached its peak in 2022 and has tied up many resources in the company. Finally, the Russian invasion of Ukraine is causing immeasurable human suffering and macroeconomic uncertainty.

As a result, we were able to gain market share and grow significantly faster than the market by managing the crisis in a way that was superior to most of our competitors. With sales of EUR 683 million, we were able to realize growth of more than 26% compared to the previous year, which was mainly based on organic momentum. We thus significantly exceeded our forecast.

In terms of profitability, however, we are nowhere near where we want to be. There are three main reasons for this:

- At the height of the supply chain crisis in 2022, negotiations with our suppliers were primarily about component availability and fending off price increases. There was no scope for further price reductions, which is the most important lever for increasing profitability given the share of material costs in our business.
- The across-the-board cost increases resulting from inflationary trends, particularly for materials, energy and personnel, can only be passed on to customers with a time lag and after negotiations, with the result that the compensating customer price increases will only take effect in the income statement with a time lag and, for the most part, not until 2023.
- And thirdly, the interplay of very high customer demand with recurring material bottlenecks at short notice required an extremely high degree of flexibility and rapid changes between short-time working on the one hand and weekend shifts, additional temporary workers and overtime on the other, with suboptimal batch sizes, so that production efficiency was considerably below the pre-crisis years.

Overall, we were able to achieve EBITDA adj. of EUR 32.0 million and thus come close to our forecast despite a challenging environment. We now see predominantly positive trends for 2023, as the situation regarding the materials crisis is significantly better than it was in the middle of last year and we will increasingly realize cost reductions in the materials area again in the course of 2023. In addition, this will allow us to concentrate on efficient processing of the very high order backlog in production. In addition, we will increasingly see the price increases becoming effective in earnings and will continue to systematically adjust customer prices to the cost trend.



The focus for us was once again on the strategic development of the KATEK Group, and we are pleased to have realized such important steps with our "TeamBlue" in the past year:

- **Growth:** In a challenging environment, we were able to expand our growth momentum and gain market share. The strong fourth quarter alone was around 36 % above the previous year's period and thus contributed significantly to the sales growth to over EUR 681 million.

Once again, it was our growth areas that provided significant impetus here: the Solar/Renewables business continued to develop extremely positively and was up a total of 60% year-on-year for 2022. And in the Tele-Care business, growth even exceeded 93%.

- **Working capital management:** As reported, the management focus in 2022 was on working capital management. Our programs are taking effect and are also reflected in the figures. At the end of the year, we were already able to report a reduction in inventories of over EUR 10 million compared to the previous quarter. This trend will continue in the current fiscal year 2023.
- **M&A:** M&A was of course also an important part of our strategy last year. With two transactions, we tackled the market coverage for our customers in North America and thus ushered in a new phase of our growth strategy. KATEK Canada (formerly SigmaPoint) has been part of the KATEK Group since closing in August 2022 and is now - after a necessary conversion of the ERP system earlier this year - on track to make a real contribution to the profitable growth of the Group. With regard to Nextek, our planned acquisition in Alabama, USA, we expect a closing still in the first half of 2023, as soon as the necessary governmental approvals in the USA for the acquisition will have been granted.

- **Capital increase:** Finally, we used the year 2022 for a capital increase. We were able to attract additional investors and thus create further scope for future acquisitions.

With the exception of profitability, we are more than satisfied with the progress made and are very confident about the coming years, in which, in addition to continuing our familiar strategy, we will increasingly convert the size we have now achieved into economies of scale and thus into significantly increased profitability. The aim is to achieve a disproportionate increase in profitability with continued strong growth. For this reason we aim to increase EBITDA adj. significantly by 20% in 2023. And we want to achieve this with sales growth of at least 10%, which will continue to be significantly higher than the forecast market growth - to around three quarters of a billion euros in sales.

These days, we are already working on the issues that lie ahead of us in 2023 and beyond. In particular, we are pleased to have won an important major customer with over one million units with our eCharger ghostONE - and thus already the third significant customer in the future market of eMobility since sales were released at the end of 2022. We see an extremely high potential for the ghostONE in the European volume market for wallboxes, which is expected to reach an installed base of around 65 million units by 2035 - and following our recent successes, we have set ourselves the goal of clearly becoming the number one in Europe in this future market.

Here and in all other markets we serve, the “electronification of the world” is unstoppable. The strategic levers of our business model are increasingly gaining strength - and we are continuing to actively build the consolidation of our industry with the medium-term goal within reach: one billion in sales and EUR 100 million in operating profit.

**We thank you,**

our shareholders, for your investment and trust in KATEK. At the same time, we would like to thank partners and customers for their cooperation and our “TeamBlue” for their commitment in 2022.

Munich, March 2023

**KATEK SE**

**Management Board**



**Rainer Koppitz**  
CEO



**Dr. Johannes Fues**  
CFO



■  
Rainer Koppitz  
CEO KATEK SE



■  
Dr. Johannes Fues  
CFO KATEK SE

## Dear shareholders,

In light of the major disruptions caused by Russia's war against Ukraine and the ensuing distortions on the markets for energy, commodities and production materials, as well as interest rates, the 2022 financial year was once again a challenging year for KATEK. Inventories were increased significantly in order to avoid supply bottlenecks. As a result, the KATEK Group was able to drive continued growth and generate sales of EUR 683 million. The KATEK Group was able to build on its market position in the field of electronic services.

In the financial year 2022 the Supervisory Board performed the tasks required of it by law and the articles of association and bylaws. It monitors the management of the Company and addresses its economic development, its financial position, the perspectives and strategy of the Company going forward and intensively advises the Management Board on these issues.

The Management Board reported to the Supervisory Board at regular intervals, promptly, and extensively, in writing, by telephone and in face-to-face meetings about the strategic alignment and development of the Company and the Group, the latest earnings situation, the risk position, the internal controls and risk management, the short and long-term business planning, including the financial, capex and HR planning as well as any specific organizational measures in financial year 2022.

In particular, the Chairman of the Supervisory Board was in close contact with the Management Board, also in between the regular meetings, and advised the Management Board on issues relating to strategy, business development, the risk position, risk management and compliance of the Company. In this way, the Supervisory Board was regularly informed of the latest business developments and key transactions. The Supervisory Board was directly involved in all major decisions from an early stage and passed the resolutions required by the law, the articles of association and the code of procedure. The decisions of the Supervisory Board are based on the comprehensive reporting and the proposed resolutions provided by the Management

Board, which the Supervisory Board examined in detail in sessions of the full board and discussed in depth. The Management Board and Supervisory Board work very constructively together to foster the future success of KATEK.

### **A Personal changes on the Management Board and the Supervisory Board**

The Management Board of KATEK SE is currently composed of Rainer Koppitz as the Chairman and Dr. Johannes Fues. There were no changes to the composition of the Management Board in the reporting period.

The members of the Supervisory Board of KATEK SE in the reporting period were Klaus Weinmann (Chairman) and since 18 January 2022, Markus Saller (Deputy Chairman), Andreas Müller and Hannes Niederhauser.

Markus Saller was appointed to the Supervisory Board of the Company by court order on 18 January 2022 upon the departure of Stefan Kober. Mr. Saller was elected as the Deputy Chairman of the Supervisory Board of KATEK SE by way of circulation on 9 March 2022. By resolution of the Annual General Meeting on 16 May 2022 Mr. Saller was elected to the Supervisory Board for a term ending when the Annual General Meeting voting on discharging the executives for the financial year ending 31 December 2026 closes. At the following meeting of the Supervisory Board on 16 May 2022, Mr. Saller was confirmed as Deputy Chairman.

### **B Committees**

The Supervisory Board has established two committees: the audit committee and the nomination committee.

In the wake of appointing a replacement for Mr. Kober, the Supervisory Board decided on the following composition for its committees: the members of the audit committee are Mr. Andreas Müller (Chairman), Mr. Klaus Weinmann (Deputy Chairman) and Mr. Markus Saller. The members of

the nomination committee are Mr. Klaus Weinmann (Chairman), Mr. Markus Saller (Deputy Chairman) and Mr. Hannes Niederhauser.

Pursuant to Sec. 124 (3) sentence 2 AktG [“Aktiengesetz”: German Stock Corporation Act], the audit committee passed a resolution by circulation on 24 March 2022 on the independent auditor it proposed for election to the Supervisory Board for the financial year 2022. No other resolutions were passed by the committees. All matters were discussed with the four members of the Supervisory Board attending and all resolutions were passed with the full board in attendance.

### C Meetings and focal points addressed by the full Supervisory Board

A particular point of focus for the Supervisory Board in financial year 2022 lay on the strategic development of the KATEK Group and the creation of a stronger presence in North America. Another focal point on the agenda addressed by the Supervisory Board were the capital adjustments needed to refinance the Group and create the additional financial headroom for acquisitions (a syndicated bank loan was signed in October 2022 and capital increased by a rights issue in return for cash contribution in December 2022).

There were four regular meetings of the Supervisory Board during the reporting period: a “hybrid” meeting on 25 March 2022 which was held as a face-to-face meeting with the alternative of attending virtually, a face-to-face meeting on 16 May 2022 and two virtual meetings convened as video conferences on 16 September 2022 and on 09 December 2022. In addition, there were two extraordinary meetings that were held by conference call on 30 March 2022 and 13 December 2022. All members of the Supervisory Board were in attendance at the above meetings. The Supervisory Board also met without the attendance of the Management Board. In addition, the Supervisory Board passed resolutions on urgent matters during the year outside of the Board meetings using customary means of communication.

The individual members of the Supervisory Board obtain the necessary training required to perform their tasks at their own initiative with support from the company. In particular, the company assisted Markus Saller upon his induction.

At its meetings, the Supervisory Board regularly heard the reports of the Management Board on the intended business policies, profitability and the course of business, including the market position and competitive situation, as required by Sec. 90 (1) sentence 1 No. 1-3 AktG [“Aktiengesetz”: German Stock Corporation Act], and discussed these reports in depth. In addition, the Management Board reported as required by Sec. 90 (1) sentence 1 No. 4 AktG [“Aktiengesetz”: German Stock Corporation Act] on transactions that could be of material relevance for the profitability or liquidity of the Company and/or the Group, in particular any planned acquisitions or divestments.

Of all the activities of the Supervisory Board in the reporting period, the following issues and resolutions are worthy of mention:

- On 9 March 2022, the Supervisory Board approved by circulation the Management Board’s preliminary decision to conduct the Annual General Meeting 2022 as a virtual AGM. In addition, the Supervisory Board elected its Deputy Chairman and decided on the new composition of the committees.
- At its meeting on 25 March 2022 the Supervisory Board addressed the financial statements and the combined management report of KATEK SE and the Group for the year ended 31 December 2021 – the 2021 Annual Report – together with the report of the Supervisory Board to the Annual General Meeting, the Declaration on Corporate Governance and the Remuneration Report for the financial year 2021 as well as the agenda of the Annual General Meeting scheduled for 16 May 2022.

In addition, the Supervisory Board confirmed the appropriateness of the Management Board remuneration system decided on in July 2021, set the performance criteria for the variable remuneration of the Management Board for financial year 2022 and therewith the target remuneration for the financial year 2022.

- During the meeting of the Supervisory Board held by conference call on 30 March 2022, the Supervisory Board approved the separate financial statements of KATEK SE and the consolidated financial statements of the KATEK Group for the year ended 31 December 2021

- At the Supervisory Board Meeting held on 16 May 2022 directly after the Annual General Meeting, the Supervisory Board elected the newly appointed member, Markus Saller to the position of Deputy Chairman of the Supervisory Board of KATEK SE.
- In the course of a written circulation proceeding on 25 May 2022, the Supervisory Board approved the acquisition of the Canadian company, SigmaPoint Technologies Inc.
- On 11 October 2022 the Supervisory Board addressed the Declaration of Conformity in accordance with Sec. 161 AktG issued jointly with the Management Board in the course of a written circulation proceeding.
- By written circulation on 17 October 2022, the Supervisory Board approved the conclusion of a syndicated loan agreement between the company as the borrower and Deutsche Bank Luxembourg S.A. and Bank für Tirol und Vorarlberg (BTV) AG, German branch, as the lenders for granting of credit lines of up to EUR 60,000,000.00.
- In the course of a written circulation proceeding, the Supervisory Board on 27 October 2022 approved the acquisition of the US company, NexTek, Inc.
- By written circulation proceeding on 25 November 2022, the Supervisory Board issued its approval to the Management Board resolution from 25 November 2022 to increase capital by way of cash contribution, approving the terms and conditions for the share issue laid out in the Management Board resolution.
- At the meeting on 9 December 2022, the Supervisory Board approved the business plan submitted by the Management Board (including the financial planning, capex planning and HR planning) for the financial year 2023.
- During its conference call meeting on 13 December 2022, the Supervisory Board approved the Management Board resolution of 13 December 2022 to increase capital by issuing subscription rights in return for cash contribution and made the corresponding changes to the articles of association to record the increase in share capital.

#### D Corporate governance and declaration of conformity

The work of the Supervisory Board is based upon the regulations of the German Stock Corporation Act and the recommendations of the German Corporate Governance Code (GCGC). The Management Board and the Supervisory Board identify with the objectives of the Code to enhance corporate responsibility and to foster transparent corporate governance and controls aimed at sustainable value creation.

On 11 October 2022, the Management Board and Supervisory Board declared that KATEK SE largely complies with the recommendations of the Code and will continue to comply with them in future in a Declaration of Conformity pursuant to Sec. 161 AktG which has been made permanently available to the public on the website of the Company.

The Supervisory Board did not identify any potential conflicts of interest with regard to any members of the Supervisory Board.

#### E Annual financial statements and consolidated financial statements

The independent auditor, Grant Thornton AG Wirtschaftsprüfungsgesellschaft, Munich, audited the separate annual financial statements and the consolidated financial statements as well as the combined management report of KATEK SE and the Group for financial year 2022 and rendered an unqualified audit opinion in each case.

Prof. Dr. Thomas Senger and Ms. Andrea Stoiber-Harant signed off the audit in their capacity as engagement partners.

The annual financial statements of KATEK SE and the combined management report for KATEK SE and the Group were compiled in accordance with the German legal requirements. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU), and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB [“Handelsgesetzbuch”: German Commercial Code]. The consolidated financial statements comply with IFRSs as published by the International Accounting Standards Board (IASB). The auditors conducted the audit in accordance with Sec. 317 HGB

and the EU Audit Directive, taking account of German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW) as well as the International Standards on Auditing (ISA).

These documents were submitted to the Supervisory Board by the Management Board in advance and discussed in depth at the meeting of the Supervisory Board on 30 March 2023 in the presence of the independent auditors.

The independent auditor reported on the scope, audit focus and significant results of the audit, placing particular focus on key audit matters and its audit procedures. The independent auditor responded to the additional questions posed by members of the Supervisory Board. No weaknesses of the internal control system or the risk management system were reported. The audit committee also reported to the Supervisory Board on the results of its review.

After discussing the audit reports on the separate annual financial statements and the consolidated financial statements for the year ended 31 December 2022 and the combined management report of the Company and the Group, the Supervisory Board had no objections to raise. It approved the annual financial statements and the consolidated financial statements of KATEK SE compiled by the Management Board for the financial year 2022 at the meeting on 31 March 2023. The annual financial statements are therewith ratified.

## F Dependent company report

In addition, the Supervisory Board reviewed the report of the Management Board of KATEK SE on the relationships with affiliated companies (Dependent Company Report) in accordance with Sec. 312 AktG.

The Dependent Company Report compiled by the Management Board in accordance with Sec. 312 AktG for the financial year 2022 was also audited by the independent auditor. The independent auditor issued the following unqualified audit opinion in accordance with Sec. 313 (3) AktG:

„Based on our audit and assessment in accordance with professional standards, we confirm that

- the actual disclosures contained in the report are correct,

- the payments made by the Company in connection with transactions detailed in the report were not unreasonably high nor were any disadvantages offset.“

The independent auditor also submitted its report on the audit to the Supervisory Board. The Dependent Company Report of the Management Board and the associated audit report were submitted to the Supervisory Board.

The Supervisory Board reviewed the Dependent Company Report of the Management Board and the independent auditor's report.

The Supervisory Board concurred with the findings of the independent auditor relating to the financial statements. Based on the final conclusions of its review, the Supervisory Board has no objections to raise against the Dependent Company Report.

On behalf of the Supervisory Board, I would like to thank the Management Board and the employees for their great effort, dedication and constructive input over the past year.

Munich, March 2023

On behalf of the Supervisorx Board



Klaus Weinmann

(Chairman of the Supervisory Board)

## KATEK on the capital market

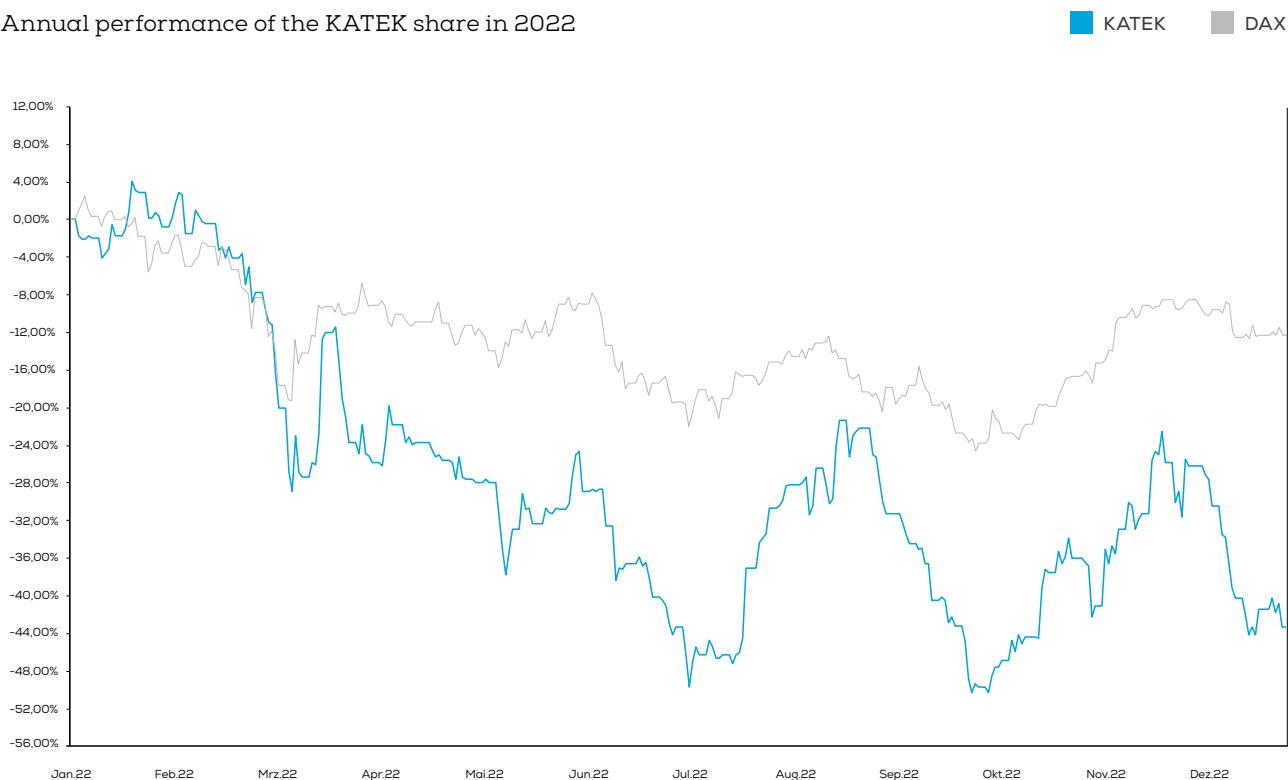
### German stock market performance

The year 2022 was dominated by geopolitical crises and a major shift in monetary policies. Worldwide, stock markets recorded large losses. Germany's key stock market index, the DAX, closed the final day of trading for the year at 13,923 points, well below the mark of 14,000 points. For the full year, the stock barometer dropped by 12.3%, the worst performance in four years. In 2021 the stock market posted a gain of almost 16%. The sudden slide in the year 2022 was triggered by Russia's invasion of Ukraine. Energy prices rose rapidly and drove inflation, which was already elevated, even higher. This necessitated intervention by the central banks and resulted in a rise in interest rates.

### Performance of the KATEK share

The shares of KATEK SE opened the year on 3 January 2022, trading at EUR 25.74. In the following days, the share price developed positively and rose to the annual high of EUR 27.18 on 20 January 2022. However, after such a bright start, the share price was not able to shield itself from the downturn on the global stock markets. The annual low was reached at the end of September, when the share price hit EUR 12.40. During the ensuing recovery, the share price clambered above the EUR 20 mark by the end of November and closed the year 2022 at EUR 14.70.

Annual performance of the KATEK share in 2022





**Master data**

ISIN: DE000A2TSQH7  
 WKN: A2TSQH  
 Total number of shares (31 Dec 2022): 14,445,687  
 Share capital (31 Dec 2022): EUR 14,445,687.00  
 Segment of the stock exchange: Frankfurt Stock Exchange, Prime Standard  
 Designated Sponsor: Hauck Aufhäuser Lampe Privatbank AG

**Key figures and trading data**

Share price at beginning of the year (Xetra): EUR 25.74  
 Annual high (20 Jan 2022): EUR 27.18  
 Annual low (27 Sep 2022): EUR 12.40  
 Share price at end of the year (Xetra): EUR 14.70  
 Market capitalization (31 Dec 2022): EUR 212.4 million  
 Average turnover/trading volume per trading day: 4,224 shares  
 Average turnover/trading volume per trading day: EUR 79,301

**Analyst research**

The shares of KATEK SE have been listed in the Prime Standard of the Frankfurt Stock Exchange since 4 May 2021. The KATEK SE share is regularly analyzed by qualified security analysts, Warburg Research and Hauck & Aufhäuser Privatbankiers. Both analysts perceive significant upside potential in the mid to long term for the KATEK share.

**Composition of shareholders**

KATEK SE has a balanced ratio between shares in free float and the majority holding held by a strategic anchor investor. The largest shareholder, with 57% of the voting rights is PRIMEPULSE SE. A capital increase by means of a subscription rights issue was successfully concluded in December 2022. Notwithstanding the volatility of the market environment, demand from both existing investors and a row of new ones was high. The increase in the shareholder structure should have a positive effect on the liquidity of the share.

**Annual General Meeting**

The Annual General Meeting of KATEK SE was held on 18 May 2022 in the form of a virtual annual general meeting without the shareholders and shareholder representatives being in physical atten-

dance. Over 80% of the share capital participated in the voting. The shareholders were very satisfied with the development of the Company and passed all of the resolutions proposed by the administration with a large majority.

The dividend policy of KATEK SE is designed to support the growth strategy of the Group, which is the primary objective of the Management Board. Currently, the Management Board of KATEK SE perceives a number of promising growth opportunities in the current market environment. Therefore, all future profits are intended to be used to promote the Group's business operations and finance growth, develop the business and expand its market position as well as to realize its strategic objectives. These include making suitable acquisitions. The investments in growth are aimed at raising the value of the business over the long term and are therefore in the interest of the shareholders.

**Communication with the capital market**

KATEK SE pursues the goal of promptly informing existing and potential shareholders and investors, analysts and the financial and business media in an open, transparent manner about its strategy, course of business and the prospects of the Company. The Management Board is in regular constructive dialog with all of the above stakeholders. In addition, there were numerous points of contact to players on the capital markets in the course of roadshows, investor conferences and individual discussions. KATEK presented detailed information on the course of business during the conference calls held in connection with the publication of the annual and interim financial reporting.

In the investor relations section of its website, KATEK SE offers comprehensive information about the current state of business, the latest news and information related to the KATEK share as well as the current financial calendar.

## Consolidated Declaration on Corporate Governance pursuant to §§ 289f and 315d of the German Commercial Code (HGB)

In this declaration, the Management Board and Supervisory Board report in accordance with §§ 289f and 315d HGB and Principle 23 of the German Corporate Governance Code on the Company's corporate governance in the financial year from 1 January 2022 to 31 December 2022.

### 1 Joint Declaration of Conformity with the German Corporate Governance Code by the Management Board and Supervisory Board of KATEK SE pursuant to § 161 of the German Stock Corporation Act (AktG)

On 11 October 2022 the Management Board and Supervisory Board agreed on the following Joint Declaration of Conformity of KATEK SE pursuant to § 161 AktG and made it permanently available to the public:

The Management Board and Supervisory Board of KATEK SE declare in accordance with Section 161 of the German Stock Corporation Act (AktG) that since the last declaration of conformity was issued on 24 September 2021, all recommendations of the Government Commission on the German Corporate Governance Code in the version of 16 December 2019, published in the Federal Gazette on 20 March 2020, have been complied with, with the exception of the recommendation in C.5 that the Management Board of a listed company should not chair the Supervisory Board of a listed company outside the Group.

KATEK SE complies with all recommendations of the Government Commission on the German Corporate Governance Code as amended on 28 April 2022, published in the Federal Gazette on 27 June 2022, and will continue to comply with them in the future, with the exception of the recommendation in C.5 that the Management Board of a listed company should not chair the supervisory board of a listed company outside the Group.

Reasoning:

Mr. Rainer Koppitz is a member of the Supervisory Boards of NFON AG and CENIT AG, in both cases as Chairman of the Supervisory Board. The Manage-

ment Board and Supervisory Board of KATEK SE are of the opinion that these activities are compatible with his activities as Chairman of the Management Board of KATEK SE.

Munich, 11 October 2022

For the Board of Directors For the Supervisory Board

Dr. Johannes Fues  
Rainer Koppitz

Klaus Weinmann

The corresponding declaration has been made permanently accessible on the KATEK website at <https://katek-group.de/investor-relations-bereich/corporate-governance/>.

### 2 Remuneration Report/Remuneration System

The currently valid remuneration system for the members of the Management Board pursuant to Sec. 87 a (1) and (2) AktG, which was approved by the Annual General Meeting on 16 May 2022 has been made accessible to the public at <https://katek-group.de/investor-relations-bereich/corporate-governance/> along with the resolution on the remuneration of the members of the Supervisory Board passed by the Annual General Meeting on 20 April 2021. At the Annual General Meeting on 16 May 2022, the remuneration of the members of the Supervisory Board effective from financial year 2021 was confirmed in accordance with Sec. 113 (3) AktG.

As an element of the audited management report for the financial year 2022, the remuneration report and the report of the independent auditor have been made accessible to the public in accordance with Sec. 162 AktG.

### 3 General Remarks on Corporate Governance Practices

As a European stock corporation, KATEK SE based in Munich is subject to German stock corporation law and has installed a dualistic governance system

comprising the Management Board and the Supervisory Board. KATEK is aware of its role in society and its responsibilities towards customers, business partners, shareholders and employees. A respectful and cooperative approach, conscious acknowledgment of social responsibility and compliance with the applicable laws and regulations create the foundation for long-term and sustainable business success. The most important policies and guidelines that govern the actions of KATEK in the fields of compliance and sustainability are listed at <https://katek-group.de/ueber-katek/nachhaltigkeit>.

The Management Board convenes an Annual General Meeting at least once a year. The shareholders of KATEK SE exercise their rights of co-determination and control at the Annual General Meeting. In particular, the shareholders decide on the appropriation of profits and the discharge of the Management Board and the Supervisory Board. They also elect the shareholders' representatives to the Supervisory Board and choose the independent auditor of the financial statements. In addition, the Annual General Meeting decides on the legal fundamentals of the Company, including amendments to the articles of association, capital adjustments, corporate agreements and reorganizations. The Annual General Meeting generally resolves on the remuneration system for the Management Board proposed by the Supervisory Board in an advisory function, the specific remuneration of the Supervisory Board and, in a recommendatory function, the remuneration report for the prior financial year.

#### 4 Description of the Working Methods of the Management Board and the Supervisory Board and Composition and Working Methods of the Committees

The working methods of the Management Board and the Supervisory Board are based on the applicable laws, the German Corporate Governance Code, the articles of association and the resolutions passed by the Annual General Meeting of KATEK SE, the rules of procedures for the Supervisory Board and the rules of procedure and allocation of functions of the Management Board.

##### 4.1 Management Board

The Management Board leads the Company in the pursuit of sustainable value-added. The members bear joint responsibility for overall management. The members of the Management Board work closely

together and keep each other informed of important measures and events in their business fields/divisions. The cooperative principles for the Management Board of KATEK SE are laid out in the rules of procedure for the Management Board. This, in particular, governs the responsibilities on the basis of the allocation of management functions, the matters that must be decided on by the full board, the applicable deputization arrangements for the Management Board, the rights and duties of the Chairman of the Management Board, the meetings, how resolutions are passed and required majorities as well as the type of transactions that require approval from the Supervisory Board and are also governed in the articles of association of KATEK SE. In addition, the rules of procedure for the Management Board governs its reporting duties towards the Supervisory Board. Currently, the Management Board of KATEK SE consists of two members, Mr. Rainer Koppitz (CEO and co-founder of KATEK SE) and Dr. Johannes Fues (CFO KATEK SE). Dr. Fues' appointment was extended at the Supervisory Board meeting on March 20, 2023 until the end of December 31, 2026.

The Management Board informs the Supervisory Board at regular intervals, promptly and comprehensively on all aspects of the development of business, transactions, business planning, risk exposures, risk management and compliance that are material to the KATEK Group. The Management Board and Supervisory Board discuss the strategic alignment of the Company and, at regular intervals, the status of its implementation.

##### 4.2 Supervisory Board

The members of the Supervisory Board of KATEK SE in the reporting period were Klaus Weinmann (Chairman), Markus Saller (Deputy Chairman), Andreas Müller and Hannes Niederhauser.

Mr. Markus Saller was appointed to the Supervisory Board of the Company by the court on 18 January 2022. Mr. Saller was elected as the Deputy Chairman of the Supervisory Board of KATEK SE by way of circulation on 9 March 2022. By resolution of the Annual General Meeting on 16 May 2022 Mr. Saller was elected to the Supervisory Board for a term ending when the Annual General Meeting voting on discharging the executives for the financial year ending 31 December 2026 closes. At the following meeting of the Supervisory Board on 16 May 2022, Mr. Saller was reelected the Deputy Chairman.

The Supervisory Board advises the Management Board as regards its corporate management function and supervises its activities. He appoints and dismisses the members of the Management Board and, together with the Management Board is responsible for a sustainable succession concept. Furthermore, the Supervisory Board decides on the remuneration system for the members of the Management Board and sets their respective remuneration.

The cooperative principles applying within the Supervisory Board of KATEK SE are laid out in the rules of procedure for the Supervisory Board. Among other matters, this governs the election of the chairman and his deputy, how to convene meetings and set their agenda, the permitted modes of passing resolutions and the minutes of meetings and the resolutions passed. The Supervisory Board also meets regularly without the Management Board in attendance. The rules of procedure for the Supervisory Board can be found on the website of the Company in the section on Investor Relations/Corporate Governance.

#### 4.3 Committees

The Supervisory Board has established two committees: the audit committee and the nomination committee.

The members of the audit committee are Mr. Andreas Müller (Chairman), Mr. Klaus Weinmann (Deputy Chairman) and Mr. Markus Saller.

The members of the nomination committee are Mr. Klaus Weinmann (Chairman), Mr. Markus Saller (Deputy Chairman) and Mr. Hannes Niederhauser.

The Chairman of the Audit Committee Mr. Andreas Müller is the founder, principal shareholder and Chairman of the Executive Board of the family-owned company S.D.L. Süddeutsche Leasing AG. As a result of his many years of experience in the financial services industry, Andreas Müller has proven expertise in the field of accounting, i.e., special knowledge and experience in the application of accounting principles and internal control and risk management systems; this also includes sustainability reporting and its audit. This qualifies Mr. Müller as a financial expert within the meaning of Section 100 (5) of the German Stock Corporation Act (AktG) and Recommendation D.3 of the German Corporate Governance Code.

Mr. Markus Saller, as a member of the Audit Committee, studied economics and successfully completed a Master of Business Administration (MBA) at the University of Colorado at Boulder (USA). Due to his decades of successful work in the field of mergers & acquisitions, capital markets and corporate investments, he has particular expertise in the field of auditing; this also includes sustainability reporting and its auditing. Since November 2017, he has also been a member of the Supervisory Board of STEMMER IMAGING AG, currently as Deputy Chairman of the Supervisory Board. Mr. Saller thus qualifies as a financial expert within the meaning of section 100 (5) AktG and recommendation D.3 of the German Corporate Governance Code.

Consequently, the Supervisory Board and its Audit Committee each include at least one member with expertise in the field of auditing, Mr. Saller, and at least one further member with expertise in the field of accounting, the Chairman of the Audit Committee, Mr. Müller. According to the Code (Recommendation C.10), the Chairman of the Audit Committee should be an expert and independent in at least one of the two areas. The Chairman of the Audit Committee, Mr. Andreas Müller, meets these requirements.

#### 4.4 Self-Assessment by the Supervisory Board

The Supervisory Board conducted a self-assessment once again in the reporting year using a standardized questionnaire. The results of this assessment confirm that the work of the Supervisory Board is professional, constructive and is conducted in a very trusting manner and openly within the Supervisory Board itself and with the Management Board. The results also confirm that meetings are organized and conducted efficiently and are adequately provided with information. There is no indication of any need for fundamental change.

### 5 Targets for Female Representation on the Management Board and the Supervisory Board as well as at the Top Two Levels of Management below the Management Board

The Management Board of KATEK SE has two male members at present. No changes are planned. The Supervisory Board deems continuity in the immediate strategic development of the Company to be an important guideline and therefore set the target for female representation at zero until 31 December 2023 at its meeting on 25 March 2022 in

light of the current appointments of Mr. Koppitz and Dr. Fues.

The Supervisory Board is composed of four male members: The Chairman, Mr. Klaus Weinmann, whose appointment ends at the close of this year's Annual General Meeting, Mr. Andreas Müller and Mr. Hannes Niederhauser, whose appointments end at the close of the Annual General Meeting in 2026, and Mr. Markus Saller, the Deputy Chairman, whose appointment ends in 2027.

The re-election of Mr. Weinmann as a member of the Supervisory Board of KATEK SE will be an item on the agenda of this year's Annual General Meeting. Mr. Weinmann is Chairman of the Board of Directors of PRIMEPULSE SE, the controlling shareholder of KATEK SE.

There is currently no woman on the Company's Supervisory Board. The Supervisory Board therefore set a target of 25% as the proportion of women on the Supervisory Board at its meeting on March 30, 2023, and set itself a deadline of June 30, 2024 to achieve this.

In addition, the Management Board is required to set a target for female representation in the first and second (if one exists) levels of management underneath the Management Board. In the opinion of the Management Board, the topic of diversity is essential to the KATEK Group considering its role as a tech company. For this reason, the Management Board sets a clear focus on considering diversity when it comes to filling management positions at all management levels below the Management Board of KATEK SE and its affiliated companies throughout the Group in Germany and abroad, thereby seeking a suitable level of female representation.

Last year, the Executive Board set a target for its first management level below the Executive Board, the Senior Management Team (SMT), within the meaning of Section 76 (4) of the German Stock Corporation Act (AktG) of 15% by March 31, 2023. The SMT includes the managing directors of the direct subsidiaries and the key employees in Corporate Functions (Accounting, Legal, Marketing & Communication, etc.). The proportion of women is currently 20%, so that the defined target figure has been achieved.

KATEK SE, as a standalone company, does not have a second level of management below the Management Board.

On 24 March 2023, the Board of Management again decided on the setting of target figures and set a target figure for the proportion of women for SMT with a value of 20% and a deadline of 31 March 2025.

### 6 Diversity Concept for the Management Board and Long-Term Succession Planning

When searching for candidates to fill a position on the Management Board the fundamental criteria are the candidate's professional qualifications for the open position, their leadership qualities, track record to date and skills set as well as their knowledge of the Company. The members of the Management Board should possess different professional experience and expertise from one another. This extends to the professional experience they have gathered at various companies and stations in their professional career.

In light of this, the Supervisory Board of KATEK SE has passed a resolution on the following diversity concept for the composition of the Management Board:

Collectively, the members of the Management Board should possess the necessary expertise, skills and professional experience to duly fulfill their tasks.

This should ensure that the Management Board is in possession of the following expertise and experience:

- at least one member of the Management Board should be familiar with the business of electronics production and related services, particularly with the market environment, the individual lines of business and customer needs
- the Chief Financial Officer must have a professional understanding of accounting and auditing as well as familiarity with the capital markets and financing
- at least one member of the Management Board should have experience of leading a middle market company
- at least one member of the Management Board should possess international experience

- Members of the Management Board should generally be individuals who have not yet reached the age of 65, however an exception may be made in justified circumstances
- the Supervisory Board has set targets for female representation on the Management Board in accordance with Sec. 111 (5) AktG and set dates to attain them, with reference made to them.

The choice of which person should fill a specific position on the Management Board is made by the Supervisory Board in the best interests of the Company and taking account of all the relevant circumstances in the individual case. Currently, the Management Board of KATEK SE comprises two members who are qualified in different fields.

In the opinion of the Supervisory Board, the diversity concept has already been satisfied with the current composition of the Management Board.

In terms of its long-term succession planning, the Supervisory Board considers – in addition to the requirements of the German Stock Corporation Act and the German Corporate Governance Code – the criteria of the diversity concept for the composition of the Management Board as decided upon by the Supervisory Board.

### 7 Targets for the Composition, Profile of Competencies and Diversity Concept for the Supervisory Board

The objective pursued by the Supervisory Board with its diversity concept is to create a Supervisory Board of KATEK SE that possesses a balanced profile of many different competencies that are particularly relevant to it successfully performing its oversight duties.

For this reason, the diversity concept for the composition of the Supervisory Board considers in particular the following aspects to duly consider internationality, variety of professional experience, educational background and age as well as the composition according to gender:

- with regard to its composition, the Supervisory Board seeks members with different professional and international backgrounds. However, priority is not given to the diversity concept when setting targets and proposing candidates to the Annual General Meeting, but rather on the expertise, professional qualifications and personality of the individuals concerned
- each member of the Supervisory Board meets the legal and statutory prerequisites for membership in the Supervisory Board (including, but not limited to, Sec. 100 (1) to (4) AktG)
- the Supervisory Board should not have more than one former member of the Management Board among its members
- Members of the Supervisory Board should generally be individuals who have not yet reached the age of 70, however an exception may be made in justified circumstances
- the Supervisory Board has set targets for female representation in accordance with Sec. 111 (5) AktG and set dates to attain them, with reference made to them.

In the opinion of the Supervisory Board, professional competence, experience, a skills set matching the key factors for the Company and the personality profile are the significant aspects for the Board's profile of competencies. The competence profile is intended to provide the best possible coverage of the important topics and issues facing the Company going forward.

In addition, the Supervisory Board ensures that, taken collectively, its members fulfill the prerequisites for duly performing the work of the Supervisory Board.

The Supervisory Board considers the possession of professional competence in the fields of technology, accounting and auditing (Sec. 100 (5) AktG), finance, strategy, M&A, organization & personnel, as well as transformation/corporate processes as being significant.

In addition, due to the international alignment of the KATEK Group, at least one member must possess several years of experience in international business, e.g. as an advisor or working for international companies.

Not every member of the Board must be equally versed in each field of expertise. Rather, the various competencies of the Board members should complement each other.

In addition, more than half of the shareholders' representatives should be independent of the Company and independent of the Management Board; at least one of the shareholders' representatives should be independent of the controlling shareholder. Significant conflicts of a more than temporary nature should be avoided.

In the opinion of the Supervisory Board, the objectives pursued in the composition of the Supervisory Board that are presented above, particularly with regard to the diversity concept and profile of competencies, have already been met. In addition, all of the members of the Supervisory Board are independent of the Company and its Management Board. They do not have any personal or business relationships to the Company or its Management Board that could create a conflict of interest of a more than temporary nature. Furthermore, Mr. Niederhauser and Mr. Müller are independent of the controlling shareholder of KATEK SE, PRIMEPULSE SE.

The status of implementation of the profile of competencies and the diversity concept for the Supervisory Board of KATEK are published below in the form of a qualifications matrix.

Relevant topics (in acc. with AktG, DCGK, requirements capital market participants)		Weinmann	Saller	Müller	Niederhauser
Length of service	Member since	Nov 2018	Jan 2022	Apr 2021	Apr 2021
	End of appointment	AGM 2023	AGM 2027	AGM 2026	AGM 2026
	Board role	Chair	Deputy Chair	Member	Member
Personal qualification	Independence			x	x
	No overboarding	x	x	x	x
Diversity	Gender	male	male	male	male
	Year of birth	1969	1965	1976	1962
	Nationality	German	German	German	Austrian
	International experience	x	x		x
Professional qualifications	Sector experience	x	x	x	x
	Technological understanding	x			x
	Personal/organizational development	x	x	x	x
	Transformation/business processes	x	x	x	x
	Legal/compliance		x	x	
	Strategy/M&A	x	x	x	x
	Capital market/investors	x	x	x	x
	Sustainability/ESG		x	x	
	Finance	x	x	x	x
	Financial expert pursuant to Sec. 100 (5) AktG		x	x	



## 8 Share trading by Members of the Boards

According to Art. 19 of Regulation (EU) No 596 / 2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation), the members of the Management Board and the Supervisory Board are obliged to disclose any transactions they conduct to their own account in the shares of KATEK SE if the total amount traded by this member or related parties of the member reaches or surpasses a sum of EUR 20,000 in the calendar year. Any such transactions reported to KATEK SE in the reporting year have been duly published on the website of the Company at <https://katek-group.de/aktie/>.

Munich, March 2023

**KATEK SE**

The Management Board

# Combined Management Report of KATEK SE, Munich, for the financial year 2022

## A Background of the Group

### 1 Business model

The KATEK Group (hereinafter “KATEK” or the “KATEK Group”) is a leading European electronic firm that offers hardware and software development, prototyping and production as well as the associated services on the market for high-end electronics and electronic services. The KATEK Group, with locations in Europe, Asia and North America focuses particularly on those end-user markets displaying high growth rates. Its customers include market leaders in a wide variety of fields, from electromobility to renewable energies through to medical technology.

With its diversified customer base, KATEK serves attractive end markets for electronics. The focus here is on fields with great promise for the future, such as IoT solutions, e-mobility, renewables/solar and healthcare. This customer and sector portfolio has been established by conducting selective M&A activities and pursuing targeted organic growth initiatives.

As an electronics firm, KATEK primarily tailors its product offerings towards end-to-end services along the entire electronic value chain. These include the development of electronic technology solutions, rapid prototyping services, materials sourcing, circuit board assembly, measuring and testing as well as box-build. If requested by customers, the KATEK Group also covers other parts of the value chain, such as logistics or after-sales services.

At the same time, the KATEK Group also offers a range of products that distinguish themselves from pure electronics manufacturing by including a number of other features, particularly in terms of adding value (High Value Electronics). An important element of this offering involves clean energy solutions that are sold under the Steca brand, such as hybrid inverters for solar energy solutions together with the associated cloud software. Another significant and rapidly growing product family are intelligent charging solutions for electric vehicles

sold under the eSystems brand directly to OEMs. Yet other inhouse products are developed and manufactured under the TeleAlarm brand. These allow aging persons to continue living an independent lifestyle by enabling them to make emergency calls simply and safely when they need them.

The KATEK Group also views proximity to customers as an element of its customer orientation. To ensure that it offers competitive prices, the KATEK Group has set up an international production and sourcing network that allows the Group to fully exploit both its size as well as its local roots. The production facilities of KATEK are located in Memmingen, Grassau, Mauerstetten, Frickenhausen, Düsseldorf, Leipzig, Wendlingen, Munich, Hamburg and Witten (Germany) as well as in Saedinenie (Bulgaria), Győr (Hungary), Horní Suchá (Czech Republic), Cornwall (Canada) and Panevežys (Lithuania). This positioning is designed to allow us to respond extremely quickly and reliably to customer queries.

KATEK offers a broad portfolio of solutions which cover the entire life cycle of electronics from development through to prototyping and production and end-of-life services. As a result, KATEK can offer its customers a one-source solution, both for its established standard product lines as well as for new products that allow its customers to choose a fabless model, i.e. one that does not require their own electronics production resources. Top quality is of particular significance for the services of KATEK as electronic systems, products and components all need to be extremely reliable and robust in their respective applications. The KATEK Group continuously ensures that its high quality standards are adhered to by investing in its testing and quality control equipment and methods (including its own inhouse testing software). KATEK believes that this quality philosophy is becoming increasingly relevant for the Group.

## 2 Structure of the KATEK Group

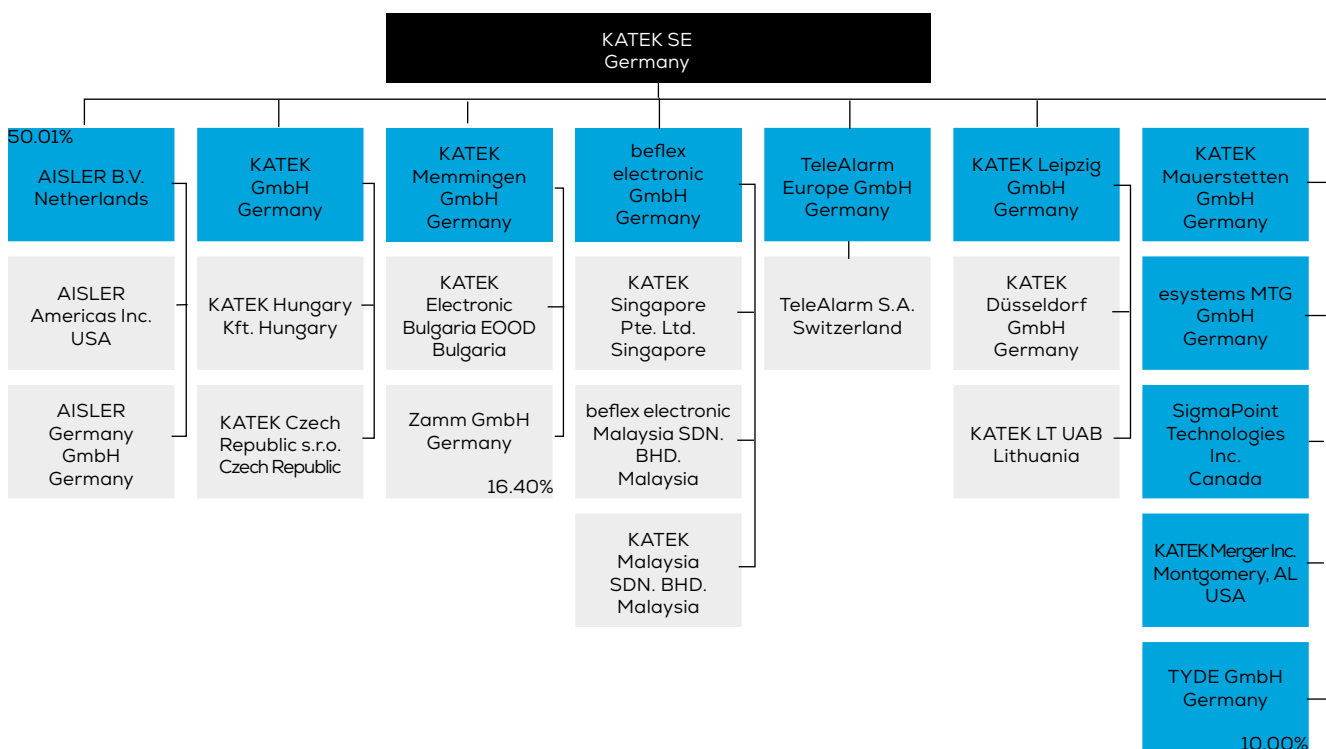
As in the previous year, the management holding of the Group, KATEK SE, performs both management and shared services for the entire Group. In addition to strategic management and financing operating entities, its activities extend primarily to rendering business administration functions.

The activities of the operating entities of the Group are organized into legally separate sub-groups. The Group entities are managed by the Group's Management Board taking a speedboat approach (a model based on strategic functions and centers of competence). This involves giving the managers of the subdivisions as much autonomy in organization and managing the operative business as possible, while selected functions in the value chain, such as sales and sourcing, are integrated and managed centrally.

The principles of this speedboat approach consist of managing the strategic functions centrally, such as global sales and strategic sourcing, in order to realize economies of scale, while protecting the independence, speed of response and market proximity

of the individual subsidiaries in order to maximize the efficiency of the Group. In this model, each subsidiary possesses specialist knowledge or enjoys a comparative competitive advantage over the other subsidiaries (best in class) in terms of its technical competencies (e.g. embedded systems), process expertise (e.g. production competence), industry expertise (e.g. healthcare) or certain research and development skills (e.g. solar inverters). Each competence center provides its particular skills to all other companies in the Group, enabling each company to expand the portfolio of goods and services that it offers to its existing customers and also to win new customers. At the same time, each competence center bundles the knowledge of the entire Group in the respective field, allowing a very high degree of specialization, which again benefits the entire Group.

The KATEK Group operates primarily on the European market for electronics manufacturing. Its subsidiaries maintain locations in Germany, Hungary, Bulgaria, the Netherlands, the Czech Republic, Lithuania, Switzerland, Canada, the United States, Singapore and Malaysia.



### 3 Market and competition

The KATEK Group operates in a heavily fragmented market. The market researcher, in4ma, estimates that there are currently more than 2,200 EMS (Electronics Manufacturing Services) in companies operating in Europe (in4ma 2022). There are both domestic and international competitors. However, KATEK does not view international competitors, particularly large Asian contract manufacturers, as constituting any real direct competition to the Group in the customer segment of sophisticated electronic products relevant to the KATEK Group, nor when it comes to applying the full value chain approach – particularly when offering seamless scalability in services, unit volumes and regionalization. This latter aspect has recently become a strong growth driver for KATEK (with the trend towards reshoring and friend-shoring).

Based on the Group's sales in 2022, market research from in4ma and its own estimates, the KATEK Group is currently the second largest German provider and one of the leading market players in Europe. KATEK also believes that the high degree of market fragmentation offers great opportunities for actively consolidating, expanding and growing future market share. In addition, according to in4ma, larger companies have grown more rapidly than smaller ones and have proven to be more resilient in times of crisis. Consequently, the KATEK Group will be able to retain its position as a rapidly growing European group of companies in the market for electronic products/electronic services.

### 4 Management system of the KATEK Group

The strategy of the KATEK Group is geared towards a sustainable increase in the company's value. A number of different financial performance indicators are used to manage the Group and control its business development and the position of the Group. As in the previous year, these include:

- Revenue: The development of revenue, as it is presented in the consolidated financial statements, is a key indicator for presenting the development of business volume and is therefore a measure of the scope to which customer needs have been addressed.
- EBITDA: EBITDA refers to earnings before interest, tax, depreciation and amortization as it is presented in the consolidated financial statements. The development of EBITDA is viewed as a key indicator of changes in profitability.
- EBITDA adjusted (adj): Adj. EBITDA is seen as a key indicator of operating performance as it eliminates the impact of non-operating factors and non-recurring effects. These include M&A and integration costs as well as restructuring and other extraordinary expenses, which, by their nature, cannot be taken into account in the planning process as well as the costs associated with the IPO in 2021. The development of adj. EBITDA permits assertions to be made on changes in profitability over time.

In contrast to the above, KATEK SE is steered solely on the basis of the two indicators, revenue and EBITDA. The development of the stand-alone company hinges directly on the economic development of the Group as a whole.

The economic development of the Group is monitored in the course of a regularly revised planning and forecast process and on the basis of monthly reporting. In addition, external indicators, such as the inflation rate, interest rates, macroeconomic trends and forecasts, as well as findings from risk management are also regularly considered within the framework of corporate governance.

## B Economic position

### 1 Macroeconomic environment

Global growth prospects have dimmed in 2022. Risks have grown and both business and consumer confidence have dipped. The Russian attack against Ukraine dampened growth in all regions, drove inflation and exacerbated scarcity on individual markets.

As a consequence of the Ukraine war, Europe, in particular, was faced with the challenges of securing energy supplies amid rising prices for energy. It was precisely the Baltic and eastern European states as well as Germany that felt the effects the most, with their growth decelerating sharply over the course of the year and their inflation rates starting to soar. In addition, consumer confidence was weak all over Europe and momentum eased in the manufacturing sector as supply chains continued to be interrupted, albeit less frequently, and input costs rose. The scarcity of upstream products, such as electronic components (with an emphasis on semiconductors and chips), and supply chain disruptions paralyzed industrial production and placed an additional cost burden upon it, leading to a noticeable drop in demand, but not until the end of the year. The situation was exacerbated by the Ukraine war, which led to a further rise in prices on supply-side markets in comparison to the previous year.

It is not possible at present to make any prediction of the outcome of this war. The uncertainties indirectly affecting the KATEK Group in this regard mainly relate to pricing, production costs, investment activities and the associated terms and conditions of financing. These developments are being constantly monitored by the KATEK Group in order to anticipate any new trends as early as possible and to react accordingly. Nevertheless, any further deterioration of the above factors could affect the financial performance, financial position and cash flows of KATEK.

According to the IMF, the global economy grew by 3.2% over the full year 2022 (previous year: +6.0%). GDP growth of 1.6% was recorded in the United States, and 3.2% in China. The euro zone reports GDP growth of 3.1% for 2022.

Looking at the year 2022 from a macroeconomic perspective, the German economy remained robust until the end of summer, thanks to its strong growth

and stable labor market. The rise in energy costs and inflation, which created strong headwinds for the industrial and the service sector as well as for private consumption, resulted in a recession in Germany, the United States, and the entire euro zone over the winter months. As such, the German economy only grew by 1.5% in 2022 (previous year: +2.7%). The industrial sector has been suffering from tensions in world trade for quite some time, which slumped across the board in the wake of the corona pandemic placing a heavy burden on export-dependent German manufacturers. After growth of 10.1% in 2021, the recovery in global trade lost momentum in the year 2022. The downturn mainly reflects the decline in global production growth.

Nevertheless, the European industry for Electronic Manufacturing Services (EMS) grew by 15% from 2021 to 2022 to over EUR 50 billion according to the annual surveys conducted and analyzed by the in4ma market research institute.

### 2 Business activity and development of business

In comparison to the previous year, the Group sales of the KATEK Group grew by EUR 143.0 million or 26.5 % from EUR 540.1 million to EUR 683.1 million. This growth must be viewed positively in light of the supply bottlenecks in the semiconductor market.

In former reporting periods, the realized and unrealized foreign currency translation effects of monetary items (primarily the measurement of receivables and liabilities denominated in foreign currency) were presented in other operating expenses or income and the measurement of derivative financial instruments used as hedges in the financial result.

In response to the growing internationalization of the KATEK Group and the associated increasing relevance of transactions in various currencies, the presentation of exchange gains and losses has been changed effective 31 December 2022 to uniformly present all such exchange gains and losses arising from both the currency translation of monetary items as well as the measurement of hedges in the financial result.

Management is of the opinion, that by presenting all exchange gains and losses from the translation of monetary items and the measurement of hedging transactions in the financial result, the presentation

has been made more uniform, transparent and provides a true and fair view of the actual circumstances, precisely because EBIT and EBITDA, which are the key indicators used by management in the planning process of the KATEK Group, are budgeted without any foreign currency translation effects. Consequently, from 31 December 2022, it is now also ensured that performance-based management using key indicators remains unaffected by the translation of monetary items or hedging instruments, thereby ensuring consistency in the comparative planning. As a result, the presentation of EBIT and EBITDA and the financial result has changed, with earnings before tax (EBT) remaining unchanged. The impact of this change in presentation has been considered retrospectively. The comparative figures for the year 2021 have been adjusted to present all the effects arising from foreign currency translation of monetary items as if they had already been considered in the financial result of 2021.

The following table presents the impacts of the change in presentation on the statement of comprehensive income for financial year 2021:

EUR k	31 Dec 2021 *	Delta	31 Dec 2021
<b>Gross profit</b>	<b>160,522</b>	<b>0</b>	<b>160,522</b>
Other operating income	19,361	- 4,606	14,755
Personnel expenses	- 105,317	0	- 105,317
Other operating expenses	- 45,869	6,184	- 39,685
<b>EBITDA</b>	<b>28,696</b>	<b>1,578</b>	<b>30,274</b>
Depreciation and amortisation	- 21,224	0	- 21,224
<b>Earnings before interest and taxes (EBIT)</b>	<b>7,472</b>	<b>1,578</b>	<b>9,050</b>
Financial income	54	0	54
Finance costs	- 2,925	0	- 2,925
Exchange differences	0	- 1,578	- 1,578
<b>Earnings before income taxes</b>	<b>4,601</b>	<b>0</b>	<b>4,601</b>

\* before adjustment

The Group's EBITDA of EUR 23.1 million lies EUR 7.1 million below the figure of the previous year of EUR 30.3 million. Likewise the group loss for the year of EUR -6.6 million lay below the net profit of the Group in the previous year of EUR 8.5 million. In the previous year there was an extraordinary effect from the bargain purchase of the Leesy Group which added EUR 11.3 million to the result. Adj. EBITDA improved by EUR 0.1 million in the financial year 2022 from EUR 31.9 million to EUR 32.0 million. Consequently, business in the year can be described as satisfactory. For reconciliation please refer to chapter 3 financial performance.

In comparison to the competition, the KATEK Group has proven to be robust overall and was able to grow its sales faster than the European EMS market. (in4ma).

The KATEK Group easily outperformed the revenue target communicated in the guidance it published. However, the Group undershot its earnings forecast from the half year (adj. EBITDA) by 4.2 %, but nevertheless lies within the range expected by the capital markets.

As a result, the development of business over the year was satisfactory, particularly with regard to the volatile situation on the supply-side markets.

KATEK SE occupies the central financing and management function within the KATEK Group for the other Group entities. KATEK SE generated revenue of EUR 1.9 million in the year 2022 from its financing and management activities, up EUR 0.6 million or 46 % on the previous year's figure of EUR 1.3 million. The EBITDA of KATEK SE of EUR -5.0 million lies EUR 4.0 million above the figure of the previous year of EUR -9.0 million. The net loss for the year of KATEK SE amounts to EUR -6.0 million, compared to a net loss of EUR -9.5 million in the previous year.

In comparison to the previous year, it was possible to charge the subsidiaries for higher management fees and finance income. As a result, the non-allocable expenses could have been compensated for a predominant part. Taking these factors into account, the development of business at KATEK SE is satisfactory.

### 3 Financial performance

The Group sales of the KATEK Group grew by EUR 143.0 million or 26.5 % from EUR 540.1 million to EUR 683.1 million. The increase in revenue in 2022 of approximately EUR 20.5 million is due to the first-time consolidation of the subsidiary, SigmaPoint Technologies Inc. that was acquired in 2022. Another EUR 0.9 million in revenue growth is due to the consolidation of the Aisler Group in the consolidated statement of profit or loss for the first full year in the current financial year of 2022 after it was acquired during the previous year of 2021. The remaining increase in revenue can be attributed to organic growth and the continuing positive trend in the Electronic Manufacturing Services (EMS) sector.

Revenue by region developed as follows:

EUR k	31 Dec 2022	31 Dec 2021
Germany	479,074	382,974
Europe	160,192	134,647
Rest of world	43,834	22,498
	<b>683,100</b>	<b>540,119</b>

This sales growth is also reflected in the segment reporting, which has been presented for the first time. For example, the revenue of the Electronics segment rose by EUR 107.4 million or 23.3 % from EUR 461.8 million to EUR 569.2 million. The Systems & Products segment grew by EUR 50.1 million or 45.0% from EUR 111.3 million to EUR 161.4 million. In addition to the acquisition of SigmaPoint referred to above, the primary growth drivers in the Electronics segment are the higher sales in the renewables market. The main growth driver in the Systems & Products segment is the pleasing trend in the markets for medical alert systems and solar/renewables. Revenue of the other segments rose from EUR 1.8 million to EUR 3.3 million.

The total operating performance of the KATEK Group rose in the current year by EUR 153.3 million to EUR 698.6 million (previous year: EUR 545.3 million).

The cost of materials amounts to EUR 513.9 million compared to EUR 384.8 million in the previous year. The increase in the cost of materials in absolute

figures is largely due to the growth of the Group. To a lesser extent, the additional costs of procuring inventories in connection with the materials crisis also had an impact, which could only be partially compensated for by price increases at customers in the run-up to the crisis and by negotiation. The ratio of the cost of materials to total operating performance amounted to 73.6 % in the year 2022 and was therefore 3.0 % (percentage) points higher than in the previous year when it came to 70.6 %.

In real terms, the gross profit increased from EUR 160.5 million in the previous year to EUR 184.7 million in the reporting year. The gross margin, measured on the Group's total operating performance, lies at 26.4 % in the reporting year and is therefore down 3.0 % (percentage) points on the figure of the previous year when it came to 29.4 %. The main factor in this regard is the rise in prices due to the crisis in the supply of materials.

The gross profit of the Electronics segment rose by EUR 14.4 million or 11.3% on the previous year, rising from EUR 127.1 million to EUR 141.5 million. The gross profit of the Systems & Products segment amounted to EUR 45.0 million, representing a rise of EUR 10.1 million or 28.9%. The pleasing development of the markets described in the sales figures is also reflected in the gross profit.

Other operating income for the reporting year came to EUR 4.7 million (previous year: EUR 14.8 million). In the previous year the bargain purchase of the Leesy Group of EUR 11.3 million was included in other income. By contrast, provisions and other liabilities of EUR 2.4 million were released to income in the reporting year (previous year: EUR 0.9 million). Personnel expenses in the reporting year came to EUR 116.9 million (previous year: EUR 105.3 million). In addition to the general growth of the KATEK Group in the amount of EUR 4.5 million, the increase in personnel expenses compared to the same period of the previous year results from the expansion of the scope of consolidation to include SigmaPoint. The ratio of personnel expenses to revenue decreased by 2.2 percentage points from 19.3 % in the previous year to 17.1 %.

Other operating expenses for the reporting year came to EUR 49.3 million (previous year: EUR 39.7 million). Thereby increased the other opex to revenue ratio (other operating expenses divided by revenue) dropped from 8.5% in the year 2021 to

9.2% in the year 2022. Other operating expenses consist of operating costs of EUR 21.8 million (previous year: EUR 19.8 million), selling expenses of EUR 6.0 million (previous year: EUR 4.0 million), administrative expenses of EUR 17.4 million (previous year: EUR 12.1 million) and sundry other operating expenses of EUR 4.1 million (previous year: EUR 3.9 million). The other operating expenses mainly originates from the growth of the Group.

EBITDA decreased in the financial year 2022 by EUR 7.2 million in the financial year 2022 from EUR 30.3 million to EUR 23.1 million. Relative to revenue, the EBITDA margin comes to 3.4 % compared to 5.6% in the previous year.

Adj. EBITDA improved by EUR 0.1 million in the financial year 2022 from EUR 31.9 million to EUR 32.0 million. The adj. EBITDA margin therefore comes to 4.7% compared to 5.9% in the previous year. Adj. EBITDA is calculated by eliminating all non-operating factors and non-recurring items.

A reconciliation between the two earnings indicators is shown in the following table:

EUR m	31 Dec 2022	31 Dec 2021
<b>EBITDA</b>	<b>23.1</b>	<b>30.3</b>
IPO-related expenses	0.0	0.7
M&A, integration and other non-recurring expenses	8.6	-0.9
Restructuring expenses	0.3	1.8
<b>Total adjustments to EBITDA</b>	<b>8.9</b>	<b>1.6</b>
<b>Adjusted EBITDA</b>	<b>32.0</b>	<b>31.9</b>

Other non-recurring expenses include expenses relating to the ongoing materials crisis and expenses in connection with investments outside our reportable segments.

Depreciation of property, plant and equipment and amortization of intangible assets increased by EUR 1.1 million to EUR 22.3 million in the reporting year compared to EUR 21.2 million in the previous year. This includes the depreciation and amortization of uncovered hidden reserves and assets acquired in the course of business combinations of EUR 3.3 million (previous year: EUR 4.6 million).

EBITA, which is defined as EBITDA less depreciation

of property, plant and equipment, decreased by EUR 7.9 million to EUR 3.5 million in the reporting year compared to EUR 11.4 million in the previous year.

EBIT therefore decreased by EUR 8.3 million in the reporting year to EUR 0.8 million compared to EUR 9.1 million in the previous year.

The financial result decreased from EUR -4.4 million in the previous year to EUR -10.6 million in the reporting year. The effects of foreign currency translation deteriorated by EUR -3.3 million from EUR -1.6 million in the previous year to EUR -4.9 million. In addition to interest expenses on loan liabilities of EUR 2.4 million (previous year: EUR 1.5 million), higher interest expenses of EUR 1.0 million were incurred from recognizing leases under IFRS 16 (previous year: EUR 0.7 million). Other financial expenses from the measurement of financial instruments and the earn-out arrangements entered into burdened the financial result by an additional EUR 0.9 million (previous year: EUR 0 million).

The consolidated net loss for the year after eliminating non-controlling interests comes to EUR -6.6 million, and is EUR 15.1 million lower than the net profit of the previous year of EUR 8.5 million.

A comparison with the forecast published in the half-year report for 2022 for the prospective development of the KATEK Group in financial year 2022 is made in the following table. It should be noted that the half-year report for 2022 spoke of an additional EUR 20.0 million in revenue in connection with the acquisition of SigmaPoint, which when summed with the rest of the Group resulted in revenue forecast of EUR 635.0 million.

EUR m	Forecast (30 June 2022)	Actual 2022
Revenue	> 615.0	683.1
EBITDA (adj.)	> 33.4	32.0

The KATEK Group easily outperformed the revenue target communicated in the guidance it published. However, the Group undershot its earnings forecast (adj. EBITDA) by 4.2 %, but nevertheless still lies within the range expected by the capital markets.



#### 4 Financial position and cash flow

The core objective of financial management at the KATEK Group is to ensure sufficient liquidity at all times to fund daily operations. In addition, optimizing profitability to gain a top credit ratings is also a key objective in order to secure more favorable terms and conditions for refinancing. The financing structure is largely aligned towards long-term stability and retaining the financial headroom needed to exploit business and investment opportunities.

The balance sheet rose by EUR 108.2 million in the reporting year 2022 to EUR 502.1 million (previous year: EUR 393.9 million). This change is based on a number of effects but is primarily due to the growth of the Group. The fair values of the net assets acquired in the course of the business combination with SigmaPoint amounted to EUR 9.5 million in the financial year.

Non-current assets amount to EUR 153.8 million (previous year: EUR 125.1 million) and therefore rose by EUR 28.7 million. Property, plant and equipment increased by EUR 11.4 million, rising from EUR 90.7 million in the previous year to EUR 102.1 million in the reporting year. Of this total increase, an amount of EUR 6.8 million is attributable to additions from the acquisition of SigmaPoint. Moreover, plant and technical machinery and right-of-use assets to such items increased by EUR 4.2 million to EUR 42.2 million (previous year: EUR 38.0 million). This increase includes plant and technical machinery of EUR 4.0 million that can be allocated to the acquisition of SigmaPoint. On the reporting date, purchase commitments for investment projects amounted to EUR 1.8 million. These relate in full to planned investments in property, plant and equipment. In addition, the full acquisition of the shares in Nextek Inc. in Madison, USA, is expected in the second quarter of 2023. The purchase agreement was signed on November 29, 2022. This investment will be in the low double-digit million range

Goodwill increased by EUR 6.2 million to EUR 15.2 million (previous year: EUR 9.0 million) due to the acquisition of SigmaPoint in the reporting year, while other intangible assets rose to a figure of EUR 20.4 million (previous year: EUR 12.7 million). The increase is largely due to the addition of EUR 6.4

million in internally-generated intangible assets arising from internal development work.

Current assets increased significantly in the reporting year, rising by EUR 79.5 million to EUR 348.3 million (previous year: EUR 268.8 million). The increase can be largely attributed to an increase in inventories of EUR 73.1 million from EUR 188.8 million in the previous year to EUR 261.9 million. In addition to the growth of the Group, the main reason for this growth lies in a planned increase in inventory to improve production in view of the continuing material crisis. Trade receivables come to EUR 43.6 million (previous year: EUR 24.6 million) while other financial assets come to EUR 12.9 million (previous year: EUR 10.1 million) and cash and cash equivalents to EUR 22.6 million (previous year: EUR 42.2 million).

Non-current liabilities amount to EUR 75.9 million in the reporting year compared to EUR 92.8 million in the previous year. In October 2022, KATEK SE entered into a syndicated loan agreement that provides a limited term tranche and a revolving credit line to fund working capital, together totaling EUR 60.0 million, which replaced the existing loans. The loan agreement contains a number of covenants to comply with certain financial ratios. As at the reporting date, the KATEK Group had drawn EUR 34.5 million in loans under this arrangement. At each quarterly reporting date, KATEK reviews its compliance with the covenants set for the equity ratio and the net debt ratio and documents them accordingly. There is currently a waiver agreement for the financing in question concerning a covenant as of December 31, 2022, after the covenant equity ratio (ratio of equity to adjusted total assets in percent as defined in the loan agreement) was not met as of December 31, 2022. The reason for this is the increased total assets as of December 31, 2022 in connection with the working capital development, which is related to the global materials crisis. In the waiver agreement, it was additionally agreed until March 31, 2024 that the equity ratio covenant would be temporarily changed to the equity covenant. In this context, the loan of EUR 30.0 million was reclassified from non-current to current.

This reclassification is the reason for the decrease in non-current loans to EUR 2.5 million (previous year: EUR 32.6 million). Lease liabilities decreased by EUR 3.9 million to EUR 33.8 million (previous year: EUR 37.7 million) and other financial liabilities

increased by EUR 5.6 million to EUR 22.1 million (previous year: EUR 16.5 million). This resulted primarily from new leases and other finance contracts. Other non-current financial liabilities include liabilities of EUR 9.0 million (previous year: EUR 0 million) originating from the earn-out arrangements entered into in connection with the acquisitions of SigmaPoint and Aisler.

Current liabilities increased by EUR 111.8 million to EUR 261.2 million (previous year: EUR 149.4 million). The increase results from the rise of EUR 44.5 million in current loans to EUR 66.3 million (previous year: EUR 21.8 million). The increase results from the reclassification described above. The increase of EUR 43.0 million in trade payables to EUR 123.7 million (previous year: EUR 80.7 million) can be chiefly attributed to the increase in inventories referred to above.

In sum, liabilities amount to EUR 337.1 million on the reporting date (previous year: EUR 242.1 million). Equity amounts to EUR 165.0 million (previous year: EUR 151.8 million). The equity ratio amounts to % 32.9 as at the reporting date (previous year: % 38.5). The increase in equity is attributable to the capital increase conducted in December. This is countered by higher financing requirements due to the acquisition of SigmaPoint, the growth of the Group and the increase in inventories due to the need to stock-up materials in response to the supply-side crisis, which together led to a significant increase in liabilities.

In addition to the capital increase on 14 December 2022, another major sources of finance were the credit lines, which were drawn on by EUR 44.0 million (previous year: EUR 8.3 million). The sum total of credit lines granted by the reporting date came to EUR 75.3 million. The current interest rates on these facilities range between 1.32% and 8.25%. The remaining loans of EUR 24.8 million (previous year: EUR 46.1 million) have residual terms ranging between 3 and 65 months and bear interest at rates between 1.15% and 7.95%. Loan liabilities are secured by a joint and several guarantee extended by a number of affiliated companies. Furthermore, property, plant and equipment with a carrying amount of EUR 8.7 million (previous year: EUR 4.8 million), inventories of EUR 0.3 million (previous year: EUR 10.8 million) and trade receivables of EUR 1.9 million (previous year: EUR 6.6 million) were assigned as collateral for existing loan liabilities and other financing arrangements.

In addition to the significant financing measures described above, the KATEK Group entered into leases which endow the Group with rights to use licenses, real estate, office space in particular, other property, plant and equipment, particularly operating equipment, furniture and fixtures and also vehicles. In addition, there was financing in the form of a non-genuine sale and leaseback in the amount of EUR 10.3 million in the financial year. The leases have a supporting function for the operations of the Group.

A condensed version of the cash flow statement of the KATEK Group for the reporting year is presented in the following table:

EUR m	31 Dec 2022	31 Dec 2021
Cash flow from operations	0.1	- 21.6
Cash flow from investing activities	- 47.3	- 8.7
Cash flow from financing activities	10.3	61.4
<b>Cash effective changes in cash and cash equivalents</b>	<b>- 36.9</b>	<b>31.1</b>
Changes in cash and cash equivalents due to exchange rates and changes in valuation	0.2	- 0.8
<b>Cash and cash equivalents at the beginning of the reporting period</b>	<b>33.9</b>	<b>3.6</b>
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>- 2.8</b>	<b>33.9</b>

The cash flow from operating activities for the 2022 reporting period comes to a value of EUR 0.1 million (previous year: EUR -21.6 million) and therefore improved by EUR 21.7 million. This is due in particular to the decrease in cash outflows in connection with inventories and other assets, as well as to the reduced cash inflows in connection with trade accounts payable and other liabilities. The Group mainly intends to secure its ability to deliver with the increased inventories.

The cash flow from investing activities in the 2022 reporting period comes to a net cash outflow of EUR -47.3 million which represents a decline of EUR 38.5 million on the net cash outflow of EUR -8.7 million in the previous year. The negative cash flow from investing activities is due to payments made for intangible assets of EUR -8.0 million (previous year: EUR -1.7 million). These investments mainly relate to the inhouse

development of an AC wallbox for the European market. In addition to replacements, the investments in property, plant and equipment of EUR -22.0 million (previous year: EUR -14.8 million) are a reflection of the growth strategy pursued by KATEK. In this connection, a sum of EUR -17.6 million (previous year: EUR -8.3 million) was invested for business combinations. These cash outflows in the reporting year were offset by payments of EUR 0.4 million (previous year: EUR 17.8 million) received from the disposals of property, plant and equipment.

The cash flow from financing activities amounts to EUR 10.3 million, marking a significant decrease on the previous year when a net cash flow of EUR 61.4 million was recorded. In the previous year, the high cash flow from financing activities was due to the additional paid-in capital of EUR 74.9 million received during the successful IPO of KATEK SE in May 2021. In the reporting year, the additional paid-in capital came to EUR 19.2 million and originated from the capital increase conducted in December 2022. In addition, cash was received from new borrowings of EUR 80.0 million (previous year: EUR 20.4 million) and cash paid to redeem loans and lease liabilities of EUR -84.6 million (previous year: EUR -23.4 million). In the previous year, repayments of liabilities towards shareholders amounted to EUR -7.7 million.

As a result, cash and cash equivalents closed the year with a lower balance than at the beginning of the financial year at EUR -2.8 million as at 31 December 2022 (31 December 2021: EUR 33.9 million).

As at the closing date, the KATEK Group has credit lines of EUR 75.3 million available to it from banks, of which EUR 44.0 million had been drawn.

As a result, the KATEK Group carried cash and cash equivalents of EUR 22.6 million on the reporting date and can fall back on undrawn credit lines from financial institutions. KATEK was therefore in a position to settle all of its payment obligations at any time.

## 5 Financial performance, financial position and cash flows of KATEK SE

KATEK SE occupies the central financing and management function within the KATEK Group for the other Group entities.

KATEK SE generated revenue of EUR 1.7 million in the year 2022, up EUR 0.4 million or 31 % on the previous year's figure of EUR 1.3 million. In both the reporting year and the previous year, revenue was generated from shared services performed centrally for the entities of the KATEK Group.

Other operating income came to EUR 3.3 million (previous year: EUR 1.8 million).

Personnel expenses in the financial year decreased to EUR 1.7 million compared with EUR 2.3 million in the previous year. In the previous year, personnel expenses included an addition to provisions of EUR 0.6 million. The absence of this item explains the decrease in personnel expenses in 2022.

Other operating expenses came to EUR 8.3 million (previous year: EUR 9.8 million). This includes administrative expenses of EUR 5.5 million (previous year: EUR 8.6 million), selling expenses of EUR 0.6 million (previous year: EUR 0.3 million) and operating expenses of EUR 1.2 million (previous year: EUR 0.8 million). General administrative expenses include legal expenses and consulting fees of EUR 3.7 million (previous year: EUR 6.8 million).

The financial result amounts to a loss of EUR -1.0 million (previous year: a loss of EUR -0.5 million). The figure for the current year includes income from profit and loss transfer agreements of EUR 0.2 million (previous year: EUR 0.4 million) and expenses from absorbing losses of EUR -0.9 million (previous year: EUR -0.4 million). Income from loans amounts to EUR 0.3 million (previous year: EUR 0.2 million), which consists of interest received of EUR 0.6 million (previous year: EUR 0.2 million) and interest expenses of EUR -1.3 million (previous year: EUR -0.9 million).

The EBITDA of KATEK SE of EUR -5.0 million lies EUR 4.0 million above the figure of the previous year of EUR -9.0 million. The net loss for the year of KATEK SE amounts to EUR -6.0 million, compared to a net loss of EUR -9.5 million in the previous year.

The balance sheet total of KATEK SE comes to EUR 165.7 million (previous year: EUR 143.6 million), representing an increase of EUR 22.1 million on the previous year.

Financial assets as at the reporting date come to EUR 123.6 million, up by an amount of EUR 14.4 million on the previous year's figure of EUR 109.2 million. The acquisition of SigmaPoint was the main driver for this increase.

Current intercompany loans amount to EUR 36.2 million on the reporting date (previous year: EUR 14.5 million), most of which consists of a loan of EUR 12.3 million extended to KATEK Leipzig GmbH and a loan of EUR 16.0 million extended to KATEK GmbH.

Cash and cash equivalents decreased from EUR 17.5 million in the previous year to EUR 4.6 million in the reporting year.

Equity increased by EUR 13.4 million on account of the capital increase, rising from EUR 110.2 million in the previous year to EUR 123.6 million.

On 25 November 2022, a resolution was passed to increase capital by issuing subscription rights, making partial use of Authorized Capital 2021/1. The capital increase, which was filed with the commercial register on 14 December 2022, increased subscribed capital by EUR 1.2 million on the previous year from EUR 13.3 million to EUR 14.5 million. The capital reserve was created from the premiums received during the capital increase and amounts to EUR 133.0 million (previous year: EUR 114.7 million). The capital reserve rose by EUR 18.2 million after deduction of transaction costs..

The equity ratio comes to 74.5% in 2022 compared to 76.7% in the previous year.

Provisions decreased by EUR 3.0 million on the previous year, falling from EUR 4.0 million to EUR 1.0 million. The main factor for the decline is the pay-out of the phantom stock program in December 2022.

Liabilities to banks increased to EUR 34.5 million in the course of the financial year (previous year: EUR 21.2 million). Reference is made to the statements in section B.4 Net assets and financial position

regarding the syndicated loan agreement; these apply analogously to KATEK SE.

Liabilities to affiliated companies decreased by EUR 1.7 million to EUR 1.9 million (previous year: EUR 3.6 million).

The business performance of KATEK-SE was satisfactory in 2022.

One of the most important tasks of KATEK SE is to obtain funding for the day-to-day operations of its subsidiaries. The financing function of KATEK SE is reflected in the receivables from and liabilities to affiliated companies. In financial year 2022, KATEK SE extended intercompany loans of EUR -21.7 million (previous year: EUR -12.0 million) to its subsidiaries and repaid loans drawn on from its subsidiaries of EUR -3.7 million (previous year: -4.3 million). To ensure sufficient funding for its subsidiaries, KATEK SE took out external loans of EUR 60.0 million (previous year: EUR 30.0 million). Repayments of external loans amounted to EUR -47.2 million (previous year: EUR -4.4 million). In the previous year, repayments of EUR -7.7 million were also made on a shareholder loan. The capital increase conducted in December resulted in cash inflows of EUR 19.4 million, contributing to the positive cash position of the Group. The previous year was dominated by additional paid-in capital of EUR 78.9 million received during the successful IPO.

The cash and cash equivalents carried by KATEK SE decreased from EUR 17.5 million to EUR 4.6 million.

As at the reporting date, KATEK SE carried bank loans of EUR 34.5 million. Their residual term amounts to 34 months and they bear interest of between 4.2% and 4.5%.

As a result, KATEK SE carries a positive balance of cash and cash equivalents on the reporting date and can fall back on unused credit lines from banks as at the reporting date. KATEK SE was therefore in a position to settle all of its payment obligations at any time.

## 6 Capital expenditure

The volume invested by the KATEK Group in intangible assets and property, plant and equipment in the financial year 2022 came to EUR -30.0 million (previous year: EUR -16.5 million). Of this total, property, plant and equipment accounted for EUR -22.0 million (previous year: EUR -14.8 million) and intangible assets for EUR -8.0 million (previous year: EUR -1.7 million). The greatest outlays for property, plant and equipment were for plant and machinery of EUR -9.0 million (previous year: EUR -4.5 million) and assets under construction and payments on account of EUR -8.3 million (previous year: EUR -6.0 million). Investments in intangible assets include development costs of EUR -6.4 million recognized as internally generated intangible assets (previous year: EUR -1.3 million).

Investments in connection with business combinations amounted to EUR 14.6 million in the reporting year (previous year: EUR 10.2 million) and include the acquisition of SigmaPoint.

The most significant investments of KATEK SE in the 2022 reporting year involved the acquisition of a 100% stake in SigmaPoint Technologies Inc. of EUR -4.6 million and the acquisition of the shares in Telealarm Europe GmbH of EUR -5.9 million. In the previous year, this item largely consisted of the acquisition of the AISLER Group of EUR 2.6 million.

## **7 Employees**

In sum, the Group employed 2,937 employees at year-end (previous year: 2,707).

In addition, a total of 124 individuals were doing an apprenticeship at one of the entities of the KATEK Group as at 31 December 2022 (previous year: 81 individuals).

KATEK SE employed six employees at year-end (previous year: four).

## **8 Research and development**

As a mere holding company, KATEK SE does not conduct any research and development activities of its own. Research and development within the KATEK Group is performed solely at the level of the Group's entities. Development is performed on a project-by-project basis for customers as well as for the Group's own products.

The development expenses for the Group's own products amounted to a total of EUR 14.8 million in financial year 2022 (previous year: EUR 3.4 million). Of this total, development costs of EUR 6.4 million (previous year: EUR 1.3 million) were invested in inhouse developments in the field of electromobility, which are not yet eligible for amortizations.

## C Disclosures on takeovers

The following disclosures are required by Sec. 289a (1) HGB and Sec. 315a (1) HGB.

### 1 Amount and breakdown of capital stock

As at 31 December 2022, the Company's capital stock amounts to EUR 14,445,687.00 (previous year: EUR 13,241,880.00) and is split into 14,445,687 no-par bearer shares with an imputed share in the capital stock of EUR 1.00 per share. On 15 November 2022, a resolution was passed to increase capital by issuing subscription rights, making partial use of Authorized Capital 2021/I. The capital increase of EUR 1,203,807.00 was filed with the Commercial Register on 14 December 2022. All shares are fully paid up. The shares carry full dividend rights. Each share entitles the holder to one vote at the Company's annual general meeting. They are certificated in global certificates. Each shareholder of KATEK SE has a statutory right under the law to subscribe, upon its request, to any new shares originating from a capital increase in relationship to its existing relative shareholding in capital stock. There is only one class of shares. All shares are equipped with the same rights and obligations. There are no holders of shares with special rights granting control.

### 2 Authorized capital

Based on a resolution of the extraordinary shareholders' meeting on 19 March 2021 the Management Board is authorized, subject to approval by the Supervisory Board, to raise the capital stock of the Company any time within a period of five years measured from the date that entry was made in the commercial register to this effect on 7 April 2021, by up to EUR 3,923,520.00 by issuing up to 3,923,520.00 new no-par bearer shares with an imputed share in capital stock of EUR 1 per share, in return for cash contribution or contribution in kind (Authorized Capital 2021/I). The remaining authorized capital after the partial utilization comes to EUR 2,719,713.00. The authorization can be utilized for a single or multiple share issues in full or in part.

The Management Board is authorized, with the approval of the Supervisory Board, to exclude the shareholders' statutory subscription rights in the following cases:

- capital increases in return for cash contributions, provided the new shares to which existing shareholders are excluded from subscription does not exceed 10% of the total capital stock at the time this authorization is exercised and the price of the new shares issued does not significantly fall short of the trading price of shares of the same class and equipped with the same rights already traded on a stock exchange on the date on which the price is finally set by the Management Board in the sense of Sec. 203 (1) and (2) and Sec. 186 (3) sentence 4 AktG;
  - capital increases for a contribution in kind, particularly in the form of companies and/or distinct operations of companies, entities and/or shares in companies, receivables, patents, brands and/or other industrial rights, licenses and/or other assets and/or other rights;
  - to grant the bearers of convertible bonds, convertible loans, warrant-linked bonds or warrants issued by the Company subscription rights to new shares they would be entitled to after exercising their options or conversion rights or upon fulfilling their obligation to convert;
  - to issue shares to members of the Management Board, the managing directors of affiliated companies or employees of the Company or of its affiliated companies;
  - or in other cases that lie in the well-understood interests of the Company.
- The issue of shares excluding the subscription rights of existing shareholders under the terms of this authorization only permits shares to be issued upon the simultaneous exclusion of the subscription rights of existing shareholders if the sum of the new shares – plus any new shares issued or sold by the Company under the terms of some other authorization during the period of this authorization (until it is exercised) that excludes the shareholders' subscription rights – plus any rights issued during this period of authorization (until it is exercised) on the basis of some other authorization that excludes the shareholders' subscription rights and that grant a right to subscribe to the Company's shares or commit them to acquire shares in the Company – does not exceed 20% of the capital stock in total, calculated at the effective date or, if lower, the date on which the authorization is exercised.
- to avoid fractional amounts;

If the shareholders' subscription rights are not excluded, the subscription right can also be granted by financial institutions or other companies meeting the criteria of Sec. 186 (5) AktG committing to offer them to the shareholders for subscription.

The Management Board is authorized, subject to approval of the Supervisory Board, to determine the other details concerning performance of the capital increase from Authorized Capital 2021/I, including the content of the rights attached to the shares and the terms and conditions pertaining to the issue of shares, including the issue price.

The Supervisory Board is authorized to adjust the wording of the articles of association after expiry of the authorization period or after full or partial execution of the capital increase from Authorized Capital 2021/I to match the scope of any capital increase exercised under the terms of Authorized Capital 2021/I.

### 3 Authorization to issue convertible bonds

By resolution of the extraordinary shareholders' meeting on 19 March 2021 the Management Board was also authorized, subject to approval from the Supervisory Board, to issue any time on or before 28 February 2026 in one or several installments, convertible registered or bearer bonds and/or warrant-linked bonds for a total nominal value of up to EUR 200,000,000.00 (hereinafter referred to as "Bonds") with a term not exceeding 20 years and to grant the bearers of the convertible bonds rights of conversion or options to purchase new shares in the Company with an aggregate nominal share in capital stock of up to EUR 3,119,520.00 in keeping with the more detailed terms and conditions of the convertible bond/options issue. The Bonds may be issued once or several times, in whole or in part and also simultaneously in different tranches.

The shareholders are generally entitled to a subscription right to the bonds. The shareholders' statutory subscription rights may be satisfied in the form of one or more underwriting banks assuming the bonds with an attached obligation to offer them to the shareholders for subscription.

However, the Management Board is authorized, subject to approval of the Supervisory Board, to exclude the subscription rights of the Company's shareholders to the Bonds or options in full or in part

- provided the issue price for a Bond does not significantly fall short of the theoretical market value of the Bonds calculated using generally accepted mathematical methods. According to Sec. 186 (3) sentence 4 AktG (simple exclusion of subscription rights upon a capital increase in return for cash contribution), the sum of the shares issued to satisfy Bonds plus any other shares issued or sold during the term of the authorization in accordance with this provision may not exceed 10% of the respective capital stock either on the effective date or on the date on which the authorization is exercised;
- to grant the bearers of conversion rights or options subscription rights to shares in the Company to compensate any dilutive effects to the scope to which they would be entitled after exercise of these rights;
- to exclude the shareholder's subscription rights to avoid fractional amounts that arise on account of the modalities of the subscription.

In the event that convertible bonds are issued, the holders of the bond are granted the right to convert them into shares of the Company in accordance with the more detailed terms and conditions of the convertible bond issue. The total share in capital stock attributable to the shares to be issued upon conversion may not exceed the nominal amount of the convertible bonds. The conversion ratio is calculated by dividing the nominal amount of a convertible bond by the fixed conversion price for a share of the Company. The conversion ratio may also be determined by dividing the issue price of a convertible bond which is below the nominal amount by the fixed conversion price for a new share of the Company. A variable conversion ratio may be arranged with the conversion price ranging within a corridor to be set depending on the market price of the share over the term or during a defined period within the term of the convertible bond. The conversion ratio may be rounded up or down to a full figure; moreover an additional cash premium can also be set. Furthermore, provision may be made for any fractional amounts to be combined and/or settled in cash.

If warrant-linked bonds are issued, one or more warrants shall be attached to each warrant-linked bond issue, entitling the holder to subscribe to shares of the Company in accordance with the more



detailed terms and conditions of the options to be determined by the Management Board. The total share in capital stock attributable to the shares to be issued per warrant-linked bond may not exceed the nominal amount of the warrant-linked bonds.

The respective terms and conditions of the bonds may also provide for mandatory conversion at the end of their term or at an earlier date. Finally, the terms and conditions of the bonds may provide for their fair value to be paid out in cash in lieu of exercising rights of conversion or option rights to shares in the Company. The respective terms and conditions of the bonds may also provide for treasury shares of the Company to be used to satisfy conversion rights or options to shares in the Company.

The respective conversion or option price for one share in the Company (subscription price) must, even in the case of a variable swap/conversion ratio, either (a) correspond to at least 80% of the average closing price (XETRA exchange or a comparable successor platform) of the share in the Company on the ten days of trading immediately preceding the date on which the resolution is passed by the Management Board to issue Convertible Bonds or warrant-linked bonds, or (b) correspond to at least 80% of the average closing price (XETRA exchange or a comparable successor platform) of the share in the Company on the days on which the subscription rights are traded on the Frankfurt stock exchange, with the exception of the last two days of trading in subscription rights. Sec. 9 (1) and Sec. 199 (2) AktG remains unaffected.

If the economic value of the existing convertible bonds or options is diluted during their term and no subscription rights are granted as compensation, the value of the conversion rights or options will be adjusted – regardless of the minimum issue price pursuant to Sec. 9 (1) AktG – to the extent that such adjustment is not already mandatory under the law. At any rate, the share in capital stock attributable to the no-par bearer shares to be issued under the terms of the Bond may not exceed the nominal value of the Bond.

In the place of adjusting the price of the option or conversion price, the corresponding amount may be paid out by the Company in cash upon exercise of the option or conversion right or upon satisfaction of the mandatory convertible in accordance with the more detailed terms and conditions of the option or con-

version bond issue. In addition, the terms and conditions of the bond issue may also provide for an adjustment of the option or conversion rights or duties in the event of a capital reduction or other extraordinary capital adjustment or event.

The Management Board is entitled, subject to approval of the Supervisory Board, to determine the further details of the convertible bond and/or warrant-linked bond issue and their attached rights and duties, including, but not limited to, the coupon rate, the issue price, the term, their denomination, exercise price and the exercise period.

#### 4 Conditional capital

By resolution of the Annual General Meeting on 25 September 2019 and in conjunction with the resolution passed on 19 March 2021, capital stock may be increased by up to EUR 804,000.00 by issuing up to 804,000 new no-par bearer shares with an imputed share in capital stock of EUR 1.00 per share (Conditional Capital 2019). The contingent capital increase may only be executed to the extent that subscription rights have been and are issued under the 2019 stock option program in accordance with the resolution of the Annual General Meeting on 25 September 2019 entitling the bearers to exercise their right to subscribe to shares in the Company and only when the rights are not satisfied in some other way (e.g. cash payment or serviced from treasury stock). The Supervisory Board has the sole jurisdiction when it comes to granting subscription rights to members of the Management Board and settling such rights. The new shares participate in the appropriation of retained profits from the beginning of that financial year in which the Annual General Meeting has not yet passed any resolution on the appropriation of retained earnings as at the date on which the shares are issued. The Management Board is authorized, subject to approval of the Supervisory Board, to determine the other details concerning the contingent capital increase.

By resolution of the Annual General Meeting passed on 19 March 2021, capital stock may be increased by up to EUR 3,119,520.00 by issuing up to 3,119,520 new no-par bearer shares with an imputed share in capital stock of EUR 1.00 per share (Conditional Capital 2021/I). The increase in contingent capital serves the sole purpose of granting shares to bearers of convertible bonds issued by the Company or one of its direct or indirect equity investments in Germany or abroad in accordance with the authorization of the Annual General Meeting of 19 March 2021.

New shares may only be issued at a conversion price that corresponds to the terms and conditions of the authorization passed by resolution of the Annual General Meeting on 19 March 2021. To this extent, a contingent capital increase may only be executed to the extent that bearers of convertible bonds exercise their conversion rights and the rights are not settled with existing shares, shares from Authorized Capital or any other form of settlement. The new shares participate in the appropriation of retained profits from the beginning of that financial year in which the

Annual General Meeting has not yet passed any resolution on the appropriation of retained earnings as at the date on which the shares are issued. The Management Board is authorized, subject to approval of the Supervisory Board, to determine the other details concerning the contingent capital increase.

The Supervisory Board is authorized to amend the articles of association accordingly if the authorization to issue convertible bonds issued by the Annual General Meeting on 19 March 2021 is not exercised, after expiry of the term of the authorization and when Conditional Capital 2021/I is not or only partly used, after expiry of all conversion deadlines.

#### 5 Direct or indirect capital investments exceeding 10% of capital stock

KATEK SE was informed of the following direct holding in capital stock in financial year 2022 that exceeds 10% of the voting rights:

PRIMEPULSE SE: 57.42%

#### 6 Appointments and removals of members of the Management Board

The requirements of the German Stock Corporation Act (Sec. 84 and 85 AktG) and Council Regulation (EC) No 2157/2001 on the Statute for a European company (SE) (Art. 39 and Art. 9 (1) lit. c) ii SE Regulation) apply to the appointment and removal of members of the Management Board. The Supervisory Board determines the number of members appointed to the Management Board. When appointing the Management Board, KATEK observes the recommendations of the German Corporate Governance Code, taking account of the particular circumstances of the Company.

#### 7 Significant agreements subject to a change in control

There were no significant agreements in the reporting period subject to a change in control.

## D Remuneration report

The remuneration report presents the remuneration granted and owing to current and former individual members of the Management Board and the Supervisory Board of KATEK SE in financial year 2022 (1 January to 31 December 2022) and explains the background.

### 1 Remuneration of the members of the Management Board

In the financial year, the Management Board of KATEK SE consisted of two members without any change to the previous year: Mr. Rainer Koppitz (CEO and co-founder of KATEK SE) and Dr. Johannes Fues (CFO KATEK SE). The current term of Mr. Koppitz expires on 31 March 2024. The term of Dr. Fues was prolonged on 20 March 2023 until 31 December 2026.f

### 2 The remuneration system at a glance

The Shareholders' Meeting on 16 May 2022 approved the remuneration system and the remuneration report for the preceding financial year for the members of the Management Board pursuant to Sec. 120a (1) AktG in conjunction with Sec. 120a (4) AktG. This has been published on the website of the Company in accordance with Sec. 120a (2) AktG and can be found at <https://katek-group.de/investor-relations-bereich/corporate-governance/>

The remuneration system consists of both fixed (non-performance-related) and variable (performance-related) components.

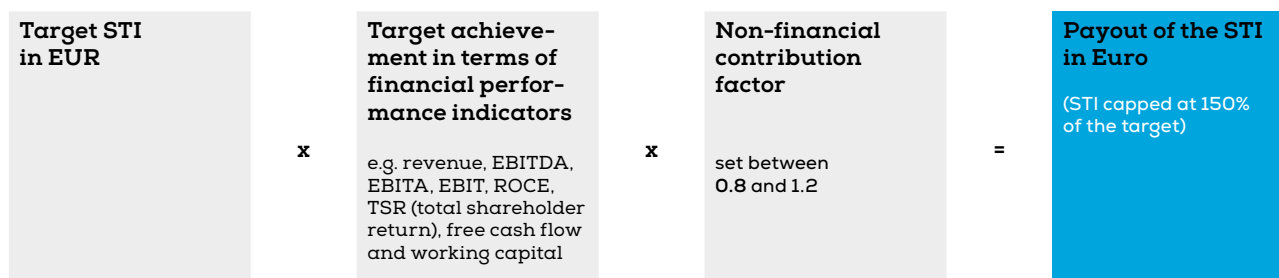
The fixed non-performance-related components consist of a basic salary ("Basic Salary") and fringe benefits paid in kind as well as other benefits ("Fringe Benefits"). The Basic Salary is fixed in relation to the full year and is paid out in twelve monthly installments in arrears after deducting the statutory taxes and deductions. The members of the Management Board may be granted the following Fringe Benefits, for example: Provision of a company car for private use and assumption by the Company of the operating costs and service charges or, alternatively, payment of a monthly amount in lieu of a company car, payment of the premiums for pension insurance, health insurance and nursing care insurance up to the statutory maximum, D&O insurance coverage with a deductible as required by

Sec. 93 (2) sentence 3 AktG, reimbursement of telecommunication costs, even for private use. The Basic Salary accounts for between 65% and 85% of the targeted total remuneration of the members of the Management Board.

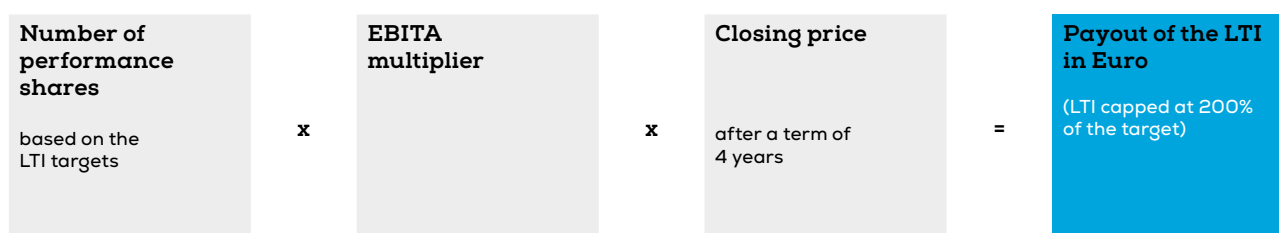
The service contracts can also provide for payment of all or part of the Basic Salary in the event of temporary or permanent incapacity or parts/individual components of the remuneration package for up to twelve months and, in the event of death, up to six months plus the month in which death occurred, to the surviving dependents of the respective member of the Management Board, but not beyond termination of the service contract. The welfare components granted by the Company in the form of sick pay are not disclosed as a percentage of the target total remuneration as these are only paid upon the incapacity or death of the respective member of the Management Board and are therefore not paid in addition to the components of the target total remuneration package referred to above during the term of service.

The variable components of the remuneration package comprise a short-term variable component in the form of a short-term incentive (STI) and a long-term variable incentive (LTI) in the form of a phantom stock program ("Performance Share Plan"). The variable components account for between 15% and 35% of the targeted total remuneration of the members of the Management Board. The short and long-term variable components (STI and LTI) stand in a ratio of roughly 49:51 to each other.

The specific amount of the STI is calculated as follows:



The specific amount of the LTI is calculated as follows:



The sum total of the above remuneration components constitutes the total remuneration ("**Total Remuneration**") of a member of the Management Board.

In extraordinary cases, the Supervisory Board can at its own fair discretion honor any special performance by the Management Board that is in the interests of the Company by paying a **special bonus**, provided this promotes the business strategy and contributes to the long-term development of the Company. Such special bonuses are non-recurring and do not establish any constructive obligation on the part of the Company. The amount of any such special bonus is set at a maximum of 50% of the fixed annual base salary and may only be paid out in cash.

The remuneration system for the Management Board also obliges the members of the Management Board to privately hold a **minimum number of shares** in KATEK SE until the end of their appointment to the Management Board. The purchase price for such shares is set at an amount equivalent to one year's fixed annual basic gross salary (excluding fringe benefits). Until this minimum holding is established, all variable components of the member's

Management Board remuneration will be invested in shares of KATEK SE after deducting personal taxes and salary deductions. Once purchased, the shares in KATEK SE may not be sold for the entire duration of the member's appointment to the Management Board for as long as the minimum holding has not yet been established or, due to a sale, the minimum holding is no longer ensured.

Share-based payments and stock options are not elements of Management Board remuneration.

### 3 Target total remuneration

The Supervisory Board sets the performance criteria and targets for the "**Target Total Remuneration**" for each of the members of the Management Board for the coming financial year in harmony with the principles of the remuneration system. The Target Total Remuneration corresponds to the total remuneration to be paid upon 100% attainment of the targets for the STI and the LTI. The goal is to remunerate the members of the Management Board appropriately for their work and performance taking account of the position of the Company, its long-term and sustainable development and that of the KATEK Group and ensuring that the remuneration does not exceed the

customary remuneration paid without good reason.

#### Target remuneration for the financial year 2022

The following table shows the individual target remuneration for each member of the Management Board and the relative share of each individual component of remuneration in the target total remuneration:

<b>Rainer Koppitz (EUR)</b>	<b>608,070</b>	<b>100%</b>
Fixed remuneration	480,000	79%
Fringe benefits	8,070	1%
	<b>488,070</b>	<b>80%</b>
STI	58,800	10%
LTI	61,200	10%
	<b>120,000</b>	<b>20%</b>
<b>Dr. Johannes Fues (EUR)</b>	<b>237,818</b>	<b>100%</b>
Fixed remuneration	180,000	76%
Fringe benefits	16,818	7%
	<b>196,818</b>	<b>83%</b>
STI	20,000	8%
LTI	21,000	9%
	<b>41,000</b>	<b>17%</b>

There are no discrepancies between the current service contracts with the members of the Management Board and the new remuneration system for the Management Board.

#### Compliance with the maximum remuneration

In accordance with Sec. 87a (1) sentence 2 No. 1 AktG the Supervisory Board has set a cap on the total remuneration of the members of the Management Board (i.e. the sum of basic remuneration and the short-term incentive and long-term incentive) ("**Maximum Total Remuneration**"). This maximum total remuneration amounts to EUR 750,000.00 for the Chairman of the Management Board and EUR 350,000.00 for the other members of the Management Board.

As the amount paid out in cash for the LTI follows publication of the annual financial statements of the Company for the third year following the year in which they were granted, the review cannot be conducted until 2025. However, compliance with the maximum remuneration for the financial year 2022 is already ensured due to the existing cap: The maximum LTI pay-out is limited at a maximum of 200% of the agreed LTI target amount. The maximum remuneration for financial year 2022 is not exceeded even in the event that the maximum is paid out.

#### Appropriateness of remuneration

In order to assess the appropriateness and customary nature of the remuneration, the Supervisory Board has applied both an external (horizontal) and an internal (vertical) comparative analysis.

To conduct the horizontal peer group comparison, the Supervisory Board drew on publicly listed companies in the EMS sector and/or companies with comparable business models or financial indicators (e.g. revenue, earnings, market capitalization).

The internal (vertical) comparison involved looking at the ratio of Management Board remuneration to the remuneration paid to the top level of management underneath the Management Board and the workforce of the KATEK Group overall. The top level of management comprises the managing directors of the respective regional companies and the second management level of the Company.

Each year, and most recently on 20 March 2023, the Supervisory Board reviews the appropriateness of the Total Remuneration including the fixed remuneration components and the variable components.

#### 3.1 Variable remuneration - disclosures on the targets set and target achievement

Variable remuneration is pegged to performance and accounts for 20% to 17% of the total remuneration of the members of the Management Board.

##### 3.1.1 Effect of the STI

The STI is intended to reward the contribution of the Management Board to the success of the business in each specific financial year.

In addition to financial performance indicators, non-financial performance indicators are also used as a measurement basis. These indicators consider the collective and/or individual performance of the members of the Management Board or the achievement of other non-financial objectives, such as the implementation of strategic objectives or organizational development and good corporate governance.

The financial performance criteria are measured using indicators that are presented in the combined management report of KATEK SE.

The following aspects come into consideration as potential measurement criteria for non-financial factors:

- Strategic goals of the company such as reaching important strategic milestones (such as mergers & acquisition, strategic partnerships), tapping into new markets, sustainable strategic, technical or structural business development, implementation of any plans for business transformation.
- Implementation of strategically relevant projects and passing other operating milestones, e.g. related to the supply chain, sales & distribution, research & development, IT.
- Goals with regard to good corporate governance, customer satisfaction, employee concerns, or corporate culture (such as measures to improve the appeal of the organization as an employer of choice and raise employee satisfaction, management development, diversity and equal opportunities, sustainability (ESG goals). Further measurement criteria include continued organizational and cultural development (e.g. promoting corporate values, agility and ownership, reinforcing cooperation and communication, succession planning) or cooperation with the Supervisory Board.

### 3.1.2 Effect of the LTI

The LTI is share-based and, to this extent, is aligned towards the development of the KATEK SE share price and EBITA, which is viewed as a key factor in measuring the value of the company and therefore the development of its share price.

EBITA is measured using the definition in the Group management report. It incentivizes the long-term profitability of the Company and therefore reinforces implementation of the corporate strategy over the long term.

### 3.1.3 Disclosures on target achievement

When setting the targets for the STI, the Supervisory Board selected EBITA as the measurement base for the financial year 2022. The specific target is a product of the business plan for 2022 ratified by the Supervisory Board in December 2021.

Actual target achievement in 2022 and the resulting pay-out of the variable remuneration components per member of the Management Board were as follow:

<b>Rainer Koppitz (EUR)</b>	<b>Pay-out</b>	<b>Target</b>	<b>Delta</b>	<b>%</b>
STI	37,000	58,800	- 21,800	63%

<b>Dr. Johannes Fues (EUR)</b>	<b>Pay-out</b>	<b>Target</b>	<b>Delta</b>	<b>%</b>
STI	12,300	20,000	- 7,700	62%

According to the remuneration system, the agreed STI arises from reaching certain financial and non-financial performance criteria. The realized EBITA (PLAN vs. ACTUAL) is used as the financial performance criterion. Non-financial performance criteria comprise the field of CSR (development of the CSR/ ESG strategy and implementation of suitable measures), M&A (identification of attractive targets, initiating discussions, negotiating at least two transactions that raise business value). In total, STI bonuses of EUR 37k (previous year: EUR 42k) were granted to Mr. Koppitz and EUR 12k (previous year: EUR 14k) to Dr. Fues on the basis of a goal attainment of 62%-63%.

The Supervisory Board defined the following values for the LTI tranche for 2022:

3,658 Performance Shares were awarded for the year 2022. An EBITA increase of EUR 54,201k was agreed on for the relevant period of 2025 based on the business planning. As the LTI tranche granted for financial year 2022 has a term of four years, no LTI is owed at present.

### 3.1.4 Special compensation

At the Supervisory Board meeting on March 20, 2023, the Supervisory Board of KATEK honored the special achievements of Dr. Fues as Chief Financial Officer of the Company in fiscal year 2022, which were in the interest of the Company, with a one-time, extraordinary special compensation in the amount of EUR 50k in accordance with Section 4.2.3 of the Compensation System for the Management Board.

### 3.1.5 Malus and clawback clauses

In the event that the Management Board commits a serious breach of its obligations under the law, the Supervisory Board is entitled on the basis of its professional judgment to withhold or reduce any components of the STI or LTI that have not already been paid out (malus) or claw-back any variable remuneration components in full or in part that have already been paid out.

In the financial year 2022 the Supervisory Board did not make use of withholding or clawing back variable remuneration components.

### 3.2 Actual remuneration granted or owing to the Management Board

The actual remuneration granted (i.e. remuneration actually paid) and the amounts still owing (i.e. legally enforceable but not yet paid) to the members of the Management Board in the reporting year are as follows:

<b>Rainer Koppitz (EUR)</b>	<b>525,070</b>	<b>100%</b>
Fixed remuneration	480,000	90%
Fringe benefits	8,070	1%
	<b>488,070</b>	<b>91%</b>
STI	37,000	9%
LTI	0	0%
	<b>37,000</b>	<b>9%</b>
<b>Dr. Johannes Fues (EUR)</b>	<b>259,118</b>	<b>100%</b>
Fixed remuneration	180,000	69%
Fringe benefits	16,818	7%
	<b>196,818</b>	<b>76%</b>
STI	12,300	5%
LTI	0	0%
Special bonus	50,000	19%
	<b>62,300</b>	<b>24%</b>

### 3.3 Outlook for the financial year 2023

The following summary presents the performance criteria for variable remuneration for the financial year 2023 as resolved by the Supervisory Board of KATEK SE on 20 March 2023. The maximum remuneration of the members of the Management Board remains unchanged on the amounts set in the remuneration system and the service contracts in place.

STI - financial performance indicator	EBITA
	Continuation of M&A strategy
STI - non-financial performance indicator	Continuation of SCM (Supply Chain Management) measures for the Group
	Continuation of organizational development
LTI	According to the remuneration system

## 4 Remuneration of the members of the Supervisory Board

The Annual General Meeting of KATEK SE approved the remuneration of the Supervisory Board on 20 April 2021 for the first time in accordance with Art. 12 (1) of the articles of association, effective from the financial year 2021. Following the IPO of KATEK SE in May 2021, the Annual General Meeting on 16 May 2022 confirmed the remuneration effective from financial year 2021 in accordance with Sec. 113 (3) AktG. The remuneration of Supervisory Board members pursuant to Sec. 113 (3) AktG in connection with Sec. 120a (2) AktG has been published on the website of the Company at <https://katek-group.de/investor-relations-bereich/corporate-governance/>

Remuneration of the Supervisory Board is structured solely as a fixed component scheme. It honors the responsibility and scope of work performed by the members of the Supervisory Board. The Chairman and the Deputy Chairman of the Supervisory Board are provided with extra remuneration as are the Chairman of the Audit Committee and any work performed on the committee. Membership of the Nomination Committee is not remunerated in addition.

Members of the Supervisory Board of the Company receive the following annual remuneration:

- the Chairman of the Supervisory Board: EUR 40,000.00 plus VAT,
- the Deputy Chairman of the Supervisory Board: EUR 30,000.00 plus VAT,
- each standard member of the Supervisory Board: EUR 20,000.00 plus VAT.

If a new member is appointed to the Supervisory Board or an existing member steps down, the remuneration is paid on a pro rata temporis basis of each month in which work is performed.

Members of the Audit Committee receive the following annual remuneration:

- the Chairman of the Audit Committee: EUR 4,000.00 plus VAT,
- each standard member of the Audit Committee: EUR 2,000.00 plus VAT.

If a new member is appointed to the Audit Committee or an existing member steps down, the remuneration is paid on a pro rata temporis basis of each month in which work is performed.

According to Art. 12 (3) of the articles of association of KATEK SE, the members of the Supervisory Board are reimbursed for any out-of-pocket expenses incurred when performing their duties.



The following table lists the remuneration granted or owing to members of the Supervisory Board in accordance with Sec. 162 (1) sentence 1 AktG in financial year 2022.

In EUR	Supervisory Board	Audit Committee	Nominating Committee	Reimbursement of expenses	Total remuneration
Klaus Weinmann	40,000.00	2,000.00	0	0	42,000.00
Markus Saller	29,000.00	1,666.67	0	0	30,666.67
Andreas Müller	20,000.00	3,666.66		0	23,666.66
Hannes Niederhauser	20,000.00		0	0	20,000.00
<b>Total</b>	<b>109,000.00</b>	<b>7,333.33</b>	<b>0</b>	<b>0</b>	<b>116,333.33</b>

## 5 Comparative presentation of developments in remuneration and earnings

In accordance with Sec. 162 (1) sentence 2 No. 2 AktG, the following table presents the development of the KATEK Group and KATEK SE based on suitable indicators plus the annual change in the remuneration of the members of the Management Board and the Supervisory Board and the annual change in the average remuneration of the workforce on an FTE basis since financial year 2019 (KATEK SE has existed as a European company (SE) since 10 December 2018).

The development is presented using the Group's indicators of revenue and adj. EBITDA.

Key group figures	EUR k	2019	2020	2021	2022
		261,002	414,201	540,119	683,100
Development KATEK Group	Revenue		+58,7%	+30,4%	+26,5%
		10,449	20,806	30,335	32,034
Development KATEK Group	Adj. EBITDA		+99,1%	+45,8%	+5,6%
		2,340	40,784	110,198	123,094
Development KATEK SE	Equity		+1,643%	+170%	+11,7%
		35.2	40.0	42.8	47.1
Average remuneration employees (KATEK Group)	Personnel expenses per employee		+13,6%	+7,0%	+10,0%

The remuneration granted or owed for the respective financial year in the sense of Sec. 162 (1) sentence 1 AktG is presented for the members of the Management Board and the Supervisory Board.

<b>Supervisory Board remuneration</b>				
<b>EUR k</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Klaus Weinmann	0.0	0.0	41.5	42.0 +1,2%
Markus Saller	0.0	0.0	0.0	30.7 +0,0%
Andreas Müller	-	-	16.5	23.7 +43,6%
Hannes Niederrhauser	-	-	15.0	20.0 + 33,3%
<b>Management Board remuneration</b>				
<b>EUR k</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Rainer Koppitz	360.0	360.0	500.1	525.1 +5,0%
Dr. Johannes Fues	0.00	0.00	216.50	259.12 +19,7%

## E Statement on corporate governance

KATEK has published the (consolidated) Declaration on Corporate Governance required by Sec. 315d HGB in conjunction with Sec. 289f HGB including the Declaration of Conformity with the German Corporate Governance Code pursuant to Sec. 161 AktG on the website of the Company under <https://katek-group.de/investor-relations-bereich/corporate-governance/>

## F Non-financial statement

KATEK publishes the separate non-financial Group report audited by the Supervisory Board in accordance with Section 315b in conjunction with Section 289b HGB of the German Commercial Code (HGB) as the Sustainability Report 2022 on the company's website at <https://katek-group.de/ueber-katek/nachhaltigkeit> within a period of four months after the reporting date.

## G Report on the internal controls and risk management system as well as significant opportunities and risks

### 1 Internal controls and risk management system

#### 1.1 Key features of the system of internal controls and risk management system as well as a statement on the appropriateness and effectiveness of the systems

Internal controls and risk management systems serve the purpose of identifying risks at an early state, assessing them and taking suitable counter-measures. They serve the objective of appropriately managing risks but are not able to fully eliminate them. Consequently, they cannot provide absolute assurance, but do provide a certain measure of assurance that the objectives of the business of appropriately managing and mitigating risks will be reached.

The core elements of the system of internal controls and risk management system at KATEK are described in the following sections. Within the framework of the internal controls and risk management system, the Management Board of KATEK receives support from the heads of the various departments and functions. When reviewing the appropriateness and effectiveness of the internal controls and risk management system, the Management Board can draw on a number of information sources, which it also relies on when formulating the following statements. These sources include the feedback provided by the heads of the various departments and functions, reports on the findings of the internal controls and reports on the latest issues identified by our legal team and compliance department.

Whether there are any critical weaknesses in the internal controls is examined on the basis of the information provided. However, it should be noted that, based on the prevailing opinion, there is no uniform definition of a critical weakness. It is therefore ultimately a matter of management estimation as to whether weaknesses in the internal controls, taken either in isolation or collectively, could have a critical impact on the business. A number of factors play a role in this assessment, including their impact on the business's objectives and its reputation.

To the best of our knowledge and according to the information provided to us, there are no critical weaknesses in the internal controls or risk

management system as at 31 December 2022 that had a material impact on our Group. Based on the findings of our internal controls and risk management system, nothing has come to our attention that indicates our group-wide internal controls and risk management system are not appropriate or that our internal controls and risk management system did not function effectively as at 31 December 2022.

#### 1.2 Internal controls and risk management system with regard to the (corporate) accounting process

The internal controls and risk management system at KATEK pertaining to its (corporate) accounting processes consist of policies, procedures and measures that are designed to ensure the compliance of the financial reporting, in the sense that the consolidated financial statements of the KATEK Group and the combined management report as well as the separate financial statements of KATEK SE as the parent company all comply with the relevant regulations.

Their key features can be described as follows:

- In addition to an allocation of functions, KATEK possesses a clearly organized management and business structure. Key interdepartmental functions are managed centrally at KATEK SE..
- The functions of the departments involved within the accounting process are clearly segregated from each other. Spheres of responsibility have been clearly assigned.
- The integrity and responsibility for finance and financial reporting is ensured by incorporating the commitment to these aspects in an internal code of conduct.
- The risk management system requires the analysis of any new laws, accounting standards and other pronouncements which would pose a significant risk to the compliance of the accounting process if the Group failed to observe them.
- The financial systems used are protected from unauthorized access by means of the corresponding safeguards in the data-processing system. Where possible, standard software is used for the financial systems.
- Consolidation entries are performed by a central

office for consolidated accounting using uniform consolidation software.

- The work to compile the separate financial statements that are included in the consolidated financial statements is performed in accordance with the Group's uniform IFRS accounting policies using the Group's chart of accounts.
- The risk management system is based on a holistic corporate governance approach in which the effectiveness and interaction of all elements – risk management, compliance management and the internal control system – is reviewed at regular intervals. Where not already in place (for example, at newly acquired subsidiaries) these elements and the internal audit routines are successively established in keeping with the Group's holistic corporate governance approach.
- An adequate system of policies and procedures is in place (e.g. payment policies, travel expenses policies, etc.) and analyzed on a day-to-day basis as to whether any amendments need to be made to accommodate any changes in the regulatory environment. The key assets of all entities are impairment-tested on a regular basis. A guideline has been installed to control the relevant accounting processes.
- All of the processes related to payments comply with the principle of dual control (segregation of duties).
- Both the risk management system and the internal control system (ICS) comprise adequate safeguards to control the accounting-related processes.
- The departments and divisions involved in the accounting process are adequately equipped in both qualitative and quantitative terms to ensure the capacity and qualifications necessary to retain functionality.
- Other control mechanisms include budget variance analyses and analyses of the composition and changes in any individual line items – both at the level of the separate financial statements of group entities but also at the level of the consolidated financial statements.
- To protect the Group from unauthorized access,

user rights are defined in our accounting-related computer systems that are in keeping with our information security policy.

- Monthly reviews are performed in which the accounting staff, up to and including the head of department, confirm the financial data reported to the Management Board and compliance with the rules and regulations.
- The Supervisory Board is also integrated in the system of internal controls. It monitors the accounting and accounting processes as well as the effectiveness of the internal controls. In particular, the Audit Committee receives reports on the findings of audits and the agreed-upon measures to remedy any findings.

The internal control system and the risk management system are designed to ensure that (corporate) accounting processes always accurately record, break down and analyze business matters before entering them into the accounting records.

Suitable human resources, use of appropriate software and clearly formulated external and internal regulatory requirements constitute the foundation for a compliant, uniform and continuous accounting process. A clear demarcation between the spheres of responsibility and various controls and review mechanisms, as described above (such as a concept of user authorizations, plausibility checks and the principle of dual control) ensure that the accounting remains correct and the accounting staff aware of their responsibilities.

In this way, the organization facilitates each individual transaction being recorded, processed and documented in the bookkeeping promptly and correctly in compliance with the legal requirements, the articles of association and the internal policies. At the same time, the system ensures that all assets and liabilities are accurately recognized, presented and measured in the separate and consolidated financial statements and that reliable and relevant information is provided in full and promptly.

Notwithstanding this assessment of the effectiveness of the system of internal controls and risk management system, there are inherent restrictions on the effectiveness of internal controls and risk management systems. No system of internal controls and no risk management system is able, regardless

of its assessed effectiveness, to guarantee that all misrepresentations will be prevented or uncovered.

### 1.3 Risk management system and early warning system

The risk management system of the KATEK Group contributes to risk mitigation and risk avoidance in order to optimize the relationship between the risk exposure of the Group and its earnings. The countermeasures used to address potential risks are discussed and reviewed on a continuous basis. More specifically, the following objectives are pursued:

- Secure the viability and competitiveness of the KATEK Group,
- Secure long-term success of the business,
- Reduce the likelihood of risks eventuating and mitigating their impact when they do,
- Risk-oriented management of business processes.

Dabei he KATEK Group takes a proactive and preventive approach to risk management to enable it to steer its risks better. In this context, risks are defined as events with a negative impact that could arise out of potential hazards that can only be foreseen and avoided to a limited extent.

The system is based on the past experience of employees and the values of the KATEK Group. In particular, any risks with a material impact on the financial position, financial performance and cash flows of the Group should be identified at an early stage in order to take the necessary countermeasures to avoid, mitigate or manage the risks.

Risk management involves identifying and assessing all relevant risks using a systematic approach. The risk management system serves the purpose of identifying any negative developments that could jeopardize the ability of the KATEK Group to continue as a going concern at an early stage. As a result, the going-concern principle is anchored in the risk management system (RMS) of KATEK.

A core element of the risk management process is the early warning system, which consists of the following basic elements:

- Risk culture (i.e. the underlying attitudes and

conduct of all involved when it comes to handling risks),

- Targets and action plan (i.e. the measures to be taken to identify risks at an early stage, also (but not exclusively) in light of the goal of being in a position to bear risk),
- Organization of risk management measures: The following spheres of responsibility and roles have been defined within the KATEK Group:
  - Management Board: The Management Board of KATEK SE bears the ultimate responsibility for the early and continuous identification, assessment and management of risks. It ensures that risk management is implemented within the organization for the long term. It also has the function of informing internal and external stakeholders. At the same time, as the key decision-maker, the Management Board is also the recipient of the risk report and forwards a condensed version of the information it contains to the Supervisory Board.
  - Managing Directors of Group entities (MD): The MDs are tasked with presenting all of the risks they become aware of in the course of the regular risk reporting, with assessing them and identifying, conducting and following up on the necessary countermeasures. The MDs are responsible for implementing the necessary actions and fostering risk awareness within their organization.
  - Heads of Departments (HoD): The HoDs bear the responsibility for their departments, in some cases beyond the level of the separate Group entities. In this way they also bear responsibility for identifying, managing and reporting risks within their department.
- Identification of risk: The identification of risk, by its nature, occupies a key position within the framework of a risk management system, since the failure to identify risks means that these risks fall outside the scope of risk management measures and therefore thwart the objectives of risk management. Obtaining information is the most difficult phase of the risk identification process and is at the same time a key function. A systematic, process-oriented method is needed. Early detection is particularly problematic as it involves

assessing whether potential risks could actually develop into real threats. Moreover, once recognized, risks do not necessarily remain constant or develop steadily. Generally, the following analytical methods are available:

- **Inspection:** This involves a visual inspection of actual happenings (operating processes, departments, etc.).
- **Documentary analysis:** This involves assessing the source documents, such as contracts, official notices and planning or secondary documents (e.g. derived from the accounting) to identify potential risks.
- **Organizational analysis:** This is designed to identify any source of risk arising from weaknesses in the organizational structure and processes, e.g. competence deficits, overlaps or interface issues.
- **Checklists:** Risk information can also be derived with the aid of checklists to identify separately demarcated risks or their causes.
- **Loss analysis:** Loss analysis is based on information from the loss adjustment process. This involves using loss adjustment statistics to derive a useful risk assessment.
- **Benchmarking/indicator comparisons:** This form of analysis compares the indicators at Group level, segment level or entity level with external indicators.
- **Scenario method:** By deriving hypothetical events or chains of events, causal interactions and their impact can be analyzed to identify any potential risks. This method is to be understood as a form of marginal analysis and serves to calculate the expected loss or probable maximum loss.
- **Risk analysis and assessment:** Risk analysis and measurement follows on from risk identification. The goals of this process involve a description of the actions needed to avoid, reduce, or accept the respective risk (risk management), depending on which risk strategy applies. In addition to including any new risks determined in the identification phase in the risk inventory, which is reassessed on a regular basis, the risk analysis also involves an assessment of existing risks and the conceivable changes that may result. These adjustments possibly involve removing a risk from the risk inventory, changing its assessment or conducting the measures predefined in the risk strategy.
- **Risk management:** KATEK responds to the risks identified on a case-by-case basis using various strategies. In practice, all of the above strategies and combinations of these strategies are used by KATEK. Risk management derives strategies from the knowledge gained which are aimed at reducing the likelihood of risks occurring or mitigating their impact:
- **Risk avoidance** involves opting not to conduct the activity giving rise to the risk. To this extent, no opportunities attached to this activity can be exploited.
- **Risk mitigation/diversification** is aimed at reducing the average likelihood of a risk eventuating using organizational measures or diversifying business activities within the framework of portfolio management.
- **Risk acceptance/mitigation:** Risks are always a part of doing business. In certain circumstances, existing risks are accepted and need to be monitored constantly. Likewise, countermeasures need to be taken.
- **Risk transfer** refers to the act of passing the risk to a third party (insurer), e.g. outsourcing pension provisions.
- **Risk compensation:** Under this strategy, the risk is borne by the KATEK Group itself and not compensated by a hedging transaction. Assessing and quantifying risks is currently performed by determining the amount of the expected loss from individual risks multiplied by the probability of it occurring, both before and after the defined countermeasures. This facilitates risk assessment and provides a uniform approach to risk assessment within the Group. Specific measures, individual steps, ownership and a timeline are assigned to the assessed risks. Risk assessments and their subsequent review are performed constantly in the course of the existing management processes.

- Risk communication (i.e. ensuring an appropriate flow of information and a reporting process)
- Monitoring and improving (i.e. process-integrated and process-independent monitoring of compliance with the measures decided upon): The appropriateness and effectiveness of the risk management system are monitored and ensured on an ongoing basis. Naturally, this also applies to all levels and locations of the KATEK Group. In this sense, the risk process controls in the KATEK Group also include the control of risk-relevant processes at subsidiaries. In this sense, the risk management system is an integral component of all KATEK management processes. The risk process controls do not serve as an extra step of the risk management process but should be seen as a higher-level functional review. Responsibility of the functional review lies with the risk management officer and the applicable member of the Management Board. On the one hand, the risk process controls relate both to the structure of the risk management system as well as the controls of the individual phases of the process. If the Management Board obtains the impression during the above process that the HoDs and/or MDs of the subsidiaries need more support in central areas, then training and support is provided to the subsidiaries by corporate headquarters in the course of project work (e.g. liquidity management) to facilitate the continuous improvement of the risk management process. In the case of any new acquisitions, such support is regularly provided within the course of the post-merger integration process.

The early-warning systems of the KATEK Group focus on any potential going concern risks. The use of suitable early-warning, risk assessment and risk management systems ensures that the solvency and capital adequacy of KATEK SE is maintained at all times, making it able to bear the risks to which it is exposed.

In addition to forward-looking liquidity management, the integrated planning and quarterly forecast and scenario analyses are vital instruments for assessing target achievement in quantitative terms. In addition, target achievement is also assessed using gap analyses within the framework of the detailed monthly reporting systems. The key ratios for business development, planning deviations and continuous monitoring of risks are fundamental components of reporting activities.

A key element of the Group's risk management is the definition of risk fields as well as the identification, analysis and communication of (potential) risks.

#### 1.4 Identification, analysis and assessment of risks

Risks are classified on the basis of their estimated probability of occurrence (low, medium or high) and potential impact on business activities, financial position, financial performance and cash flows of the KATEK Group (immaterial, moderate or critical) and therefore graded as a low, medium or high risk.

The following classification scheme is applied (with indicative measurement corridors):

<b>Immaterial</b>	The impacts of this risk category on the financial performance, financial position and cash flows of the KATEK Group are immaterial. (EUR 0k - EUR 299k)
<b>Moderate</b>	Risks in this category could have a moderate impact on the business activities, financial position, financial performance and cash flows of the KATEK Group. (EUR 300k - EUR 999k)
<b>Critical</b>	Factors in the high risk category could have a substantial impact on the business activities, financial position and financial performance and cash flows of the KATEK Group. (> EUR 1,000k)

Based on this classification, risk mitigation measures are decided on in a second stage of the process. These measures are aimed at reducing the probability of occurrence and/or potential impact of the relevant risks on the financial position, financial performance and cash flows in terms of the two respective parameters.

As part of the early warning system, the ability to bear risks is also assessed as all mitigation measures must be aligned towards identifying any going concern risks at an early stage in particular. Risks are therefore to be viewed as potential going concern risks if they exceed the available risk capital used to cover them. In this regard, the potential impact on both equity and liquidity needs to be considered.

In the following risk report we describe the risks that we have classified as material as they could have a substantial impact on our business activities, financial position, financial performance and cash flows as well as our reputation. Additional risks that we are not currently aware of, or risks that we

currently assess as insignificant could also have a negative impact on our business activities and objectives. The assessment is based on the net principle, in other words the risks remaining after deducting the effect of controls or risk mitigation measures are addressed.

	Immaterial	Moderate	Critical
<b>Low (0%-33%)</b>	L	L	M
<b>Medium (34%-66%)</b>	L	M	H
<b>High (67%-100%)</b>	M	H	H

L = Low  
M = Medium  
H = High

## 2 Risk and opportunities report

As a high-tech conglomerate with cross-border activities in dynamic markets, KATEK is confronted by numerous opportunities and risks that could have a substantial impact on business, and therefore on the financial position, financial performance and cash flows. Business opportunities always come with risks attached. For this reason, KATEK pursues the goal of sustainably raising the value of the company by finding the perfect balance between opportunities and risks. The period for assessing these risks and opportunities is set by the forecast horizon.

The principles of value-based management and responsible corporate governance extend to the exploitation of any business opportunities while simultaneously steering the associated risks moving forward. KATEK management assesses opportunities and risks for each respective division on a constant basis and derives the corresponding targets and measures accordingly.

The KATEK Group has installed the corresponding risk management system to enable it to identify any critical developments or potential risks at an early stage and to analyze, assess, manage and document them. The comments made in the report on risks and opportunities apply equally to KATEK SE.



## 2.1 Risks to future development

### 2.1.1 Summary of individual risks

Category	Risk	Probability of occurrence	Impact	Classification
<b>Macroeconomic and industry-specific risks</b>	Economic risks	High	Critical	High
	Economic policy risks	Medium	Moderate	Medium
	Intensity of competition	Medium	Moderate	Medium
<b>M&amp;A risks</b>	M&A: Selection risks	Medium	Moderate	Medium
	M&A: Integration risks	Medium	Moderate	Medium
<b>Purchase and supply chain risks</b>	Procurement risks	High	Critical	High
	Inventory risks	Medium	Moderate	Medium
<b>Sales risks</b>	Loss of customers	Low	Moderate	Low
	Bad debts	Medium	Moderate	Medium
<b>Production risks</b>	Delivery performance	Medium	Moderate	Medium
	Product and service risks	Low	Moderate	Low
<b>R&amp;D risks</b>		Low	Moderate	Low
<b>Personnel risks</b>	Labor scarcity	Medium	Immaterial	Low
	Loss of key personnel	Medium	Moderate	Medium
<b>Financial risks</b>	Financing, liquidity and credit risks	Low/Medium	Moderate	Low/Medium
	Currency risks	Medium/High	Moderate	Medium
	Tax risks	Low	Immaterial	Low
<b>IT risks</b>	Structure and operation of IT systems	Medium	Critical	High
<b>Process and regulatory risks</b>		Low	Moderate	Low
<b>Compliance and data protection</b>	Compliance and risk management systems	Low	Moderate	Low
	Data protection risks	Low	Moderate	Low
<b>Reputation risks</b>	Loss of reputation	Low/Medium	Critical	Medium

### 2.1.2 Macroeconomic and industry-specific risks

#### Economic risks

The economic situation of the Company depends materially upon the macroeconomic environment and the state of those industrial sectors in which the KATEK Group operates. KATEK develops electronics solutions for customers in a variety of consumer markets. If demand for such electronic solutions wanes due to recessionary trends in the wider economy, this could have a negative impact on the business development of the KATEK Group.

The Russian attacks on Ukraine and associated sanctions imposed on Russia by western nations have already had a noticeable effect on imports and exports of goods and raw materials. Depending on the duration of the conflict, this situation may deteriorate. In this regard, there may be a fall in demand which would have a corresponding impact on the earnings of the KATEK Group.

Production and supply chain bottlenecks for critical industrial upstream products may continue for a protracted period and put even more upwards pressure on prices. Any dampener on economic growth, which could in turn affect interest rates, the inflation rate, investment cycles and many other indicators, could have a direct or indirect impact on the financial position, financial performance and cash flows of KATEK.

The sharp rise in prices observed since the invasion of Ukraine could lead to more conservative buying patterns on the part of customers, which would shift demand back to later periods and pose challenges in the management of inventories. KATEK monitors its supply chains and sales segments on a permanent basis to ensure that it can react promptly to any supply-side or sell-side changes.

To counter such risks, macroeconomic trends are also monitored constantly. Although the probability of negative economic trends cannot be influenced in any way, such monitoring allows the management of KATEK SE to take the appropriate action to mitigate any negative impact.

KATEK assesses the macroeconomic risk as high. Depending on the particular situation, this could have a critical impact on business activity, the financial position, financial performance and cash flows. KATEK therefore assesses this risk as high.

#### Economic policy risks

The supply and sell-side markets of KATEK are also affected by government economic policy, which therefore poses a risk to the economic situation of the Group.

The invasion of Russian troops in Ukraine and the geopolitical tensions between the United States and China created uncertainties on the financial markets and the introduction of protective tariffs. This could impair international trade in electronic components and assemblies and have a negative impact on the financial position, financial performance and cash flows of the KATEK Group. On the other hand, KATEK perceives an associated opportunity in this development as the customer-oriented sourcing of electronics moves back from Asian countries ("reshoring").

KATEK assesses the probability of this risk occurring as medium. Depending on the particular situation, this could have a moderate impact on business activity, the financial position, financial performance and cash flows. KATEK therefore assesses this as a medium risk.

#### Intensity of competition

The KATEK Group operates in a fragmented industry with attractive development potential. If the intensity of competition increases in these sectors, this could reduce the profit margins of KATEK and also lead to a price war within the sector. Nevertheless, KATEK is pursuing an active strategy of consolidation within the European electronic industry and therefore occupies the role of first-mover.

KATEK assesses the probability of this risk occurring as medium. Depending on the particular situation, this could have a moderate impact on business activity, the financial position, financial performance and cash flows. KATEK therefore assesses this as a medium risk.

### 2.1.3 M&A risks

#### Selection risks

The strategy of the KATEK Group in recent years was geared towards supplementing its organic growth by making corporate acquisitions, reinforcing its own market position in the process and realizing synergies. The KATEK Group also plans to make additional acquisitions in future. There is a risk that the KATEK Group cannot continue to implement its market strategy and therefore fail to acquire additional companies or operations. KATEK depends on the availability of attractive targets and its access to them and, in this regard, is in competition with other (financial and strategic) investors. For the KATEK Group, this could result in intensification of the competition on its target market. If the KATEK Group is forced to compete with other market players for the acquisition of a company or a stake in a company, this could lead to KATEK SE being forced to pay a higher price for the company or stake in that company or finding itself unable to acquire it.

In addition to the availability of targets on the M&A market, the success of this strategy depends heavily on the selection of suitable target companies that exhibit attractive potential returns. The selection process comes with many risks attached. A less than perfect match could significantly reduce the return on the capital invested. A boom phase in the wider economy and/or in specific industrial sectors creates a risk that companies or parts of companies are acquired at a price that leaves hardly any headroom for future capital gains, especially when such phases coincide with widespread optimism on the financial markets.

Apart from the availability of attractive investment opportunities, the valuation methods employed for equity investments are subject to a certain degree of subjectivity, particularly in the tech sector. This can lead to faulty judgments and the target values determined in a business valuation may be impossible to realize.

If KATEK SE has a strategic interest in a takeover candidate, due diligence is conducted. This is a complex process which, in exceptional circumstances, might not reveal all the relevant information. This could lead to faulty assumptions about the added-value processes in the target, a failure to recognize material obligations and other factors that

could impact the financial position, financial performance and cash flows in future and bear consequential risks.

KATEK counters these risks by relying on specialized and particularly experienced teams and has an excellent track record from the acquisition and integration of multiple acquisitions since KATEK SE was founded. In addition, a dedicated M&A team supports the due diligence process. Together with external consultants, the teams develop valid valuation approaches and diligently check the financial, legal and tax aspects of the target company.

KATEK assesses the probability of this risk occurring as medium. Depending on the particular situation, this could have a moderate impact on business activity, the financial position, financial performance and cash flows. KATEK therefore assesses this as a medium risk.

#### Integration risks

There is a risk that the newly acquired entities or operations cannot be integrated in the KATEK Group in a way that leads to the desired objectives.

In recent years, the KATEK Group has repeatedly managed to expand its market position by making acquisitions. It will continue to pursue the goal of continued expansion in future by acquiring companies or distinct operations that, in the view of KATEK, are an attractive proposition. However, after an acquisition is completed it may become apparent that the management competence of the target was incorrectly assessed or that integration in the KATEK Group does not run as smoothly as planned. This could also impair the degree to which the strategies underlying the respective acquisition can be implemented. In such cases not only are the goals pursued by the KATEK Group in jeopardy but also the value of the investment holding as a whole.

In addition, organizational integration of other companies in the KATEK Group can place a great burden on time and financial resources. It is possible that the desired synergies cannot be realized to the intended scope if employees, products and services and operating procedures cannot be integrated as planned.

In light of the fact that the suitability of the target company for integration is assessed upon first

contact with potential vendors, this factor deserves a great deal of management attention. The many years of experience possessed by management enable it to make a professional assessment of the target's integration potential and the associated risks. In addition, a dedicated operations team supports the integration process and the implementation of strategic objectives.

KATEK assesses the probability of this risk occurring as medium. Depending on the particular situation, this could have a moderate impact on business activity, the financial position, financial performance and cash flows. KATEK therefore assesses this as a medium risk.

#### 2.1.4 Purchase and supply chain risks

##### Procurement risks

The KATEK Group purchases key components for the electronic solutions it offers from international manufacturers and suppliers of electronic components. The import of components from other countries is subject to the general risk that is inherent to all international trade. These include delays in delivery, fluctuations in foreign exchange rates, higher taxes and custom duties, export or import restrictions, changes to safety regulations or changes in the wider economic commercial or political environment in the supplier's country. In addition, the Covid-19 pandemic has revealed the fragility of global supply chains. Numerous bottlenecks, such as for semiconductors, are testing the ability of numerous companies to meet their delivery commitments and, in addition to the restricted delivery capacity and unattractive terms and conditions (if even available) could also trigger additional development and modification expenses. On the other hand, this generates general inflationary pressures for such components and it may turn out that such price increases cannot be passed on to customers. In addition, the ability to negotiate attractive terms and conditions for purchases and to secure the constant availability of material from alternative suppliers might be difficult to realize. The situation caused by the war in Ukraine could have a negative impact on supply channels and costs.

The KATEK Group counters the elevated level of risk caused by the current situation with its professional procurements organization, excellent relationships to suppliers, active materials management and

sophisticated inventory management. It is therefore optimistic that it can secure its ability to meet customer orders while retaining attractive margins and be able to avoid or partly compensate any scarcity in upstream components caused by lockdowns, for example.

Notwithstanding the above, KATEK assesses the probability of this risk occurring as high on account of the current macroeconomic situation. Depending on the particular situation, this could have a critical impact on business activity, the financial position, financial performance and cash flows. KATEK therefore assesses this risk as high.

##### Inventory risks

Certain subsidiaries of the KATEK Group maintain stores or warehouses in which they keep goods for particular customer contracts and/or to meet their sales forecasts and remain able to deliver punctually. There is a risk that the stored goods become damaged, destroyed or lost due to external hazards, such as extreme weather, fire, theft or burglary. As a consequence, the entity concerned would no longer be in a position to execute customer orders at short notice and, secondly, would be forced to record an enormous loss on account of the damaged or lost goods. In addition to the loss of revenue, the respective entity of the KATEK Group would be forced to also bear the cost of repairs or rebuilding the warehouse and the cost of purchasing any replacements of the goods stored there.

Moreover, on account of sudden extremely volatile prices or very short product life cycles there is a risk of obsolescent inventory at the end of the product life cycle with the result that goods can only be sold below their listed price or not at all, or that the volumes set in a master supply agreement are not called on in full by the customer. This would result in a need to write down inventories.

KATEK assesses the probability of this risk occurring as medium. Depending on the particular situation, this could have a moderate impact on business activity, the financial position, financial performance and cash flows. KATEK therefore assesses this as a medium risk.

### 2.1.5 Sales risks

#### Risk of losing customers

The sales risks of the KATEK Group primarily result from the risk of losing solvent customers, particularly due to the economic developments triggered by the corona pandemic, such as a change in consumption patterns, a failure to fully meet customer expectations and a delay in incoming orders at KATEK. At the same time, customer orders are generally considered to be long-term arrangements. Consequently, they are not normally canceled at short notice or relocated.

KATEK therefore assesses the probability of this risk occurring as low. Depending on the particular situation, this could have a moderate impact on business activity, the financial position, financial performance and cash flows. KATEK therefore assesses this as a low risk.

#### Risk of bad debts

The entities of the KATEK Group frequently carry large trade receivables from their customers. There is a risk that the receivables from customers are not collected on time or not at all, for example due to an insolvency.

The Group entities attempt to limit the associated risk of default by means of corresponding contractual arrangements (e.g. non-recourse factoring), credit insurance and other ancillary measures, such as receivables management.

KATEK assesses the probability of this risk occurring as medium. Depending on the particular situation, this could have a moderate impact on business activity, the financial position, financial performance and cash flows. KATEK therefore assesses this as a medium risk.

### 2.1.6 Production risks

#### Delivery performance

Individual entities of the KATEK Group are exposed to production-related risks, such as quality problems or delays in the production process. The increasing spread of the coronavirus has led to supply chain delays or disruptions, resulting in a halt to production due to the lack of upstream products. This can, in turn, result in lower call-offs or even the total loss of contracts and customers at the entities affected.

Constant monitoring of the production processes and supply chains coupled with systematic quality management and close consultation with suppliers can mitigate these problems, at least partially. Furthermore, the risk of disruptions to production caused by machine downtime can be prevented by constantly optimizing processes and maintenance of the machinery.

KATEK assesses the probability of this risk occurring as medium. Depending on the particular situation, this could have a moderate impact on business activity, the financial position, financial performance and cash flows. KATEK therefore assesses this as a medium risk.

#### Product and service risks

The KATEK Group is exposed to risks if the products offered by the entities are faulty or do not meet the quality standards expected by customers for some other reason. The products and services offered by the subsidiaries of the KATEK Group must meet high quality standards. If these products do not meet the specifications agreed on with customers, this might result in subsequent claims (warranties in particular), a loss of customers and an ensuing loss of revenue. Quality defects could establish liability on the part of the respective subsidiary for defects and consequential losses, which may lead to warranty claims, guarantee claims, or product liability claims as well as product recalls. The KATEK Group is also particularly dependent on the quality of the products it sources from suppliers as it depends on the degree to which Group entities are able to assert rights of recourse against the suppliers if defective upstream products or services result in warranty claims or claims for damages from their own customers.

Taking account of the existing quality assurance processes, KATEK assesses the probability of the risk occurring as low. Depending on the particular situation, this could have a moderate impact on business activity, the financial position, financial performance and cash flows. KATEK therefore assesses this as a low risk.

### 2.1.7 R&D risks

To remain competitive, retain market leadership and build upon its position in the market, it is essential that KATEK recognizes new trends in its target industries, also with regard to processes, and to invest in developing or driving forward the corresponding technologies.

With regard to research and development there is a risk that investments are made without reaching the desired output. In addition, the wrong product developments or product ideas could be pursued, because they were considered important on the basis of an inadequate analysis, but do not bear fruit as expected. In addition, there is a general risk of a breach of third-party patents or licenses in the course of development. By focusing on core competencies, keeping detailed documentation, controlling development activities, and cooperating closely with customers, the KATEK Group is able to minimize this risk.

KATEK assesses the probability of this risk occurring as low. Depending on the particular situation, this could have a moderate impact on business activity, the financial position, financial performance and cash flows. KATEK therefore assesses this as a medium risk.

### 2.1.8 Personnel risks

#### Labor scarcity

As a specialized technology service provider with a great depth of knowledge in various production methods that is familiar with its end markets, the success of the KATEK Group materially depends on having well-trained, motivated and incentivized employees. There is a risk that KATEK cannot find such employees to the extent it needs or to retain them within the Group. The Group counters this risk by offering tailored personal development, attractive career opportunities and a progressive remuneration profile.

KATEK assesses the probability of this risk occurring as medium. Taking account of the diversified structure of the Group and the resulting opportunity to assign professional staff to various locations, the possible negative impacts on business activity, the financial position, financial performance and cash flows are considered to be immaterial (depending on the particular situation). KATEK therefore assesses this as a low risk.

#### Loss of key personnel

Der zukünftige Erfolg von KATEK ist von Personen in SchlThe future success of KATEK depends on individuals in key managerial positions.

The members of the Supervisory Board and the Management Board, Mr. Rainer Koppitz and Mr. Klaus Weinmann in particular, possess extensive expertise and maintain personal networks to investors, banks, other institutions and individuals. As a result, the success of KATEK depends materially on these persons.

The resignation of members of the Management Board or Supervisory Board could affect general business activity and place a burden on the financial position, financial performance and cash flows of the KATEK Group. The same holds true for qualified employees, both at the level of KATEK SE as well as the individual subsidiaries.

KATEK counters this with professional HR management that pursues the targets of a high level of employee satisfaction, attractive compensation packages and long-term employee retention.

KATEK assesses the probability of this risk occurring as medium. Depending on the particular situation, this could have a moderate impact on business activity, the financial position, financial performance and cash flows. KATEK therefore assesses this as a medium risk.

### 2.1.9 Financial risks

#### Financing, liquidity and credit risks

KATEK finances its business activity with its own funds and with debt capital. There is a risk that future debt and/or equity capital cannot be obtained at the amount needed or at acceptable conditions or that refinancing of debt capital is only partially successful or fails completely.

The availability of attractive debt capital is materially affected by internal factors, such as the effect of earnings or the cash position on the credit rating issued by the market or the ability of management to negotiate with current or potential creditors, and also by external factors, such as the general interest rates on the market, the possibilities available to find refinancing or prolong existing borrowings, the lending policies of banks and other creditors or changes in the legal environment. The syndicated loan agreement currently in place contains covenants requiring compliance with certain financial ratios. Non-compliance with the covenants would result in the banks' right to terminate the agreement. There is currently a waiver agreement for the relevant financing relating to a covenant as of December 31, 2022.

Moreover, it cannot be ruled out that these credit institutes become less willing to issue credit to the KATEK Group, for example, on account of negative developments on the financial market, amendments to laws, regulations and directives and other regulatory aspects relating to the issue of credit, or a deterioration in the circumstances of the KATEK Group or for other reasons.

The countermeasures to manage the above risks are decided on by the finance department, which monitors the economic circumstances of the Group on a continuous basis. Professional corporate controlling allows the financial situation and liquidity to be planned and forecast, which allows possible cash squeezes to be anticipated. Credit risks, particularly with regard to interest rates and the due dates of loan installments can be largely managed by ensuring a balance in the maturity profile of liabilities and a systematic combination of fixed and variable interest rates.

In addition, unexpected losses could be incurred from the use of financial instruments if, for example,

the solvency of our trading partner deteriorates or, if business develops favorably, the pay-outs under the earn-out arrangements are higher than expected. Actual developments could diverge from earlier assumptions which could cause a positive or negative change to the actual obligations due to a change in the framework conditions.

More information on the use of financial instruments can be found in note B.21 Financial instruments of the notes to the consolidated financial statements.

KATEK assesses the probability of this risk occurring as low to medium. Depending on the particular situation, this could have a moderate impact on business activity, the financial position, financial performance and cash flows. KATEK therefore assesses this as a low to medium risk.

#### Currency risks

Due to its global operating activities, KATEK is exposed to currency risks that could impact the development of the Group's earnings and equity. Currency risks arise in operating activities from purchases of raw materials, consumables and supplies in foreign currency and sales of finished goods in foreign currency.

In addition, some Group entities report their earnings in a different currency than the euro. As a result, KATEK must translate the respective line items into euro in the course of compiling the consolidated financial statements (currency translation risk). Currency translation risks are not hedged on principle.

KATEK assesses the probability of this risk occurring as medium to high. Depending on the particular situation, this could have a moderate impact on business activity, the financial position, financial performance and cash flows. KATEK therefore assesses this as a medium risk.

**Tax risks**

Der The KATEK Group is exposed to tax risks, for example, its tax returns and tax audits could lead to back taxes or amendments to the tax legislation could be disadvantageous for the Group. It cannot be ruled out that future assessments and tax audits will lead to tax back-payments.

Risks arise with regard to newly acquired companies. Although the risk for past events generally remains with the seller due to tax exemption clauses and guarantees in the corresponding purchase agreements, any future risks (particularly with regard to the periods after the transfer of title to the shares) must be borne by the buyer. Significant risks are generally identified during due diligence. These are subject to a detailed review in the post-acquisition phase and countermeasures taken accordingly. The development of the applicable tax legislation is subject to constant change – also in the way it is applied by the public authorities. The KATEK Group does not have any influence over whether the current tax laws, decrees and regulations will remain in force unchanged or not. It is not possible to rule out future changes to the law, different interpretations of existing law by the fiscal authorities and courts, possibly with retroactive effect. If laws and/or regulations are amended this could impact the business activities of the KATEK Group.

As a countermeasure to tax risks, KATEK SE is supported by a team of tax experts who monitor the tax risks on a project-by-project basis and have implemented a corresponding tax compliance management system. Due to the complexity of tax issues, support is also obtained from external tax advisors as needed.

KATEK assesses the probability of this risk occurring as low. Depending on the particular situation, this could have an immaterial impact to a moderate extent on the business activity, financial position, financial performance and cash flows. KATEK assesses this as a low risk.

**2.1.10 IT risks****Structure and operation of IT systems**

In order to ensure seamless operation, the KATEK Group relies on key IT systems. The risks relate to IT systems and the data stored in cloud computing systems.

There is a risk that external factors, such as fire, lightning, disruptions, power outages, computer viruses, hacking, and other events or internal factors, such as improper operation of systems could lead to a loss of data, disruptions or interruptions due to partial or complete system crashes of IT systems.

System crashes, disruptions or errors in the numerous interfaces to other companies (e.g. internet connections or direct lines to systems, programs, interfaces or test systems, such as direct connections to network providers and service providers) could result in high costs. Likewise, temporary system shut-downs can result in substantial costs to restore and verify data. Disruptions of IT systems right through to system crashes could have an impact on the course of business and also an impact on relations to suppliers and customers as well as daily operations.

There is also a risk that customer and supplier data and cost calculations could be accessed and stolen by unauthorized persons, competitors or employees or that IT systems could be manipulated. Also in the field of cloud computing, it cannot be ruled out that third parties obtain access to data in the cloud and copy, delete, manipulate or otherwise abuse the data. The KATEK Group might be exposed to claims for damages and/or suffer a substantial loss of reputation.

Dedicated resources are used by the KATEK Group to minimize these risks. Inhouse IT teams that are available both at the subsidiaries and at Group level implement customary best practices in the fields of cyber security and continuity management to exclude both internal and external disruptions as much as possible. They receive support from IT specialists.

KATEK assesses the probability of this risk occurring as medium. Depending on the particular situation, this could have a critical impact on business activity, the financial position, financial performance and



cash flows. KATEK therefore assesses this risk as high.

#### **2.1.11 Process and regulatory risks**

KATEK SE or the subsidiaries of the KATEK Group could be involved in litigation the outcome of which is uncertain. Should KATEK SE or the respective entity in the KATEK Group lose a future legal dispute or be forced to make a settlement, this could result in substantial claims for damages and costs that could burden the KATEK Group.

The business activities of the KATEK Group are aimed at many different geographic markets, each of which has a different legal framework from which a number of risks may arise. These primarily include the requirements prevailing in the individual countries for general business law, (labor) law, tax law and regulatory requirements, which sometimes vary or even conflict with each other, and any unexpected short-term amendments to such laws and regulations. In the event of a violation, administrative action may be taken by the applicable officials in these countries, such as threatening or imposing fines on the KATEK Group or the subsidiary concerned.

These legal and regulatory risks are countered by the internal legal affairs department of the KATEK Group which works intensively together with external lawyers in the respective countries where business is conducted.

KATEK assesses the probability of this risk occurring as low. Depending on the particular situation, this could have a moderate impact on business activity, the financial position, financial performance and cash flows. KATEK therefore assesses this as a low risk.

#### **2.1.12 Compliance and data protection risks**

##### **Compliance risks and risk management systems**

There is a risk that the compliance systems in place within the KATEK Group prove to be inadequate or that employees of the KATEK Group violate domestic or foreign laws or that such acts remain undetected, despite the existing laws, internal guidelines and organizational requirements on compliance and the associated training and internal audits. A violation of the law can have legal consequences, such as fines

and penalties for the KATEK Group and its board members or employees, or result in tax back-payments or claims for damages asserted against the KATEK Group by third parties. In addition, the reputation of the KATEK Group could suffer when violations are uncovered and made public.

In order to avoid breaches of compliance, the KATEK Group applies a professional compliance management system that sets clear policy guidelines for employees (Compliance Policy, Code of Conduct, etc.) and web-based training (Code of Conduct and Information Security).

KATEK assesses the probability of this risk occurring as low. Depending on the particular situation, this could have a moderate impact on business activity, the financial position, financial performance and cash flows. KATEK therefore assesses this as a low risk.

##### **Data protection risks**

KATEK SE and the separate subsidiaries process a large volume of data, some of which is sensitive data and subject to the requirements of the EU General Data Protection Regulation (GDPR). Breaches of the compliance measures established by KATEK could result in substantial fines and therefore have a negative impact on the financial performance, financial position and cash flows of the KATEK Group.

To ensure compliance with the legal requirements, the KATEK Group has implemented a data capture, data security and data access concept that ensures proper implementation of the legal requirements. In addition, employees are made aware of data protection risks with the aid of web-based learning.

KATEK assesses the probability of this risk occurring as low. Depending on the particular situation, this could have a moderate impact on the business activity, financial position, financial performance and cash flows. KATEK therefore assesses this as a low risk.

#### **2.1.13 Reputation risks**

KATEK SE is exposed to reputation risks because the faith and trust placed in the firm by business partners, employees, investors and customers can be negatively affected by published reports relating to transactions, business partners and business

practices. Moreover, access to attractive investment opportunities depends heavily on the reputation of KATEK as a competent growth partner.

Among other factors, this risk can arise from the willful dissemination of disinformation, misconduct by business partners in breach of contract and misdirected information. In addition, other risks described in this report could have a negative impact on the reputation of the KATEK Group.

Reputation risks are minimized by the corresponding policies that have been created in accordance with the compliance guidelines. Corporate communications (and investor relations) also report professionally and proactively to the relevant stakeholders on any events that could positively or negatively affect the reputation.

KATEK assesses the probability of this risk occurring as low to medium. Depending on the particular situation, this could have a critical impact on business activity, the financial position, financial performance and cash flows. KATEK therefore assesses this as a medium risk.

## 2.2 Opportunities relating to future development

We provide a summary of the opportunities available to the KATEK Group and any developments or events with a positive impact on the KATEK Group.

### 2.2.1 General market development

The KATEK Group confronts changes in the market flexibly and by constantly and efficiently optimizing its product offering, its structures and its processes. Competence centers facilitate specialization in certain fields by providing expertise which is provided to all entities in the Group. With its comprehensive portfolio of goods and services that cover the entire value chain, KATEK offers bespoke electronic solutions tailored to customers' individual needs and thereby creates added value for customers.

The KATEK Group is managing to weather the materials crisis thanks to its excellent position when sourcing goods, the professionalism and agility of the procurements organization and the very close cooperation with key suppliers, coupled with its healthy mix of industries and customers. As a result, KATEK managed to supply its customers reliably, even in recent months, and win additional market

share. The Management Board of KATEK is monitoring changes in the supply chain of the automobile industry brought about by the transformation towards e-mobility and massive bottlenecks in the supply of materials: Large OEMs are shifting towards purchasing the most critical parts and components together with their suppliers and to build up their own electronic competencies in cooperation with strong partners in electronics, particularly with regard to e-mobility. The partnership between KATEK and a major German manufacturer of sports vehicles is a good example. KATEK is also in negotiations with other major players in the European automobile industry. KATEK will attempt to make the best use of these opportunities.

Generally, the efforts to invest in Europe as a production location are to be welcomed in order to obtain greater independence along the entire electronics value chain "from silicon to system", beginning with semiconductors (European Chips Act) through PCB development and production to the development and manufacture of complex electronics.

On the one hand, possible interruptions in the supply chain offer an opportunity for active sourcing and a warehousing and logistics concept to allow a more rapid response than the competition. On the other, KATEK has noted for some time now, and particularly since the changes to supply chains brought about by Covid-19, that customers are increasingly coming to appreciate geographical proximity as a competitive advantage, not only in the development phase, but also when it comes to supplying series production. This trend, known as reshoring, minimizes dependencies on international supply chains and reduces price fluctuations, particularly for freight services, and therefore serves to maintain operating activities. With 13 locations in Europe, KATEK is in an excellent position to benefit from the reshoring of electronic supply chains.

Another opportunity for KATEK lies in the growing significance of electronic components for a wide variety of products. The electronification of the world due to IoT and smart devices has increased the complexity and value of products in almost all areas, both in the industrial sector and also for consumer goods. The growing share of electronics is leading to growth on the market for componentry and services, but also to rising specifications on the part of OEMs. In this regard, KATEK is a competent partner and is excellently positioned with a one-stop-shop portfolio

that covers the entire value chain (from development to production, logistics and aftersales) to offer support to OEMs when mastering this paradigm shift. With unique expertise in technology & software and design & engineering, KATEK can offer holistic end-to-end solutions for high value electronics (HVE) over a variety of markets.

### **2.2.2 Megatrends: demographic change, urbanization and connectivity**

As the world population grows, the need for resources rises inexorably, be it land, water or energy. Sustainable concepts for generating energy that conserve natural resources or the intelligent use of space and sustainable food production are among the most important fields of action for our and the coming generations. An increasing number of people around the world are living in cities and are making them the most powerful actors and problem solvers of a globalized world. Thanks to new forms of connectivity and mobility, urban living is becoming the new lifestyle and philosophy.

The global population is growing, but it is also aging around the world and the number of old age people is growing. At the same time, the desire for self-actualization and self-determination in old age is rising, despite physical constraints.

Connectivity is the megatrend of our age that has the greatest impact. The principle of networking dominates social change and has opened a new chapter in the evolution of society. Digital communication technologies are fundamentally changing the way we live and permit new working methods and lifestyles.

The world of tomorrow is based on connectivity and the Internet of Things (IoT). The electronics industry comes into play here, the very industry that develops, manufactures and delivers the electronics and embedded systems which are a core element of all the connected products of the smart future. Without internet-enabled electronic assemblies, components, solutions and products from the electronics industry, none of these sophisticated devices would be an intelligent IoT device. These include cars, modern kitchen devices, drones, POS cash register systems, medical devices, robots, card-readers, etc. – everything, in other words that makes the modern world of smart homes, smart cities, smart factories, smart retail, smart health and smart work.

In the field of IoT or IIoT (Industrial Internet of Things), KATEK has positioned itself as an enabler for its customers, who are driving forward the electrification side of the digital transformation. KATEK is one of the leading cross-sector full-service electronic service providers in Europe and covers the entire value chain. It is expanding its development competencies to this very end. The electronics group is focusing on the promising IoT market and therefore on potential high-growth fields, including power electronics for the solar industry, e-mobility and other challenging applications in High-Value Electronics (HVE), such as medical technology and measuring technology.

The opportunities afforded by connectivity and IoT are as numerous as the fields of electronic application, which offers huge potential for KATEK. Due to its focus on high-end electronic solutions in qualitatively demanding fields of application that require a great deal of expertise and its focus on high-growth markets, opportunities arise for KATEK due to global trends such as the increase in electric cars and demand for e-mobility charging stations, growing demand for solar power and the general advance of electrification around the world, which is fostering growing demand for innovative electronics partners to German and European industrial players.

### **2.2.3 Changes in the regulatory environment**

In addition, KATEK anticipates strong growth for electronics services on account of changing regulatory frameworks. These include, for example, the EU Regulations on electromobility, which sets a standard for zero-emission mobility by 2035, or the regulation requiring the share of renewables in the energy mix to rise to 40% in Europe by 2030. This will significantly boost the business expectations of KATEK as, with our solutions for these fields, we can participate in shaping the transformation in Europe. This will make KATEK's target markets even more attractive in future and, secondly, foster demand for both end products and the specialized services offered by the companies in the KATEK Group.

#### 2.2.4 Professional skills and employees

KATEK attempts to position itself as an employer of choice in order to attract professional skills to the Group and retain them for the long term. The employees of KATEK are a key success factor for the Group. New professional talent is secured by offering a range of training programs. In order to develop the competence levels of our workforce in targeted fashion, KATEK offers its employees advance training, seminars and other courses.

The IPO has endowed KATEK with greater credibility and visibility on the market in the battle for existing and new customers, suppliers, creditors and potential acquisition targets. In addition, the KATEK brand, which has been on the electronics market now for 35 years, and its growing size foster trust amongst the above target groups.

#### 2.2.5 Strategic opportunities afforded by M&A

In recent years KATEK has repeatedly managed to leverage its position on the market to make targeted acquisitions to add to the Group. Based on its current position, KATEK can continue on this path in the coming years. With the knowledge and lessons learned from previous acquisitions and integrations, the Management Board perceives strategic opportunities arising from further acquisitions.

The business policy of the KATEK Group is based on a continuation of the growth trajectory, both organically and by means of acquisitions. This opens up opportunities to keep increasing revenue. Exploiting synergies and economies of scale, to negotiate better terms and conditions for purchases, for example, as well as shared administrative services and qualified up and cross selling will contribute towards a steady improvement in earnings. The electronics market in Europe is currently undergoing a strong phase of consolidation, which KATEK intends to actively exploit. In this regard and in light of the solid financial position and liquidity of the Group, there will be opportunities in future to extend the market position by making the suitable acquisitions.

#### 2.3 Overall assessment

In financial year 2022 the business model of the KATEK Group, which is geared towards the long term, proved its worth once again. There were no significant changes in the opportunities or risks in comparison to the previous year. The most significant risks are named in section 2.1 "Risks to future development", with the macroeconomic risks and procurement risks being the most relevant, particularly with regard to the war in Ukraine.

Nevertheless, no risks are currently discernible on the basis of the knowledge currently available that individually or in combination could pose a going concern risk to KATEK SE or the Group or significantly impair its financial position, financial performance or cash flows. This statement is based on an analysis and assessment of the individual risks discussed above and the existing risk management system.

Rather, KATEK believes it is well positioned to exploit the opportunities presented above and to benefit from the trends in the context of electronification and transition to renewable energy, among other trends. In order to translate these into sustainable growth in future, the Group intends to keep using a combination of anorganic growth by making strategic acquisitions and organic growth by identifying new products, customers and markets.

### 3 Outlook

#### 3.1 Development of the economic environment

Any statement on the development of the economic environment is currently subject to a row of general challenges, particularly in connection with the direct and indirect impacts of the war in Ukraine and the development of supply-side markets. Another factor lies in the financial policies pursued by central banks, which have recently attempted to reestablish some price stability by making unusually high rises to lending rates without throttling growth unduly in the process.

The International Monetary Fund (IMF) is forecasting a recession for a third of the global economy and identifies as the main causes the sudden spike in prices since the outbreak of the war in Ukraine which have resulted in a sharp reduction in consumer purchasing power and created strong headwinds, particularly for the industrial and service sectors in Europe in the form of higher energy costs. In addition, the IMF has expressed its concern that "geopolitical fragmentation" could permanently impede global supply chains. In this regard, the IMF considers the downside risks for the economy to be elevated. Likewise, the level of uncertainty remains high.

The current situation is dampening the growth rate that is theoretically possible. For the order backlog remains strong, also due to the rebound effects in 2022.

In addition, KATEK is benefiting from the fact that it operates in a number of particularly dynamic markets, such as eMobility, Renewables and Telecare, which anyway display higher growth rates than the rest of the market.

#### 3.2 Forecast for the KATEK Group

Generally, it can be stated that there have not been any structural changes in the business environment of the KATEK Group. As a result, there were no changes to the medium-term objectives.

However, all statements relating to the forecast for the financial year 2023 can only be made after considering the existing uncertainties, in particular, the direct and indirect consequences of the war in Ukraine and the further evolution of the supply chain and materials bottlenecks. In sum, market researchers are projecting average growth of approximately 4.7% for 2023 compared to the previous year with greater volatility overall (in4ma 2022).

Based on the latest information on the above factors, the management of KATEK is currently forecasting the following developments for the financial year 2023:

- Development of revenue: KATEK will continue to outpace the market and record growth of at least 10% compared to the financial year 2022.
- Development of (adj.) EBITDA: Notwithstanding the current headwinds, KATEK will continue to increase its operating margin. The Company assumes that adj. EBITDA will rise by at least 20%.

KATEK SE generates revenue from charging on the management and financing services it renders within the Group and from the profit and loss transfer agreements in place with subsidiaries. KATEK SE is steered using the indicators of the KATEK Group. The future development of the stand-alone company hinges directly on the economic development of the Group as a whole. For this reason, the comments made in the outlook of the KATEK Group apply accordingly.

## H Closing remark on the dependent company report

KATEK SE drew up a dependent company report for the financial year 2022 that concludes with the following declaration:

"As the Management Board of Katek SE, we hereby declare that in light of the circumstances known to us at the time of each transaction or at the time of taking or refraining from taking each measure, Katek SE received adequate compensation for the transaction and suffered no disadvantage as a result of taking or refraining from undertaking the measure."

Munich, 30 March 2023

**KATEK SE**

**Management Board**



**Rainer Koppitz**  
CEO



**Dr. Johannes Fues**  
CFO

**Disclaimer on forward-looking statements**

This document contains forward-looking statements based on our latest assessment of future events. Words such as “anticipate”, “assume”, “believe”, “it can be assumed”, “estimated”, “expected”, “intend”, “could”, “plan”, “project”, “should” and similar terms indicate a forward-looking statement. Such statements are subject to a variety of risks and uncertainties. Some examples include unfavorable developments in the global economy, unavoidable cases of force majeure, such as natural disasters, pandemics, terrorist strikes, political unrest, hostilities, industrial accidents and their consequential impact on our sales, purchases, production or financing activities, changes in exchange rates, customs and export tariffs, interruptions to production due to material bottlenecks, of which some are described in this report under the section titled “risk and opportunities report”. Should one of these uncertainties or contingencies occur or should the underlying assumptions of the forward-looking statements prove to be inaccurate, then the actual events could deviate significantly from the results named or implied in these statements. We do not intend nor do we accept any obligation to update the forward-looking statements on an ongoing basis as they are based solely on the circumstances known on the date of publication.

## Consolidated Statement of Comprehensive Income

EUR k	Note	01 Jan 2022 - 31 Dec 2022	01 Jan 2021 - 31 Dec 2021 adjusted**
<b>Revenue</b>	B.1	<b>683,100</b>	<b>540,119</b>
Changes in inventories of finished goods/work in progress		8,318	3,836
Own work capitalized	B.2	7,189	1,389
<b>Total operating performance</b>		<b>698,607</b>	<b>545,344</b>
Cost of materials	B.4	- 513,916	- 384,822
<b>Gross profit</b>		<b>184,691</b>	<b>160,522</b>
Other operating income	B.3	4,668	14,755 **
Personnel expenses	B.5	- 116,899	- 105,317
Other operating expenses	B.7	- 49,334	- 39,685 **
<b>EBITDA</b>		<b>23,126</b>	<b>30,274</b>
Depreciation and amortisation	B.6	- 22,337	- 21,224
<b>Earnings before interest and taxes (EBIT)</b>		<b>790</b>	<b>9,050</b>
Finance income	B.8	77	54
Finance costs	B.8	- 5,793	- 2,925
Exchange differences	B.8	- 4,924	- 1,578 **
<b>Earnings before income taxes</b>		<b>- 9,851</b>	<b>4,601</b>
Income taxes	B.9	2,752	3,574
<b>Net profit or loss of the Group</b>		<b>- 7,099</b>	<b>8,175</b>
thereof attributable to non-controlling interests		- 456	- 279
<b>thereof attributable to shareholders of KATEK SE</b>		<b>- 6,643</b>	<b>8,454</b>
Number of shares (weighted average)		13,300,129	12,069,834
Earnings per share (EUR), basic and diluted	B.10	- 0.50	0.70

\* Due to rounding, sums may differ from the exact result of adding the individual figures.

\*\* Change in presentation of foreign currency translation as of December 31, 2022 - previous year's figures as of December 31, 2021 adjusted, details see section A.4.1 Adjustment of presentation of foreign currency result



# Consolidated Statement of Comprehensive Income

EUR k	01 Jan 2022 - 31 Dec 2022	01 Jan 2021 - 31 Dec 2021
<b>Net profit or loss of the Group</b>	<b>- 7,099</b>	<b>8,175</b>
<b>Other comprehensive income</b>		
<b>Items that may be subsequently recycled through profit or loss</b>		
Exchange differences arising from currency translation during the financial year	53	298
	<b>53</b>	<b>298</b>
<b>Items that may not subsequently be recycled through profit or loss</b>		
Changes in actuarial gains/losses from pensions	1,471	218
Deferred taxes from changes in actuarial gains/losses from pensions provisions	- 414	- 67
	<b>1,057</b>	<b>151</b>
<b>Other comprehensive income after tax</b>	<b>1,110</b>	<b>450</b>
<b>Total comprehensive income</b>	<b>- 5,989</b>	<b>8,624</b>
thereof attributable to non-controlling interests	- 458	- 279
thereof attributable to shareholders of KATEK SE	- 5,531	8,904

\* Due to rounding, sums may differ from the exact result of adding the individual figures.

# Consolidated Statement of Financial Position

## Assets

EUR k	Note	31 Dec 2022	31 Dec 2021
<b>Non-current assets</b>			
Property, plant and equipment	B.12/B.22	102,081	90,722
Goodwill	B.11	15,226	8,964
Other intangible assets	B.11	20,392	12,671
Financial assets	B.21	1,824	1,824
Employee benefits	B.18	489	206
Other financial assets	B.21	304	72
Deferred tax assets	B.9	13,503	10,691
<b>Total non-current assets</b>		<b>153,820</b>	<b>125,150</b>
<b>Current assets</b>			
Inventories	B.13	261,918	188,799
Trade receivables	B.14	43,603	24,573
Other financial assets	B.21	12,887	10,144
Income tax receivables	B.9	1,094	91
Other assets and prepaid expenses	B.16	6,149	2,980
Cash and cash equivalents	B.15	22,628	42,203
<b>Total current assets</b>		<b>348,278</b>	<b>268,791</b>
<b>Total Assets</b>		<b>502,097</b>	<b>393,941</b>

\* Due to rounding, sums may differ from the exact result of adding the individual figures.

# Consolidated Statement of Financial Position

## Liabilities

EUR k	Note	31 Dec 2022	31 Dec 2021
<b>Equity</b>			
Share capital	B.17	14,446	13,242
Share premium	B.17	129,733	111,784
Revenue reserves	B.17	19,466	24,997
Equity attributable to owners of the company		163,644	150,023
Non-controlling interests	B.17	1,319	1,777
<b>Total equity</b>		<b>164,963</b>	<b>151,799</b>
<b>Non-current liabilities</b>			
Non-current loans	B.20	2,543	32,565
Employee benefit liability	B.18	1,995	2,730
Other provisions	B.19	738	565
Other financial liabilities	B.21	68,167	54,281
Other liabilities	B.25	1,089	560
Deferred tax liabilities	B.9	1,360	2,080
<b>Total non-current liabilities</b>		<b>75,892</b>	<b>92,782</b>
<b>Current liabilities</b>			
Current loans	B.20	66,275	21,832
Other provisions	B.19	3,498	4,843
Trade payables	B.23	123,709	80,737
Contract liabilities shortterm	B.24	19,580	6,098
Other financial liabilities	B.21	23,373	12,273
Income tax liabilities	B.9	2,887	2,359
Other liabilities and deferred income	B.25	21,920	21,217
<b>Total current liabilities</b>		<b>261,242</b>	<b>149,359</b>
<b>Total liabilities</b>		<b>337,134</b>	<b>242,141</b>
<b>Total equity and liabilities</b>		<b>502,097</b>	<b>393,941</b>

\* Due to rounding, sums may differ from the exact result of adding the individual figures.

## Consolidated Statement of Cash Flows

EUR k	Note	01 Jan 2022 - 31 Dec 2022	01 Jan 2021 - 31 Dec 2021
<b>Cash flows from operating activities</b>			
Net profit or loss of the Group		- 7,099	8,175
+/- Income tax expense/income		- 2,752	- 3,574
+/- Finance expense/income		5,716	2,871
+ Amortization of intangible assets and financial assets, depreciation of property, plant and equipment		22,337	21,224
+/- Other non-cash effective expenses/income		- 2,578	- 12,350
+/- Loss/gain on disposal of non-current assets		146	- 402
+/- Increase/decrease of provisions		1,846	- 3,155
+/- Increase/decrease in inventories, trade receivables and other assets		- 54,274	- 79,331
+/- Increase/decrease in trade payables and other liabilities		38,229	46,351
<b>+/- Cash inflow/outflow from operating activities</b>		<b>1,571</b>	<b>- 20,191</b>
+ Interest received		54	39
+/- Income tax reimbursements/payments		- 1,514	- 1,401
<b>Cash flow from operating activities</b>	B.27	<b>111</b>	<b>- 21,553</b>
<b>Cash flows from investing activities</b>			
+ Cash received from the disposal of intangible assets		1	85
- Cash paid for intangible assets		- 7,973	- 1,714
+ Cash received from the disposal of property, plant and equipment		382	17,824
- Cash paid for property, plant and equipment		- 22,039	- 14,762
- Cash outflow for the purchase of long-term financial assets		0	- 1,816
- Cash paid for additions to the consolidated group less cash and cash equivalents acquired		- 17,621	- 8,335
<b>Cash flow from investing activities</b>	B.27	<b>- 47,251</b>	<b>- 8,719</b>

# Consolidated Statement of Cash Flows

EUR k	Note	01 Jan 2022 - 31 Dec 2022	01 Jan 01.2021 - 31 Dec 2021
<b>Cash flows from financing activities</b>			
+ Cash received from capital increases		19,153	74,905
+ Cash received from borrowing		80,029	20,392
- Cash repayment of loans and lease liabilities		- 84,557	- 23,433
+ Cash received from subsidies/grants		160	37
- Repayment of liabilities to current and former shareholders		0	- 7,674
- Cash paid for interest		- 4,483	- 2,863
<b>Cash flow from financing activities</b>	B.27	<b>10,303</b>	<b>61,363</b>
<b>-/+ Net decrease/increase in cash and cash equivalents</b>		<b>- 36,838</b>	<b>31,091</b>
Cash and cash equivalents at the beginning of the reporting period		33,909	3,582
Changes in cash and cash equivalents due to exchange rates and changes in valuation		169	- 764
<b>Cash and cash equivalents at the end of the reporting period</b>	B.27	<b>- 2,760</b>	<b>33,909</b>
thereof: Cash at banks and on hand		22,628	42,203
thereof: Liabilities to banks		25,388	8,294

\* Due to rounding, sums may differ from the exact result of adding the individual figures.

## Consolidated Statement of Changes in Equity

	EUR k	Share capital	Share premium	Retained reserves			Equity attributable to owners of the company	Non-controlling interests	Total
				Reserve for actuarial gains/losses	Foreign currency translation reserve (OCI)	Other			
<b>01 Jan 2021</b>		<b>146</b>	<b>48,854</b>	<b>- 111</b>	<b>- 139</b>	<b>16,343</b>	<b>65,093</b>	<b>0</b>	<b>65,093</b>
Net profit or loss of the Group		0	0	0	0	8,454	8,454	- 279	8,175
Other comprehensive income		0	0	151	299	0	450	1	450
<b>Gesamtergebnis</b>		<b>0</b>	<b>0</b>	<b>151</b>	<b>299</b>	<b>8,454</b>	<b>8,904</b>	<b>- 279</b>	<b>8,624</b>
Capital increase from shareholders		13,095	62,930	0	0	0	76,026	0	76,026
Effects from changes in the scope of consolidation		0	0	0	0	0	0	2,056	2,056
<b>31 Dec 2021</b>		<b>13,242</b>	<b>111,784</b>	<b>41</b>	<b>160</b>	<b>24,797</b>	<b>150,023</b>	<b>1,777</b>	<b>151,799</b>

\* for further explanations, refer to B.17 in the notes

\* Due to rounding, sums may differ from the exact result of adding the individual figures.

# Consolidated Statement of Changes in Equity

	EUR k	Share capital	Share premium	Retained reserves			Equity attributable to owners of the company	Non-controlling interests	Total
				Reserve for actuarial gains/ losses	Foreign currency translation reserve (OCI)	Other			
<b>01 Jan 2022</b>		<b>13,242</b>	<b>111,784</b>	<b>41</b>	<b>160</b>	<b>24,797</b>	<b>150,023</b>	<b>1,777</b>	<b>151,799</b>
Net profit or loss of the Group		0	0	0	0	-6,643	-6,643	-456	-7,099
Other comprehensive income		0	0	1,057	55	0	1,111	-1	1,110
<b>Total comprehensive income</b>		<b>0</b>	<b>0</b>	<b>1,057</b>	<b>55</b>	<b>-6,643</b>	<b>-5,531</b>	<b>-458</b>	<b>-5,989</b>
Capital increase from shareholders		1,204	17,949	0	0	0	19,153	0	19,153
Effects from changes in the scope of consolidation		0	0	0	0	0	0	0	0
<b>31 Dec 2022</b>		<b>14,446</b>	<b>129,733</b>	<b>1,097</b>	<b>214</b>	<b>18,154</b>	<b>163,644</b>	<b>1,319</b>	<b>164,963</b>

\* for further explanations, refer to B.17 in the notes

\* Due to rounding, sums may differ from the exact result of adding the individual figures.

# Notes to the consolidated financial statements

## A Basis of Preparation

### 1 General information

The consolidated financial statements of KATEK SE, Munich, and its subsidiaries (hereinafter: "KATEK", "KATEK Group" or "Group") for financial year 2022 were prepared in accordance with International Financial Reporting Standards (IFRS, as endorsed by the EU) and, in addition, with the applicable provisions of German commercial law.

KATEK is a global electronic services provider with subsidiaries in Düsseldorf, Grassau, Leipzig, Mauerstetten, Memmingen, Frickenhausen, Aachen and Wendlingen as well as international locations in Bulgaria, the Czech Republic, Hungary, Switzerland, Lithuania, Netherlands, Canada, the United States, Singapore and Malaysia. The product spectrum covers the entire life cycle of electronic assemblies and devices from development through to materials management and project management, electronic manufacture, box-build, testing technologies and logistics and after-sales services – from small-volume series and prototypes through to mass produced series for all kinds of sectors.

The consolidated financial statements are presented in euro. Unless otherwise specified, all amounts are stated in thousands of euro (EUR k). In isolated cases there may be rounding differences resulting in sums not being entirely accurate or percentages not equating exactly with the stated figures. To aid clarity, we have combined individual line items in the consolidated statement of profit or loss and in the consolidation statement of financial position. A breakdown of these items is listed in the notes to the consolidated financial statements. The consolidated statement of profit or loss has been prepared using the nature of expense method. To improve comparison, individual figures for the previous year have been adjusted. The adjustments are immaterial, both individually and collectively.

The financial year runs from 1 January 2022 to 31 December 2022. The registered offices of KATEK SE are located at Promenadeplatz 12, 80333 Munich,

Germany. KATEK SE is entered in the commercial register of the local court of Munich under HRB 245284.

PRIMEPULSE SE, based in Munich and the parent company of an international group of companies, directly holds 57.42% (previous year: 58.94%) of the shares in KATEK SE.

As the parent company of the KATEK Group, KATEK SE compiles consolidated financial statements for the smallest group of companies for the financial year 2022 in accordance with International Financial Reporting Standards (IFRS, as endorsed by the EU) and the supplementary requirements of the applicable provisions of German commercial law. The consolidated financial statements are published in the Bundesanzeiger (Federal Gazette).

The KATEK Group is consolidated in the consolidated financial statements of PRIMEPULSE SE, Munich, which compiles the consolidated financial statements as at 31 December for the largest group of companies and publishes these in the Federal Gazette.

### 2 Application of new accounting standards

The KATEK Group uniformly applies all standards and interpretations that are mandatory at the end of the reporting period (31 December 2022) to all the periods presented. In addition, it is permitted to early-adopt standards and interpretations that have been published and endorsed by the EU but whose application is not yet mandatory in the reporting year. The Group did not avail of this option.

The adoption of IFRSs that became mandatory from 1 January 2022 – Amendments IAS 37 (Onerous Contracts), IAS 16 (Property, Plant and Equipment – Proceeds before Intended Use), IFRS 3 (Reference to the Conceptual Framework) and Annual Improvement Process (2018-2020 cycle with amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41) – did not have any material impact on financial performance, financial position or cash flows.



**New standards and interpretations that are not yet mandatory**

The following standards and interpretations and amendments to existing standards that have been ratified by the International Accounting Standards Board (IASB) and endorsed by the EU, are mandatory for all reporting periods beginning on or after 1 January 2023 but have not been applied when compiling these consolidated financial statements:

<b>Standard or interpretation</b>	<b>Contents and significance for the financial reporting</b>	<b>Date of mandatory first-time application</b>
IAS 12	Recognition of deferred taxes arising from a single transaction	1 Jan 2023
Amendments to IAS 8	Definition of accounting estimates	1 Jan 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 Jan 2023
	New standard on insurance accounting replacing IFRS4	
	Presentation of comparative information on first-time adoption of IFRS 17 and IFRS 9	
IFRS 17 and Amendments to IFRS 17	The standard governs the accounting and measurement of insurance contracts at the entity that issues these contracts.	1 Jan 2023

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

The following standards, interpretations and amendments of existing standards and interpretations have been issued by the IASB. However, as these have not yet been endorsed by the EU, they have not yet been applied when compiling these consolidated financial statements:

<b>Standard</b>	<b>Contents and significance for the financial reporting</b>	<b>Date of mandatory first-time application</b>
IFRS 16	Measurement of a lease liability in a sale and leaseback transaction for variable payments that are not interest rate or index-linked.	1 Jan 2024
Amendments to IAS 1	Non-Current Liabilities with Covenants	1 Jan 2024
Amendments to IAS 1	Classification of liabilities as current or non-current and disclosure of accounting policies	1 Jan 2024

At present, the new standards and interpretations are not expected to have any material impact on the financial performance, financial position and cash flows of the Group.

### 3 Consolidated group

The consolidated group for the financial year ended 31 December 2022 comprises the parent company, i.e. KATEK SE, Munich, nine domestic and twelve foreign subsidiaries.

An entity that is controlled by KATEK SE qualifies as a subsidiary. Control is when KATEK SE is exposed to variable returns from its involvement in the investee and has the rights to these returns and is able to use its power over the investee to affect the amount of these returns.

The consolidated group as at 31 December 2022 is as follows:

	Domestic	Foreign	Total
01 January 2022	10	9	19
Acquisitions	0	1	1
Foundations	0	2	2
<b>31 December 2022</b>	<b>10</b>	<b>12</b>	<b>22</b>

In total, 22 entities are fully consolidated in the consolidated financial statements of KATEK SE. A list of the group entities and the shareholding held by KATEK SE can be found in the notes to the consolidated financial statements under C.7. List of shareholdings.

#### Changes to the consolidated group

There were no changes to the consolidated group in Germany in the financial year 2022. The following changes in the basis of consolidation in other countries occurred during the financial year::

Foreign	Foundation	Acquisition
SigmaPoint Technologies Inc., Cornwall, Canada		X
KATEK Merger Inc., Montgomery, United States	X	
KATEK MALAYSIA SDN. BHD., Kuala Lumpur, Malaysia	X	

#### Acquisition of Sigmappoint

Effective 16 August 2022, KATEK SE, Munich, acquired all the shares in SigmaPoint Technologies Inc., in Cornwall, Canada. In addition to the existing foothold in North America, the acquisition serves to tap into new markets in the fields of homeland security & defense and to obtain expertise in applying strict lean-manufacturing principles to the serial production of high-value electronics.

The identifiable assets and liabilities acquired on the acquisition date consist of inputs (factory, technology, inventories and customer relationships), production processes and an organized workforce. The KATEK Group therefore concludes that the inputs and processes it has acquired will make a material contribution to generating earnings and has therefore come to the conclusion that the acquisition is a business operation.

The date of initial consolidation has been set at 1 September 2022 as a simplification.

The total consideration transferred amounted to EUR 15,794k and consists of a number of components. In addition to a cash payment of EUR 4,396k, the agreement also includes contingent consideration with a fair value of EUR 8,438k as at 31 December 2022 and the assumption by KATEK SE of a loan from the former shareholders of EUR 2,960k.

In addition, KATEK SE has agreed to pay additional consideration to the sellers in the years 2024 and 2025 that is to be measured on EBITDA, trade working capital and net financial debt as at 31 December 2023 and 31 December 2024. As at 31 December 2022, the fair value of the contingent consideration came to EUR 8,438k. The contingent consideration is capped at EUR 22,501 k. Depending on the development of business at SigmaPoint, it may fall to an amount of EUR 0 k.

The incidental costs of the acquisition that do not meet the recognition criteria amounted to EUR 237k and have been presented under other operating expenses.

The preliminary purchase price allocation as at 31 December 2022 resulted in goodwill of EUR 6,333k.

Since the acquisition, revenue of EUR 20,546k has been posted to the consolidated statement of comprehensive income and a net profit for the period of EUR 247k. If the acquisition had taken place at the beginning of the reporting period, management estimates that revenue of EUR 50,551k and a net loss for the period of EUR -2,348k would have been presented.

The values of the assets acquired and liabilities assumed on the date of acquisition are summarized below:

<b>EUR k</b>	<b>Fair Value</b>
<b>Fair value total consideration transferred</b>	<b>15,794</b>
<hr/>	
Fair value of acquired assets and liabilities	
Intangible assets	2,449
Fixed assets	6,841
Inventories	35,148
Trade receivables	9,968
Other financial and non-financial assets	1,618
Cash and cash equivalents	212
Liabilities to banks	13,446
Trade payables	13,734
Other financial and non-financial liabilities	18,040
Deferred tax liabilities	1,556
<hr/>	
<b>Fair value of acquired net assets</b>	<b>9,461</b>
<b>Goodwill (preliminary)</b>	<b>6,333</b>

Liabilities to banks include liabilities with a term of three months or less of EUR 10,478k that meet the definition of cash equivalents found in IFRS 7.

The fair value of fixed assets and inventories has been measured provisionally until a full measurement is concluded. If new information concerning the facts and circumstances on the date of acquisition becomes available during a period of one year from the date of acquisition that would have led to a change in the figures in the above table, had it been known, the accounting of the business combination will be restated.

The gross amount of the contractual receivables acquired in the business combination comes to EUR 10,225k, of which EUR 256k were no longer expected to be collected as at the date of acquisition.

The goodwill primarily originates from the skills and professional qualifications of the workforce of SigmaPoint and the expected synergies arising from integrating the company into the existing business of the KATEK Group. It is most likely that none of the goodwill that has been recognized can be deducted for tax purposes.

**Acquisition of the Aisler Gruppe**

The purchase price allocation for the Aisler Group was completed during the reporting period. The preliminary purchase price allocation had already been recognized in the consolidated financial statements as at 31 December 2021. Upon finalization, goodwill comes to EUR 372k.

The following line assets and liabilities were assumed in the course of the business combination:

EUR k	Fair Value
Purchase price for 50.01% of the shares	
Cash and cash equivalents	2,500
Purchase price adjustment	- 71
<b>Total consideration transferred</b>	<b>2,429</b>
Intangible assets	3,339
Fixed assets	9
Trade receivables	10
Other financial and non-financial assets	106
Cash and cash equivalents	1,594
Provisions	16
Trade payables	61
Other financial and non-financial liabilities	33
Deferred tax liabilities	835
<b>Fair value of acquired net assets (100%)</b>	<b>4,113</b>
<b>Fair value of acquired net assets (50.01%)</b>	<b>2,057</b>
<b>Goodwill</b>	<b>372</b>

The reduction of EUR 71k in goodwill in comparison to 31 December 2021 results from the purchase price adjustments related to the measurement of an agreed earn-out clause and diverse call and put options to acquire the remaining shares after the acquisition, which are recognized at fair value under other current financial assets and other current financial liabilities. The change on 31 December 2022 was posted to the financial result through profit and loss. Further information on the valuation of these options can be found in section B.21 Financial

instruments in the subsection Fair value measurement of options.

The contingent consideration is capped at EUR 1,200 k. Depending on the development of business at Aisler Group, it may fall to an amount of EUR 0k.

All other disclosures relating to the acquisition of the Aisler Group in the annual report for 2021 remain unaffected by these adjustments and apply without change.

**Formation of KATEK Malaysia SDN BHD**

KATEK MALAYSIA SDN. BHD., Kuala Lumpur, Malaysia, was founded effective 20 September 2022 as a wholly-owned subsidiary of beflex electronic GmbH.

**Formation of KATEK Merger Inc. Montgomery/USA**

KATEK Merger Inc., Montgomery, Alabama, USA, was founded effective 12 September 2022 as a wholly-owned subsidiary of KATEK SE. This company formation serves as a vehicle for the purchase of all the shares in Nextek Inc., Madison, USA. The purchase agreement was signed on 11 November 2022. Due to the need to obtain approval from the authorities, the deal is expected to be closed in the second quarter of 2023. The purchase price of the acquisition is in the low double-digit million range and includes cash as well as a variable component.

The transaction costs for the two new company formations are immaterial from the perspective of the KATEK Group.

**Restructuring within KATEK Group**

Effective 31 December 2022, KATEK Leipzig GmbH, Leipzig, acquired a 100% stake in KATEK Düsseldorf GmbH, Düsseldorf, from KATEK Memmingen GmbH, Memmingen.

Effective 31 December 2022, KATEK SE, Munich, acquired a 100% stake in TeleAlarm Europe GmbH, Leipzig, from KATEK Leipzig GmbH, Leipzig.

#### 4 Accounting policies

The principal accounting policies adopted in preparing these consolidated financial statements are presented in the following. The methods described are consistently applied to the reporting periods, unless stated otherwise.

Standards which become mandatory only after the reporting date were not early adopted. As a result there was no impact from the early adoption of standards on the financial performance, financial position and cash flows of the Group.

##### 4.1 Change in the presentation of the currency translation of monetary items

In former reporting periods, the realized and unrealized foreign currency translation effects of monetary items (primarily the measurement of receivables and liabilities denominated in foreign currency) were presented in other operating expenses or income and the measurement of derivative financial instruments used as hedges in the financial result.

In response to the growing internationalization of the KATEK Group and the associated increasing relevance of transactions in various currencies, the presentation of exchange gains and losses has been changed uniformly present all such exchange gains and losses arising from both the currency translation of monetary items on the reporting date as well as the measurement of hedges in the financial result.

Management is of the opinion, that by presenting all exchange gains and losses from the translation of monetary items and the measurement of hedging transactions in the financial result, the presentation has been made more uniform, transparent and provides a true and fair view of the actual circumstances, precisely because EBIT and EBITDA, which are the key indicators used by management in the planning process of the KATEK Group, are budgeted without any foreign currency translation effects. Consequently, from 31 December 2022, it is now also ensured that performance-based management using key indicators remains unaffected by the translation of monetary items or hedging instruments, thereby ensuring consistency in the comparative planning. As a result, the presentation of EBIT and EBITDA and the financial result has changed, with earnings before tax (EBT) remaining

unchanged.

The impact of this change in presentation has been considered retrospectively. The comparative figures for the year 2021 have been adjusted to present all the effects arising from foreign currency translation of monetary items as if they had already been considered in the financial result of 2021.

The following table presents the impacts of the change in presentation on the statement of comprehensive income for financial year 2021:

EUR k	31 Dec 2021 *	Delta	31 Dec 2021
<b>Gross profit</b>	<b>160,522</b>	<b>0</b>	<b>160,522</b>
Other operating income	19,361	- 4,606	14,755
Personnel expenses	- 105,317	0	- 105,317
Other operating expenses	- 45,869	6,184	- 39,685
<b>EBITDA</b>	<b>28,696</b>	<b>1,578</b>	<b>30,274</b>
Depreciation and amortisation	- 21,224	0	- 21,224
<b>Earnings before interest and taxes (EBIT)</b>	<b>7,472</b>	<b>1,578</b>	<b>9,050</b>
Financial income	54	0	54
Finance costs	- 2,925	0	- 2,925
Exchange differences	0	- 1,578	- 1,578
<b>Earnings before income taxes</b>	<b>4,601</b>	<b>0</b>	<b>4,601</b>

\* before adjustment

The following table presents the impacts of the change in presentation under other operating income for financial year 2021:

EUR k	31 Dec 2021 *	Delta	31 Dec 2021
Bargain purchase from business acquisitions	11,316	0	11,316
Exchange gains	4,606	- 4,606	0
Releases of other provisions and liabilities to personnel	947	0	947
Income from the disposal of non-current assets	854	0	854
Reversals of loss allowances for trade receivables	208	0	208
Sundry other operating income	1,430	0	1,430
	<b>19,361</b>	<b>- 4,606</b>	<b>14,755</b>

\* before adjustment

The following table presents the impacts of the change in presentation under other operating expenses for financial year 2021:

EUR k	31 Dec 2021 *	Delta	31 Dec 2021
Selling expenses	3,956	0	3,956
Operating expenses	19,758	0	19,758
License expenses, rents, leases	957	0	957
General administrative expenses	12,111	0	12,111
Exchange rate losses	6,184	- 6,184	0
Loss allowances on receivables/bad debts	691	0	691
Sundry other operating expenses	2,213	0	2,213
	<b>45,869</b>	<b>- 6,184</b>	<b>39,685</b>

\* before adjustment

The following table presents the impacts of the change in presentation under the financial result for financial year 2021:

EUR k	31 Dec 2021 *	Delta	31 Dec 2021
Finance income	54	0	54
Finance cost	- 2,925	0	- 2,925
Exchange differences	0	- 1,578	- 1,578
	<b>- 2,871</b>	<b>- 1,578</b>	<b>- 4,449</b>

\* before adjustment

The changes in the disclosures on financial instruments are explained in the following tables.

The detailed change in foreign currency translation effects within the financial result due to the change in presentation is as follows for the financial year 2021:

EUR k	31 Dec 2021 *	Delta	31 Dec 2021
Currency effects from receivables (LaR)	0	- 1,872	- 1,872
thereof unrealized	0	- 1,464	- 1,464
thereof realized	0	- 409	- 409
Currency effects from liabilities (FLAC)	0	294	294
thereof unrealized	0	- 111	- 111
thereof realized	0	405	405
	<b>0</b>	<b>- 1,578</b>	<b>- 1,578</b>

\* before adjustment

The following table presents the change in income arising from the measurement of financial instruments within the financial result due to the change in presentation policies for the financial year 2021:

EUR k	31 Dec 2021*	Delta	31 Dec 2021
Result from financial assets measured at amortized cost	- 399	1,872	- 2,271
Result from financial liabilities measured at amortized cost	-1,462	- 294	- 1,167
Result from financial instruments measured at FVTPL	1	0	1
	<b>- 1,860</b>	<b>1,578</b>	<b>- 3,438</b>

\* before adjustment

The following table presents the change in expenses for financial year 2021 arising from the measurement of financial instruments posted to other operating income due to the change in presentation policies:

EUR k	31 Dec 2021*	Delta	31 Dec 2021
Result from financial assets measured at amortized cost	2,931	2,723	208
Result from financial liabilities measured at amortized cost	1,883	1,883	0
	<b>4,814</b>	<b>4,606</b>	<b>208</b>

\* before adjustment

The following table presents the change in income (+) and expenses (-) arising from the measurement of financial instruments posted to other operating expenses due to the change in presentation policies for the financial year 2021:

EUR k	31 Dec 2021*	Delta	31 Dec 2021
Result from financial assets measured at amortized cost	5,286	4,595	691
Result from financial liabilities measured at amortized cost	1,588	1,588	0
	<b>6,874</b>	<b>6,184</b>	<b>691</b>

\* before adjustment

#### 4.2 Consolidation principles

The consolidated financial statements are based on the separate financial statements of the entities included in the consolidated financial statements of KATEK SE. The separate financial statements of the German and foreign entities included in the consolidated financial statements were prepared as at the reporting date of KATEK SE..

##### Subsidiaries

Upon first-time consolidation, subsidiaries are accounted for in accordance with the acquisition method. This method requires all hidden reserves and hidden burdens of the acquired company to be uncovered during a revaluation and that all identifiable intangible assets are presented separately. Any remaining difference identified during the purchase price allocation is recognized as goodwill. During the first-time consolidation of acquired entities, the carrying amount of the equity held by the ultimate parent company is offset against the revalued assets and liabilities acquired.

If the net balance of the share acquired in the remeasured assets and liabilities of the acquired entity is higher than the associated costs of the acquisition on the date of the acquisition, the assets and liabilities and contingent liabilities are initially reviewed for any indication of impairment. Any remaining excess (bargain purchase/badwill) is then immediately posted as a gain to profit or loss.

All significant intercompany profits and losses, sales, income and expenses are eliminated as are intercompany receivables and liabilities.

##### Other equity investments

Other equity investments are recognized at cost. Valuation changes are shown in other comprehensive income (FVOCI).. As the shares are not listed on a regulated market and the other factors needed for a reliable measurement are lacking, historical cost remains the best estimate of their value. In addition, their influence on the financial performance, financial position and cash flows is (and was, in the previous year) immaterial, both individually and collectively.

#### 4.3 Currency translation

The separate financial statements of consolidated entities are prepared in the functional currency. The functional currency is the currency in which funds are primarily generated. With the exception of the entities in Hungary, Malaysia and Singapore, the functional currency of all affiliated and associated companies of the Group is the respective local currency since these entities operate independently from a financial, economic and organizational viewpoint. The functional currency of Katek Hungary kft., Győr, Hungary, is the EUR. The Asian entities, BEFLEX ELECTRONIC MALAYSIA SDN. BHD., Kuala Kabu Baru, Malaysia, KATEK MALAYSIA SDN.BHD., Kuala Lumpur, Malaysia, and KATEK SINGAPORE PTE. LTD., Singapore, use the USD as their functional currency.

In the consolidated financial statements the assets and liabilities of foreign operations are translated on the opening date and on the closing date using the respective closing rates. Any differences that arise during the year as well as any income and expenses and cash flows are then translated into euro using the monthly average exchange rates.

The KATEK Group carries leases that are accounted for in accordance with IFRS 16, which were entered into in currencies that do not correspond to the functional currency of the respective business unit. These contracts are initially translated into the functional currency of the subsidiary and thereafter into the presentation currency of the Group, the euro.

Equity components are translated at the historical rate on the date they were acquired from the Group's perspective.

Any differences to translating the items using the closing rates are presented separately under equity as a foreign currency translation reserve or as exchange differences. The exchange differences recorded under equity during the time of the entity's affiliation to the Group are released to profit or loss when the entity is deconsolidated or upon a reduction in the net investment in a foreign operation.



The euro exchange rates for the most important currencies developed as follows:

EUR 1/		Closing rate	Closing rate	Average rate	Average rate
		31 Dec 2022	31 Dec 2021	2022	2021
HUF	Hungary	400.8700	369.1900	390.9439	358.4635
USD	USA	1.0666	1.1326	1.0539	1.1835
BGN	Bulgaria	1.9558	1.9558	1.9558	1.9558
CZK	Czech Republic	24.1160	24.8580	24.5603	25.6468
CHF	Switzerland	0.9847	1.0331	1.0052	1.0814
JPY	Japan	140.6600	130.3800	138.0051	129.8575
CAD	Canada	1.4440	1.4393	1.3703	1.4835

#### Foreign currency measurement

Monetary items, such as receivables and liabilities, denominated in a different currency than the functional currency are translated in the separate financial statements of group entities using the closing rate. The associated gain or loss is posted to profit or loss and, since 31 December 2022, presented retrospectively in the financial result of the Group. Reference is made to note A.4.1 for more on the change in the presentation of foreign currency translation.

#### 4.4 Revenue recognition

The KATEK Group applies the revenue recognition policies of IFRS 15 to all contracts with customers. The Group applies the five-step model of IFRS 15 to determine whether the performance obligations constitute distinct performance obligations and whether the contract contains other obligations that represent distinct performance obligations to which a portion of the transaction price must be allocated (e.g. financing components, warranties, equipment (customer-specific parts), rights of use). Typically, the contractual performance obligations of the KATEK Group consist of the delivery of electronic assemblies and devices, rendering development and other services. Currently there are no contracts where the time between the transfer of a good or service to the customer and the related payment exceeds one year. Consequently, there was no need to discount any of these receivables to net present value.

The model consists of the following steps:

1. Identifying the contract with the customer
2. Identifying the separate performance obligations in the contract
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognizing the revenue (over time or at a point in time)

The Group recognizes revenue on the basis of the consideration agreed on in a contract with a customer. Amounts collected in the name of third parties are excluded from revenue recognition. Revenue is recognized upon the transfer of control over the good or service to the customer. Within the Group, this is basically at a point in time, i.e. when the customer obtains possession of the products or services. The revenue from bill-and-hold agreements is recognized upon completion of the product and communication of completion to the customer.

Rebates, bonuses, discounts and the customary warranties and guarantees are deducted from the transaction price and therefore from revenue, and reported under Other provisions. For this, reference is made to note A.4.17 Other provisions.

If one contract covers a number of distinct goods or services, the transaction price is allocated to the performance obligations on the basis of the relative sales prices for the individual components.

Reference is also made to note B.14 Trade receivables for more information on the terms of payment.

#### 4.5 Earnings per share

In accordance with IAS 33, basic earnings per share are calculated by dividing the net profit after tax attributable to the shareholders of the parent company by the weighted average number of shares in circulation during the financial year.

#### 4.6 Intangible assets

Intangible assets acquired for a consideration are stated at cost.

All intangible assets with the exception of goodwill have finite useful lives and are therefore amortized over the prospective useful lives on a straight-line basis.

Goodwill is subject to an impairment test at least once a year in accordance with IAS 36. The Company has set 30 November as the date for conducting its annual impairment tests.

#### 4.7 Research and development expenses

Development expenses for new products that are developed internally are recognized at cost by the KATEK Group when they meet the recognition criteria of IAS 38:

- the associated expenses can be clearly allocated to the development of the product, completion of its development is technically feasible, and the Group has the ability to use or sell the developed product, and
- it is reasonably assured that the development will generate probable future economic benefits.

Capitalized development expenses include all directly allocable costs and overheads. Capitalized development expenses are amortized over the estimated useful sales life of the products.

Pursuant to IAS 38 research costs are not eligible for recognition as intangible assets and are therefore posted

directly to the consolidated statement of profit or loss.

#### 4.8 Property, plant and equipment

Property, plant and equipment is measured at cost less any accumulated depreciation in accordance with IAS 16. Depreciation is recorded over the useful life using the straight-line method.

Repair expenses that do not serve to substantially improve or expand the respective assets are expensed on principle.

#### 4.9 Leases

The KATEK Group applies IFRS 16 when accounting for its leases. IFRS 16 contains a comprehensive model for identifying leases and lays out the accounting for them by both lessors and lessees. The key aspect is that lessees must recognize the right-of-use assets and the lease liabilities associated with all their leases in their statement of financial position. Right-of-use assets and lease liabilities must be recognized for any leases with a term of 12 months or more and where the leased assets do not qualify as low-value assets. For lessors, leases must be classified as either finance leases or operating leases.

The initial measurement of the right-of-use asset and the corresponding lease liability is based on the present value of the lease payments plus any initial direct cost less any lease incentives received. The discounting is performed using the interest rate inherent to the lease or, if this cannot be readily determined, the incremental borrowing rate of the Group. The interest rates applied by the KATEK Group entities ranged between 0.17% and 5.33% depending on the respective asset category, the term of the lease and the inception of the lease.

Lease payments generally consist of fixed and variable payments, which may be pegged to an index. If a lease includes an option to extend the lease or purchase the asset, and it is more likely than not that this option will be exercised, the costs of this option are considered in the lease payments.

The right of use asset is depreciated over the shorter of the term of the lease or the useful life of the underlying asset. The payment obligations arising from leases are recognized under other financial liabilities and amortized using the effective interest rate method.

The KATEK Group exercises the practical expedients offered by IFRS 16 concerning short-term leases of not more than twelve months and leases for low-value assets.

In May 2020 the IASB released Amendments to IFRS 16 "Covid-19-Related Rent Concessions". Under certain conditions, this amendment provides lessees, for a limited time frame, with an exemption from assessing and recognizing whether a Covid-19-related rent concession is a lease modification.

If adopted voluntarily, this practical expedient had to be applied consistently to all similarly-structured contracts.

According to IFRS 16.38, the release or reduction of lease payments is to be treated as a (negative) variable lease payment and therefore recognized under other operating income. The specific portion of the liability pertaining to the rent concession was removed from the statement (IFRS 9.3.3.1).

On 31 March 2021, the IASB decided to extend the practical expedient effective 1 April 2021 due to the ongoing effects of the pandemic.

The practical expedient is to be applied to Covid-19-related rent payments that were due on or before 30 June 2022 (but not to payments that were originally due on or before 30 June 2021).

Once again in financial year 2022, the Group decided not to apply this practical expedient.

#### 4.10 Depreciation and amortization

The amortization of intangible assets and depreciation of property, plant and equipment are presented in aggregate in the consolidated statement of comprehensive income. Reference is made to note B.11 Intangible assets for a separate presentation of the amortization of intangible assets and to note B. 12 Property, plant and equipment for the depreciation of property, plant and equipment. The following useful lives are applied uniformly within the Group:

in years	31 Dec 2022	31 Dec 2021
Concessions, industrial rights and patents	3 - 5	3 - 5
Customer base	5 - 10	5 - 10
Technology and patents	5 - 8	5 - 8
Order backlog	1 - 2	1 - 2
Own buildings	15 - 50	15 - 50
Plant and machinery	5 - 10	5 - 8
Operating equipment, furniture and fixtures	3 - 15	3 - 15

#### 4.11 Impairment of non-financial assets

Intangible assets and property, plant and equipment are impairment tested in the case of a triggering event and written down if the recoverable amount of the asset falls short of the carrying amount. If an intangible asset is part of a cash-generating unit, an impairment loss is also recorded on the basis of the recoverable amount of the cash-generating unit. The recoverable amount is the higher of fair value less costs to sell and value in use. If goodwill is allocated to a cash-generating unit and its carrying amount exceeds its recoverable amount, it is initially written down to the recoverable amount by recording an impairment loss. Any further need for impairment is recorded by writing down the carrying amounts of the remaining assets of the cash-generating unit. If the reasons for an earlier impairment loss no longer exist, the impairment losses are reversed by writing up the intangible assets. However, the resulting carrying amounts may not exceed amortized cost. No write-ups are performed on goodwill.

#### 4.12 Inventories

Die Inventories are measured at the lower of cost and net realizable value. They are measured using the weighted average cost method.

Assuming normal capacity utilization, the full costs of production are considered in the cost of inventories.

Production cost includes directly allocable costs as well as fixed and variable production overheads, including an appropriate portion of the depreciation recorded on production plant and equipment. The hourly machining rates are used to calculate these surcharges.

Appropriate allowances are recorded to cover the risks of storage and marketability. Measurement takes into account the lower net realizable values of inventories as at the reporting date. If the reasons for an earlier impairment loss no longer apply, the write-up is charged against the cost of materials.

### 4.13 Financial instruments

#### Fundamentals

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

Financial instruments are recognized on the settlement date as soon as KATEK becomes a party to the financial instrument. Financial assets and financial obligations are initially measured at fair value. Transaction costs increase or decrease the initial measurement if the financial asset and/or financial liability is not measured at fair value with subsequent changes in fair value posted through profit or loss.

In terms of their subsequent measurement, IFRS 9 requires financial assets to be allocated to one of two categories: either those measured at amortized cost (AC) or those measured at fair value. If financial assets are measured at fair value, the related income and expenses are posted either in full to profit or loss (FVTPL – fair value through profit or loss) or to other comprehensive income (FVTOCI – fair value through other comprehensive income).

This classification is decided upon initial recognition, i.e. when the company becomes a party to the contract for the instrument. However, in certain cases, it may be necessary to reclassify financial assets at a later date.

Financial assets and financial liabilities must be recognized as soon as a company becomes party to the terms of a financial instrument. Regular-way purchases or sales are recognized on the trading date uniformly throughout the KATEK Group. Initial measurement is at fair value or, in the case of trade receivables, at the transaction price in accordance with IFRS 15. Fair value is determined in accordance with the requirements of IFRS 13. Transaction costs are considered in the initial cost of items that are measured at fair value through other comprehensive income.

Net gains and losses in all the categories applied are recognized through profit or loss and are explained in note B.21 Financial instruments.

#### Financial assets

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

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument that meets the following two conditions must be measured at amortized cost (using the effective interest method if applicable):

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

**Effective interest method**

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating the interest income over the relevant period.

The effective interest rate for all financial instruments that are not allocated to the category of purchased or originated impaired financial assets is the interest rate that exactly discounts estimated future cash receipts (including all fees that are a portion of the effective interest rate, transaction costs and other premiums and discounts) to the net carrying amount upon initial recognition through the expected life of the debt instrument or a shorter period, if applicable.

In the case of financial assets that are purchased or originated credit-impaired, interest income is determined by applying an adjusted interest rate to the amortized cost of the asset. The adjusted interest rate is the rate at which the expected cash flows (explicitly considering expected credit losses and the terms of the contract) are exactly discounted to the carrying amount upon initial recognition.

The interest income from debt instruments that are measured at amortized cost or at FVTOCI is determined using the effective interest method. For all financial assets that are not purchased or originated impaired, the interest income is determined by applying the effective interest method to the gross carrying amount.

The interest income from financial assets that do not display any indications of impairment upon initial recognition but do so later is determined by applying the effective interest method to amortized cost. If the credit risk of the financial asset which caused the classification as credit-impaired improves in subsequent periods to the extent that the indications of impairment no longer apply, interest income is determined using the effective interest method on the basis of the gross carrying amount.

In the case of financial assets that are purchased or originated credit-impaired, the measurement is not made on the basis of the gross carrying amount, even if the credit risk improves.

Interest income is included in finance revenue in the statement of profit or loss.

**Equity instruments classified as FVTOCI**

Upon initial recognition, the Company can make an irrevocable decision as to whether it will classify the equity instruments it holds at fair value through other comprehensive income (FVTOCI), whereby only income from dividends is recognized in the profit or loss for the period provided it does not represent any capital repayment. In contrast to debt instruments in the FVTOCI category, the accumulated fair value adjustments are not reclassified through profit or loss upon disposal of the equity instrument. However, this classification is only possible when the equity instrument is not held for trading.

A financial asset is classified as held for trading if one of the following criteria are met:

- The financial asset has been acquired for the purpose of selling it in the near future.
- Upon first-time recognition, the financial asset is part of a portfolio of clearly identified financial instruments that are managed together in the Group and for which there is evidence of a recent actual pattern of short-term profit-taking.
- The financial asset qualifies as a derivative unless it is used as a designated and effective hedging instrument or as a financial guarantee.

**Financial assets classified as FVTPL**

Financial assets that do not meet the criteria for classification as FVTOCI or amortized cost are classified as FVTPL.

Financial assets classified as FVTPL are measured at fair value at the end of each reporting period, with the associated gains or losses posted through profit or loss, unless they are part of a designated hedge.

**Exchange gains and losses**

The carrying amount of financial assets that are denominated in a foreign currency are translated using the closing rate each reporting period.

For assets measured at amortized cost and that are not part of a designated hedge, the corresponding gains or losses are also posted through profit or loss.

The exchange gains or losses on debt instruments classified as FVTOCI and that are not part of a designated hedge are posted to profit or loss on the basis of their amortized cost. Other exchange gains or losses are generally posted to the foreign currency translation reserve in other comprehensive income.

In the case of financial assets classified as FVTPL, exchange gains and losses are posted through profit or loss, provided the instrument is not part of a designated hedge.

Exchange gains and losses on equity instruments classified as FVTOCI are posted to the foreign currency translation reserve in other comprehensive income.

#### **Impairment of financial assets**

The Group records loss allowances to account for expected credit losses on financial assets using the expected loss model, which it applies to its debt instruments measured at amortized cost or as FVTOCI and its lease receivables and contract assets that fall under the scope of IFRS 15. No impairment losses are recognized on equity instruments. The amount of expected credit losses is revised each reporting date in order to account for changes in the credit risk that have occurred since initial recognition.

The Group applies the simplified approach to its trade receivables and lease receivables. Under this approach, the lifetime expected credit losses are used to determine any impairment losses. This requires the Company to record impairment losses based on past loss ratios.

#### **Significant increase in credit risk**

The Company defines credit risk to be the risk that a contractual counterparty will not perform its contractual obligations, leading to a financial loss for the Group. In the course of its operating business, the Group is exposed to credit risks in its trade receivables or other financial instruments, for instance.

When assessing whether there has been a significant increase in the credit risk the Group considers the available quantitative and qualitative information that is relevant to the decision. This includes both historical and forward-looking information. Country-specific default rates experienced in the

past are also referred to in order to determine the respective probability of default.

Forward-looking information includes information on the development of the sector in which the debtor operates. This information is sourced from industry experts, financial analysts or public bodies.

The following factors are considered when classifying the credit risk:

- Type of financial instrument
- Credit rating
- Type of collateral
- Date of first-time recognition
- Residual term
- Sector

At regular intervals, KATEK monitors whether these criteria are still valid for assessing the credit risk and adjusts them accordingly if they are no longer accurate.

**Financial assets that are purchased or originated credit-impaired**

A financial asset is purchased or originated credit-impaired when one or more of the following events have occurred:

- significant financial difficulty of the issuer or obligor
- a breach of contract, such as a default or delinquency in interest or principal payments,
- the lender, for economic or contractual reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider
- it becoming probable that the borrower will enter bankruptcy or other financial reorganization
- the disappearance of an active market for that financial asset because of financial difficulties
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

**Derecognition of a financial asset**

The Group derecognizes a financial asset when, and only when, the contractual rights to receive cash flows from the financial asset expire or the Group transfers the financial asset and substantially all the risks and rewards of ownership of the asset to a third party.

If the Group does not transfer substantially all the risks and rewards of ownership, but retains control over a portion of the risks and rewards, the Group recognizes an asset commensurate to the Group's continuing involvement in the asset and a corresponding liability for any consideration that the Group could be required to pay.

If the Group retains substantially all risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and a secured loan for the consideration received.

If a financial asset is fully written off, the difference between its carrying amount and the sum of consi-

deration received or to be received is posted to profit or loss. For debt instruments classified as FVTOCI, the accumulated gains or losses attributable to the asset and recorded in other comprehensive income are reclassified to profit or loss. By contrast, the accumulated gains or losses on equity instruments classified as FVTOCI are not recycled through profit or loss but can be reclassified to the revenue reserves without affecting income.

**Factored receivables**

The carrying amounts of trade receivables include receivables that are covered by a factoring agreement. Within the framework of this agreement, the KATEK Group assigns receivables to a factor in return for cash payment. The factored receivables are deducted directly from trade receivables. Security retentions by the factor are recognized under other financial assets until the customer has fully settled the debt.

**Financial liabilities**

Debt instruments and equity instruments are classified as either financial liabilities or as equity, depending on the economic content of the contractual relationship and their definitions.

**Equity instrument**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are recorded at the amount received upon issue less any directly allocable transaction costs. Transaction costs are costs that would not have been incurred had the instrument not been issued.

Repurchases of the reporting entity's own equity instruments are deducted directly from equity. No gain or loss shall be recognized in profit or loss on the purchase, sale, issue or cancellation of an entity's own equity instruments.

**Financial liabilities**

Financial liabilities are classified either as at amortized cost using the effective interest method or as FVTPL.

**Financial liabilities classified as FVTPL**

Financial liabilities are classified as FVTPL if the fair value option has been exercised, they relate to items that are held for trading or they contain contingent



claims of a purchaser within the framework of a business combination in the sense of IFRS 3.

Financial liabilities classified as FVTPL are measured at fair value. Changes in fair value are posted through profit or loss unless they are a component of a designated hedge. Interest payments on the financial liability are considered in the process.

If the change in fair value can be attributed to a change in the credit risk of the liability, the associated gains or losses are posted to other comprehensive income without affecting income. Future changes are not posted through profit or loss. Rather they are reclassified to revenue reserves upon derecognition of the financial liability.

#### **Derecognition of a financial liability**

A financial liability is derecognized in full or in part when it is settled, repurchased or a debt waiver is issued. The difference between the carrying amount of the financial liability and the consideration paid and payable is posted through profit or loss.

#### **Derivative financial instruments**

Derivative financial instruments in the form of forward exchange transactions are used by the KATEK Group to hedge against risks arising from fluctuations in exchange rates. Risks arising from changes in interest rates are hedged using interest swaps.

Derivative financial instruments are accounted for in accordance with the requirements of IFRS 9. Hedge accounting is applied to derivative financial instruments if they are part of a designated hedge. If not, they are recognized as separate instruments. Hedge accounting is used when the effects on profit or loss arising from changes in the market prices of the hedged items and the hedging instruments stand in a documented economic relationship to one another and the resulting offsetting effects on profit or loss occur in the same accounting period. If such a relationship qualifies as a designated hedge, the gains and losses from the hedged item and the hedging instrument are accounted for using the special rules on hedge accounting. Hedge accounting is basically optional in each particular case. However, hedge accounting may only be applied if certain criteria are met. The hedge relationship must be documented. Furthermore, the hedge relationship must be effective (economic relationship between the hedged item and the hedging instrument, the effect of credit risk does not dominate, the hedge ratio corresponds to the hedge ratio used for risk management purposes).

The KATEK Group did not apply hedge accounting in either the reporting period or the comparative period.

Derivative financial instruments are initially and subsequently recognized at fair value. The fair value of certain derivatives can be either positive or negative. They are recognized either as financial assets or as financial liabilities accordingly. The fair value must be determined in accordance with the requirements of IFRS 13. If no quoted prices on an active market are available, fair value is measured using net present value techniques or option models whose material inputs (e.g. market price, interest rates) are based on quoted prices or directly or indirectly observable inputs.

#### 4.14 Fair value measurement

IFRS 13 governs fair value measurement and the associated disclosures required in the notes. Fair value is defined as that price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Assets and liabilities measured at fair value are allocated to the three levels of the fair value hierarchy in accordance with IFRS 13. The individual levels of the fair value hierarchy are defined as follows:

Level 1: quoted prices in active markets for identical assets or liabilities

Level 2: information other than quoted market prices that are observable either directly or indirectly

Level 3: information on assets and liabilities that is not based on observable market prices

The calculation of fair value in level 1 of the hierarchy is determined by referring to prices quoted on an active market (unadjusted) for identical assets or liabilities to which KATEK had access on the reporting date.

The fair value of instruments allocated to level 2 of the hierarchy is determined using a discounted cash flow model and inputs other than quoted prices included within level 1, that are observable either directly or indirectly.

The fair value of instruments in level 3 of the hierarchy is measured using valuation techniques based on inputs that are not observable on active markets.

The assessment of whether a financial asset or financial liability measured at fair value should be reclassified to a different level of the fair value hierarchy is made at the end of each respective reporting period. No such reclassifications were made in the reporting period. Equity instruments are allocated to the category of at fair value through profit or loss.

For any business combinations made in the reporting period, the fair value of the assets and liabilities acquired in the combination are measured at level 3 of the hierarchy.

#### 4.15 Government grants

Government grants are recognized at fair value if there is reasonable assurance that the grants will be received and the Group will comply with the conditions attaching to them. Government grants that compensate the Group for expenses incurred are released to profit or loss as other income or deducted directly from the expense in the periods in which the expenses are recognized. At KATEK, government grants related to personnel are deducted directly from personnel expenses. Other grants are released to other operating income.

#### 4.16 Income taxes

Current income taxes for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted at the reporting date in the countries where the KATEK Group operates.

Deferred taxes are determined according to the liability method. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred taxes are measured using the tax rates expected to apply in the period in which an asset is realized or a liability is settled. The measurement of deferred taxes considers the tax consequences arising from the nature in which an asset is realized or a liability settled.

Deferred tax assets and liabilities are recognized regardless of when the timing differences are likely to reverse. They are not discounted and are disclosed as non-current assets or non-current liabilities.

Deferred tax assets are recognized when it is probable that sufficient taxable profits will be available against which the deferred tax assets can be utilized. This assessment is revised each reporting date.

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

Deferred tax liabilities have not been provided on undistributed earnings of equity investments to the extent the earnings are intended to remain indefinitely invested in those entities. A deferred tax liability is presented for all taxable temporary differences except those that originate from goodwill, which cannot be deducted for tax purposes.

Deferred tax assets also include tax credits that result from the expected utilization of unused tax losses and tax benefits in the following five years, and the realization of which can be assumed with sufficient certainty.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply based on tax laws that have been enacted or substantively enacted in the individual countries at the time of realization.

#### 4.17 Provisions for pensions and similar obligations

Provisions for pensions and similar obligations consist of the obligations of the Group arising from defined benefit plans.

The obligations under defined benefit plans are calculated using the projected unit credit method. The measurement of the defined benefit obligation is based on actuarial appraisals. These consider wage and salary trends and pension trends, which increase the amount of the obligation. As in the prior year/previous year, mortality rates and employee churn are based on the 2018 G mortality tables issued by Klaus Heubeck and the comparable mortality tables in foreign countries.

If pension obligations are fully covered by plan assets they are presented net. Actuarial gains and losses are recorded directly in equity taking deferred taxes into account. Past service cost is recorded immediately in profit and loss. Service cost is disclosed in personnel expenses while net interest of the addition to the provision and income from plan assets is recorded in finance costs.

#### 4.18 Other provisions

Other provisions are recognized for present legal or constructive obligations arising from past events that are more likely than not to lead to an outflow of resources embodying economic benefits and the obligation can be reliably measured.

They are measured at the best estimate of the most likely settlement amount or, if the probabilities are evenly distributed, at the expected value of the settlement amount. Provisions are only recognized for obligations towards third parties.

They are measured at full cost taking account of future cost increases.

Provisions for restructuring measures are recognized if a detailed formal restructuring plan has been drawn up and communicated to the parties affected and it is highly probable that the Company can no longer withdraw from the obligation.

Obligations towards personnel such as vacation pay, flexi-time credits and phased retirement obligations are reported under other liabilities.

Obligations arising from outstanding supplier invoices are presented under trade payables.

Where the time value of money is significant, non-current provisions due in more than one year are stated at their settlement amount discounted to the reporting date using the corresponding interest rates, depending on the underlying terms of the obligations.

#### 4.19 Segment reporting

For the first time, segment reporting with two reportable segments in the sense of IFRS 8 has been included in the consolidated financial statements as at 31 December 2022.

#### 4.20 Share-based payment

Die Share-based payments and share-based compensation programs are accounted for in accordance with IFRS 2. The standard makes a distinction between equity-settled share based payments and cash-settled share-based payments.

The Company has operated a phantom stock program since September 8, 2020. This phantom stock program is accounted for as a cash-settled share-based payment transaction in accordance with IFRS 2 "Share-based Payment". Correspondingly, the fair value of the services rendered by employees is deemed to be consideration for the cash settlement and recognized as a liability by posting an expense to profit or loss. However, as the fair value of services rendered by employees cannot be reliably measured, the liability is measured at the fair value of the stock appreciation rights. Now that one of the exit conditions for this employee participation program has been fulfilled upon the IPO of KATEK SE, the program has expired on the basis of the measurement at the closing date of the previous year. There is no longer any liability carried on the reporting date as it was paid out in December 2022.

Effective 1 April 2021, the service contracts with the members of the Management Board of the listed subsidiary KATEK SE were modified by the addition of a long-term incentive component. This program is accounted for as a cash-settled share-based payment transaction in accordance with IFRS 2 "Share-based Payment". Correspondingly, the fair value of the services rendered by employees is deemed to be consideration for the cash settlement and recognized as a liability by posting an expense to profit or loss. The program provides for the creation of annual tranches ten trading days after publication of the results for the previous year using the current share price to establish performance stock. This performance stock is paid out after four years on the basis of the applicable share price at that date and an EBITA (earnings before interest, tax and amortization) measurement which compares the EBITA generated in the final year of the plan to the EBITA projected for that year of the business planning on the date the tranche was first granted. A cap for the maximum payment is set at 200 % for each tranche based on a combination of the share price and the EBITA plan attainment. Reference is made to note B.25 Other liabilities for more information on the structure of this program.

#### 4.21 Contingent liabilities

Contingent liabilities represent possible obligations which are a result of a past event and whose existence depends on the occurrence of one or more uncertain future events that are not wholly within the control of the KATEK Group. Moreover, contingent liabilities are present obligations based on past events that are not, however, recognized because an outflow of resources embodying economic benefits to settle the obligation is not likely or cannot be reliably estimated. Contingent liabilities are therefore not recognized in the consolidated statement of financial position. Rather, they are disclosed and explained in the notes to the consolidated financial statements.

#### 4.22 Other estimates and assumptions

Judgement is exercised when applying accounting policies. The key assumptions concerning the future and other key sources of estimation uncertainty as at the reporting date that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are discussed below:

- The negative impacts of the war in Ukraine on prices and the availability of raw materials and energy remain tangible. It is not possible at present to make any prediction of the outcome of this war. The indirectly resulting uncertainties affecting the KATEK Group in this regard mainly relate to pricing, production costs, investment activities and the associated financing terms and conditions. These developments are being constantly monitored by the KATEK Group in order to anticipate any new trends as early as possible and to react accordingly. Nevertheless, any further deterioration of the above factors could affect the financial performance, financial position and cash flows of KATEK. In spite of this circumstance, the KATEK Group believes that the assumptions made appropriately reflect the current situation.
- Note B.11 Intangible assets, B.12 Property, plant and equipment and B.21 Financial instruments: Determining the fair values of assets and liabilities and the useful lives of assets is based on assessments and planning calculations by management. This also applies to the calculation of impairment losses on property, plant and equipment, intangible assets and financial assets.
- Note B. 21 Financial instruments: Impairment losses on doubtful debts are recognized in the form of loss allowances to cover the expected credit losses arising from the insolvency or unwillingness of the customer to settle the invoice. In the course of calculating potential impairment losses, forward-looking information is also referred to in order to derive the assumed probabilities of default and the expected losses. Furthermore, assumptions were made with regard to the business planning drawn up by management in the course of the fair value measurement of the earn-out liabilities connected to the acquisitions of the Aisler Group and SigmaPoint.
- Note B.9 Income taxes: Other assumptions are needed in the calculation of current and deferred taxes. In particular, the ability of being able to generate the corresponding taxable income plays a significant role in assessing whether deferred tax assets can be utilized or not.
- Note B.18 Employee benefits: Furthermore, the discount factors, expected wage and salary trends, pension trends, employee churn, and mortality rates, are key estimates used as inputs in the recognition and measurement of pension provisions.
- Note B.25 Other liabilities: The Company has ratified a performance stock program for the Management Board of KATEK SE. Information on the estimated inputs used in the measurement model to calculate the associated expenses can be found under note B.25 Other liabilities.
- Note B.11 Intangible assets: In the course of impairment testing, assumptions are made during the calculation of the recoverable amount.
- Note B.1 Revenue: In terms of revenue recognition, assumptions are needed at various places when assessing contracts with customers. This applies to the calculation of amounts that will not be realized due to customer returns, but also in the assumptions made regarding the use of discount allowed by customers and whether the volumes for bulk rebates and other sales deductions will be met.
- Note B.11 Intangible assets: Development expenses are capitalized in accordance with the accounting policies described above. Impairment testing of such internally generated intangible assets requires management to make assumptions regarding the expected future cash generation of the assets, the discount rates to be applied and the period of the future cash flows expected from the assets. In the case of projects that are still under development, other assumptions need to be made concerning the costs yet to be incurred and time to completion.
- Note B.19 Other provisions: The Group has recognized restructuring provisions that are based on estimates of the payments required for severance payments and redundancy plans.

In the cases of such estimation uncertainties, the best available information is drawn on to determine the circumstances on the reporting date. Actual figures may diverge from these estimates. The carrying amounts of those items that are subject to such uncertainties can be seen in the consolidated statement of financial position and the associated notes to the consolidated financial statements.

As at the date on which these consolidated financial statements were prepared, there are no indications of any significant changes being needed to the assumptions underlying recognition and measurement. To this extent, no notable adjustments are expected from today's perspective to the assumptions, estimates or carrying amounts of the respective assets and liabilities.

## B Notes to the items of the consolidated financial statements

### Notes to the consolidated statement of profit or loss

#### 1. Revenue

KATEK develops and manufactures bespoke electronic components and systems for all kinds of industries. The key revenue streams are automotive, communication, consumer, industry, energy/solar, and medical technology.

The KATEK Group recognizes the associated revenue when a contractual performance obligation is satisfied by transferring control over a good or service to the customer. Payments received on account from customers are recognized as contract liabilities until the good or service is delivered to the customer. Payments received on account that were presented in the previous year are presented under the revenue for the financial year and explained under note B.24 Contract liabilities. In the case of sales of products or services, the performance obligations are settled at a point in time.

Revenue from contractual performance obligations where control is transferred at a point in time break down in the reporting period and the comparative period as follows:

EUR k	31 Dec 2022	31 Dec 2021
from the sale of goods	653,149	521,709
from the sale of services	29,951	18,409
	<b>683,100</b>	<b>540,119</b>

The following table breaks down revenue by region:

EUR k	31 Dec 2022	31 Dec 2021
Germany	479,074	382,974
Europe	160,192	134,647
Rest of world	43,834	22,498
	<b>683,100</b>	<b>540,119</b>

The segmentation of revenue by region is based on the registered offices of the customer, i.e. the destination of the delivery.

In the year 2022, KATEK generated more than 10% of its total revenue with two customers respectively (previous year: one customer). The sales displayed in the table are attributable to the Energy and the Consumer segments.

	2022		2021	
	EUR k	%	EUR k	%
Customer A	84,479	12.4	78,856	14.6
Customer B	68,128	10.0	51,219	9.5
Other customers	530,493	77.6	410,044	75.9
<b>Revenue</b>	<b>683,100</b>	<b>100.0</b>	<b>540,119</b>	<b>100.0</b>

With regards to Customer B, there was a change in comparison to the previous year. To aid comparison, the previous-year figures were adjusted to reflect the current Customer B. In the previous year, the figures for the former Customer B came to EUR 46,263k and 8.6% and the other customers EUR 414,999k and 76.6% accordingly.

Impairment losses pursuant to IFRS 9 are explained in note B.21 Financial instruments.

Explanations on warranties can be found in note B.19 Other provisions.

Explanations on the age structure of trade receivables can be found in note B.14 Trade receivables.

#### 2. Own work capitalized

In the financial year 2022 own work capitalized came to EUR 7,189 k (previous year: EUR 1,389 k). These items consist of internally constructed plant and machinery as well as the development costs incurred in connection with inhouse development.

#### 3. Other operating income

In accordance with the comments in Section A.4.1, the figures of the previous year were adjusted to reflect the changes in foreign currency in other operating income due to a change in the presenta-

tion of foreign currency translation.

Other operating income breaks down as follows:

EUR k	31 Dec 2022	31 Dec 2021
Bargain purchase from business acquisitions	0	11,316
Releases of other provisions and liabilities to personnel	2,364	947
Income from the disposal of non-current assets	154	854
Reversals of loss allowances for trade receivables	577	208
Refund claims	581	475
Government grants and subsidies	122	343
Sundry other operating income	869	612
	<b>4,668</b>	<b>14,755</b>

In the previous year a bargain purchase of the Leesy Group resulted in negative goodwill of EUR 11,316k.

The release of other provisions and liabilities to personnel of a total amount of EUR 2,364k (previous year: EUR 947k) relates mainly to warranties and obligations for employee and management bonuses.

Income from the disposal of non-current assets in the previous year of EUR 854k contains proceeds from the sale of properties in Hungary and in Leipzig, which were subsequently leased back. The sale of these properties led to income of EUR 475k in the previous year.

Sundry other operating income mainly consists of income from pecuniary benefits.

Income from the measurement of financial instruments is presented in note 21 Financial instruments.

#### 4. Cost of materials

Cost of materials breaks down as follows:

EUR k	31 Dec 2022	31 Dec 2021
Cost of raw materials, consumables and supplies and of purchased merchandise	504,083	376,386
Purchased services	9,833	8,436
	<b>513,916</b>	<b>384,822</b>

#### 5. Personnel expenses and number of employees

Personnel expenses developed as follows:

EUR k	31 Dec 2022	31 Dec 2021
Wages and salaries	97,661	87,920
Other social security contributions and welfare	19,238	17,397
	<b>116,899</b>	<b>105,317</b>

Personnel expenses were reduced by government subsidies of EUR 22 k granted on account of the corona crisis (previous year: EUR 65 k).

The average number of employees as at the reporting date came to 2,861 (previous year: 2,659) and breaks down as follows:

	31 Dec 2022	31 Dec 2021
Purchasing	108	89
Administrative	282	209
Sales	145	124
Marketing	7	4
Development	148	145
Production	2,157	2,086
Service	14	2
	<b>2,861</b>	<b>2,659</b>



## 6. Depreciation and amortization

Of the total of depreciation, amortization and impairments, an amount of EUR 19,649 k (previous year: EUR 18,902 k) is allocable to property, plant and equipment and EUR 2,688 k (previous year: EUR 2,321 k) to intangible assets.

Depreciation of property, plant and equipment in the reporting period includes depreciation of EUR 1,528k recorded on assets uncovered in the purchase price allocation (previous year: EUR 3,032k). The amortization of intangible assets also includes the amortization of intangible assets uncovered in the purchase price allocation of EUR 1,983k (previous year: EUR 1,587k).

No impairments of property, plant and equipment or intangible assets were recorded in the reporting year or in the previous year.

The depreciation of right-of-use assets recognized pursuant to IFRS 16 is presented in note 22 Leases.

## 7. Other operating expenses

In accordance with the comments in Section A.4.1, the figures of the previous year were adjusted to reflect the changes in foreign currency in other operating expenses due to a change in the presentation of foreign currency translation.

Other operating expenses break down as follows:

EUR k	31 Dec 2022	31 Dec 2021
Selling expenses	6,001	3,956
Operating expenses	21,848	19,758
License expenses, rents, leases	1,300	957
General administrative expenses	17,394	12,111
Loss allowances on receivables/bad debts	489	691
Sundry other operating expenses	2,303	2,213
	<b>49,334</b>	<b>39,685</b>

Selling expenses mainly consist of outgoing freight of EUR 3,298 k (previous year: EUR 2,331 k), advertising expenses of EUR 1,003 k (previous year: EUR 576 k) and travel expenses of EUR 1,132 k (previous year: EUR 364 k).

Operating expenses include expenses for maintenance and technology of EUR 12,761 k (previous year: EUR 10,182 k), the cost of hired temps of EUR 8,403 k (previous year: EUR 7,988 k) and other personnel expenses including training of EUR 683 k (previous year: EUR 1,588 k).

License expenses, rent and lease expenses of EUR 1,300 k (previous year: EUR 957 k) include expenses for short-term leases and leases of low-value assets of EUR 788k (previous year: EUR 792k). Sundry other operating expenses mainly consist of royalties not falling under the scope of IFRS 16 of EUR 408k (previous year: EUR 54k) and service charges and incidentals of EUR 104k (previous year: EUR 111k).

Among other items, administrative expenses include legal expenses and consulting fees of EUR 7,198 k (previous year: EUR 4,636 k), the costs of preparing the annual financial statements and auditing of EUR 1,457 k (previous year: EUR 854 k) as well as insurance premiums of EUR 2,147 k (previous year: EUR 2,436 k).

Expenses from the measurement of financial instruments are presented in note 21 Financial instruments.

## 8. Financial result

In accordance with the comments in Section A.4.1, the figures of the previous year were adjusted in the financial result due to a change in the presentation of foreign currency translation.

The financial result breaks down as follows:

EUR k	31 Dec 2022	31 Dec 2021
Finance income	77	54
Finance costs	- 5,793	- 2,925
Exchange differences	- 4,924	- 1,578
	<b>- 10,640</b>	<b>- 4,449</b>

Financial income of EUR 2k (previous year: EUR 1k) consists of interest income from interest derivatives, EUR 23k (previous year: EUR 38k) income from other derivatives and EUR 45k (previous year: EUR 15k) from other interest income related to IFRS 9 matters.

Finance costs which mainly result from interest on IFRS 9 matters come to EUR 4,776k (previous year: EUR 2,114k), interest expenses of EUR 61k (previous year: EUR 60k) on IAS 19 matters and interest expenses of EUR 957k (previous year: EUR 748k) on leases pursuant to IFRS 16.

The exchange differences consist of exchange losses of EUR -318k (previous year: EUR 0k) on forward exchange contracts and realized and unrealized exchange differences on the translation of monetary assets and liabilities of EUR -4,606k (previous year: EUR -1,578k).

## 9. Income taxes

Income taxes (expenses +/-income -) break down as follows:

EUR k	31 Dec 2022	31 Dec 2021
Income taxes	1,979	2,675
Deferred taxes	- 4,731	- 6,250
<b>Income tax expense (+)/income (-)</b>	<b>- 2,752</b>	<b>- 3,574</b>

Domestic income tax comprises corporate income tax at 15% plus the solidarity surcharge of 5.5% on corporate income tax as well as trade tax levied in accordance with the multiplier of each municipality (average: 3.5) and the comparable taxes in foreign tax jurisdictions.

The sum of current taxes in the reporting period that

were not recorded through profit or loss or in other comprehensive income amounts to EUR -113k (previous year: EUR -1,120k). These tax benefits are related to the cost of capital procurement which represent deductible expenses for tax purposes but under IFRS must be posted directly to the capital reserve without affecting income. After offsetting, the remaining deferred tax liabilities arising from purchase price allocations, which are not recognized either through profit or loss or in other comprehensive income, amount to EUR 885k (previous year: EUR 5,970k).

The differences between the expected tax expense determined by applying the average nominal tax rate of KATEK SE to group profit for the year and the actual tax expense can be reconciled as follows:

EUR k	31 Dec 2022	31 Dec 2021
Earnings before income taxes	- 9,851	4,601
<b>Expected income tax income (-), income tax expense (+) at a tax rate of 28.15 % (previous year: 27.63 %)</b>	<b>- 2,773</b>	<b>1,271</b>
Effect of different tax rates at subsidiaries in other jurisdictions	- 1,084	- 364
Effect of changes in tax rate	162	79
Taxes for previous years	- 343	- 109
Impact of tax-free income / non-deductible expenses	627	81
Effect of permanent differences	51	- 106
Loss allowances recognized on deferred taxes	1,443	- 843
Effect of tax-free bargain purchases	0	- 3,579
Effect due to loss carry-back CIT	- 817	0
Other effects	- 18	- 5
<b>Income tax income recorded in the statement of profit and loss (income (-), expense (+))</b>	<b>- 2,752</b>	<b>- 3,574</b>

The tax rate used in the above tax reconciliation corresponds to the corporate income tax rate to be applied by the Company on taxable income in Germany in accordance with German tax legislation. This resulted in a change from 27.63% in the previous year to 28.15%. This can be attributed to the annual adjustment of the trade tax allocation.

The actual tax rates are as follows:

EUR k	31 Dec 2022	31 Dec 2021
Income taxes	1,979	2,675
Deferred taxes	- 4,731	- 6,250
<b>Income taxes</b>	<b>- 2,752</b>	<b>- 3,574</b>
Profit or loss before tax	- 9,851	4,601
<b>Actual tax rate</b>	<b>27.94%</b>	<b>- 77.69%</b>

The differences on which deferred tax assets were recognized can be attributed to the following underlying items:

EUR k	31 Dec 2022	31 Dec 2021
Other intangible assets	192	211
Property, plant and equipment	184	7
Inventories	406	146
Trade receivables	7	73
Other assets	515	219
Pension provisions	185	483
Other provisions	80	81
Personnel liabilities	233	704
Liabilities	9,594	11,427
Loss carry-forwards	18,943	10,526
Bad debt allowances on loss carry-forwards	- 880	- 38
<b>Deferred tax assets</b>	<b>29,460</b>	<b>23,840</b>
Offsetting	- 15,957	- 13,149
<b>Deferred tax assets</b>	<b>13,503</b>	<b>10,691</b>

Deferred tax assets are recognized on unused tax losses to the extent that it is more likely than not, based on the business planning for the next 5 years, that there will be taxable income available in future against which the unused tax losses can be deducted. In this regard, no deferred taxes were recognized on unused tax losses for corporate income tax purposes and comparable foreign taxes of EUR 4,207 k (previous year: EUR 170 k) or on unused tax losses for trade tax purposes of EUR 2,589 k (previous year: EUR 60 k).

At the level of KATEK SE, the planned figures of the subsidiaries TeleAlarm Europe GmbH and KATEK Memmingen GmbH were included as a future income tax group when determining the future taxable profit on the basis of the planned figures for the next five years. It is intended to establish a fiscal unity for income tax purposes with TeleAlarm Europe GmbH from the 2023 financial year and with KATEK Memmingen GmbH from the 2025 financial year. Accordingly, a deferred tax asset of EUR 6,462 thousand (previous year: EUR 3,844 thousand) was recognized at KATEK SE for the carryforward of unused tax losses.

Tax loss carry-forwards lapse over the next ten years as follows:

EUR k	31 Dec 2022	31 Dec 2021
<b>Corporation Tax</b>		
Expiring in 8 years	1,288	0
Expiring in 10 years or later	237	0
No expiring in foreseeable future	2,682	170
<b>Local Tax</b>		
No expiring in foreseeable future	2,589	60

The differences on which deferred tax liabilities were recognized can be attributed to the following underlying items:

EUR k	31 Dec 2022	31 Dec 2021
Other intangible assets	- 4,955	- 2,679
Property, plant and equipment	- 11,372	- 12,499
Inventories	- 2	- 15
Receivables	- 122	0
Other assets	- 205	0
Other provisions	- 117	- 23
liabilities	- 531	- 6
Other	- 11	- 7
<b>Deferred tax liabilities</b>	<b>- 17,316</b>	<b>- 15,229</b>
Offsetting	15,957	13,149
<b>Deferred tax liabilities</b>	<b>- 1,359</b>	<b>- 2,080</b>

No deferred taxes were recognized on temporary differences of EUR 4,234k (previous year: EUR 3,847k) in connection with shares held in subsidiaries as the Group is not in a position to control when these temporary differences will reverse. Moreover, it is probable that these differences will not reverse in the foreseeable future.

## 10. Earnings per share

The calculation of earnings per share is based on the net profit for the year of EUR -6,643k allocable to the shareholders of KATEK SE (previous year: EUR 8,454k) and the weighted average number of shares outstanding of 13,300,129 (previous year: 12,069,834). For the comparative period, the number of shares in the previous year of 12,069,834 was taken.

	2022	2021
Number of shares at the beginning of the period 1 January	13,241,880	146,400
Change in shares due to stock split	0	9,662,400
Capital increase	1,203,807	3,443,080
Number of shares at the end of the period 31 December	14,445,687	13,241,880
Average number of shares	13,300,129	12,069,834
Net profit or loss for the year (EURk)	- 6,643	8,454
<b>Earnings per share (EUR), basic and diluted</b>	<b>- 0.50</b>	<b>0.70</b>

The call and put agreements described in section B.21 Financial instruments as part of the Aisler acquisition (see section A.3 Scope of consolidation) give rise to potential ordinary shares, as the agreement provides for the obligation to be settled at least partially in ordinary shares upon exercise of the option. The resulting number of shares depends on the amount of the obligation and varies per reporting date. As of December 31, 2022, a number of 41,736 additional common shares would result with respect to the put agreement accounted for. These potential ordinary shares are not dilutive and accordingly have not been included in the weighted average number of ordinary shares for the purpose of calculating diluted earnings per share.

## Notes to the consolidated statement of financial positions

### 11. Intangible assets

The carrying amount of intangible assets breaks down on the reporting date as follows:

EUR k	31 Dec 2022	31 Dec 2021
Goodwill	15,226	8,964
Internally generated intangible assets	7,639	1,268
Concessions, industrial rights and patents	1,865	1,006
Customer base	5,678	5,947
Technology and patents	4,718	4,450
Order Backlog	212	0
Advance payments on intangible assets	281	0
	<b>35,618</b>	<b>21,634</b>

The goodwill of the KATEK Group increased in comparison to the previous year by EUR 6,333k due to the purchase price allocation of SigmaPoint and decreased by EUR 71k due to the adjustment to the purchase price allocation for the Aisler Group. Additional explanations can be found in the comments on impairment testing later in this note.

The line item "Internally generated intangible assets" for the reporting year contains the amount rolled forward for the AC Wallbox internally developed by the group entity, eSystems MTG GmbH, Wendlingen, for the European market.

The line item "Concessions, industrial rights and patents" mainly comprises purchased software licenses, such as for the ERP system. These are amortized over their term and have a residual useful life of 2 years.

The line items "Customer base" and "Technology and patents" are based on business combinations conducted in previous accounting periods or in the reporting year. These items are amortized over their respective useful lives. The residual useful life of "Customer bases" is 5 years on average and 4 years for "Technology and patents".

The line item "Order backlog" is based on a business combination in the reporting year and is also being amortized on a scheduled basis over its expected useful life of 1.5 years in this case.

The disclosures on IAS 38.122e can be found in note C.5 Contingent liabilities and financial commitments.

The development of intangible assets for the financial year 2022 and the previous year 2021 are presented in the following table:

Intangible assets (EUR k)	Cost						31 Dec 2022
	01 Jan 2022	Additions at cost	Reclassifications at cost	Disposals at cost	Change in scope of consolidation	Currency	
Goodwill	8,964	0	0	0	6,262	0	15,226
Internally generated industrial rights and similar rights and assets	1,268	6,371	0	0	0	0	7,639
Concessions, industrial rights and licenses acquired for a consideration	6,042	1,321	4	-92	226	-17	7,485
Customer base	13,442	0	0	0	819	0	14,262
Technology and patents	5,510	0	0	-47	1,145	0	6,609
Order backlog	0	0	0	0	259	0	259
Advance payments on intangible assets	0	281	0	0	0	0	281
<b>31 Dec 2022</b>	<b>35,226</b>	<b>7,973</b>	<b>4</b>	<b>-138</b>	<b>8,711</b>	<b>-17</b>	<b>51,760</b>

Intangible assets (EUR k)	Cost						31 Dec 2021
	01 Jan 2021	Additions at cost	Reclassifications at cost	Disposals at cost	Change in scope of consolidation	Currency	
Goodwill	8,521	0	0	0	443	0	8,964
Internally generated industrial rights and similar rights and assets	0	1,268	0	0	0	0	1,268
Concessions, industrial rights and licenses acquired for a consideration	6,747	447	5	-1,203	26	21	6,042
Customer base	13,442	0	0	0	0	0	13,442
Technology and patents	2,124	0	0	0	3,386	0	5,510
Order backlog	1,409	0	0	-1,409	0	0	0
Advance payments on intangible assets	0	0	0	0	0	0	0
<b>31 Dec 2021</b>	<b>32,244</b>	<b>1,714</b>	<b>5</b>	<b>-2,612</b>	<b>3,854</b>	<b>21</b>	<b>35,226</b>

Intangible assets (EUR k)	Amortization					Book value	
	01 Jan 2022	Additions	Disposals	Change in scope of consolidation	Currency	31 Dec 2022	31 Dec 2022
Goodwill	0	0	0	0	0	0	15,226
Internally generated industrial rights and similar rights and assets	0	0	0	0	0	0	7,639
Concessions, industrial rights and licenses acquired for a consideration	- 5,036	- 675	90	0	0	- 5,620	1,865
Customer base	- 7,496	- 1,088	0	0	0	- 8,584	5,678
Technology and patents	- 1,060	- 878	47	0	0	- 1,891	4,718
Order backlog	0	- 47	0	0	0	- 47	212
Advance payments on intangible assets	0	0	0	0	0	0	281
<b>31 Dec 2022</b>	<b>- 13,592</b>	<b>- 2,688</b>	<b>137</b>	<b>0</b>	<b>0</b>	<b>- 16,143</b>	<b>35,618</b>

Intangible assets (EUR k)	Amortization					Book value	
	01 Jan 2021	Additions	Disposals	Change in scope of consolidation	Currency	31 Dec 2021	31 Dec 2021
Goodwill	0	0	0	0	0	0	8,964
Internally generated industrial rights and similar rights and assets	0	0	0	0	0	0	1,268
Concessions, industrial rights and licenses acquired for a consideration	- 5,546	- 589	1,117	0	- 19	- 5,036	1,006
Customer base	- 6,435	- 1,061	0	0	0	- 7,496	5,947
Technology and patents	- 389	- 671	0	0	0	- 1,060	4,450
Order backlog	- 1,409	0	1,409	0	0	0	0
Advance payments on intangible assets	0	0	0	0	0	0	0
<b>31 Dec 2021</b>	<b>- 13,778</b>	<b>- 2,321</b>	<b>2,527</b>	<b>0</b>	<b>- 19</b>	<b>- 13,592</b>	<b>21,634</b>

The most significant line items, such as goodwill, customer base and technology and patents, originate from business acquisitions in the reporting year and in previous years. The corresponding explanations can be found in Note A.3 scope of consolidation and in the comments below. Likewise, comments on internally generated industrial rights and similar rights and assets and internally-generated development expenses can be found below.

#### Notes on impairment testing

##### Allocation to cash-generating units

According to IFRS 3, goodwill is not amortized over its useful life but is instead subject to an annual impairment test which compares the carrying amount of the cash-generating unit to the recoverable amount on the reporting date. The recoverable amount is the higher of its fair value less the costs of disposal and value-in-use.

##### Cash-generating units

When identifying its cash-generating units, the KATEK Group refers to the legal structure which also corresponds to the management reporting structure (referred to as the management approach).

Due to the reorganization during the year, the Telealarm Group was spun off from the KATEK Leipzig Group with KATEK SE now holding its shares directly. Moreover, KATEK Düsseldorf was spun off from the KATEK Memmingen Group and allocated to the KATEK Leipzig Group. This has resulted in a change to the cash-generating units, even though the Telealarm Group remains very closely associated with KATEK Leipzig.

The beflex Group was expanded in the reporting year by the addition of KATEK MALAYSIA SDN. BHD., Kuala Lumpur, Malaysia.

A new cash-generating unit in financial year 2022 is SigmaPoint Technologies Inc., Cornwall, Canada.

As a result, the cash-generating units as at 31 December 2022 are as follows:

- KATEK Memmingen Group
- KATEK Mauerstetten
- Katek Grassau Group
- beflex Group
- eSystems
- KATEK Leipzig Group
- Aisler Group
- SigmaPoint Technologies

The carrying amounts of goodwill were allocated to the cash-generating units (CGUs) as follows:

EUR k	31 Dec 2022	31 Dec 2021
KATEK Memmingen Group	0	0
KATEK Mauerstetten	8,521	8,521
Katek Grassau Group	0	0
beflex Group	0	0
eSystems	0	0
KATEK Leipzig Group	0	0
Aisler Group	372	443
SigmaPoint Technologies	6,333	n.a.
	<b>15,226</b>	<b>8,964</b>

##### Fundamental planning assumptions

The recoverable amount of the respective cash-generating unit is determined using a value-in-use calculation of the cash flow projections taken from the latest five-year business planning approved by the Management Board and ratified by the Supervisory Board and discounted using the CGU's specific discount rate before tax. The cash flow projections of all the above CGUs are based on a constant average gross margin of 24% to 40% over the planning period depending on business model and customer/order structure. At an average of 11.70%, the KATEK Group's planned revenue growth for the planning



period is within the range of the in4ma forecast for the worldwide EMS market (in4ma 2022).

#### **CGU KATEK Mauerstetten**

The before-tax discount rate of the KATEK Mauerstetten CGU comes to 11.21% (previous year: 9.91%). The market risk premium for the CGUs is a key component of the discount rate. At the KATEK Mauerstetten CGU this amounts to 7.50% (previous year: 7.50%). The beta is determined by reference to the two-year average of the respective peer group. For the KATEK Mauerstetten CGU it has been set at 0.90 (previous year: 1.01).

The leverage between the cost of capital and the cost of debt is based on the average debt ratio displayed by the peer group over the last two years. The tax rate applied to the KATEK Mauerstetten CGU amounts to 26.33% (previous year: 26.33%).

The cash flow projections were extrapolated in perpetuity after the detailed five-year planning period assuming a constant annual growth rate of 0.50% (previous year: 0.50%). This corresponds to the average growth rate on the market in which KATEK Mauerstetten operates. A comparison of the recoverable amount and the carrying amount of the CGU did not reveal any indication of impairment of the goodwill carried for the KATEK Mauerstetten CGU. A sensitivity analysis was conducted for the scenario of a simultaneous reduction of 10.00% in the budgeted EBIT in each year of the business planning and a simultaneous increase of 1.00% in the discount rate. This revealed that the goodwill carried in the KATEK Mauerstetten cash-generating unit is recoverable, both in the reporting year and in the previous year.

#### **CGU Aisler Gruppe**

Der The before-tax discount rate of the Aisler Group CGU comes to 10.79% (previous year: 9.66%).

The market risk premium for the CGUs is a key component of the discount rate. At the Aisler Group CGU this amounts to 7.50% (previous year: 7.50%). The beta was determined by reference to the two-year average of the respective peer group. For the Aisler Group CGU it has been set at 0.90 (previous year: 1.01).

The leverage between the cost of capital and the cost of debt is based on the average debt ratio displayed by the peer group over the last two years. The tax

rate applied to the Aisler Group CGU amounts to 25.00% (previous year: 25.00%).

The cash flow projections are extrapolated in perpetuity after the detailed five-year planning period assuming a constant annual growth rate of 0.50% (previous year: 0.50%). This corresponds to the average growth rate on the market in which the Aisler Group operates. A comparison of the recoverable amount and the carrying amount of the CGU did not reveal any indication of impairment of the goodwill carried for the Aisler Group CGU. A sensitivity analysis is conducted for the scenario of a simultaneous reduction of 10.00% in the budgeted EBIT in each year of the business planning and a simultaneous increase of 1.00% in the discount rate. This revealed that the goodwill carried in the Aisler Group cash-generating unit is recoverable, both in the reporting year and in the previous year.

#### **CGU SigmaPoint Technologies**

Der The before-tax discount rate of this CGU comes to 14.39% (no figures are available for the previous year due to the acquisition in the 2022 reporting year).

The market risk premium for the CGUs is a key component of the discount rate. At the SigmaPoint CGU this amounts to 7.50% (previous year: 7.50%). The beta was determined by reference to the two-year average of the respective peer group. The beta for the SigmaPoint CGU is 0.94.

The leverage between the cost of capital and the cost of debt is based on the average debt ratio displayed by the peer group over the last two years. The tax rate applying to the SigmaPoint CGU is 25.00%.

The cash flow projections are extrapolated in perpetuity after the detailed five-year planning period assuming a constant annual growth rate of 0.50% (previous year: 0.50%). This corresponds to the average growth rate on the market in which SigmaPoint operates. A comparison of the recoverable amount and the carrying amount of the CGU does not reveal any indication of impairment of the goodwill carried for the SigmaPoint CGU. A sensitivity analysis was conducted for the scenario of a simultaneous reduction of 10.00% in the budgeted EBIT in each year of the business planning and a simultaneous increase of 1.00% in the discount rate. This revealed that the goodwill carried in the SigmaPoint cash-generating unit is recoverable in the reporting year.

**Comments on development expenses**

Total research and development expenses amounted to EUR 14,848k in the financial year 2022 (previous year: EUR 3,412k).

IAS 38 states that the costs for internally developed software and other product developments must be recognized as assets. The KATEK Group recognizes such internal developments at historical cost, which consist of the directly allocable costs and an appropriate portion of overheads.

As at 31 December 2022, an amount of EUR 6,371k of total development expenses was recognized as internally-generated industrial rights and similar rights and assets (previous year: EUR 1,280k). These relate to an inhouse development in the field of electromobility that has not yet been completed and therefore not yet subject to amortization.

The recoverability is assessed using a profitability analysis based on expected cash flows and gross margins. The profitability analysis is prepared for the expected sales period based on a conservative estimate of the potential share of the market for charging infrastructure. The comparison of the recoverable amount and the carrying amount of the development project, taking into account the costs still to be incurred and a pre-tax discount rate of 15.14% used, does not indicate any need for impairment. The tax rate used is 20.00%.

Its recoverability is tested using a profitability analysis based on the projected cash flows and gross margins. The profitability analysis for the anticipated sales period is based on a conservative estimate of its potential share in the market for charging infrastructure. A comparison of the recoverable amount and the carrying amount of the development project, allowing for the anticipated costs to complete the project and using a discount rate before tax of 15.14%, does not reveal any need to record an impairment. The tax rate used is 20.00%. A sensitivity analysis was conducted for the event of a 50% reduction of EBIT in each year within the planning horizon with the discount factor remaining unchanged at 10.00%. This did not reveal any need to record an impairment in the reporting year.

**12. Property, plant and equipment**

The carrying amounts of property, plant and equipment are as follows as at the reporting date:

EUR k	31 Dec 2022	31 Dec 2021
Own land and buildings	41,205	38,069
Plant and machinery	42,164	38,038
Operating equipment, furniture and fixtures	9,957	9,036
Payments on account	827	443
Assets under construction	7,929	5,136
	<b>102,081</b>	<b>90,722</b>
thereof right-of-use assets from leases	38,712	41,455

KATEK has pledged property, plant and equipment with a carrying amount of EUR 8,695k (previous year: EUR 4,821k) as collateral for its existing liabilities to banks and other financing arrangements. KATEK is not entitled to pledge these assets to any other party or to dispose of them.

The carrying amounts include right-of-use assets pursuant to IFRS 16. The details are presented in the development of property, plant and equipment. The other disclosures required by IFRS 16 are presented in note 22 Leases.

The disclosures required by IAS 16.74c can be found in note C.5 Contingent liabilities and financial commitments.



In detail, non-current assets developed in financial year 2022 and the previous year 2021 as follows:

Property, plant and equipment (EUR k)	Cost							31 Dec 2022
	01 Jan 2022	Additions at cost	Remeasurements at cost IFRS 16	Reclassifications at cost	Disposals at cost	Change in scope of consolidation	Currency	
<b>Own land and buildings</b>	<b>51,747</b>	<b>3,191</b>	<b>-1,040</b>	<b>4,149</b>	<b>-151</b>	<b>2,593</b>	<b>24</b>	<b>60,513</b>
Own land and buildings	14,807	1,592	0	4,149	-18	11	215	20,757
Right-of-use assets to land and buildings	36,939	1,598	-1,040	0	-133	2,582	-191	39,756
<b>Plant and machinery</b>	<b>77,593</b>	<b>10,526</b>	<b>0</b>	<b>535</b>	<b>-1,469</b>	<b>4,154</b>	<b>386</b>	<b>91,726</b>
Plant and machinery	61,509	9,037	0	376	-1,284	4,154	205	73,997
Right-of-use assets to plant and equipment Machines	16,084	1,489	0	159	-184	0	180	17,729
<b>Operating equipment, furniture and fixtures</b>	<b>25,205</b>	<b>3,497</b>	<b>132</b>	<b>296</b>	<b>-802</b>	<b>94</b>	<b>63</b>	<b>28,484</b>
Operating equipment, furniture and fixtures	23,807	3,144	0	296	-461	94	56	26,937
Right-of-use assets to operating equipment, furniture and fixtures	1,397	352	132	0	-341	0	6	1,548
<b>Assets under construction and payments on account</b>	<b>5,579</b>	<b>8,266</b>	<b>0</b>	<b>-4,985</b>	<b>-107</b>	<b>0</b>	<b>2</b>	<b>8,755</b>
<b>31 Dec 2022</b>	<b>160,124</b>	<b>25,480</b>	<b>-907</b>	<b>-4</b>	<b>-2,529</b>	<b>6,841</b>	<b>475</b>	<b>189,478</b>

Property, plant and equipment (EUR k)	Cost							31 Dec 2021
	01 Jan 2021	Additions at cost	Remeasurements at cost	Reclassifications at cost	Disposals at cost	Change in scope of consolidation	Currency	
<b>Own land and buildings</b>	<b>40,050</b>	<b>13,734</b>	<b>-399</b>	<b>705</b>	<b>-13,184</b>	<b>10,467</b>	<b>375</b>	<b>51,747</b>
Own land and buildings	16,869	1,289	0	705	-14,407	10,000	352	14,807
Right-of-use assets to land and buildings	23,181	12,446	-399	0	1,223	467	22	36,939
<b>Plant and machinery</b>	<b>58,894</b>	<b>9,623</b>	<b>20</b>	<b>6,384</b>	<b>-9,536</b>	<b>11,167</b>	<b>1,043</b>	<b>77,593</b>
Plant and machinery	48,112	4,524	0	6,384	-9,280	11,039	730	61,509
Right-of-use assets to plant and equipment Machines	10,782	5,099	20	0	-256	128	312	16,084
<b>Operating equipment, furniture and fixtures</b>	<b>22,593</b>	<b>3,186</b>	<b>-4</b>	<b>293</b>	<b>-3,271</b>	<b>2,284</b>	<b>125</b>	<b>25,205</b>
Operating equipment, furniture and fixtures	21,506	2,992	0	293	-3,149	2,047	119	23,807
Right-of-use assets to operating equipment, furniture and fixtures	1,087	194	-4	0	-122	236	6	1,397
<b>Assets under construction and payments on account</b>	<b>6,998</b>	<b>5,957</b>	<b>0</b>	<b>-7,365</b>	<b>-146</b>	<b>0</b>	<b>134</b>	<b>5,579</b>
<b>31 Dec 2021</b>	<b>128,535</b>	<b>32,500</b>	<b>-384</b>	<b>17</b>	<b>-26,137</b>	<b>23,917</b>	<b>1,676</b>	<b>160,124</b>

Property, plant and equipment (EUR k)	Depreciation						Book value	
	01 Jan 2022	Additions	Reclassifications	Disposals	Change in scope of consolidation	Currency	31 Dec 2022	31 Dec 2022
<b>Own land and buildings</b>	<b>- 13,678</b>	<b>- 5,681</b>	<b>0</b>	<b>124</b>	<b>0</b>	<b>- 72</b>	<b>- 19,308</b>	<b>41,205</b>
Own land and buildings	- 6,409	- 877	0	15	0	- 62	- 7,334	13,423
Right-of-use assets to land and buildings	- 7,269	- 4,804	0	109	0	- 10	- 11,974	27,782
<b>Plant and machinery</b>	<b>- 39,555</b>	<b>- 10,884</b>	<b>0</b>	<b>1,160</b>	<b>0</b>	<b>- 283</b>	<b>- 49,562</b>	<b>42,164</b>
Plant and machinery	- 34,469	- 8,310	15	996	0	- 195	- 41,963	32,034
Right-of-use assets to plant and equipment Machines	- 5,086	- 2,574	- 15	164	0	- 88	- 7,599	10,130
<b>Operating equipment, furniture and fixtures</b>	<b>- 16,168</b>	<b>- 3,084</b>	<b>0</b>	<b>787</b>	<b>0</b>	<b>- 63</b>	<b>- 18,528</b>	<b>9,957</b>
Operating equipment, furniture and fixtures	- 15,557	- 2,608	0	446	0	- 60	- 17,780	9,157
Right-of-use assets to operating equipment, furniture and fixtures	- 611	- 476	0	341	0	- 2	- 748	800
<b>Assets under construction and payments on account</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,755</b>
<b>31 Dec 2022</b>	<b>- 69,401</b>	<b>- 19,649</b>	<b>0</b>	<b>2,071</b>	<b>0</b>	<b>- 418</b>	<b>- 87,397</b>	<b>102,081</b>

Property, plant and equipment (EUR k)	Depreciation						Book value	
	01 Jan 2021	Additions to impairment losses	Reclassifications of impairment losses	Disposals of impairment losses	Change in scope of consolidation	Currency	31 Dec 2021	31 Dec 2021
<b>Own land and buildings</b>	<b>- 8,469</b>	<b>- 4,624</b>	<b>0</b>	<b>- 456</b>	<b>0</b>	<b>- 129</b>	<b>- 13,678</b>	<b>38,069</b>
Own land and buildings	- 6,064	- 934	0	710	0	- 122	- 6,409	8,399
Right-of-use assets to land and buildings	- 2,406	- 3,690	0	- 1,166	0	- 8	- 7,269	29,670
<b>Plant and machinery</b>	<b>- 36,062</b>	<b>- 11,355</b>	<b>0</b>	<b>9,046</b>	<b>- 689</b>	<b>- 495</b>	<b>- 39,555</b>	<b>38,038</b>
Plant and machinery	- 32,905	- 9,238	0	8,761	- 689	- 398	- 34,469	27,040
Right-of-use assets to plant and equipment Machines	- 3,157	- 2,117	0	284	0	- 97	- 5,086	10,998
<b>Operating equipment, furniture and fixtures</b>	<b>- 15,736</b>	<b>- 2,924</b>	<b>0</b>	<b>2,890</b>	<b>- 282</b>	<b>- 116</b>	<b>- 16,168</b>	<b>9,036</b>
Operating equipment, furniture and fixtures	- 15,456	- 2,482	0	2,777	- 282	- 114	- 15,557	8,250
Right-of-use assets to operating equipment, furniture and fixtures	- 280	- 442	0	112	0	- 2	- 611	787
<b>Assets under construction and payments on account</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,579</b>
<b>31 Dec 2021</b>	<b>- 60,267</b>	<b>- 18,902</b>	<b>0</b>	<b>11,479</b>	<b>- 972</b>	<b>- 740</b>	<b>- 69,401</b>	<b>90,722</b>

There were no significant qualified assets falling

under the scope of IAS 23 in the reporting year.

**13. Inventories**

Inventories break down as follows:

EUR k	31 Dec 2022	31 Dec 2021
Raw materials, consumables and supplies	211,661	148,186
Work in process	31,148	23,895
Finished goods and merchandise	18,322	15,735
Prepayments	787	983
	<b>261,918</b>	<b>188,799</b>

An amount of EUR 513,916k was expensed during the financial year in connection with inventories (previous year: EUR 384,822k).

The cost of inventories recorded in the cost of materials in 2022 included impairment losses of EUR 2,518k (previous year: write-ups of EUR 520k).

Inventories of EUR 306k (previous year: EUR 10,782k) were pledged as collateral for loans. Inventories are expected to be realized within twelve months.

**14. Trade receivables**

EUR k	31 Dec 2022	31 Dec 2021
Trade receivables	44,673	25,545
Bad debt allowances	-1,070	-972
	<b>43,603</b>	<b>24,573</b>

Generally, the Group grants terms of payment of between 30 and 120 days. The Group does not charge the customers any interest for this period. Thereafter, contractual late-payment penalties on the outstanding amount are charged, depending on the individual case and the customary patterns in the respective country.

Trade receivables whose collection has become doubtful are accounted for by loss allowances.

These impairment losses on trade receivables in accordance with IFRS 9 are explained in note 21 Financial instruments.

The carrying amounts of trade receivables generally correspond to a reasonable estimation of their fair values. The carrying amount of trade receivables is net of the volume of factored receivables that were sold in the year of EUR 54,925k (previous year: EUR 43,445k).

All trade receivables are due within one year.

The Group has pledged trade receivables of EUR 1,952k (previous year: EUR 6,576k) as collateral for its existing liabilities to banks.

## 15. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and bank deposits. Their carrying amount is a reasonable estimate of their fair value. Bank deposits are kept for the sole purpose of short-term cash management. An amount of EUR 406k (previous year: EUR 1,454k) is barred from disposal on the basis of the existing factoring agreements.

## 16. Other assets and prepaid expenses

Other assets break down as follows:

EUR k	31 Dec 2022	31 Dec 2021
Tax refunds	4,348	1,743
Receivables from employees	98	83
Prepaid expenses	1,310	670
Other assets	394	485
	<b>6,149</b>	<b>2,980</b>

Tax refund claims mainly consist of VAT receivables.

## 17. Equity

### Subscribed capital

The issued capital of KATEK SE amounts to EUR 14,445,687.00 (previous year: EUR 13,241,880.00). It consists of 14,445,687 no-par value shares with an imputed share in capital of EUR 1.00 each. On 25 November 2022, a resolution was passed to increase capital by issuing subscription rights, making partial use of Authorized Capital 2021/1. The capital increase of EUR 1,203,807.00 was filed with the Commercial Register on 14 December 2022. All shares are fully paid up. The shares carry full dividend rights. Each share entitles the holder to one vote at the Company's Annual General Meeting. They are evidenced by global certificates. In principle, each shareholder of KATEK SE has a statutory subscription right, which means that, in the event of capital increases, he or she must be allotted a portion of the new shares corresponding to his or her share of the previous capital stock at his or her request. There are no different classes of shares. The same rights and obligations are associated with each share. There are no holders of shares with special rights conferring powers of control.

### Authorized capital, contingent convertible and conditional capital

#### Authorized capital

Based on a resolution of the extraordinary shareholders' meeting on 19 March 2021 the Management Board is authorized, subject to approval by the Supervisory Board, to raise the capital stock of the Company any time within a period of five years measured from the date that entry was made in the commercial register to this effect on 7 April 2021, by up to EUR 3,923,520.00 by issuing up to 3,923,520.00 new no-par bearer shares with an imputed share in capital stock of EUR 1 per share, in return for cash contribution or contribution in kind (Authorized Capital 2021/1). The remaining authorized capital after pro rata utilization of the authorized capital amounts to EUR 2,719,713.00. The authorization can be utilized for a single or multiple share issues in full or in part. The Management Board is also authorized, with the approval of the Supervisory Board, to exclude the shareholders' statutory subscription rights in the following cases:

- to avoid fractional amounts;
- capital increases in return for cash contributions,

provided the new shares to which existing shareholders are excluded from subscription does not exceed 10% of the total capital stock at the time this authorization is exercised and the price of the new shares issued does not significantly fall short of the trading price of shares of the same class and equipped with the same rights already traded on a stock exchange on the date on which the price is finally set by the Management Board in the sense of Sec. 203 (1) and (2) and Sec. 186 (3) sentence 4 AktG;

- capital increases for a contribution in kind, particularly in the form of companies and/or distinct operations of companies, entities and/or shares in companies, receivables, patents, brands and/or other industrial rights, licenses and/or other assets and/or other rights;
- to grant the bearers of convertible bonds, convertible loans, warrant-linked bonds or warrants issued by the Company subscription rights to new shares they would be entitled to after exercising their options or conversion rights or upon fulfilling their obligation to convert;
- to issue shares to members of the Management Board, the managing directors of affiliated companies or employees of the Company or of its affiliated companies;
- or in other cases that lie in the well-understood interests of the Company.

The issue of shares excluding the subscription rights of existing shareholders under the terms of this authorization only permits shares to be issued upon the simultaneous exclusion of the subscription rights of existing shareholders if the sum of the new shares – plus any new shares issued or sold by the Company under the terms of some other authorization during the period of this authorization (until it is exercised) that excludes the shareholders' subscription rights – plus any rights issued during this period of authorization (until it is exercised) on the basis of some other authorization that excludes the shareholders' subscription rights and that grant a right to subscribe to the Company's shares or commit them to acquire shares in the Company – does not exceed 20% of the capital stock in total, calculated at the effective date or, if lower, the date on which the authorization is exercised.

If the shareholders' subscription rights are not excluded, the subscription right can also be granted by financial institutions or other companies meeting the criteria of Sec. 186 (5) AktG committing to offer them to the shareholders for subscription.

The Management Board is authorized, subject to approval of the Supervisory Board, to determine the other details concerning performance of the capital increase from Authorized Capital 2021/I, including the content of the rights attached to the shares and the terms and conditions pertaining to the issue of shares, including the issue price.

The Supervisory Board is authorized to adjust the wording of the articles of association after expiry of the authorization period or after full or partial execution of the capital increase from Authorized Capital 2021/I to match the scope of any capital increase exercised under the terms of Authorized Capital 2021/I.

#### **Authorization to issue convertible bonds**

By resolution of the extraordinary shareholders' meeting on 19 March 2021 the Management Board was also authorized, subject to approval from the Supervisory Board, to issue any time on or before 28 February 2026 in one or several installments, convertible registered or bearer bonds and/or warrant-linked bonds for a total nominal value of up to EUR 200,000,000.00 (hereinafter referred to as "Bonds") with a term not exceeding 20 years and to grant the bearers of the convertible bonds rights of conversion or options to purchase new shares in the Company with an aggregate nominal share in capital stock of up to EUR 3,119,520.00 in keeping with the more detailed terms and conditions of the convertible bond/options issue. The Bonds may be issued once or several times, in whole or in part and also simultaneously in different tranches.

The shareholders are generally entitled to a subscription right to the Bonds. The shareholders' statutory subscription rights may be satisfied in the form of one or more underwriting banks assuming the Bonds with an attached obligation to offer them to the shareholders for subscription.

However, the Management Board is authorized, subject to approval of the Supervisory Board, to exclude the subscription rights of the Company's shareholders to the Bonds or options in full or in part



- provided the issue price for a Bond does not significantly fall short of the theoretical market value of the Bonds calculated using generally accepted mathematical methods. According to Sec. 186 (3) sentence 4 AktG (simple exclusion of subscription rights upon a capital increase in return for cash contribution), the sum of the shares issued to satisfy Bonds plus any other shares issued or sold during the term of the authorization in accordance with this provision may not exceed 10% of the respective capital stock either on the effective date or on the date on which the authorization is exercised;
- to grant the bearers of conversion rights or options subscription rights to shares in the Company to compensate any dilutive effects to the scope to which they would be entitled after exercise of these rights;
- to exclude the shareholder's subscription rights to avoid fractional amounts that arise on account of the modalities of the subscription.

In the event that convertible bonds are issued, the holders of the bond are granted the right to convert them into shares of the Company in accordance with the more detailed terms and conditions of the convertible bond issue. The total share in capital stock attributable to the shares to be issued upon conversion may not exceed the nominal amount of the convertible bonds. The conversion ratio is calculated by dividing the nominal amount of a convertible bond by the fixed conversion price for a share of the Company. The conversion ratio may also be determined by dividing the issue price of a convertible bond which is below the nominal amount by the fixed conversion price for a new share of the Company. A variable conversion ratio may be arranged with the conversion price ranging within a corridor to be set depending on the market price of the share over the term or during a defined period within the term of the convertible bond. The conversion ratio may be rounded up or down to a full figure; moreover an additional cash premium can also be set. Furthermore, provision may be made for any fractional amounts to be combined and/or settled in cash.

If warrant-linked bonds are issued, one or more warrants shall be attached to each warrant-linked bond issue, entitling the holder to subscribe to shares of the Company in accordance with the more detailed terms and conditions of the options to be determined by the Management Board. The total

share in capital stock attributable to the shares to be issued per warrant-linked bond may not exceed the nominal amount of the warrant-linked bonds.

The respective terms and conditions of the bonds may also provide for mandatory conversion at the end of their term or at an earlier date. Finally, the terms and conditions of the bonds may provide for their fair value to be paid out in cash in lieu of exercising rights of conversion or option rights to shares in the Company. The respective terms and conditions of the bonds may also provide for treasury shares of the Company to be used to satisfy conversion rights or options to shares in the Company.

The respective conversion or option price for one share in the Company (subscription price) must, even in the case of a variable swap/conversion ratio, either (a) correspond to at least 80% of the average closing price (XETRA exchange or a comparable successor platform) of the share in the Company on the ten days of trading immediately preceding the date on which the resolution is passed by the Management Board to issue convertible bonds or warrant-linked bonds, or (b) correspond to at least 80% of the average closing price (XETRA exchange or a comparable successor platform) of the share in the Company on the days on which the subscription rights are traded on the Frankfurt stock exchange, with the exception of the last two days of trading in subscription rights. Sec. 9 (1) and Sec. 199 (2) AktG remains unaffected.

If the economic value of the existing convertible bonds or options is diluted during their term and no subscription rights are granted as compensation, the value of the conversion rights or options will be adjusted – regardless of the minimum issue price pursuant to Sec. 9 (1) AktG – to the extent that such adjustment is not already mandatory under the law. At any rate, the share in capital stock attributable to the no-par bearer shares to be issued under the terms of the Bond may not exceed the nominal value of the Bond.

In the place of adjusting the price of the option or conversion price, the corresponding amount may be paid out by the Company in cash upon exercise of the option or conversion right or upon satisfaction of the mandatory convertible in accordance with the more detailed terms and conditions of the option or conversion bond issue. In addition, the terms and conditions of the bond issue may also provide for an

adjustment of the option or conversion rights or duties in the event of a capital reduction or other extraordinary capital adjustment or event.

The Management Board is entitled, subject to approval of the Supervisory Board, to determine the further details of the convertible bond and/or warrant-linked bond issue and their attached rights and duties, including, but not limited to, the coupon rate, the issue price, the term, their denomination, exercise price and the exercise period.

#### **Conditional capital**

By resolution of the Annual General Meeting on 25 September 2019 and in conjunction with the resolution passed on 19 March 2021, capital stock may be increased by up to EUR 804,000.00 by issuing up to 804,000 new no-par bearer shares with an imputed share in capital stock of EUR 1.00 per share (Conditional Capital 2019). The contingent capital increase may only be executed to the extent that subscription rights have been and are issued under the 2019 stock option program in accordance with the resolution of the Annual General Meeting on 25 September 2019 entitling the bearers to exercise their right to subscribe to shares in the Company and only when the rights are not satisfied in some other way (e.g. cash payment or serviced from treasury stock). The Supervisory Board has the sole jurisdiction when it comes to granting subscription rights to members of the Management Board and settling such rights. The new shares participate in the appropriation of retained profits from the beginning of that financial year in which the Annual General Meeting has not yet passed any resolution on the appropriation of retained earnings as at the date on which the shares are issued. The Management Board is authorized, subject to approval of the Supervisory Board, to determine the other details concerning the contingent capital increase.

By resolution of the Annual General Meeting passed on 19 March 2021, capital stock may be increased by up to EUR 3,119,520.00 by issuing up to 3,119,520 new no-par bearer shares with an imputed share in capital stock of EUR 1.00 per share (Conditional Capital 2021/I). The increase in contingent capital serves the sole purpose of granting shares to bearers of convertible bonds issued by the Company or one of its direct or indirect equity investments in Germany or abroad in accordance with the authorization of the Annual General Meeting of 19 March 2021.

New shares may only be issued at a conversion price that corresponds to the terms and conditions of the authorization passed by resolution of the Annual General Meeting on 19 March 2021. To this extent, a contingent capital increase may only be executed to the extent that bearers of convertible bonds exercise their conversion rights and the rights are not settled with existing shares, shares from Authorized Capital or any other form of settlement. The new shares participate in the appropriation of retained profits from the beginning of that financial year in which the Annual General Meeting has not yet passed any resolution on the appropriation of retained earnings as at the date on which the shares are issued. The Management Board is authorized, subject to approval of the Supervisory Board, to determine the other details concerning the contingent capital increase.

The Supervisory Board is authorized to amend the articles of association accordingly if the authorization to issue convertible bonds issued by the Annual General Meeting on 19 March 2021 is not exercised, after expiry of the term of the authorization and when Conditional Capital 2021/I is not or only partly used, after expiry of all conversion deadlines.

#### **Capital reserves**

The capital reserve was created from the premium received during the capital increase and amounts to EUR 129,732,548.15 (previous year: EUR 111,783,695.22). The registered capital increase resulted in an additional payment from the issue of 1,203,807 no-par value shares in the amount of EUR 17,948,852.93 after deduction of transaction costs. The transaction costs of EUR 288,823.12 (after tax) were deducted directly from the capital reserve without affecting profit or loss.

#### **Revenue reserves including profit or loss carryforward and the net profit or loss for the period**

The revenue reserves comprise the earnings of past periods of the consolidated entities, the net profit or loss for the year and other components of equity (other comprehensive income) which consists of the reserve for actuarial gains and losses net of deferred taxes and the foreign currency translation reserve.

The net profit or loss for the previous period was transferred to the line item profit brought forward at the beginning of the reporting year.

The reserve for actuarial gains and losses increased in financial year 2022 by EUR 1,057k to EUR 1,097k (previous year: EUR 41k). The effects of remeasuring the defined benefit obligation is posted directly to other comprehensive income and accumulated in the reserve for actuarial gains and losses.

The foreign currency translation reserve increased by EUR 55k in financial year 2022 to EUR 214k (previous year: EUR 160k). Exchange differences arising from the translation of the functional currency of foreign operations into the presentation currency of the Group are recorded directly in other comprehensive income and accumulated in the reserve for foreign currency translation.

#### **Non controlling interests**

The equity allocable to non-controlling interests amounts to EUR 1,319k as at 31 December 2022 (previous year: EUR 1,777k) and relates to the stake of 49.99% in the shares of Aisler B.V., Vaals, Netherlands, and its subsidiaries. This includes the share in the net loss for the year of EUR 456k (previous year: EUR 279k) allocable to the non-controlling interests. The Aisler Group generated revenue of EUR 1,398k in the year, with the cost of materials coming to EUR 941k. Its share in the cash flow of the Group of EUR -910k is immaterial. With regard to the calculation of the potential ordinary shares that could result from the call and put options agreed as part of the transaction, please refer to section B.10 Earnings per share.

## 18. Employee benefits

### Pensions

Provisions for pensions and similar obligations are recorded as a result of benefit plans for old age, disability and surviving dependents' pension commitments. Pensions are generally based on the length of service, the compensation received and level of the employee receiving the pension within the organization. The direct and indirect obligations comprise current pensions and vested benefits for future benefits and retirement benefits.

### German pension plans

In defined contribution plans the company pays a defined contribution to government or private-sector pension insurers. The company has no obligation to provide further benefits once it has made these payments. The total sum of all pension expenses related to defined contribution plans comes to EUR 7,861k (previous year: EUR 7,042k) and is presented as current expense in the respective year.

The pension obligations carried in the statement financial position consist solely of employer-funded pension obligations towards active and former employees made on the basis of defined benefit plans. These pension obligations are based on a wider welfare plan. The defined benefit obligation arising from these plans in Germany is measured on the length of service and the remuneration of the respective plan participant. The risks relate to disability, mortality rates and how long plan participants live. The pension obligations also create a financing risk. No significant risks attached to defined benefit obligations are expected.

### Swiss pension plans

In financial year 2022 pension obligations were recognized for the first time at Telealarm SA, Switzerland.

In the previous year, these pension obligations were classified as defined contribution plans and not recognized in the statement of financial position as there were uncertainties relating to the allocation of plan assets to the underlying pension obligations as the plan is a collective arrangement involving a number of employers.

The KATEK entity based in Switzerland is a member of the partly-autonomous collective foundation, tellco PK, Zürich. The pension fund meets the regulations of the Swiss Code of Obligations and the BVG ["Bundesgesetz zur beruflichen Alters-, Hinterlassenen- und Invalidenvorsorge": Swiss Occupational Pensions Act]. In the course of financial year 2022, the Group was able to clarify how the pension funds are specifically allocated to the pension obligations, i.e. that the plan provides for a percentage allocation of all plan asset categories and not any direct allocation of individual plan assets. This creates the necessary transparency to account for the pension plans as defined benefit plans in accordance with IAS 19 in the reporting year.

Moreover, although the pension plans of the Swiss subsidiary are contractually arranged as a defined contribution plans, they are nevertheless to be accounted for as defined benefit plans pursuant to IAS 19 as the company is excluded from having to contribute to the plan in the event that it is underfunded. However, the company cannot be held liable for the obligations of other companies participating in the plan. In the previous year the pension plans were accounted for as defined contribution plans due to the lack of validated information from the collective foundations managing the plan assets.

The pension plans of the entity correspond to the second pillar of the Swiss "Three-Pillar" system, which consists of occupational pension schemes. Under this system, the employer undertakes an arrangement with a pension fund and pays the pension contributions directly to the fund. The employer is bound by law to contribute at least half of the premiums. The contributions paid by the employee at the end of each month are defined in the BVG and depend on the employee's age. After passing a certain annual income threshold, an employee must be registered with the fund by the employer (mandatory membership).

If certain conditions are met, the employee can have the premiums paid in to the fund paid out before reaching the age of retirement. Otherwise, a lump-sum is paid out upon reaching the age of retirement or, alternatively, a pension paid out in regular installments.

The provision of EUR 5,082k is offset by plan assets of EUR 4,912k as at the reporting date.

**Actuarial assumptions**

The benefit obligations are calculated using actuarial methods. These include assumptions concerning future wage and salary trends and pension increases. If changes to the actuarial assumptions are required, this could have a significant impact on future pension expenses.

The actuarial assumptions used by the consolidated entities lie within the following ranges:

EUR k	31 Dec 2022	31 Dec 2021
Interest rate Germany	3.89%	0.91%
Interest rate Switzerland	2.20%	-
Salary trend	2,0% - 2,5%	2,0% - 2,5%
Pension increases – separate commitments	1.75%	1.25%

Development of the DBO and similar obligations:

EUR k	2022	2021
01. Jan	4,481	3,858
Pension payments	- 895	- 85
Service cost	578	255
Interest expense (+) and interest income (-)	108	- 42
Actuarial gains (-) and losses (+)	- 2,918	- 218
Business Combinations	0	712
non profit affecting Additions	7,011	0
Currency	- 102	0
<b>31 Dec</b>	<b>8,264</b>	<b>4,480</b>

The actuarial gains in the reporting year include EUR 2,615k (previous year: EUR 195k) from changes in financial assumptions and EUR 303k (previous year: EUR 23k) from demographic assumptions.

The most significant developments in plan assets were as follows:

EUR k	2022	2021
01. Jan	1,849	1,923
non profit affecting Additions	5,559	0
Income affecting plan assets	63	17
expenses affecting plan assets	- 988	- 91
<b>31 Dec</b>	<b>6,483</b>	<b>1,849</b>

Among other assets, plan assets consist of the fair values of life insurance policies taken out by the KATEK Group to cover the pension commitments. In addition, plan assets also consist of real estate, shares, cash and cash equivalents and other asset categories. The fair values of the respective asset categories on the reporting date are presented below:

EUR k	31 Dec 2022	31 Dec 2021
Real Estate	1,494	77
Corporate Shares	1,444	0
Pension liability insurance	1,128	1,416
Government Bonds	968	0
Cash and cash equivalents	372	356
Corporate Bonds	246	0
Others	831	0
	<b>6,483</b>	<b>1,849</b>

DieAs in the previous year, the fair values of pension insurance policies carried by domestic subsidiaries were determined using the valuation techniques employed by the insurance carriers and not by reference to prices quoted on active markets.

No significant risks attached to defined benefit obligations are expected. A large portion of the pension obligations is covered by plan assets. The management of the KATEK Group reviews the investment mix of plan assets at regular intervals to ensure that the risks attached to defined benefit obligations are compensated to the greatest extent possible.

The KATEK Group expects undiscounted pension payments of EUR 217k in the 2023 reporting year (previous year: EUR 141k), interest expenses of EUR 102k (previous year: EUR 38k) and service cost of EUR 305k (previous year: EUR 282k). Expenses of a similar amount have been calculated for the future, providing the measurement parameters do not change significantly.

The following amounts have been recorded for defined benefit plans in other comprehensive income:

EUR k	31 Dec 2022	31 Dec 2021
Actuarial gain (-)/loss (+)	- 2,918	- 218
Net interest expenses	108	- 42
	<b>- 2,810</b>	<b>- 260</b>

The obligations of the Company from defined benefit plans as reported in the statement of financial position are as follows:

EUR k	31 Dec 2022	31 Dec 2021
Net present value of the defined benefit obligations	8,264	4,480
Fair value of plan assets	- 6,483	- 1,849
<b>Funding deficit</b>	<b>1,781</b>	<b>2,631</b>
Reconciliation to carrying amounts		
<b>Employee benefits</b>	<b>215</b>	<b>99</b>
<b>Employee benefit liability</b>	<b>1,996</b>	<b>2,730</b>

Employee benefits also includes a debit amount of EUR 275k (previous year: EUR 108k) arising from offsetting phased retirement obligations of EUR 121k (previous year: EUR 288k) against the associated plan assets of EUR 396k (previous year: EUR 396k).

The relevant actuarial parameters used to measure defined benefit obligations are the discount rate, expected salary increases and mortality. As in the previous year, the sensitivity analyses presented below have been conducted on the basis of a prudent assessment of possible changes to the respective assumptions on the reporting date with all other assumptions remaining unchanged.

- If the discount rate increased (decreased) by 100 basis points the defined benefit obligation would decrease by EUR 942k (previous year: EUR 581k) (increase by EUR 1,175k (previous year: EUR 744k)).
- If the anticipated salary trend was 0.5% higher (lower), the defined benefit obligation would increase by EUR 29k (previous year: EUR 1k) (decrease by EUR 27k (previous year: EUR 1k)).
- If the anticipated pension trend was 0.25% higher (lower), the defined benefit obligation would increase by EUR 184k (previous year: EUR 105k) (decrease by EUR 45k (previous year: EUR 100k)).

The above sensitivity analyses may not be seen as representative of the actual changes in defined benefit obligations as it is unlikely that the changes in the assumptions made would occur in isolation as they are interrelated.

The weighted average residual term of the defined benefit obligations came to 13.9 years as at 31 December 2022 (previous year: 12.7 years).

## 19. Other provisions

Other provisions break down over the corresponding terms as follows:

EUR k	31 Dec 2022		31 Dec 2021	
	current	non-current	current	non-current
<b>Other provisions</b>				
Warranty provisions	3,201	432	4,272	287
Provision for pending losses	0	0	52	0
Other	297	306	519	279
	<b>3,498</b>	<b>738</b>	<b>4,843</b>	<b>565</b>

EUR k	01 Jan 2022	Utilization	Reversal	Addition	Reclassification	Change in scope of consolidation	Currency	31 Dec 2022
<b>Other Provision</b>								
Provision for guarantees and warranties	4,559	- 836	- 1,359	1,277	0	0	- 8	3,633
Provision for onerous contracts	52	0	- 52	0	0	0	0	0
Other	798	- 285	- 49	146	- 9	0	1	603
	<b>5,409</b>	<b>- 1,121</b>	<b>- 1,459</b>	<b>1,423</b>	<b>- 9</b>	<b>0</b>	<b>- 7</b>	<b>4,236</b>

The provisions for guarantees and warranties are based on the best estimate of management of the present value of the outflow of resources embodying benefits needed to settle the obligations arising from the guarantees issued by the Group on the basis of the sale of goods and services under the local legislation. The estimate was based on the existing contractual arrangements and past experience with warranties and can fluctuate due to materials, production processes or other factors affecting production quality.

The provision for onerous contracts corresponds to the expected costs needed to complete customer contracts. This estimate has been made by local

management. In the previous year, the anticipated costs amounted to EUR 52k and this amount could be realized in the financial year.

Other current provisions include the remuneration of the Supervisory Board of EUR 116k (previous year: EUR 113k). In the previous year, they also included a provision for restructuring expenses of EUR 200k.

Other non-current provisions contain an amount of EUR 306k (previous year: EUR 279k) for the cost of restoration obligations related to the lease of operating premises. The interest effect from this is immaterial.



## 20. Loans

Loans break down as follows:

EUR k	31 Dec 2022	31 Dec 2021
Non-current loans	2,543	32,565
Current loans	66,275	21,832
	<b>68,818</b>	<b>54,398</b>

The Group carries loans amounting to EUR 68,818k as at the reporting date (previous year: EUR 54,398k).

Loans include an amount of EUR 43,971k (previous year: EUR 8,294k) drawn on available credit lines which are currently subject to interest of between 1.32% and 8.25%. The other loans of EUR 24,847k (previous year: EUR 46,104k) have terms of between 3 and 65 months and bear interest at rates between 1.15% and 7.95%.

Loans of EUR 34,479k (previous year: EUR 16,571k) as at the reporting date are based on agreements that require certain covenants to be observed. Each quarterly reporting date, KATEK reviews its compliance with the covenants set for the equity ratio and the net debt ratio and documents them accordingly. At present, a waiver has been agreed for the relevant financing, after one of the covenants was no longer complied with.

There is currently a waiver agreement for the financing in question concerning a covenant as of December 31, 2022, after the covenant equity ratio (ratio of equity to adjusted total assets in percent as defined in the credit agreement) was not met as of December 31, 2022. The reason for this is the increased total assets as of December 31, 2022 in connection with the working capital development, which is related to the global materials crisis. In the waiver agreement, it was additionally agreed until March 31, 2024 that the equity ratio covenant would be temporarily changed to the equity covenant.

In this connection, a loan of EUR 30,000k was reclassified from non-current to current.

Other disclosures on existing collateral arrangements can be found in notes B.12 Property, plant and equipment, B.13 Inventories and B.14 Trade receivables.

In the previous year the shares held in KATEK Mauerstetten GmbH, Mauerstetten and eSystems MTG, GmbH, Wendlingen am Neckar, served as collateral for loans of EUR 21.200k. The carrying amount of the collateral amounted to EUR 21.206k as at 31 December 2021.

## 21. Financial instruments

**Other financial assets** consist entirely of equity holdings in other companies and break down as follows:

EUR k	31 Dec 2022	31 Dec 2021
Franken Solar Romania S.R.L., Medias, Romania	n/a	0*
ZAMM Zentrum für angewandte Messtechnik Memmingen GmbH, Memmingen	8	8
TYDE GmbH, Starnberg (previously: iOX Mobility GmbH, Pullach im Isartal)	1,816	1,816
	<b>1,824</b>	<b>1,824</b>

\* Equity holding in Franken Solar Romania S.R.L. of EUR 1

Franken Solar Romania S.R.L., Medias, Romania, was liquidated and derecognized accordingly.

**Other current financial assets** break down as follows:

EUR k	31 Dec 2022	31 Dec 2021
Current receivables from derivative financial instruments	391	0
Receivables from factoring arrangements	9,240	7,532
Other current financial assets	3,257	2,612
	<b>12,887</b>	<b>10,144</b>

Current receivables from derivative financial instruments of EUR 391k (previous year: EUR 0k) can be attributed in full to their positive market value from measuring call options for the Aisler Group at fair value.

In addition to creditors with debtor balances of EUR 606k (previous year: EUR 719k), other current financial assets of EUR 3,257k (previous year: EUR 2,612k) in the reporting year mainly consist of supplier bonuses of EUR 1,478k (previous year: EUR 0k) and security deposits of EUR 206k (previous year: EUR 72k).

**Other non-current financial assets** increased in the reporting year to EUR 304k (previous year: EUR 72k) and, as in the year 2021, consist solely of security deposits.

**Other current financial liabilities** break down as follows:

EUR k	31 Dec 2022	31 Dec 2021
Current liabilities from derivative financial instruments	931	63
Current lease liabilities	8,586	6,983
Other current financial liabilities	13,856	5,228
	<b>23,373</b>	<b>12,273</b>

Other current financial liabilities of EUR 13,856k (previous year: EUR 5,228k) mainly consist of finance liabilities related to the acquisition or production of plant and machinery of EUR 5,197k (previous year: EUR 3,735k). In addition, this item includes a current government loan of EUR 4,319k (previous year: EUR 0k) that was granted within the framework of government assistance for the Covid-19 pandemic as well as financial liabilities of EUR 3,422k (previous year: EUR 0k) related to the financing of inventories. Moreover, debtors with credit balances come to EUR 194k (previous year: EUR 154k) and interest accrued of EUR 120k (previous year: EUR 120k) on a loan extended by a former shareholder.

Current liabilities from derivative financial instruments of EUR 931k can be attributed in full to the negative market value from measuring put options for the Aisler Group at fair value. In the previous year, this line item consisted of the negative market value of an interest swap of EUR 63k. This agreement expired in the reporting year.

### Valuation of the fair values of options

The fair values of the put and call options presented above are determined on the basis of a Monte Carlo simulation.

In a Monte Carlo simulation, a financial instrument is valued by simulating the performance of the underlying asset on the basis of market parameters and random numbers. This procedure is repeated so

often that the mean value of the results from all simulations approximates the expected value and thus the market value of the financial instrument. The equity value, planned revenues and planned EBITDA are included in the simulation, and possible option exercises and their value are simulated. In the final step, the payout profiles are discounted on the basis of the principle of risk-neutral valuation using the risk-free interest rate (in the reporting year: 2.54%) to arrive at the fair value of the respective option in accordance with IFRS 13.

**Other non-current financial liabilities** break down as follows:

EUR k	31 Dec 2022	31 Dec 2021
Non-current lease liabilities	33,827	37,738
Other non-current financial liabilities	25,374	16,543
Other non-current financial liabilities (FVTPL)	8,965	0
	<b>68,167</b>	<b>54,281</b>

The other non-current financial liabilities reported in the financial year of EUR 25,374k (previous year: EUR 16,543k) consist mostly of liabilities from financing the acquisition and production of plant and machinery of EUR 22,103k (previous year: EUR 13,543k). In addition there is a non-current loan of EUR 3,000k (previous year: EUR 3,000k) from a related party as well as a loan from a former shareholder of EUR 271k (previous year: EUR 0k).

Other non-current financial liabilities (FVTPL) of EUR 8,965k (previous year: EUR 0k) result from earn-out arrangements.

More information on liabilities from leases is presented in note B.22 Leases.

#### Classification and fair values

The following table reconciles the financial instruments contained in the line items of the statement of financial position to the classifications and measurement categories of IFRS 9 as at 31 December 2022. In addition, it presents the accumulated carrying amounts of the measurement categories and the fair value of each classification.

Financial instruments		Measurement pursuant to IFRS 9						thereof assets and liabilities falling under IFRS 16	Fair value as at 31 Dec 2022
EUR k	Category pursuant to IFRS 9	Carrying amount as at 31 Dec 2022	Amortized cost	Fair value through OCI	Fair value through profit or loss	Measurement pursuant to IFRS 9			
Assets									
Financial assets	FVTOCI	1,824	0	1,824	0	1,824	0	1,824	
Current trade receivables	AC	43,603	43,603	0	0	43,603	0	43,603	
Other non-current financial assets	AC	304	304	0	0	304	0	304	
Other current financial assets		12,887	12,496	0	391	12,887	0	12,887	
(thereof other current financial assets)	AC	3,257	3,257	0	0	3,257	0	3,257	
(thereof receivables from factoring arrangements)	AC	9,240	9,240	0	0	9,240	0	9,240	
(thereof current receivables from derivative financial instruments)	FVTPL	391	0	0	391	391	0	391	
Cash and cash equivalents	AC	22,628	22,628	0	0	22,628	0	22,628	

Financial instruments		Measurement pursuant to IFRS 9						thereof assets and liabilities falling under IFRS 16	Fair value as at 31 Dec 2022
EUR k	Category pursuant to IFRS 9	Carrying amount as at 31 Dec 2022	Amortized cost	Fair value through OCI	Fair value through profit or loss	Measurement pursuant to IFRS 9			
Equity and liabilities									
Non-current loans	AC	2,543	2,543	0	0	2,543	0	2,531	
Current loans	AC	66,275	66,275	0	0	66,275	0	65,816	
Current trade payables	AC	123,709	123,709	0	0	123,709	0	123,709	
Other non-current financial liabilities		68,167	25,374	0	8,965	34,340	33,827	68,167	
(thereof other non-current financial liabilities)	AC	25,374	25,374	0	0	25,374	0	25,374	
(thereof other non-current financial liabilities)	FVTPL	8,965	0	0	8,965	8,965	0	8,965	
(thereof non-current liabilities from leases)	n.a.	33,827	0	0	0	0	33,827	33,827	
Other current financial liabilities		23,373	13,856	0	931	14,787	8,586	23,373	
(thereof other current financial liabilities)	AC	13,856	13,856	0	0	13,856	0	13,856	
(thereof current liabilities from derivative financial instruments)	FVTPL	931	0	0	931	931	0	931	
(thereof current liabilities from leases)	n.a.	8,586	0	0	0	0	8,586	8,586	

The following table reconciles the financial instruments contained in the line items of the statement of financial position to the classifications and measurement categories of IFRS 9 as at 31 December 2021. In addition, it presents the accumulated carrying amounts of the measurement categories and the fair value of each classification:

Financial instruments		Measurement pursuant to IFRS 9						Fair value as at 31 Dec 2021
EUR k	Category pursuant to IFRS 9	Carrying amount as at 31 Dec 2021	Amortized cost	Fair value through OCI	Fair value through profit or loss	Measurement pursuant to IFRS 9	thereof assets and liabilities falling under IFRS 16	
Assets								
Financial assets	FVTOCI	1,824	0	1,824	0	1,824	0	1,824
Current trade receivables	AC	24,573	24,573	0	0	24,573	0	24,573
Other non-current financial assets	AC	72	72	0	0	72	0	72
Other current financial assets		10,144	10,144	0	0	10,144	0	10,144
(thereof other current financial assets)	AC	2,612	2,612	0	0	2,612	0	2,612
(thereof receivables from factoring arrangements)	AC	7,532	7,532	0	0	7,532	0	7,532
Cash and cash equivalents	AC	42,203	42,203	0	0	42,203	0	42,203

Financial instruments		Measurement pursuant to IFRS 9						Fair value as at 31 Dec 2021
EUR k	Category pursuant to IFRS 9	Carrying amount as at 31 Dec 2021	Amortized cost	Fair value through OCI	Fair value through profit or loss	Measurement pursuant to IFRS 9	thereof assets and liabilities falling under IFRS 16	
Equity and liabilities								
Non-current loans	AC	32,565	32,565	0	0	32,565	0	32,565
Current loans	AC	21,832	21,832	0	0	21,832	0	21,832
Current trade payables	AC	80,737	80,737	0	0	80,737	0	80,737
Other non-current financial liabilities		54,281	16,543	0	0	16,543	37,738	54,281
(thereof other non-current financial liabilities)	AC	16,543	16,543	0	0	16,543	0	16,543
(thereof non-current liabilities from leases)	n.a.	37,738	0	0	0	0	37,738	37,738
Other current financial liabilities		12,273	5,228	0	63	5,291	6,983	12,273
(thereof other current financial liabilities)	AC	5,228	5,228	0	0	5,228	0	5,228
(thereof current liabilities from derivative financial instruments)	FVTPL	63	0	0	63	63	0	63
(thereof current liabilities from leases)	n.a.	6,983	0	0	0	0	6,983	6,983

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. In light of the varying inputs, the fair values presented above are merely an indication of the actual prices that may be realized on the market.

The fair values of financial instruments are calculated on the basis of the market information available on the reporting date and are based on the following methods and assumptions:

The fair value of current and non-current loans is measured at the present value of the cash flows anticipated from the liabilities using the market interest rates for similar instruments (level 2 of the fair value hierarchy).

The fair value of trade receivables, other receivables, other financial assets and cash and cash equivalents are assumed to equate with their carrying amounts on the respective reporting dates on account of the low credit risk and short terms to maturity.

Due to the short terms of trade payables, it is assumed that the carrying amounts of these assets corresponds to the fair values of these financial instruments.

Financial liabilities at fair value through profit or loss consist of derivative financial instruments. The nominal amounts of these derivative financial instruments are presented gross on the basis of the absolute figures of the purchases and sales. The fair values of the corresponding liabilities are calculated using the available market information and are remeasured each reporting date.

Sundry other financial liabilities are measured at amortized cost. It is assumed that the carrying amounts of these financial instruments corresponds to their fair value due to their predominantly short terms.

The following table presents the levels of the fair value hierarchy of assets and liabilities measured at fair value:

Fair value hierarchy	31 Dec 2022			31 Dec 2021		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>EUR k</b>						
<b>Assets</b>						
Financial assets	0	0	1,824	0	0	1,824
Other current financial assets	0	0	391	0	0	0
(thereof current receivables from derivative financial instruments)	0	0	391	0	0	0
<b>Equity and liabilities</b>						
Other non-current financial liabilities	0	0	8,965	0	0	0
(thereof other non-current financial liabilities)	0	0	8,965	0	0	0
Other current financial liabilities	0	318	614	0	63	0
(thereof current liabilities from derivative financial instruments)	0	318	614	0	63	0

For financial assets, the acquisition cost continues to represent the best estimate of fair value, insofar there were no changes during the period. Derivative financial instruments are measured by external experts using the latest market data and applying customary market methods.

Other non-current financial liabilities measured at level 3 of the fair value hierarchy of EUR 8,965k (previous year: EUR 0k) consist of liabilities from an earn-out arrangement. Their fair value is based on a valuation technique that uses their anticipated future results and a risk-free interest rate as inputs. For further information, please refer to section A.3 Scope of consolidation. The other current financial liabilities of level 2 in the amount of EUR 318 k (prior year: EUR 63 k) relate to forward exchange contracts.

Current receivables from derivative financial instruments, measured at level 3 of the fair value hierarchy, of EUR 391k (previous year: EUR 0k) and current liabilities from derivative financial instruments, also measured at level 3 of the fair value hierarchy, of EUR 614k (previous year: EUR 0k) relate to option programs. Their fair values are based on option pricing models that depend on their anticipated payoff and a risk-free interest rate. For further information, please refer to section A.3 Scope of consolidation.

For a sensitivity analysis of the financial instruments categorized as Level 3, please refer to the subsection Liquidity risks in these notes.

**Other operating income** contains the following income from the measurement of financial instruments:

EUR k	31 Dec 2022	31 Dec 2021
Result from financial assets measured at amortized cost	577	208
	<b>577</b>	<b>208</b>

The result from financial assets carried at amortized cost includes income of EUR 577k (previous year: EUR 208k) from the reversal of impairment losses.

**Other operating expenses** contain the following expenses from the measurement of financial instruments:

EUR k	31 Dec 2022	31 Dec 2021
Result from financial assets measured at amortized cost	489	691
	<b>489</b>	<b>691</b>

The result from financial assets measured at amortized cost of EUR 489k (previous year: EUR 691k) includes expenses of EUR 433k (previous year: EUR 637k) from additions to valuation allowances and bad debts of EUR 56k (previous year: EUR 54k).

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

EUR k	31 Dec 2022	31 Dec 2021
Result from financial assets measured at amortized cost	- 5,864	- 2,271
Result from financial liabilities measured at amortized cost	- 1,792	- 1,167
Result from financial instruments measured at FVTPL	- 1,163	1
	<b>- 8,819</b>	<b>- 3,438</b>

In addition to realized exchange gains of EUR 5,209k (previous year: EUR 2,617k) on loans and receivables, the result from financial assets measured at amortized cost of EUR -5,864k (previous year: EUR -2,271k) also includes unrealized income from exchange gains on loans and receivables of EUR 2,285k (previous year: EUR 106k) and income from other interest amounting to EUR 51k (previous year: EUR 38k). On the other hand, realized and unrealized exchange losses on loans and receivables of EUR 11,429k (previous year: EUR 3,026k) and EUR 1,284k (previous year: EUR 1,570k), respectively, burdened the result. The interest expense arising from factoring arrangements of EUR 697k

(previous year: EUR 437k) also placed a burden on the result.

The financial result from financial liabilities carried at amortized cost of EUR -1,792k (previous year: EUR -1,167k) includes both realized and unrealized income from exchange gains on financial liabilities of EUR 1,177k (previous year: EUR 1,541k) and EUR 2,225k (previous year: EUR 342k). On the other hand, realized exchange losses of EUR 2,173k (previous year: EUR 1,136k) and unrealized expenses from exchange losses of EUR 617k (previous year: EUR 453k) reduced the result. In addition, the result was further burdened by interest expenses of EUR 2,386k (previous year: EUR 1,476k) and interest expenses from the compounding of provisions in the amount of EUR 19k (previous year: EUR 0k).

The use of the effective interest method to measure financial assets and financial liabilities at amortized cost results in interest income on financial assets of EUR 51k (previous year: EUR 38k) and interest expenses of EUR 697k (previous year: EUR 437k). The result from financial liabilities measured at amortized cost comprises interest income of EUR 0k (previous year: EUR 15k) and interest expenses of EUR 2,404k (previous year: EUR 1,476k). The interest income is posted to profit or loss under "Financial income" and the interest expense to "Financial costs".

The result from financial instruments measured at fair value through profit or loss of EUR -1,163k (previous year: EUR 1k) includes expenses from the fair value measurement of earn-out arrangements of EUR 261k (previous year: EUR 0k) as well as expenses of EUR 586k (previous year: EUR 0k) from measuring options. Both of these matters are allocated to level 3 of the fair value hierarchy. The fair value measurement of forward exchange contracts that are allocated to level 2 of the fair value hierarchy resulted in expenses of EUR 318k (previous year: EUR 0k).

KATEK is of the opinion that the put options entered into in connection with the acquisition of the Aisler Group represent an independent financial instrument, implying that there is no attached obligation to transfer cash or other financial assets. Based on this assessment, KATEK accounts for the fair value through profit or loss for both the put and call option agreements, treating them as derivatives in the sense of IFRS 9.

All changes in level 3 financial instruments amounting to EUR 847k are recognized in the financial result and relate to unrealized income of EUR 23k and unrealized expenses of EUR 870k. The remaining expenses are attributable to unrealized losses on forward exchange contracts (level 2).

Corresponding to the comments in note A.4.1. the figures for the previous year relating to foreign exchange effects in other operating income, other operating expenses and in the financial result originating from the measurement of financial instruments were adjusted to reflect the change in the method of accounting for foreign currency translation.

#### **Financial risk management**

KATEK is exposed to the following risks from the use of financial instruments:

- Liquidity risks
- Currency risks
- Credit risks



### Principles of risk management

The risk management system of the KATEK Group contributes to basic risk mitigation and risk avoidance in order to optimize the relationship between the risk exposure of the Group and its earnings. The countermeasures used to address potential risks are discussed and reviewed on a continuous basis. More specifically, the following objectives are pursued:

- Secure the viability and competitiveness of the KATEK Group
- Secure long-term success of the business
- Reduce the likelihood of risks eventuating and mitigating their impact when they do
- Risk-oriented management of business processes

The KATEK Group takes a proactive and preventive approach to risk management to enable it to steer its risks better. In this context, risks are defined as events with a negative impact that could arise out of potential hazards that can only be foreseen and avoided to a limited extent.

The system is based on the past experience of employees and the values of the KATEK Group. In particular, any risks with a material impact on the financial position, financial performance and cash flows of the Group should be identified at an early stage in order to take the necessary countermeasures to avoid, mitigate or manage the risks.

Risk management involves identifying and assessing all relevant risks using a systematic approach. The risk management system serves the purpose of identifying any negative developments that could jeopardize the ability of the Company to continue as a going concern at an early stage. As a result, the going-concern principle is anchored in the risk management system (RMS) of KATEK.

The early warning systems of the KATEK Group focus on potential going concern risks as well as on securing solvency and the capital base using the corresponding profitability indicators.

In addition to forward-looking liquidity management, the integrated planning and quarterly forecast and scenario analyses are vital instruments for assessing

target achievement in quantitative terms. In addition, target achievement is also assessed using gap analyses within the framework of the detailed monthly reporting systems. The key ratios for business development, planning deviations and continuous monitoring of risks are fundamental components of reporting activities.

### Liquidity risks

Due to its capital base and access to financing, also taking into account the financing arrangements (see chapter B.20 Loans), the KATEK Group assesses the liquidity risk to be moderate.

The central tasks of KATEK SE include the coordination and steering of financial requirements within the Group in addition to securing its financial independence and ensuring its ability to pay its liabilities as they fall due. In this connection, the KATEK Group optimizes the Group's finance and limits its financial risks. In this regard, it applies the uniform Group-wide treasury management and reporting system which is continuously refined to reflect changes in the Group's structure, market conditions and the regulatory environment.

In order to secure the solvency of subsidiaries at all times, the Group monitors the development of its subsidiaries' liquidity on a continuous basis. In the course of measuring and managing the liquidity risk, KATEK considers the expected cash flows from financial assets. In this regard, cash and trade receivables are of particular significance.

The following table shows the contractual undiscounted payments of principal and interest for the financial instruments falling under the scope of IFRS 7:

31 Dec 2022	Cash flows up to 1 year	Cash flows 1-5 years	Cash flows 5 years and later
<b>EUR k</b>			
Loans	66,566	2,409	194
Trade payables	123,709	0	0
Liabilities from financial derivatives	931	0	0
Other financial liabilities (excl. IFRS 16)	33,784	35,834	0
	<b>224,991</b>	<b>38,242</b>	<b>194</b>
<b>31 Dec 2021</b>			
<b>EUR k</b>			
Loans	22,936	23,333	10,550
Trade payables	80,737	0	0
Liabilities from financial derivatives	63	0	0
Other financial liabilities (excl. IFRS 16)	11,460	18,340	0
	<b>115,195</b>	<b>41,673</b>	<b>10,550</b>

Includes all instruments in the portfolio on the reporting date for which payments had already been contractually agreed. Items denominated in foreign currency are translated using the spot rate on the closing date. The variable interest payments from financial instruments were determined based on the interest rates most recently fixed before the respective cut-off date. All on-call financial liabilities are allocated to the earliest possible period in the table.

The financial liabilities related to the earn-out arrangements are measured at fair value and allocated to mid-term liabilities. Due to the fact that the earn-out arrangements are contingent upon the expected earnings and the development of the risk-free rate, it is possible that the obligations rise or fall.

The following sensitivity analysis relates to both the earn-out arrangements and the put and call options. It presents the effect on earnings of an increase or decrease of +/- 10% in the anticipated earnings and a rise or fall of +/- 1.5% in the risk-free rate.

	31 Dec 2022		31 Dec 2021	
	Profit or Loss		Profit or Loss	
EUR k	Increase	Reduction	Increase	Reduction
Expected cash flows (10% change)	1,066	-1,028	0	0
Discount rate (1,5% change)	- 225	273	0	0

More information on the minimal or maximum amount of the earn-out arrangements can be found in note A.3 Consolidated group.

A separate liquidity analysis of lease liabilities is presented in note B.22 Leases.

**Currency risks**

Certain transactions in the Group are denominated in foreign currency. This results in risks from fluctuations in exchange rates.

The carrying amounts of monetary assets and liabilities denominated in foreign currency that are subject to a currency risk posted through profit or loss and where the currency is significant for the Group are as follows:

EUR k	Current			
	BGN	CHF	CZK	USD
Financial assets	2,674	470	77	15,128
Financial liabilities	2,654	1,318	2,457	85,921
<b>31 Dec 2022</b>	<b>20</b>	<b>- 848</b>	<b>- 2,380</b>	<b>- 70,793</b>

EUR k	Non-current			
	BGN	CHF	CZK	USD
Financial assets	0	4	0	0
Financial liabilities	4,196	30	0	7,398
<b>31 Dec 2022</b>	<b>- 4,196</b>	<b>- 26</b>	<b>0</b>	<b>- 7,398</b>

EUR k	Current			
	BGN	CHF	CZK	USD
Financial assets	3,329	756	- 69	14,092
Financial liabilities	7,746	1,732	1,999	39,579
<b>31 Dec 2021</b>	<b>- 4,417</b>	<b>- 976</b>	<b>- 2,067</b>	<b>- 25,487</b>

EUR k	Non-current			
	BGN	CHF	CZK	USD
Financial assets	0	4	0	0
Financial liabilities	608	560	0	642
<b>31 Dec 2021</b>	<b>- 608</b>	<b>- 556</b>	<b>0</b>	<b>- 642</b>

**Sensitivity analysis for currency risks**

The following tables present the sensitivity of profit or

loss and equity to the financial assets and financial liabilities of the Group and the BGN/EUR, CHF/EUR, CZK/EUR and USD/EUR exchange rates, assuming all other parameters remain unchanged. A change of +/- 10% in the BGN/EUR, CHF/EUR, CZK/EUR and USD/EUR exchange rates is assumed as at 31 December 2022 and 31 December 2021.

EUR k	Profit		Equity	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
<b>Local currency: EUR</b>				
<b>EUR/ BGN</b>				
EUR +10%	380	457	- 469	- 289
EUR -10%	- 464	- 558	574	353
<b>EUR/ CHF</b>				
EUR +10%	79	139	- 47	107
EUR -10%	- 52	- 170	31	- 131
<b>EUR/ CZK</b>				
EUR +10%	216	188	- 628	- 409
EUR -10%	- 186	- 230	538	500
<b>EUR/ USD</b>				
EUR +10%	7,108	2,375	7,072	2,384
EUR -10%	- 3,625	- 2,903	- 3,607	- 2,914

Currency risks vary over the year depending on foreign transactions. Nevertheless, the above analysis is representative of the currency risk of the Group.

**Forward exchange contracts**

In keeping with the Group's policy, forward exchange contracts are entered into to hedge certain cash inflows and cash outflows denominated in foreign currency against the risk of fluctuations in exchange rates. Forward exchange contracts are initially recognized at fair value on the date they are entered into and remeasured at fair value on each reporting date. As the Group does not define forward exchange contracts as hedging instruments within the framework of hedge accounting, the gains or losses arising from their measurement are posted immediately to profit or loss.

	Face value	Market value	Face value	Market value
	31 Dec 2022	31 Dec 2022	31 Dec 2021	31 Dec 2021
Foreign exchange forward TUSD	34,400	- 318	0	0

#### Credit risk

Credit risk is the risk of incurring a financial loss if a counterparty fails to meet its contractual performance obligations towards the Group. The Group is exposed to this risk with regard to a number of financial instruments, such as loans and receivables extended to customers, the placement of equity instruments and the investment of surplus cash, etc. The maximum credit risk of the Group is limited to the carrying amount of the financial assets recognized on the reporting date less any credit insurance on trade receivables, and is summarized below:

EUR k	31 Dec 2022	31 Dec 2021
Financial assets		
Other financial assets	1,824	1,824
Current trade receivables	43,603	24,573
Other non-current financial assets	304	72
Other current financial assets	12,887	10,144
Cash and cash equivalents	22,628	42,203
	<b>81,245</b>	<b>78,816</b>

The Group continuously monitors bad debts from customers and other contractual partners, which are identified either on an individual or a portfolio basis, and includes this information within the framework of its credit risk controls. External ratings and/or reports are obtained on customers and other contractual partners, if available at a reasonable price, and analyzed accordingly. The Group's policy is to only do business with contractual partners who exhibit the requisite credit-worthiness.

The risk of default with regard to cash and cash equivalents is excluded to all intents and purposes due to diversification (number of banks) and the selection of financial institutions with good ratings (investment grade).

Loss allowances are recorded on all receivables and financial assets on the basis of information relating to the current business situation of the counterparty and past experience of their payment patterns. Consequently, loss allowances are recorded when the expected future cash inflows are lower than the carrying amount of the respective receivable.

Prior to entering a business relationship with a new customer, the Group generally obtains internal and external credit ratings in order to assess the credit worthiness of prospective customers and define their credit limits. The customer ratings and credit limits are reviewed regularly. As at the reporting date, trade receivables of EUR 4,878k were covered by credit insurance (previous year: EUR 4,405k).

KATEK applies the expected loss model in accordance with IFRS 9 to measure its loss allowances. This involves recognizing expected losses and not merely any losses that have already been incurred.

The following tables contain information on the estimated risk of counterparty default and expected credit losses attached to trade receivables and other receivables as at 31 December 2022 and 31 December 2021:

EUR k	Loss ratio	Gross carrying amount	Loss allowance	Restricted credit rating
not past due	0.53%	41,365	- 218	No
1-30 days past due	1.16%	9,706	- 112	No
31-60 days past due	1.90%	1,925	- 37	No
61-90 days past due	4.92%	1,710	- 84	No
91-180 days past due	12.85%	1,286	- 165	No
181-360 days past due	11.48%	1,226	- 141	No
more than 360 days past due	48.40%	646	- 313	Yes
<b>Total as at 31 Dec 2022</b>		<b>57,864</b>	<b>- 1,070</b>	
<b>Thereof attributable to:</b>				
Trade receivables payables		44,673	- 1,070	
Other financial assets		13,191	0	

EUR k	Loss ratio	Gross carrying amount	Loss allowance	Restricted credit rating
not past due	0.59%	28,572	- 167	No
1-30 days past due	3.18%	5,301	- 169	No
31-60 days past due	24.95%	580	- 145	No
61-90 days past due	14.21%	613	- 87	No
91-180 days past due	21.72%	280	- 61	No
181-360 days past due	79.53%	303	- 241	Yes
more than 360 days past due	90.17%	114	- 103	Yes
<b>Total as at 31 Dec 2021</b>		<b>35,761</b>	<b>- 972</b>	
<b>Thereof attributable to:</b>				
Trade receivables payables		25,545	- 972	
Other financial assets		10,216	0	

The loss allowances recognized by KATEK in connection with the expected loss model developed as follows:

EUR k	31 Dec 2022	31 Dec 2021
Opening balance	972	458
Additions	1,070	972
Utilization	- 651	- 334
Reversals	- 577	- 208
Changes in the scope of consolidation	256	83
<b>Closing balance</b>	<b>1,070</b>	<b>972</b>

Expected credit losses on trade receivables that are not written down by loss allowances on an item-by-item basis are recognized using the simplified approach, which sets appropriate loss ratios on basis of a table categorized by the days past due of the respective trade receivables. The impairment losses amount to a total of EUR 1,070k (previous year: EUR 972k).

The Group is exposed to a credit risk with regard to trade receivables from individual customers. As at 31 December 2022, KATEK carried outstanding receivables from two customers (previous year: three) that account for more than 10% of the trade receivables of the Group. Consequently, there is a concentration risk on the reporting date. Based on past experience, management assesses the recoverability of trade receivables and other receivables that are neither past due nor impaired to be good.

	31 Dec 2022		31 Dec 2021	
	EUR k	%	EUR k	%
Customer A	3,494	8.0	4,874	19.8
Customer B	8,571	19.7	6,198	25.2
Customer C	4,965	11.4	5,943	24.2
Other customers	26,572	60.9	7,557	30.8
<b>Trade receivables</b>	<b>43,603</b>	<b>100.0</b>	<b>24,573</b>	<b>100.0</b>

#### Interest risk

The Group's policy is to minimize its interest rate exposure inherent in its long-term borrowings. As at 31 December 2022 and 31 December 2021 the Group was exposed to interest risks from floating-rate bank loans. The interest rate exposure arising from the Group's short-term cash investments is considered to be immaterial.

The following table demonstrates the sensitivity of profit or loss and equity to a reasonably possible change in interest rates of +/- 1%. Changes of this scale are considered sensible based on the observations of the latest market developments. The calculations are based on a change in the average market interest rate for each period and financial instruments exposed to interest rate risks on each reporting date. All other variables were maintained constant.

EUR k	Profit		Equity	
	+ 1 %	- 1 %	+ 1 %	- 1 %
2022	- 486	486	- 486	486
2021	- 498	498	- 498	498

**Interest Swaps**

In accordance with the Group's policies, interest swaps are only entered into to hedge certain interest-bearing financial instruments against the risk of rising interest rates. The nominal amounts of these interest swaps are presented gross on the basis of the absolute figures of the purchases and sales. The fair values of the corresponding interest swaps are calculated using the available market information and are remeasured each reporting date.

	Face value	Market value	Face value	Market value
EUR k	31 Dec 2022	31 Dec 2022	31 Dec 2021	31 Dec 2021
Interest rate swaps	0	0	2,500	- 63

**Transfer of financial assets**

Factoring arrangements are another source of funding used by the Group. As the risks and rewards attached to the receivables, including the credit risk and risk of default, lie with the respective factor, these assets have been derecognized. The volume of factored receivables as at the reporting date amounts to EUR 54,925k (previous year: EUR 43,445k).

## 22. Leases

The leases entered into by the KATEK Group endow the Group with rights to use licenses, real estate, office space in particular, other property, plant and equipment, particularly operating equipment, furniture and fixtures and also vehicles. The leases have a supporting function for the operations of the Group.

The changes in the carrying amounts of the leased property, plant and equipment are as follows:

EUR k	31 Dec 2022	31 Dec 2021
Opening balance as at 1 Jan	41,455	29,208
Additions	3,440	17,738
Revaluations	- 907	- 384
Reclassifications	145	0
Disposals	- 45	76
Currency	- 105	234
Depreciation and amortization	- 7,853	- 6,249
Changes in the scope of consolidation	2,582	831
	<b>38,712</b>	<b>41,455</b>

Additions in the financial year are largely due to the recognition of leases for office buildings by the subsidiary in Malaysia. In this regard, right-of-use assets of EUR 1,481k were recognized.

Leases in which the KATEK Group acts as the lessee may include renewal options. These are considered when determining the term of the lease and the lease installments if it is reasonably certain that the options will be exercised. If the renewal options in the leases were not considered, this would increase the lease installments in the years 2026 to 2041 and lead to a cash outflow of EUR 4,085k.

More details on individual right-of-use asset categories can be found in note 12 Property, plant and equipment.

The breakdown of discounted and undiscounted lease liabilities by term is presented in the following table:

	31 Dec 2022	31 Dec 2022
EUR k	Discounted lease liabilities	Undiscounted lease liabilities
Liabilities from leases up to 1 year	8,586	9,203
Liabilities from leases of 1 to 5 years	23,213	25,925
Liabilities from leases of more than 5 years	10,614	11,644
<b>Total lease liabilities</b>	<b>42,413</b>	<b>46,772</b>

	31 Dec 2021	31 Dec 2021
EUR k	Discounted lease liabilities	Undiscounted lease liabilities
Liabilities from leases up to 1 year	6,983	7,684
Liabilities from leases of 1 to 5 years	25,665	27,391
Liabilities from leases of more than 5 years	12,073	12,560
<b>Total lease liabilities</b>	<b>44,721</b>	<b>47,635</b>

No new sale-and leaseback transactions were entered into in the financial year 2022. In the previous year, income of EUR 475k was realized from the sale of property. Income of EUR 3k was realized in the previous year from the reduction in depreciation. Overall, depreciation will be reduced by a total of EUR 2,727k over the entire term of the sale-and lease back transaction. The effect on earnings from the reduction in depreciation in the financial year came to EUR 185k. Over the residual term, a reduction in depreciation of EUR 2,539k will be realized.

In addition, future payments will be incurred for short-term leases with a term of 12 months or less and leases of low-value assets. However, these are immaterial and are disclosed in contingent liabilities and other financial obligations under the section on other disclosures. The optional treatments regarding leases provided by IFRS 16 were used by the KATEK Group.

The amounts posted to profit or loss that relate to leases where the KATEK Group acts as lessee are



presented below:

EUR k	31 Dec 2022	31 Dec 2021
Depreciation	7,853	6,249
Interest expenses	957	748
Short-term leases with a term of up to 12 months and leases of low-value assets	788	792
	<b>9,598</b>	<b>7,789</b>

The amounts posted to the statement of cash flows that relate to leases where the KATEK Group acts as lessee are presented below::

EUR k	31 Dec 2022	31 Dec 2021
Cash paid for short-term leases with a term of up to 12 months and leases of low-value assets	788	792
Cash paid for leases liabilities	9,105	6,861
thereof payments of principal	8,148	6,113
thereof interest	957	748
<b>Total cash paid for leases</b>	<b>9,893</b>	<b>7,653</b>

The cash paid for short-term leases and leases of low-value assets relate to operating cash flow. Payments of principal and interest are posted to the cash flow from financing activity.

## 23. Trade payables

All trade payables are due within 12 months. As in the past, the customary retention of title clauses apply until the liabilities are finally settled.

The carrying amounts of trade payables are considered to be a reasonable estimate of their fair values.

## 24. Contract liabilities

Contract liabilities consist solely of payments received on account from customers.

The increase in payments received on account to EUR 19,580k in the financial year 2022 (previous year: EUR 6,098k) results solely from the increase in the order backlog and the addition of the subsidiary, SigmaPoint to the Group during the year of EUR 8,221k.

The following table shows how much of the revenue generated in the financial year relates to payments received on account rolled forward.

EUR k	31 Dec 2022	31 Dec 2021
Revenue realized from payments received on account in the previous year	5,373	3,258
	<b>5,373</b>	<b>3,258</b>

**25. Other liabilities and prepaid expenses**

EUR k	up to 1 year	more than 1 year	Total
Personnel liabilities	9,899	1,089	10,989
Tax liabilities	8,427	0	8,427
Other liabilities	3,450	0	3,450
Sales bonuses and compensation payments to sales agents	0	0	0
Prepaid expenses	145	0	145
<b>31 Dec 2022</b>	<b>21,920</b>	<b>1,089</b>	<b>23,009</b>
EUR k	up to 1 year	more than 1 year	Total
Personnel liabilities	10,399	560	10,958
Tax liabilities	7,139	0	7,139
Other liabilities	2,907	0	2,907
Sales bonuses and compensation payments to sales agents	533	0	533
Prepaid expenses	239	0	239
<b>31 Dec 2021</b>	<b>21,217</b>	<b>560</b>	<b>21,776</b>

Current personnel liabilities break down as follows:

EUR k	31 Dec 2022	31 Dec 2021
Other liabilities to employees	1,583	1,013
Bonuses and management incentives	2,952	2,837
Vacation, flexitime credits	3,363	1,987
Liabilities to social security	1,238	935
Sundry other personnel liabilities	98	3,032
Compensation and severance payments	106	0
Obligations for employers' liability insurance	461	400
Obligations from 'Altersteilzeit' (German phased retirement scheme)	98	195
	<b>9,899</b>	<b>10,399</b>

Non-current provisions for obligations towards personnel contain provisions for long-service awards of EUR 1,063 k (previous year: EUR 498 k).

**Share-based payments**

The phantom stocks program included under other current liabilities towards personnel in the previous year was paid out in December 2022 as the exit conditions were fulfilled when KATEK SE went public in May 2021 and the program was terminated.

In addition, non-current liabilities to personnel include a performance stock program of EUR 26k (previous year: EUR 26k) as a long-term incentive program for the two members of the Management Board. The performance stock program was measured on 31 December 2022 using the following parameters and tranches:

	31. Decem- ber 2022	31. Decem- ber 2021
<b>Tranche 2021</b>		
Issue date	17 May 2021	17 May 2021
Average share price on the issue date in EUR (10-day average)	26.66	26.66
Term		
Total term (years)	3.90	3.90
Residual term as at 31 Dec (years)	2.28	3.28
Minimum term		
Total term (years)	3.90	3.90
Residual term as at 31 Dec (years)	2.28	3.28
Share price on the measurement date (EUR)	14.70	25.95
Implicit volatility	43%	0.45
Risk-free interest rate p.a.	2.099%	- 0.543%
Fair value per performance share on the issue date in EUR	22.76	22.76
Fair value per performance share on 31 Dec (EUR)	16.42	26.59

	31. Decem- ber 2022	31. Decem- ber 2021
<b>Tranche 2022</b>		
Issue date	14 April 2022	--
Average share price on the issue date in EUR (10-day average)	19.71	--
Term		
Total term (years)	4.00	--
Residual term as at 31 Dec (years)	3.29	--
Minimum term		
Total term (years)	4.00	--
Residual term as at 31 Dec (years)	3.29	--
Share price on the measurement date (EUR)	14.7	--
Implicit volatility	46%	--
Risk-free interest rate p.a.	2.059%	--
Fair value per performance share on the issue date in EUR	17.78	--
Fair value per performance share on 31 Dec (EUR)	14.98	--

At the beginning of the program, the number of phantom performance shares is calculated by dividing the set target for the year with the closing rate after publication of the annual report and is increased each year by the rate of growth in EBITDA. The number of phantom performance shares in each tranche are presented in the following table:

Units	1 January	31 December
Tranche 2021	2,313	2,313
Tranche 2022	0	3,658
	<b>0</b>	<b>5,971</b>

Insgesamt wurden somit im Geschäftsjahr TEUR 36 ertragswirksam (im Vorjahr: TEUR 662 aufwandswirksam) für anteilsbasierte Vergütungen erfasst, bilanziell besteht hieraus eine Verpflichtung in Höhe von TEUR 26 (im Vorjahr: TEUR 3.062).

## 26. Capital management

The Group manages its capital with the goal of ensuring that all group entities can operate on the assumption that they are going concerns and simultaneously to maximize the income of shareholders by optimizing the ratio of equity to debt capital.

The capital structure of the Group consists of liabilities, cash and cash equivalents and the equity allocable to the shareholders of the parent company. The latter consists of subscribed capital, the capital reserve and revenue reserves.

The capital structure of the Group is managed and adjusted in response to changes in the business environment.

Management monitors the capital structure of the Group at regular intervals. This involves reporting of the equity of subsidiaries as well as the existing forms of financing. Finance arrangements that contain covenants are reviewed each quarter at a minimum and documented accordingly. For KATEK the covenants mainly relate to the equity ratio and the net debt ratio.

The Company manages its capital structure using the relevant indicators, including the debt ratio and the equity ratio.

As at the reporting date, the equity ratio came to 32.9 % (previous year: 38.5 %) and the debt ratio (net debt to equity) to 28.0 % (previous year: 8.0 %). The increase in cash requirements is due to the strong growth of the Group and the M&A activities conducted in the past and planned for the future. This has resulted in an increase in net debt. By contrast, the capital increase conducted in December 2022 had a positive effect on the above two ratios.

The Group intends to further optimize its capital structure by including earnings and risk-related indicators in its assessments in future. The current objective is to reach an equity ratio of more than 35%. With regard to the net debt ratio, KATEK intends to obtain a robust gearing ratio that takes account of the relevant performance figures and expand this further. The targets reflect the current management assessment. They may change over the course of the year depending on the situation, capital requirements and general business environment.

EUR k	31 Dec 2022	31 Dec 2021
Liabilities to financial institutions	68,818	54,398
Cash on Hand and Bank Deposits	- 22,628	- 42,203
<b>Net debt</b>	<b>46,190</b>	<b>12,195</b>
Equity	164,963	151,799
<b>Ratio of net debt to equity</b>	<b>28.0%</b>	<b>8.0%</b>

The capital structure of the Group, including compliance with covenants of certain loan agreements, is regularly reviewed as part of the risk management process. For information on the covenants, please refer to section B.20 Loans.

**27. Notes to the statement of cash flows**

The consolidated statement of cash flows shows how the cash and cash equivalents of the KATEK Group have changed during the reporting year as a result of cash inflows and outflows. The cash flows are categorized by operating activities, investing activities and financing activities in accordance with IAS 7.

The changes in the line items of the statement of financial position that are presented in the consolidated statement of cash flows cannot be directly reconciled with the consolidated statement of financial position as non-cash items must be eliminated first.

The cash flow from operating activities is therefore derived indirectly from earnings after tax after eliminating interest and taxes on income, depreciation, amortization and impairments and other non-cash items. Moreover, cash flows from interest received and taxes paid are also considered. Finally, the cash inflow from operating activities also takes account of changes in working capital and the utilization of provisions. The non-cash-effective income from operating activities mainly consists of the releases of provisions and derecognition of other liabilities of EUR 2,364k (previous year: EUR 947k). In the previous year, this item included a bargain purchase of EUR 11,316k.

The cash flow from investing activities considers cash flows from the acquisition or sale of intangible assets, property, plant and equipment and financial assets. If the cash flow relates to the acquisition or sale of subsidiaries or other business units (and associated acquisition or loss of control) the impacts are presented in a separate line item of the cash flow statement. Payments for business combinations of EUR 17,621k were recorded in the reporting year (previous year: EUR 8,335k).

The cash flow from financing activities is dominated by the change in borrowings and additional paid-in capital received during the capital increase of KATEK SE.

Cash and cash equivalents (EUR -2,760 k, previous year: EUR 33,909 k) comprises cash of EUR 22,628 k (previous year: EUR 42,203 k) and current liabilities to banks (loans) due within three months of EUR 25,388 k (previous year: EUR 8,294 k).

Cash and cash equivalents includes an amount of EUR 406 k (previous year: EUR 1,454 k) that is barred from disposal on the basis of the existing factoring agreements.

The development of cash-effective and non-cash-effective changes to financial liabilities is presented in the following table:

EUR k	1 Jan 2022	Cash-effective changes	Non-cash-effective changes			31 Dec 2022
			Additions Consolidated group	Effects of exchange rate changes	Additions/ Other	
Liabilities to banks (loans)	46,104	- 4,603	3,045	- 55	- 1,061	43,429
Lease liabilities	44,721	- 8,902	3,241	- 139	3,492	42,413
Other financial liabilities	20,398	7,901	5,054	- 2	1,660	35,011
<b>Total liabilities from financing activities</b>	<b>111,222</b>	<b>- 5,604</b>	<b>11,340</b>	<b>- 196</b>	<b>4,091</b>	<b>120,853</b>

EUR k	1 Jan 2021	Cash-effective changes	Non-cash-effective changes			31 Dec 2021
			Additions Consolidated group	Effects of exchange rate changes	Additions/ Other	
Liabilities to banks (loans)	54,605	- 9,401	879	21	0	46,104
Financial liabilities to shareholders	7,674	- 7,674	0	0	0	0
Lease liabilities	29,985	- 6,861	831	- 66	20,831	44,721
Other financial liabilities	7,990	12,317	0	- 59	149	20,398
<b>Total liabilities from financing activities</b>	<b>100,254</b>	<b>- 11,619</b>	<b>1,710</b>	<b>- 104</b>	<b>20,980</b>	<b>111,222</b>

In addition to the financial liabilities presented here, which can be attributed to financing activities, there are other financial liabilities measured at fair value that are related to investing activities. These are primarily related to the acquisition of the Aisler Group and SigmaPoint and originate from the earn-out arrangements and a put option. An explicit decision was made not to include these financial liabilities in the reconciliation presented above due to their investment character.

Apart from the changes in cash and cash equivalents, the interest payments reported in the cash flow statement relate to other line items that, although they arise from financing activities, cannot be allocated to any financial liability associated with financing activities.

Disclosures on financial liabilities can be found in note B.21 Financial instruments.

## 28. Segment reporting

### Background to segmentation

Due to a change in its internal reporting, the KATEK Group has decided to draw up segment reporting in accordance with IFRS 8 for the first time in the reporting year. The segment disclosures are based on the internal management reporting of two reportable segments. The following summary describes the business of each reportable segment of the Group.

- [Electronics](#)
- [Systems & Products](#)

The Electronics segment comprises the activities of the Group in the development of hardware and software, prototyping and the manufacture of high-quality electronics for industrial customers. This segment constitutes the origins of the current KATEK Group.

The Systems & Products segment comprises the same value-added activities, but, in contrast to the Electronics segment, it possesses a number of additional features that together create particular value-added (high-value electronics). Firstly, the activities of this segment are targeted towards markets that display particularly strong growth and opportunities due to an underlying megatrend. KATEK has aligned its R&D activities towards these target markets. Nowadays KATEK offers its own systems and products in these fields which therefore display higher value-added and integrate the Group's own intellectual property. They include products and services related to smart EV charging, medical alert systems and solar/renewable energy.

The Others segment includes activities in the field of fabless prototyping, but only to a small extent. The content of this segment does not have any relationship to the operating activities of the other segments.

Due to the fact that segment reporting is still being established, only gross profit and revenue are reported to management for the purposes of steering the operations of the segments. Consequently, only these two management indicators are presented in the segment reporting published in the section below. In particular, segment assets, segment liabilities and segment capex are not reported.

## Information on reportable segments

EUR k	Segment revenue		External revenue		Intersegment Revenue	
	2022	2021	2022	2021	2022	2021
Electronics	569,250	461,849	520,494	427,848	48,756	34,001
Systems & Products	161,408	111,284	159,511	110,244	1,898	1,040
<b>Total reportable segments</b>	<b>730,659</b>	<b>573,133</b>	<b>680,004</b>	<b>538,092</b>	<b>50,654</b>	<b>35,041</b>
All other segments	1,398	529	1,398	529	0	0
Reconciliation to Consolidated Financial Statements	- 48,957	- 33,543	1,698	1,498	- 50,654	- 35,041
<b>KATEK Group</b>	<b>683,100</b>	<b>540,119</b>	<b>683,100</b>	<b>540,119</b>	<b>0</b>	<b>0</b>

EUR k	Gross Profit	
	2022	2021
Electronics	141,508	127,133
Systems & Products	45,006	34,911
<b>Total reportable segments</b>	<b>186,514</b>	<b>162,044</b>
All other segments	474	200
Reconciliation to Consolidated Financial Statements	- 2,298	- 1,722
<b>KATEK Group</b>	<b>184,691</b>	<b>160,522</b>

The reconciliation to the consolidated financial statements presents those matters that are not directly related to the business segments or the other segments. Among other items, these include the consolidation of business transactions between the segments and certain reconciliation items, such as the costs incurred by the parent company of the Group that cannot be allocated to the segments.

The disclosures required by IFRS 8.31-34 with regard to the geographic presentation of revenue are already presented in note B.1 Revenue.



## C Other Notes

### 1 Related party transactions

Related parties include shareholders that can exercise significant influence over the KATEK Group, associated companies, joint ventures, non-consolidated subsidiaries and individuals who can exercise significant influence over KATEK and the financial and business policies of the Group. Persons who can exercise significant influence over the financial and business policies of the Group include all individuals in key management positions and their close family relatives. Within the Group, this concerns the members of the executive management of the parent company and its Supervisory Board.

#### Notes on affiliated companies

Within the course of normal business activity the KATEK Group and its subsidiaries maintain business relationships with numerous other businesses.

Companies affiliated to the PRIMEPULSE Group also qualify as related parties along with the Empaios Real Estate Group. Transactions with related parties, members of the Management Board, the Supervisory Board or other related parties, are aggregated and presented under a separate line item.

All business transaction were concluded at arm's length conditions and do not deviate in substance from transactions with other entities. No expenses were recognized in the reporting year or in previous years for bad debts or doubtful debts owed by related parties.

PRIMEPULSE SE renders services to the KATEK Group, while Empaios Real Estate Group leases real estate to it. The PRIMEPULSE Group comprises a number of operating divisions that conduct business with KATEK.

The following table presents the trade in goods and services received with related parties:

EUR k	Expenses		Revenue	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
PRIMEPULSE Group	130	449	1,731	1,557
PRIMEPULSE SE	923	856	1	50
Empaios Real Estate Group*	2,386	2,853	0	10,000
Other	116	113	0	0
	<b>3,555</b>	<b>4,271</b>	<b>1,732</b>	<b>11,607</b>

\* presents the rent installments or purchase price payments but not the income or expenses recognized

The following table presents receivables from and liabilities to related parties:

EUR k	Expenses		Revenue	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
PRIMEPULSE Group	34	69	1	8
PRIMEPULSE SE	8	83	1	0
Empaios Real Estate Group	0	0	0	0
Other	11,026	113	940	0
	<b>11,068</b>	<b>265</b>	<b>942</b>	<b>8</b>

Other liabilities to related parties consist primarily of a financing arrangement for EUR 10,333 million for plant and machinery that has been taken out at arm's length conditions. The partner to the arrangement is S.D.L., Süddeutsche Leasing AG, whose Chairman is a member of the Supervisory Board of KATEK SE.

#### Disclosure on key management personnel

The members of the Management Board were granted total remuneration of EUR 784k (previous year: EUR 780k) for their services for the Group in the financial year. Of this amount, EUR 99k was still outstanding as of the reporting date because these payments are dependent on the results for the financial year. An additional amount of EUR 26k (previous year: EUR 62k) was also outstanding on the reporting date, as this is a long term stock option program. Reference is made to note B.25 Other liabilities for information on the long-term benefits.

## 2 Company Boards

The members of the Management Board during 2022 were:

Rainer Koppitz, Strategy and Business Development, CEO, Munich	Chairman of the Management Board
Dr. Johannes Fues, Finance and Legal Affairs, CFO, Munich	Management Board

The activities of the Supervisory Board in financial year 2022 were conducted by the following individuals:

Klaus Weinmann, Managing Director of PRIMEPULSE SE, Munich	Chairman
Markus Saller, Director Mergers & Acquisitions, der PRIMEPULSE SE, Munich	Deputy Chairman
Andreas Müller, CEO of S.D.L., Süddeutsche Leasing AG, Elchingen	Member
Hannes Niederhauser, CEO of Kontron AG, Linz, Austria	Member

Mr. Markus Saller, Director Mergers & Acquisitions of PRIMEPULSE SE, Munich, was appointed to the Supervisory Board of KATEK SE by order of the court on 18 January 2022.

In a resolution passed by circulation on 21 February 2022, Mr. Markus Saller was elected Deputy Chairman of the Supervisory Board of KATEK SE.

After the Annual General Meeting, the Supervisory Board receives remuneration of EUR 116k for its work in the financial year 2022. In the previous year, EUR 111k of this amount consisted of short-term employee benefits.

### 3 Shareholdings of board members

The shareholdings of board members on the reporting date were as follows:

	Direct	Indirect	Total	Direct	Indirect	Total
Rainer Koppitz	2.87%	0.00%	2.87%	3.11%	0.00%	3.11%
Dr. Johannes Fues	0.42%	0.03%	0.45%	0.46%	0.03%	0.49%
	<b>3.29%</b>	<b>0.03%</b>	<b>3.32%</b>	<b>3.57%</b>	<b>0.03%</b>	<b>3.60%</b>

#### Shareholdings of members of the Supervisory Board:

Based on the information available to KATEK SE Mr. Klaus Weinmann held an indirect stake of 17.4% (previous year: 17.9%) in KATEK SE with Mr. Hannes Niederhauser holding an indirect stake of 1.7% (previous year: 1.86%) and Mr. Markus Saller an indirect stake of 0.1%. Furthermore, Mr. Markus Saller holds a direct stake in KATEK SE of 0.1% (previous year: Mr. Markus Saller had not yet been appointed to the Supervisory Board).

#### 4 Parent company/group affiliations

KATEK SE, Munich has compiled consolidated statements for the smallest group of companies. The consolidated financial statements are published in the Bundesanzeiger (Federal Gazette).

The Company is a subsidiary of PRIMEPULSE SE, Munich, and is included in its consolidated financial statements. The largest group of companies is consolidated in the consolidated financial statements of PRIMEPULSE SE, Munich. These consolidated financial statements are also published in the Bundesanzeiger (Federal Gazette).

#### 5 Contingent liabilities and other financial obligations

Guarantees issued for loans drawn by third parties amounted to EUR 0k on the reporting date (previous year: EUR 0k).

Contingent liabilities and other financial obligations for the reporting year and the previous year are as follows:

EUR k	31 Dec 2022	31 Dec 2021
License expenses and other obligations	3,999	3,256
Purchase commitments for investment projects	1,801	0
	<b>5,800</b>	<b>3,256</b>

The purchase commitments for investment projects relate solely to the planned investments for property, plant and equipment.

The due dates of short-term leases and leases of low-value assets which are not recognized under the practical expedient afforded by IFRS 16 and of leases whose commencement date lies after the reporting date (mainly affects the financial year 2023) are as follows:

EUR k	31 Dec 2022	31 Dec 2021
Due within 1 year	242	306
Due in 1 to 5 years	122	856
Due in more than five years	0	2,094
	<b>365</b>	<b>3,256</b>

#### 6 Auditor's fees

The following fee was invoiced by the independent auditor, Grant Thornton AG, Munich, in financial year 2022.

EUR k	2022	2021
Audit services	1,156	432
Other attestation services	0	0
Tax advisory services	0	0
Other services	0	0
	<b>1,156</b>	<b>432</b>

Of the total fees invoiced in the reporting year, an amount of EUR 412k relates to the previous year.

## 7 List of shareholdings

No.	Name and registered offices of the company	Indirect share in capital %	Included in consolidation	Held by no.
1.	KATEK SE, Munich, Germany			
2.	KATEK Memmingen GmbH, Memmingen, Germany	100	k	1.
3.	KATEK Elektronik Bulgaria EOOD, Saedinenie, Bulgaria	100	k	2.
4.	Katek GmbH, Grassau, Germany	100	k	1.
5.	Katek Hungary kft., Győr, Hungary	100	k	4.
6.	KATEK Mauerstetten GmbH, Mauerstetten, Germany	100	k	1.
7.	KATEK Czech Republic s.r.o; Horni Sucha, Czech Republic	100	k	4.
8.	beflex electronic GmbH, Frickenhausen, Germany	100	k	1.
9.	eSystems MTG GmbH, Wendlingen am Neckar, Germany	100	k	1.
10.	KATEK Düsseldorf GmbH, Düsseldorf, Germany	100	k	11.
11.	KATEK Leipzig GmbH, Leipzig, Germany	100	k	1.
12.	Telealarm Europe GmbH, Leipzig, Germany	100	k	1.
13.	TeleAlarm SA, La Chaux-de-Fonds, Switzerland	100	k	12.
14.	KATEK LT UAB, Panevėžys, Lithuania	100	k	11.
15.	KATEK SINGAPORE PTE. LTD., Singapore, Singapore	100	k	8.
16.	BEFLEX ELECTRONIC MALAYSIA SDN. BHD., Kuala Kabu Baru, Malaysia	100	k	8.
17.	Aisler B.V., Vaals, Netherlands	50	k	1.
18.	AISLER AMERICAS, INC., Claymont, Delaware, USA	50	k	17.
19.	AISLER Germany GmbH, Aachen, Germany	50	k	17.
20.	SigmaPoint Technologies Inc., Cornwall, Kanada	100	k	1.
21.	KATEK Merger Inc., Montgomery, United States	100	k	1.
22.	KATEK MALAYSIA SDN. BHD., Kuala Lumpur, Malaysia	100	k	8.

Nature of consolidation – as at 31 Dec 2022

k Fully consolidated entities

With the exception of the entities that were purchased or founded in the current financial year, the only changes to shareholdings in the financial year were as follows:

Franken Solar Romania S.R.L., Medias, Romania, was deconsolidated due to its liquidation.

<b>Shareholding</b>	<b>Currency</b>	<b>Share in capital</b>	<b>Equity</b>	<b>Net profit/loss for the year</b>
Zamm Zentrum für angewandte Meßtechnik Memmingen GmbH, Memmingen	EUR k	16.20%	684*	23*
TYDE GmbH, Starnberg (previously: iOX Mobility GmbH), Pullach	EUR k	10.00%	2,058*	-216*

\* Financial statements as at 31 December 2021

**8 Exemption pursuant to Sec. 264 (3) HGB**

The relief from reporting duties allowed by Sec. 264 (3) HGB was availed of for the following companies:

KATEK Mauerstetten GmbH, Mauerstetten

beflex electronic GmbH, Frickenhausen

**9 Subsequent events**

On March 22, 2023, a new framework agreement was concluded with a European automotive manufacturer, covering a period of five years and a call-off volume of over one million ghostONE wallboxes.

On March 22, 2023, a waiver agreement was signed in connection with a bank loan, which amends the financing agreement for a limited period of time. Further disclosures in this regard can be found in section B.20 Loans.

**10 Declaration of conformity in accordance with Sec 161 AktG**

The declaration required by Sec. 161 AktG ("Declaration of Conformity with the German Corporate Governance Code") was issued jointly by the Management Board and Supervisory Board of KATEK SE and made available to the shareholders on the website of the Company ([www.katek-group.com](http://www.katek-group.com)) in the Investor Relations section

**11 Ratification of the consolidated financial statements**

The consolidated financial statements were ratified by the Supervisory Board on 30 March 2023.

Munich, 30 March 2023

KATEK SE

Management Board



**Rainer Koppitz**  
CEO



**Dr. Johannes Fues**  
CFO

## Responsibility statement

We assure that, to the best of our knowledge, the consolidated financial statements, in accordance with the applicable accounting principles, give a true and fair view of the financial position, financial performance and cash flows of the Company and that the management report of KATEK SE, which has been combined with the management report of the KATEK Group, provides a true and fair view of the course of business, the business results and the situation of the Group and also describes the significant opportunities and risks relating to the anticipated development of the Group.

Munich, 30 March 2023

**KATEK SE**

**Management Board**



**Rainer Koppitz**  
CEO



**Dr. Johannes Fues**  
CFO



# Independent Auditor's Report

To KATEK SE, Munich

## Report on the Audit of the Consolidated Financial Statements and the Combined Management Report

### Audit Opinions

We have audited the consolidated financial statements of KATEK SE, Munich, and its subsidiaries (the Group) – which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from 1 January to 31 December 2022, as well as the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the combined management report, – consisting of the content needed to fulfill the requirements of Secs. 289, 289α, 315, 315α HGB [“Handelsgesetzbuch”: German Commercial Code] and Sec. 312 (3) sentence 3 AktG [“Aktiengesetz”: German Stock Corporation Act] and the remuneration report incorporated in section D of the combined management report, with the associated disclosures – for the financial year from 1 January 2022 to 31 December 2022. In accordance with German legal requirements, we have not audited the content of the Declaration on Corporate Governance pursuant to Secs. 289f and Sec. 315d HGB, referred to in Section E of the combined management report, nor the content of the separate Non-Financial Statement of the Group pursuant to Sec. 315b HGB, which is referred to in section F of the combined management report.

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

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2022,

and of its financial performance for the financial year from 1 January to 31 December 2022, and

- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the combined management report does not extend to the content of the Declaration on Corporate Governance or to the content of the Non-Financial Statement of the Group referred to above, or to section G 1.1 “Key features of the system of internal controls and risk management system as well as a statement on the appropriateness and effectiveness of the systems” of the combined management report.

Pursuant to Sec. 322 (3) Sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

### Basis for the Audit Opinions.

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with Sec. 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as “EU Audit Regulation”) and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the “Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report” section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with

these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the combined management report.

### Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated 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 consolidated financial statements as a whole, and in forming our audit opinion thereon, we do not provide a separate audit opinion on these matters.

We summarize what in our view are the key audit matters below: We have structured our presentation of the key audit matters as follows:

1. Risk for the consolidated financial statements
2. Auditor's response
3. Reference to the associated disclosures.

#### Matching principle for revenue recognition

##### 1 Risk for the consolidated financial statement

The consolidated financial statements of KATEK SE for the financial year 2022 report revenue of EUR 683 million that is primarily due to the sale of electronic assemblies. The revenue is realized at a point in time as soon as control over the finished goods passes to the respective customer.

Due to the increase in purchase prices for raw materials resulting from the general inflation in prices and costs as well as the shortage of materials, the Company has made arrangements with its customers to pass on these additional costs. These arrangements have been made in addition to the individual purchase orders for electronic assemblies. According to IFRS 15, the agreed additional costs are to be realized in harmony with the underlying indivi-

dual purchase order, i.e. when control over the finished goods passes to the customer.

Consequently, there is a risk that revenue generated from these additional costs is not matched to the correct period and therefore recognized too early. In light of this circumstance and the potential impact this could have on the presentation of the financial performance, this issue was considered to be a key audit matter.

##### 2 Auditor's response

We initially assessed whether interpretation of the Management Board of KATEK SE regarding the timing of revenue recognition originating from the sale of electronic assemblies agreed with the requirements of IFRS 15. Thereafter we obtained an understanding of the process used to account for this revenue stream as well as the structure and implementation of the relevant internal controls relating to the acceptance of the contract, the fulfillment of performance obligations and the recognition of revenue in the correct accounting period.

In order to audit the correct timing of revenue recognition originating from the sale of electronic assemblies, we applied a mathematical-statistical method to select a representative sample of the additional costs invoiced in 2022 to assess the correct matching of these items.

##### 3 Reference to the associated disclosures

With regard to revenue, reference is made to note A.4.4 "Revenue recognition" and B.1 "Revenue" in the notes to the consolidated financial statements.

#### Other Information

The Management Board and the Supervisory Board are responsible for the other information. The other information comprises

- the Declaration on Corporate Governance pursuant to Sec. 289f HGB and Sec. 315d HGB
- the separate Consolidated Non-Financial Statement pursuant to Sec. 315b HGB
- the Responsibility Statements of the Management Board regarding the consolidated financial statements and the combined management

report in accordance with Sec. 297 (2) sentence 4 HGB and Sec. 315 (1) sentence 5 HGB

- the report of the Supervisory Board
- the remaining parts of the Annual Report 2022
- with the exception of the consolidated financial statements, the separate financial statements, the audited components of the combined management report and our respective auditor's reports.

The Management Board and the Supervisory Board are responsible for the Declaration of Conformity with the German Corporate Governance Code pursuant to Sec. 161 AktG contained in the Declaration on Corporate Governance. The Supervisory Board is responsible for the report of the Supervisory Board. In all other respects, the Management Board is responsible for the other information.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the aforementioned other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, the elements of the combined management report whose content was audited, or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### [Responsibilities of the Management Board and the Supervisory Board for the Consolidated Financial Statements and the Combined Management Report](#)

The Management Board is responsible for the prepara-

tion of the consolidated, financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial performance of the Group. In addition the Management Board is responsible for such internal control as it has determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement due to fraud (i.e. fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the Management Board is responsible for assessing the Group's ability to continue as a going concern. It also has the responsibility for disclosing, as applicable, matters related to going concern. In addition, it is responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the Management Board is responsible for the preparation of the combined management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the Management Board is responsible for such arrangements and measures (systems) as it has considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

The Management Board and Supervisory Board are responsible for the preparation of the remuneration report contained in a separate section of the combined management report and the related disclosures in compliance with the requirements of Sec. 162 AktG. In addition, they are responsible for such internal control as they determine necessary to

enable the preparation of a remuneration report and the related disclosures that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the combined management report of the Group.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting material misstatements resulting from fraud is higher than the risk of not detecting material misstatements

resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations and the override of internal controls.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the combined management report of the Company and the Group in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the Management Board and the reasonableness of estimates made by the Management Board and related disclosures.
- Conclude on the appropriateness of the Management Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the presentation, structure and content of the consolidated financial statements as a whole, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB.
- Obtain sufficient appropriate audit evidence

regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the Management Board in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the Management Board as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, on the procedures taken to remedy the actions that could jeopardize our independence or the related safeguards.

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

## Other Legal and Regulatory Requirements

### Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Combined Management Report Prepared for Publication Purposes in accordance with Sec. 317 (3a) HGB

#### Audit Opinion

We have performed assurance work in accordance with Sec. 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the consolidated financial statements and the combined management report contained in the attached file „5299000GH0E40P6I9F13-2022-12-31-de.zip“ (hereinafter also referred to as “ESEF documents”) and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format (“ESEF format”). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the consolidated financial statements and the combined management report contained in the file identified above and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinions on the accompanying consolidated financial statements and the combined management report for the financial year 1 January to 31 December 2022 contained in the “Report on the audit of the consolidated financial statements and of the combined management report” above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

#### Basis for the Audit Opinion

We conducted our assurance work on the rendering of the consolidated financial statements and the combined management report contained in the file

identified above in accordance with Sec. 317 (3a) HGB and the IDW Assurance Standard: Assurance on the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Sec. 317 (3a) HGB (IDW AsS 410) (06.2022). Our responsibility in accordance therewith is further described in the "Auditor's responsibilities for the assurance work on the ESEF documents" section. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in the Audit Firm (IDW QS 1). Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022)).

#### Legal Uncertainty Pertaining to the Conformity of the Interpretation of the Relevant EU Regulations

Due to the conversion process chosen by the Company with regard to the notes to the consolidated financial statements in iXBRL format ("block-tagging"), the consolidated financial statements converted to the ESEF format are not fully machine-readable in a meaningful way. There is significant legal uncertainty as to whether the Management Board's interpretation, that Commission Delegated Regulation (EU) 2019/815 does not explicitly require a meaningful machine-readable structure for the information when blocktagging the notes to the consolidated financial statements, conforms with the law, which therefore represents an inherent uncertainty in our audit.

#### Responsibility of the Management Board and the Supervisory Board for the ESEF Documents

The Management Board of the Company is responsible for the preparation of the ESEF documents containing the electronic reproductions of the consolidated financial statements and the combined management report in accordance with Sec. 328 (1) sentence 4 No. 1 HGB and for tagging the consolidated financial statements in accordance with Sec. 328 (1) sentence 4 No. 2 HGB.

In addition, the Management Board of the Company is responsible for such internal control as it has determined necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB for the electronic reporting format.

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 Assurance Work on 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 Sec. 328 (1) HGB. We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance 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 Commission Delegated Regulation (EU) 2019/815, in the version in force at the date of the financial statements, on the technical specification for this file.
- Evaluate whether the ESEF documents enable an XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited combined management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Arts. 4 and 6 of Commission Delegated Regulation (EU) 2019/815, in the version in force at the date of the financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

### Further Information pursuant to Art. 10 of the EU Audit Regulation

We were elected as auditor of the consolidated financial statements by the annual general meeting on 16 May 2022. We were engaged by the Supervisory Board on 15 November 2022. We have been the independent auditor of the consolidated financial statements of KATEK SE, Munich, without interruption since financial year 2021.

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

### Other Matter – Use of the Auditor's Report

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

### German Public Auditor Responsible for the Engagement

Andrea Stoiber-Harant is the German Public Auditor in charge of the audit engagement.

Munich, 31 March 2023

Grant Thornton AG  
Wirtschaftsprüfungsgesellschaft

Prof. Dr. Thomas Senger  
Wirtschaftsprüfer  
(German Public Auditor)

Andrea Stoiber-Harant  
Wirtschaftsprüfer  
(German Public Auditor)

# KATEK SE, Munich, Financial Statements as at 31 December 2022

## Balance Sheet

Assets EUR	31 Dec 2022	31 Dec 2021
<b>A. Fixed assets</b>		
<b>I. Property, plant and equipment</b>		
Other equipment, furniture and fixtures	57,086.13	60,941.79
<b>II. Financial assets</b>		
1. Shares in affiliated companies	100,812,063.15	89,284,255.34
2. Loans to affiliated companies	21,056,504.41	18,088,445.32
3. Equity investments	1,816,157.81	1,816,157.81
	<b>123,741,811.50</b>	<b>109,249,800.26</b>
<b>B. Current assets</b>		
<b>I. Receivables and other assets</b>		
1. Receivables from affiliated companies	36,817,949.12	15,822,609.45
2. Receivables from companies in which an equity investment is held	310.11	0.00
3. Other assets	168,084.60	631,695.06
	<b>36,986,343.83</b>	<b>16,454,304.51</b>
<b>II. Cash and cash equivalents</b>	<b>4,552,021.69</b>	<b>17,455,783.34</b>
<b>C. Prepaid expenses</b>	<b>507,655.19</b>	<b>474,326.79</b>
<b>Balance sheet total</b>	<b>165,787,832.21</b>	<b>143,634,214.90</b>



# Balance Sheet

Equity and liabilities EUR	31 Dec 2022	31 Dec 2021
<b>A. Equity</b>		
I. Subscribed capital	14,445,687.00	13,241,880.00
II. Capital reserve	132,956,636.05	114,718,960.00
III. Accumulated losses	-23,774,704.51	-17,762,951.21
	<b>123,627,618.54</b>	<b>110,197,888.79</b>
<b>B. Provisions</b>		
Other provisions	<b>977,946.47</b>	<b>3,965,238.00</b>
<b>C. Liabilities</b>		
1. Liabilities to banks	34,479,360.44	21,200,000.00
2. Trade payables	418,032.17	267,948.73
3. Liabilities to affiliated companies	1,456,356.60	3,609,205.14
4. Other liabilities	4,822,398.17	4,393,934.24
	<b>41,176,147.38</b>	<b>29,471,088.11</b>
<b>D. Deferred income</b>		
	<b>6,119.82</b>	<b>0.00</b>
<b>Balance sheet total</b>	<b>165,787,832.21</b>	<b>143,634,214.90</b>

## Statement of Profit or Loss

EUR	31 Dec 2022	31 Dec 2021
1. Revenue	1,662,824.00	1,316,720.00
2. Other operating income	3,335,296.32	1,753,081.97
	<b>4,998,120.32</b>	<b>3,069,801.97</b>
3. Personnel expenses		
a) Wages and salaries	1,584,169.85	2,188,675.03
b) Social security and other pension costs	91,664.03	77,372.20
	<b>1,675,833.88</b>	<b>2,266,047.23</b>
4. Amortization of intangible assets and depreciation of property, plant and equipment	23,267.79	16,773.98
5. Other operating expenses	8,278,402.80	9,789,224.48
6. Income from profit and loss transfer agreements	239,365.02	370,022.98
7. Income from long-term loans	332,759.06	234,198.86
8. Other interest and similar income	576,707.25	152,423.25
9. Expenses from loss absorption	867,226.56	406,095.63
10. Interest and similar expenses	1,313,119.03	895,017.53
<b>11. Earnings after tax</b>	<b>-6,010,898.41</b>	<b>-9,546,711.79</b>
12. Other taxes	854.89	282.00
<b>13. Net loss for the year</b>	<b>-6,011,753.30</b>	<b>-9,546,993.79</b>
14. Losses brought forward	-17,762,951.21	-8,215,957.42
<b>15. Accumulated losses</b>	<b>-23,774,704.51</b>	<b>-17,762,951.21</b>

# Notes to the financial statements of KATEK SE, Munich, for the financial year 2022

## A Accounting policies

The accounting policies used in the financial statements of KATEK SE, Munich, (local court of Munich, HRB 245284) are based on the provisions of the HGB ["Handelsgesetzbuch": German Commercial Code] applying to large corporations and the supplementary provisions of the AktG ["Aktiengesetz": German Stock Corporation Act] in conjunction with the SE Regulation and the SEAG.

The presentation, classification, recognition and measurement policies of the financial statements correspond to those applied in the previous year.

The statement of profit or loss has been prepared using the cost-summary method.

**Property, plant and equipment** is capitalized at acquisition cost as required by tax law and, if the useful life of the item is limited, it is depreciated on a systematic basis. The useful lives range between one and six years.

Additions are depreciated using the straight-line method only. Moveable low-value assets subject to wear and tear with a cost of EUR 800.00 or less are fully expensed in the year of acquisition.

**Financial assets** are recognized at the lower of cost or net realizable value.

Where the book value of a fixed asset calculated on the basis of the above accounting policies is above its net realizable value on balance sheet date, it is written down to net realizable value by recording an impairment loss. If the impairment loss no longer applies in subsequent financial periods, it is reversed by an appropriate amount to reflect the increase in fair value, provided that the revaluation does not exceed amortized cost.

**Receivables and other assets** are stated at their face value. All discernible specific risks are taken into account in the valuation.

**Cash on hand and bank balances** are measured at nominal value.

**Prepaid expenses** relate to payments made prior to the balance sheet date that relate to expenses for a particular period after this date. These items are released on a straight line basis over time or their economic allocation.

**Provisions** take into account all foreseeable risks and contingent liabilities and are valued at the settlement amount on the basis of prudent business judgment. Future price and cost increases are considered provided there are sufficient objective indicators for their occurrence. Provisions with a residual term of more than one year are discounted using the average market interest rate over the last seven years as determined by the German Central Bank on the balance sheet date.

**Liabilities** are recognized at the settlement amount.

**Deferred tax assets and deferred tax liabilities** are recognized on the temporary differences between the carrying amounts of receivables from affiliated companies and provisions in the financial accounts and the tax base. Any resulting tax burden would be recognized in the balance sheet as deferred tax liabilities. In the event that deferred tax assets exceed deferred tax liabilities, the alternative treatment allowed by Sec. 274 (1) sentence 2 HGB is applied and no deferred tax assets are recognized. In the financial year, netting of deferred taxes resulted in net deferred tax assets which were not recognized.

Receivables and liabilities denominated in **foreign currency** with a residual term of up to one year are translated using the mean closing rate in accordance with Sec. 256a HGB. To this extent, unrealized gains and losses on foreign currency translation are recognized in the financial statements. If the residual term is over one year, the currencies are translated at the historical exchange rate on the date the item originated. In the event of fluctuations in exchange rates between the date of origin and the closing date, assets and liabilities are translated using either the historical rate or the mean spot rate on the closing date taking account of the lower of cost or market principle for assets and the higher of cost or market for liabilities.

## B Notes to the balance sheet and statement of profit or loss

### Balance sheet

#### 1 Fixed assets

The separate statement of changes in fixed assets attached as an annex to the notes is an integral component of the notes to the financial statements.

#### 2 Receivables and other assets

**Receivables from affiliated companies** of EUR 363,365.84 (previous year: EUR 976,218.43) are comprised entirely of trade receivables.

In addition, the receivables from affiliated companies contain other receivables of EUR 36,454,583.28 (previous year: EUR 14,846,391.02).

Furthermore, there are receivables from companies in which a participating interest is held amounting to EUR 310.11 (previous year: EUR 0.00) and other assets amounting to EUR 168,084.60 (previous year: EUR 631,695.06). Other assets include VAT claims of EUR 96,601.29 (previous year: EUR 54,738.33).

As in the previous year, all receivables are due within one year.

#### 3 Cash and cash equivalents

The item contains cash in hand and bank deposits.

## 4 Equity

### Issued capital

The issued capital of KATEK SE amounts to EUR 14,445,687.00 (previous year: EUR 13,241,880.00). It consists of 14,445,687 no-par value shares with an imputed share in capital of EUR 1.00 each. On 15 November 2022, a resolution was passed to increase capital by issuing subscription rights, making partial use of Authorized Capital 2021/I. The capital increase of EUR 1,203,807.00 was filed with the Commercial Register on 14 December 2022.

### Authorized capital, contingent convertibles and conditional capital

#### Authorized capital

By resolution of the extraordinary shareholders' meeting on 19 March 2021 the Management Board was authorized, subject to approval by the Supervisory Board, to raise the capital stock of the Company any time within a period of five years measured from the date that entry was made in the commercial register to this effect on 7 April 2021, by up to EUR 3,923,520 by issuing up to 3,923,520 new no-par bearer shares with an imputed share in capital stock of EUR 1 per share, in return for cash contribution or contribution in kind (Authorized Capital 2021/1). The authorization can be utilized for a single or multiple share issues in full or in part.

The Management Board is authorized, with the approval of the Supervisory Board, to exclude the shareholders' statutory subscription rights in the following cases:

- to avoid fractional amounts;
- capital increases in return for cash contributions, provided the new shares to which existing shareholders are excluded from subscription does not exceed 10% of the total capital stock at the time this authorization is exercised and the price of the new shares issued does not significantly fall short of the trading price of shares of the same class and equipped with the same rights already traded on a stock exchange on the date on which the price is finally set by the Management Board in the sense of Sec. 203 (1) and (2) and Sec. 186 (3) sentence 4 AktG;
- capital increases for a contribution in kind, particularly in the form of companies and/or distinct

operations of companies, entities and/or shares in companies, receivables, patents, brands and/or other industrial rights, licenses and/or other assets and/or other rights;

- to grant the bearers of convertible bonds, convertible loans, warrant-linked bonds or options issued by the Company subscription rights to new shares they would be entitled to after exercising their options or conversion rights or upon fulfilling their obligation to convert;
- to issue shares to members of the Management Board, the managing directors of affiliated companies or employees of the Company or of its affiliated companies;
- or in other cases that lie in the well-understood interest of the Company.

The issue of shares excluding the subscription rights of existing shareholders under the terms of this authorization only permits shares to be issued upon the simultaneous exclusion of the subscription rights of existing shareholders if the sum of the new shares – plus any new shares issued or sold by the Company under the terms of some other authorization during the period of this authorization (until it is exercised) that excludes the shareholders' subscription rights – plus any rights issued during this period of authorization (until it is exercised) on the basis of some other authorization that excludes the shareholders' subscription rights and that grant a right to subscribe to the Company's shares or commit them to acquire shares in the Company – does not exceed 20% of the capital stock in total, calculated at the effective date or, if lower, the date on which the authorization is exercised.

If the shareholders' subscription rights are not excluded, the subscription right can also be granted by financial institutions or other companies meeting the criteria of Sec. 186 (5) AktG committing to offer them to the shareholders for subscription.

The Management Board is authorized, subject to approval of the Supervisory Board, to determine the other details concerning performance of the capital increase from Authorized Capital 2021/I, including the content of the rights attached to the shares and the terms and conditions pertaining to the issue of shares, including the issue price.

The Supervisory Board is authorized to adjust the wording of the articles of association after expiry of the authorization period or after full or partial execution of the capital increase from Authorized Capital 2021/I to match the scope of any capital increase exercised under the terms of Authorized Capital 2021/I.

On 13 December 2022 Authorized Capital 2021/I was used within the framework of a capital increase in return for cash contribution to issue new no-par-value bearer shares with an imputed share in capital of EUR 1 each. After this partial utilization, Authorized Capital 2021/I issued on 19 March 2021 amounts to EUR 2,719,713.

#### **Authorization to issue convertible bonds**

By resolution of the extraordinary shareholders' meeting on 19 March 2021 the Management Board was also authorized, subject to approval from the Supervisory Board, to issue any time on or before 28 February 2026 in one or several installments, convertible registered or bearer bonds and/or warrant-linked bonds for a total nominal value of up to EUR 200,000,000.00 (hereinafter referred to as "Bonds") with a term not exceeding 20 years and to grant the bearers of the convertible bonds rights of conversion or options to purchase new shares in the Company with an aggregate nominal share in capital stock of up to EUR 3,119,520.00 in keeping with the more detailed terms and conditions of the convertible bond/options issue. The Bonds may be issued once or several times, in whole or in part and also simultaneously in different tranches.

The shareholders are generally entitled to a subscription right to the Bonds. The shareholders' statutory subscription rights may be satisfied in the form of one or more underwriting banks assuming the Bonds with an attached obligation to offer them to the shareholders for subscription.

However, the Management Board is authorized, subject to approval of the Supervisory Board, to exclude the subscription rights of the Company's shareholders to the Bonds or options in full or in part

- provided the issue price for a Bond does not significantly fall short of the theoretical market value of the Bonds calculated using generally accepted mathematical methods. According to Sec. 186 (3) sentence 4 AktG (simple exclusion of subscription

rights upon a capital increase in return for cash contribution), the sum of the shares issued to satisfy Bonds plus any other shares issued or sold during the term of the authorization in accordance with this provision may not exceed 10% of the respective capital stock either on the effective date or on the date on which the authorization is exercised;

- to grant the bearers of conversion rights or options subscription rights to shares in the Company to compensate any dilutive effects to the scope to which they would be entitled after exercise of these rights;
- to exclude the shareholder's subscription rights to avoid fractional amounts that arise on account of the modalities of the subscription.

In the event that convertible bonds are issued, the holders of the bond are granted the right to convert them into shares of the Company in accordance with the more detailed terms and conditions of the convertible bond issue. The total share in capital stock attributable to the shares to be issued upon conversion may not exceed the nominal amount of the convertible bonds. The conversion ratio is calculated by dividing the nominal amount of a Convertible Bond by the fixed conversion price for a share of the Company. The conversion ratio may also be determined by dividing the issue price of a Convertible Bond which is below the nominal amount by the fixed conversion price for a new share of the Company. A variable conversion ratio may be arranged with the conversion price ranging within a corridor to be set depending on the market price of the share over the term or during a defined period within the term of the Convertible Bond. The conversion ratio may be rounded up or down to a full figure; moreover an additional cash premium can also be set. Furthermore, provision may be made for any fractional amounts to be combined and/or settled in cash.

If warrant-linked bonds are issued, one or more warrants shall be attached to each warrant-linked bond issue, entitling the holder to subscribe to shares of the Company in accordance with the more detailed terms and conditions of the options to be determined by the Management Board. The total share in capital stock attributable to the shares to be issued per warrant-linked bond may not exceed the nominal amount of the warrant-linked bonds.

The respective terms and conditions of the Bonds may also provide for mandatory conversion at the end of their term or at an earlier date. Finally, the terms and conditions of the Bonds may provide for their fair value to be paid out in cash in lieu of exercising rights of conversion or option rights to shares in the Company. The respective terms and conditions of the Bonds may also provide for treasury shares of the Company to be used to satisfy conversion rights or options to shares in the Company.

The respective conversion or option price for one share in the Company (subscription price) must, even in the case of a variable swap/conversion ratio, either (a) correspond to at least 80% of the average closing price (XETRA exchange or a comparable successor platform) of the share in the Company on the ten days of trading immediately preceding the date on which the resolution is passed by the Management Board to issue convertible bonds or warrant-linked bonds, or (b) correspond to at least 80% of the average closing price (XETRA exchange or a comparable successor platform) of the share in the Company on the days on which the subscription rights are traded on the Frankfurt stock exchange, with the exception of the last two days of trading in subscription rights. Sec. 9 (1) and Sec. 199 (2) AktG remains unaffected.

If the economic value of the existing convertible bonds or options is diluted during their term and no subscription rights are granted as compensation, the value of the conversion rights or options will be adjusted – regardless of the minimum issue price pursuant to Sec. 9 (1) AktG – to the extent that such adjustment is not already mandatory under the law. At any rate, the share in capital stock attributable to the no-par bearer shares to be issued under the terms of the bond may not exceed the nominal value of the bond.

In the place of adjusting the price of the option or conversion price, the corresponding amount may be paid out by the Company in cash upon exercise of the option or conversion right or upon satisfaction of the mandatory convertible in accordance with the more detailed terms and conditions of the option or conversion bond issue. In addition, the terms and conditions of the bond issue may also provide for an adjustment of the option or conversion rights or duties in the event of a capital reduction or other extraordinary capital adjustment or event.

The Management Board is entitled, subject to approval of the Supervisory Board, to determine the further details of the convertible bond and/or warrant-linked bond issue and their attached rights and duties, including, but not limited to, the coupon rate, the issue price, the term, their denomination, exercise price and the exercise period.

#### **Contingent capital**

By resolution of the Annual General Meeting on 25 September 2019 and in conjunction with the resolution passed on 19 March 2021, capital stock may be increased by up to EUR 804,000.00 by issuing up to 804,000 new no-par bearer shares with an imputed share in capital stock of EUR 1.00 per share (Conditional Capital 2019). The contingent capital increase may only be executed to the extent that subscription rights have been and are issued under the 2019 stock option program in accordance with the resolution of the Annual General Meeting on 25 September 2019 entitling the bearers to exercise their right to subscribe to shares in the Company and only when the rights are not satisfied in some other way (e.g. cash payment or serviced from treasury stock). The Supervisory Board has the sole jurisdiction when it comes to granting subscription rights to members of the Management Board and settling such rights. The new shares participate in the appropriation of retained profits from the beginning of that financial year in which the Annual General Meeting has not yet passed any resolution on the appropriation of retained earnings as at the date on which the shares are issued. The Management Board is authorized, subject to approval of the Supervisory Board, to determine the other details concerning the contingent capital increase.

By resolution of the Annual General Meeting passed on 19 March 2021, capital stock may be increased by up to EUR 3,119,520.00 by issuing up to 3,119,520 new no-par bearer shares with an imputed share in capital stock of EUR 1.00 per share (Conditional Capital 2021/I). The increase in contingent capital serves the sole purpose of granting shares to bearers of convertible bonds issued by the Company or one of its direct or indirect equity investments in Germany or abroad in accordance with the authorization of the Annual General Meeting of 19 March 2021.

New shares may only be issued at a conversion price that corresponds to the terms and conditions of the authorization passed by resolution of the Annual

General Meeting on 19 March 2021. To this extent, a contingent capital increase may only be executed to the extent that bearers of convertible bonds exercise their conversion rights and the rights are not settled with existing shares, shares from Authorized Capital or any other form of settlement. The new shares participate in the appropriation of retained profits from the beginning of that financial year in which the Annual General Meeting has not yet passed any resolution on the appropriation of retained earnings as at the date on which the shares are issued. The Management Board is authorized, subject to approval of the Supervisory Board, to determine the other details concerning the contingent capital increase.

The Supervisory Board is authorized to amend the articles of association accordingly if the authorization to issue convertible bonds issued by the Annual General Meeting on 19 March 2021 is not exercised, after expiry of the term of the authorization and when Conditional Capital 2021/I is not or only partly used, after expiry of all conversion deadlines. There was another capital increase in 2022, effected by issuing 1,203,807 no-par-value bearer shares (ordinary shares). As a result, the new authorized capital 2021/I amounts to a total of EUR 2,719,713.

#### **Capital reserve**

The capital increase of 1,203,807 no-par-value shares was entered into the commercial register on 14 December 2022 and led to an increase of EUR 18,237,676.05 in the capital reserve to EUR 132,956,636.05 (previous year: EUR 114,718,960.00).

## 5 Other provisions

Other provisions consist of personnel-related provisions of EUR 190,100.91 (previous year: EUR 3,266,708.00) of which EUR 0 (previous year: EUR 1,004,819) relates to affiliated companies. The phantom stocks program included under other provisions in the previous year was paid out in December 2022 as the exit conditions were fulfilled when KATEK SE went public in May 2021 and the program was terminated.

In addition, other provision contain provisions for outstanding invoices of EUR 544,542.23 (previous year: EUR 475,730.00), provisions for the cost of preparation and audit of the financial statements of EUR 121,000.00 (previous year: EUR 102,000.00) and provisions for expenses of the Supervisory Board and audit committee of EUR 114,333.33 (previous year: EUR 113,000.00) and provisions for tax advisory services of EUR 7,970.00 (previous year: EUR 7,500.00).

## 6 Liabilities

The **Liabilities to banks** of EUR 34,479,360.44 (previous year: EUR 21,200,000) are due within one year.

There are no liabilities with a residual term of more than one year. All the loans in the loan book of EUR 34,479,360.44 as at the reporting date are based on agreements that require certain covenants to be observed. Each quarterly reporting date, KATEK reviews its compliance with the covenants set for the equity ratio and the net debt ratio and documents them accordingly. At present, a waiver regarding the covenants as at 31 December 2022 has been agreed for the relevant financing, after one of the covenants was no longer complied with. In this connection, loans that had an original term until October 2025 of EUR 30,000,000.00 were classified as current.

In the previous year, liabilities amounting to EUR 21,200,000.00 were secured by liens to shares in affiliated companies. The book value of the shares amounted to EUR 31,057,692.93. The existing collateral arrangements were dissolved upon conclusion of the new syndicated bank loan.

Liabilities of EUR 34,479,360.44 were secured in the financial year by a joint and several guarantee extended by a number of affiliated companies.

**Liabilities to affiliated companies** consist of trade payables of EUR 82,266.71 (previous year: EUR 347,418.14). Their residual useful life is one year or less.

Other liabilities to affiliated companies amount to a total of EUR 1,374,089.89 (previous year: EUR 3,261,787.00) of which liabilities with a residual term of <1 year amount to EUR 1,374,089.89 (previous year: EUR 752,512.58) and liabilities with a residual term of 1 to 5 years to EUR 0.00 (previous year: EUR 2,509,274.42). There are no other liabilities to affiliated companies with a residual term of more than 5 years.



Other liabilities break down as follows::

EUR	31 Dec 2022	31 Dec 2021
Tax liabilities	1,100,516.36	75,045.70
Liabilities related to social security	1,881.81	0.00
Sundry other liabilities	3,720,000.00	4,318,888.54
	<b>4,822,398.17</b>	<b>4,393,934.24</b>

Sundry other liabilities include an amount of EUR 1,822,398.17 (previous year: EUR 1,393,934.24) with a residual term of less than one year and an amount of EUR 3,000,000.00 (previous year: EUR 3,000,000.00) with a residual term of one to five years. There were no other liabilities with a term of more than five years.

## Statement of profit or loss

### 7 Revenue

Revenue is generated from the services rendered to affiliated companies.

### 8 Other operating income

Other operating income includes income from affiliated companies of EUR 3,238,778.21 (previous year: EUR 1,132,662.10) out of period income from the reversal of provisions of EUR 62,583.83 (previous year: EUR 124,378.45) and exchange gains from currency translation of EUR 5,821.00 (previous year: EUR 16.12). The figure for the previous year contained a refund from a M&A project of EUR 496,025.30.

### 9 Personnel expenses

The item "Social security, pension and other benefit costs" includes EUR 91,664.03 (previous year: EUR 77,372.20) for social security.

### 10 Other operating expenses

Other operating expenses contain **consulting fees** of EUR 3,439,852.11 (previous year: EUR 5,341,241.54). Of this total, an amount of EUR 401,171.46 relates the capital increase in 2022. Other items include other administrative expenses of EUR 1,979,579.61 (previous year: EUR 2,886,075.67), other personnel expenses of EUR 934,615.36 (previous year: EUR 452,804.46), selling expenses of EUR 577,760.44 (previous year: EUR 337,168.87), exchange losses from foreign currency translation of EUR 67,027.58 (previous year: EUR 139.81) and out-of-period expenses for outstanding invoices of EUR 170,862.50 (previous year: EUR 19,158.34).

### 11 Investment income

Income from profit and loss transfer agreements consists of EUR 239,365.02 (previous year: EUR 370,022.98) from **affiliated companies**.

The expenses from absorbing losses under the terms of profit and loss transfer agreements consist of EUR 867,226.56 (previous year: EUR 406,095.63) from **affiliated companies**.

### 12 Income from long-term loans

Other operating income contains interest on loans extended to affiliated companies of EUR 332,759.06 (previous year: EUR 234,198.86).

### 13 Financial result

Other interest and similar income includes an amount of EUR 576,707.25 (previous year: EUR 152,423.25) from **affiliated companies**.

Of other interest and similar expenses, an amount of EUR 68,376.54 relates to **affiliated companies** (previous year: EUR 87,463.94).

## C Other notes

### 1 Shareholdings

As at the balance sheet date, the Company held equity investments in the following companies as defined by Sec. 271 (1) HGB:

Name and registered offices of the company	Holding (%)	Equity (EUR k)	Net profit or loss (EUR k)
<b>Direct shareholdings</b>			
KATEK Memmingen GmbH, Memmingen, Germany	100.00	25,899	12,571
Katek GmbH, Grassau, Germany	100.00	46,311	-5,714
KATEK Mauerstetten GmbH, Mauerstetten, Germany	100.00	8,902	0*
beflex electronic GmbH, Frickenhausen, Germany	100.00	4,933	0*
eSystems MTG GmbH, Wendlingen am Neckar, Germany	100.00	-2,352	-1,152
KATEK Leipzig GmbH, Leipzig, Germany	100.00	2,312	-895
Aisler B.V., Vaals, Netherlands	50.01	586	-675
Telealarm Europe GmbH, Leipzig, Germany	100.00	2,335	977
SigmaPoint Technologies Inc., Marleu Av., Cornwall, Canada	100.00	4,253	193
TYDE GmbH, Pullach im Isartal, Germany	10.00	2,058**	-216**
KATEK Merger Inc., Montgomery, USA	100.00	0	0
<b>Indirect shareholdings</b>			
KATEK Elektronik Bulgaria EOOD, Saedinenie, Bulgaria	100.00	9,434	1,112
Katek Hungary kft., Győr, Hungary	100.00	11,516	1,041
KATEK Czech Republic s.r.o, Horní Sucha, Czech Republic	100.00	9,257	2,255
KATEK Düsseldorf GmbH, Düsseldorf, Germany	100.00	3,032	1,974
TeleAlarm SA, La Chaux-de-Fonds, Switzerland	100.00	1,541	1,281
KATEK LT UAB, Panevėžys, Lithuania	100.00	-101	-143
KATEK SINGAPORE PTE. LTD., Singapore	100.00	141	237
BEFLEX ELECTRONIC MALAYSIA SDN. BHD., Kuala Kabu Baru, Malaysia	100.00	-448	146
AISLER AMERICAS, INC., Claymont, USA	50.01	-10	24
AISLER Germany GmbH, Aachen, Germany	50.01	-201	-166
Zamm GmbH, Memmingen, Germany	16.20	684**	23**
KATEK MALAYSIA SDN. BHD., Kuala Kabu Lumpur, Malaysia	100.00	-3	-3

\*) Profit and loss transfer agreement

\*\*\*) Financial statements as at 31 December 2021

IOX Mobility GmbH was renamed TYDE GmbH in the financial year 2022.

Franken Solar Romania S.R.L., Medias, Romania, was deconsolidated in the financial year 2022 due to its liquidation.

## 2 Human resources

On average, 6.5 salaried employees were employed in the financial year (previous year: 4), all of whom worked in administration.

## 3 Contingent liabilities and other financial obligations

Other financial obligations mainly relate to obligations under lease agreements with affiliated companies of EUR 82k (previous year: EUR 49k), lease) and service contracts of EUR 817k (previous year: EUR 817k). Obligations under loan agreements with third parties come to EUR 37k (previous year: EUR 0k).

The following contingent liabilities have been entered into for the benefit of affiliated companies:

The Company is liable for the liabilities of KATEK Düsseldorf GmbH and KATEK Leipzig GmbH, arising from finance leases for machines. Financial obligations from these financing arrangements amount to EUR 19,921k as at the reporting date (previous year: EUR 2,000k).

In addition, to avoid the overindebtedness of KATEK Leipzig GmbH, KATEK SE issued a loan commitment and attached letter of subordination, resulting in receivables of EUR 10,000k from the loans issued becoming subordinated to the present and future claims of all other creditors. This declaration expires on 31 December 2024.

In addition, to avoid the overindebtedness of eSystems MTG GmbH, KATEK SE issued a loan commitment and attached letter of subordination, resulting in receivables of EUR 2,000k from the loans issued becoming subordinated to the present and future claims of all other creditors. This declaration expires on 31 December 2024.

Based on the specific mid-range planning of the respective entities, it is currently deemed unlikely that the warranties and contingent liabilities will be drawn on.

KATEK Merger Inc., Montgomery, Alabama, USA, was founded as a 100% subsidiary of KATEK SE with effect from September 12, 2022. This foundation serves the complete acquisition of the shares in Nextek Inc. in Madison, USA. The purchase agreement was signed on November 11, 2022. Due to necessary regulatory approvals, the closing is expected in the second quarter of 2023. The purchase price of the acquisition is in the low double-digit million range and includes a variable component as well as cash.

## 4 Company boards

### Members of the Management Board are:

- Rainer Koppitz (CEO, Munich, Strategy and Business Development (among others), Chairman of the Management Board)
- Dr. Johannes Fues (CFO, Munich, Finance and Legal Affairs (among others))

The members of the Management Board were granted total remuneration of EUR 784k (previous year: EUR 780k) for their services for the Group in the financial year. Of this amount, EUR 99k was still outstanding as of the reporting date, as this remuneration is dependent on the results for the financial year. An amount of EUR 26k (previous year: EUR 62k) relates to benefits that were also still outstanding as of the reporting date, as this relates to a long-term share program.

### Members of the Supervisory Board are:

- Klaus Weinmann (Managing Director and Chairman of the Advisory Board of PRIMEPULSE SE), Munich (Chairman)
- Markus Saller (Director Mergers & Acquisitions PRIMEPULSE SE), Munich (Deputy Chairman) from 18 January 2022
- Andreas Müller (Chairman of the Management Board of S.D.L. Süddeutsche Leasing AG), Elchingen
- Hannes Niederhauser (Chairman of the Management Board of Kontron AG), Linz

Herr Mr. Markus Saller, Director Mergers & Acquisitions of PRIMEPULSE SE, Munich, was appointed to

the Supervisory Board of KATEK SE by order of the court on 18 January 2022.

In a resolution passed by circulation on 21 February 2022, Mr. Markus Saller was elected Deputy Chairman of the Supervisory Board of KATEK SE.

Total remuneration of EUR 114k was granted to the members of the Supervisory Board in the financial year (previous year: EUR 113k).

#### 5 Parent company/group affiliations

The Company is a subsidiary of PRIMEPULSE SE, Munich, and is included in its consolidated financial statements. PRIMEPULSE SE prepares the consolidated financial statements for the largest group of companies. The Company prepares consolidated financial statements for the smallest group of consolidated companies. The consolidated financial statements are published in the Bundesanzeiger (Federal Gazette).

#### 6 Subsequent events

On March 22, 2023, a waiver agreement was signed in connection with a bank loan, which amends the financing agreement for a limited period of time. Further information in this regard can be found in section B.6 of the notes.

#### 7 Appropriation of profit or loss

The accumulated deficit will be carried forward.

#### 8 Declaration of conformity in accordance with Sec. 161 AktG

The declaration required by Sec. 161 AktG ("Declaration of Conformity with the German Corporate Governance Code") was issued jointly by the Management Board and Supervisory Board of KATEK SE and made available to the shareholders on the website of the Company ([www.katek-group.com](http://www.katek-group.com)) in the Investor Relations section.

#### 9 Auditor's fees

The disclosures on the fees paid to the auditors according to Sec. 285 No. 17 HGB are contained in the consolidated financial statements of the Company.

Munich, 30 March 2023

**KATEK SE**

**Management Board**



**Rainer Koppitz**  
CEO



**Dr. Johannes Fues**  
CFO

## Attachment to the notes: Statement of changes in fixed assets of KATEK SE, Munich, for the financial year 2022

(EUR k)	Historical cost			31 Dec 2022
	1 January 2022	Additions	Disposals	
<b>I. Property, plant and equipment</b>				
Other equipment, furniture and fixtures	84,784.35	19,410.13	0.00	104,194.48
<b>II. Financial assets</b>				
1. Shares in affiliated companies	89,284,255.34	11,527,807.81	0.00	100,812,063.15
2. Loans to affiliated companies	18,088,445.32	2,968,059.09	0.00	21,056,504.41
3. Equity investments	1,816,157.81	0.00	0.00	1,816,157.81
<b>Total financial assets</b>	<b>109,188,858.47</b>	<b>14,495,833.90</b>	<b>0.00</b>	<b>123,147,907.70</b>
<b>Total</b>	<b>109,273,642.82</b>	<b>14,515,244.03</b>	<b>0.00</b>	<b>123,788,886.85</b>

(EUR k)	Accumulated depreciation and amortization			Book value	
	1 January 2022	Additions	31 Dec 2022	31 Dec 2022	31 Dec 2021
<b>I. Property, plant and equipment</b>					
Other equipment, furniture and fixtures	-23,842.56	-23,265.79	-47,108.35	57,086.13	60,941.79
<b>II. Financial assets</b>					
1. Shares in affiliated companies	0.00	0.00	0.00	100,812,063.15	89,284,255.34
2. Loans to affiliated companies	0.00	0.00	0.00	21,056,504.41	18,088,445.32
3. Equity investments	0.00	0.00	0.00	1,816,157.81	1,816,157.81
<b>Total financial assets</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>123,684,725.37</b>	<b>109,188,858.47</b>
<b>Total</b>	<b>-23,842.56</b>	<b>-23,265.79</b>	<b>-47,108.35</b>	<b>123,741,811.50</b>	<b>109,249,800.26</b>

# Responsibility statement

We assure to the best of our knowledge that, in accordance with the applicable accounting principles, the separate financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group and that the management report of KATEK SE and the KATEK Group provides a true and fair view of the course of business, the business results and the situation of the Group and also describes the significant opportunities and risks relating to the anticipated development of the Group.

Munich, 30 March 2023

**KATEK SE**

**Management Board**



**Rainer Koppitz**  
CEO



**Dr. Johannes Fues**  
CFO

# Independent Auditor's Report

To KATEK SE, Munich

Report on the Audit of the Financial Statements and the Combined Management Report

## Audit Opinions

We have audited the financial statements of KATEK SE, Munich, which comprise the balance sheet as at 31 December 2022 and the statement of profit or loss for the financial year from 1 January to 31 December 2022 as well as the notes to the financial statements, including a summary of significant accounting policies. In addition, we have audited the combined management report, – consisting of the content needed to fulfill the requirements of Secs. 289 and 315 HGB [“Handelsgesetzbuch”: German Commercial Code] and Sec. 312 (3) sentence 3 AktG [“Aktien-gesetz”: German Stock Corporation Act] and the remuneration report incorporated in section D of the combined management report, with the associated disclosures – for the financial year from 1 January 2022 to 31 December 2022. In accordance with German legal requirements, we have not audited the content of the Declaration on Corporate Governance pursuant to Secs. 289f and Sec. 315d HGB, referred to in Section E of the combined management report, nor the content of the separate Non-Financial Statement of the Group pursuant to Sec. 315b HGB, which is referred to in section F 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 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 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 extend to the content of the Declaration on Corporate Governance or to the content of the Non-Financial Statement of the Group referred to above.

Pursuant to Sec. 322 (3) Sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the financial statements and of the combined management report.

## Basis for the Audit Opinions

We conducted our audit of the financial statements and of the combined management report in accordance with Sec. 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as “EU Audit Regulation”) and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the “Auditor's Responsibilities for the Audit of the 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 financial statements and on the combined management report.

### Key Audit Matters in the Audit of the Consolidated Financial Statements

We found that there were no key audit matters needing to be discussed in our independent auditor's report.

### Other Information

The Management Board and the Supervisory Board are responsible for the other information. The other information comprises

- the Declaration on Corporate Governance pursuant to Sec. 289f HGB and Sec. 315d HGB
- the separate Non-Financial Statement pursuant to Sec. 315b HGB
- the Responsibility Statements of the Management Board regarding the financial statements and the combined management report in accordance with Sec. 297 (2) sentence 4 HGB and Sec. 315 (1) sentence 5 HGB
- the report of the Supervisory Board
- the remaining parts of the Annual Report 2022
- with the exception of the financial statements, the consolidated financial statements, the audited components of the combined management report and our respective auditor's reports.

The Supervisory Board is responsible for the report of the Supervisory Board. The Management Board and the Supervisory Board are responsible for the Declaration of Conformity with the German Corporate Governance Code pursuant to Sec. 161 AktG contained in the Declaration on Corporate Governance. In all other respects, the Management Board is responsible for the other information.

Our audit opinions on the 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 of the financial state-

ments, our responsibility is to read the aforementioned other information and, in so doing, to consider whether the other information

- is materially inconsistent with the financial statements, the elements of the combined management report whose content was audited, or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Management Board and the Supervisory Board for the Financial Statements and the Combined Management Report

The Management Board is 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 Management Board is responsible for such internal control as it has determined necessary in accordance with German legally required accounting principles to enable the preparation of annual financial statements that are free from material misstatement due to fraud (i.e. fraudulent financial reporting and misappropriation of assets) or error.

In preparing the financial statements, the Management Board is responsible for assessing the Company's ability to continue as a going concern. It also has the responsibility for disclosing, as applicable, matters related to going concern. In addition, it is responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the Management Board is 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 financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of



future development. In addition, the Management Board is responsible for such arrangements and measures (systems) as it has 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 financial statements and of the combined management report.

The Management Board and Supervisory Board are responsible for the preparation of the remuneration report contained in a separate section of the combined management report and the related disclosures in compliance with the requirements of Sec. 162 AktG. In addition, they are responsible for such internal control as they determine necessary to enable the preparation of a remuneration report and the related disclosures that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibilities for the Audit of the Financial Statements and of the Combined Management Report

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Sec. 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 financial statements and this combined management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 material misstatements resulting from fraud is higher than the risk of not detecting material misstatements resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations and the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the financial statements and of arrangements and measures (systems) relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.
- Evaluate the appropriateness of accounting policies used by the Management Board and the reasonableness of estimates made by the Management Board and related disclosures.
- Conclude on the appropriateness of the Management Board's 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 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 presentation, structure and content of the financial statements as a whole, including the disclosures, and whether the financial statements present the underlying transactions and events in a manner that the 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 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 Management Board in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the Management Board as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, on the procedures taken to remedy the actions that could jeopardize our independence or the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore

the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

#### Other Matter – Formal Audit of the Remuneration Report

The audit of the combined management report described in this independent auditor's report includes an audit of the formal aspects of the remuneration report required by Sec. 162 (3) AktG, including the issue of an auditors' opinion on this audit. As we have issued an unqualified audit opinion on the combined management report, this audit opinion extends to the opinion that the disclosures required by Sec. 162 (1) and (2) AktG have been made in the remuneration report in all material respects.

#### Other Legal and Regulatory Requirements

##### Report on the Assurance on the Electronic Rendering of the Financial Statements and the Combined Management Report Prepared for Publication Purposes in accordance with Sec. 317 (3a) HGB

#### Audit Opinion

We have performed assurance work in accordance with Sec. 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the financial statements and the combined management report contained in the attached file „5299000GH0E40P6I9F13-2022-12-31-de\_log\_2023-03-30-162538.zip“ (hereinafter also referred to as "ESEF documents") and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the financial statements and the combined management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the financial statements and the combined management report contained in the file identified above and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB

for the electronic reporting format. Beyond this assurance opinion and our audit opinions on the accompanying financial statements and the combined management report for the financial year 1 January to 31 December 2022 contained in the "Report on the audit of the financial statements and of the combined management report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

### Basis for the Audit Opinion

We conducted our assurance work on the rendering of the financial statements and the combined management report contained in the file identified above in accordance with Sec. 317 (3a) HGB and the IDW Assurance Standard: Assurance on the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Sec. 317 (3a) HGB (IDW AsS 410) (06.2022). Our responsibility in accordance therewith is further described in the "Auditor's responsibilities for the assurance work on the ESEF documents" section. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022)).

### Legal Uncertainty Pertaining to the Conformity of the Interpretation of the Relevant EU Regulations

Due to the conversion process chosen by the Company with regard to the notes to the consolidated financial statements in iXBRL format ("block-tagging"), the consolidated financial statements converted to the ESEF format are not fully machine-readable in a meaningful way. There is significant legal uncertainty as to whether the Management Board's interpretation, that Commission Delegated Regulation (EU) 2019/815 does not explicitly require a meaningful machine-readable structure for the information when blocktagging the notes to the consolidated financial statements, conforms with the law, which therefore represents an inherent uncertainty in our audit.

### Responsibility of the Management Board and the Supervisory Board for the ESEF Documents

The Management Board of the Company is responsible for the preparation of the ESEF documents containing the electronic reproductions of the financial statements and the combined management report in accordance with Sec. 328 (1) sentence 4 No. 1 HGB.

In addition, the Management Board of the Company is responsible for such internal control as it has determined necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB for the electronic reporting format.

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 Assurance Work on 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 Sec. 328 (1) HGB. We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance 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 Commission Delegated Regulation (EU) 2019/815, in the version in force at the date of the financial statements, on the technical specification for this file.

- Evaluate whether the ESEF documents enable an XHTML rendering with content equivalent to the audited financial statements and to the audited combined management report.

#### Further Information pursuant to Art. 10 of the EU Audit Regulation

We were elected as auditor of the financial statements by the annual general meeting on 16 May 2022. We were engaged by the Supervisory Board on 15 November 2022. We have been the independent auditor of the financial statements of KATEK SE, Munich, without interruption since financial year 2021.

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 financial statements and the audited combined management report as well as the assured ESEF documents. The financial statements and the combined management report converted to the ESEF format - including the versions to be filed with the Company Register - are merely electronic renderings of the audited financial statements and the audited combined management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

#### German Public Auditor Responsible for the Engagement

Andrea Stoiber-Harant is the German Public Auditor in charge of the audit engagement.

Munich, 31 March 2023

Grant Thornton AG  
Wirtschaftsprüfungsgesellschaft

Prof. Dr. Thomas Senger  
Wirtschaftsprüfer  
(German Public Auditor)

Andrea Stoiber-Harant  
Wirtschaftsprüfer  
(German Public Auditor)

This is a translation of KATEK Group's annual report. Only the German version is legally binding. No warranty is made as to the accuracy of the translation and the company assumes no liability with respect thereto. The company cannot be held responsible for any misunderstanding or misinterpretation arising from this translation.

## Imprint

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# KATEK

Lead the category

MEMBER OF PRIMEPULSE