Mutares SE & Co. KGaA
Munich

Combined Management and Group Management Report for the financial year from 1 January to 31 December 2020

Official version solely in German. English translation for information purpose only

Mutares SE & Co. KGaA

Combined Management and Group Management Report

As of 31 December 2020

1. Basic Information on the Group

1.1 Business model and organization

The business approach of Mutares SE & Co. KGaA, Munich (hereinafter referred to as "the Company" or also "Mutares"), comprises the acquisition, restructuring and further development of companies in turnaround situations as platform investments. Companies with the following characteristics are particularly interesting for Mutares as platform investments:

- Group spin-off
- Revenues of EUR 50-500 million
- Established market position (products, brand, customer base)
- Focus of activities in Europe
- Economically challenging situation or situation of upheaval (e.g. pending restructuring or reorganization)

Mutares is committed to its investments in the long term and sees itself as a responsible shareholder that actively supports the upcoming phases of change - based on its extensive, long-standing experience - as a reliable companion. The aim is to turn companies that were unprofitable at the time of the takeover into independent and dynamically operating medium-sized companies with a competitive, profitably growing business model. The prerequisite for this is that, even before the takeover, potential for improving earnings is clearly identifiable in the company and can be leveraged within one to two years through appropriate strategic and operational optimization.

The management at Mutares has extensive own operational industrial and restructuring experience. Following the acquisition of a company, Mutares' range of services includes operational support, the expansion of activities through add-on acquisitions, and even the sale of investments. Core aspects of Mutares' restructuring and development approach are:

- After the Acquisition, Mutares always initiates a comprehensive operational improvement program in the portfolio companies in addition to cash management, in particular through the use of Mutares' own operational team (in-house consulting). The set-up and implementation of the projects defined therein are carried out in close cooperation and shoulder-to-shoulder with the respective investment.
- With this deployment of specialists to support the optimization projects and with the tapping of financial resources for investments in the development of innovative products, in sales and in (production) facilities, Mutares intends to successfully develop its holdings strategically and operationally to the point of long-term realignment.
- Once a platform investment has been operationally stabilized, internal growth is often accelerated by broadening the product portfolio or developing new markets and sales channels. In addition, Mutares systematically looks for opportunities to grow inorganically. In this sense, the platform is strategically complemented by add-on acquisitions in order to implement the planned growth strategy faster.
- Ideally, the value-enhanced investment should be sold within three to five years of acquisition with the aim of achieving a high return on invested capital. Over the entire life cycle (i.e. the period between acquisition and disposal), a return on invested capital (ROIC) of 7-10 is targeted for each Mutares investment.

Once the initial improvement program has been completed, Mutares does not limit itself to merely holding/managing and monitoring the performance of the investments. Instead, acquired companies are supported in the implementation of the initial improvement program with the help of active investment management, which also includes regular reviews of the restructuring and development progress (so-called "audits"), and then continuously improved in the sense of a "continuous improvement".

To implement a focused buy-and-build approach, Mutares regularly reviews add-on acquisitions for existing platforms and thus drives the sustainable development of the portfolio and the achievement of the ambitious growth targets. The strategic addition of add-on acquisitions is intended to complement the investments in areas such as technology, product range, distribution channels or country coverage.

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

As of 31 December 2020, the portfolio of Mutares SE & Co. KGaA includes 20 operating investments or investment groups (previous year: 13), which are divided into three segments:

- Automotive & Mobility:
  (1) STS Group
  (2) SFC Solutions Group
  (3) PrimoTECS
  (4) KICO Group
  (5) iinovis Group
  (6) Elastomer Solutions Group
  (7) Plati Group

- Engineering & Technology:
  (8) Donges Group
  (9) Balcke-Dürr Group
  (10) Lacroix + Kress
  (11) Gemini Rail Group
  (12) Royal De Boer and Japy Tech Group
  (13) EUPEC

- Goods & Services
  (14) Nexive Group
  (15) BEXity
  (16) Terranor Group
  (17) keeeper Group
  (18) TréfilUnion
  (19) Cenpa
  (20) SABO

1.2 Research & Development

Product-related research & development (R&D) is conducted in particular in the technology-based investments of the Mutares Group. As in the previous year, a single-digit million amount was invested in research & development in the financial year 2020, the capitalized development costs are of minor significance. The research and development activities at STS and SFC Solutions accounted for the majority of this amount.

Innovative products are a cornerstone of **STS**'s strategy and are intended to contribute to the medium-term goals of profitable and sustainable growth. The development of new products for the commercial vehicle and automotive industries is a long-standing competence of the Group and is increasingly demanded by automotive producers (Original Equipment Manufacturers, "OEMs"). In the financial year 2020, restrictions related to the COVID-19 pandemic led to limitations and delays in customers' programs, yet the budget for R&D was maintained. STS Group's strategy was to leverage available engineering center resources to accelerate innovation programs. The integrated know-how on injection molding, composites and insulation materials based on a felt production gives the Group the exceptional ability to combine structural, aesthetic, acoustic and thermal solutions. The three (previous year: four) research and development centers in France and China intensified their cooperation and successfully networked their competencies. Methods, processes and organizations were standardized and harmonized. In the financial year, around 60 (previous year: 80) people were employed in the STS Group's research and development centers. The decrease is mainly due to the sale of the Acoustics division with a development center in Italy.

Research and development also play a key role at **SFC Solutions**: The availability of resources and in-house laboratories are designed to enable the Group to be competitive in a dynamic market that requires short response times and fast solutions. For example, the SFC companies are addressing the opportunities that arise in the electrification of the automotive sector and are developing battery packs and thermal management solutions. Developing solutions that meet the new specifications required by OEMs is the key to success and is expected to support the company's profitable growth. The new technology roadmap, created by R&D staff in collaboration with process engineers at the plant, demonstrates the performance thrust of the new SFC organization. During the financial year, around 30 people were employed in the research and development centers of the SFC Solutions Group.

2. Economic Report

2.1 General economic and industry-specific conditions

World

The global economy in 2020 was determined by the COVID 19 pandemic. According to the Munich-based ifo Institute's economic report ("ifo Economic Forecast Winter 2020," published in December 2020), global gross domestic product fell by nearly 10% in the first half of 2020 compared with the final quarter of 2019. The gradual easing of infection control measures brought an increase in overall economic production in the advanced economies compared with the first half of 2020. Nevertheless, growth remained 4% below the pre-crisis level in the third quarter of 2020. In the emerging economies, the overall production slump in the first half of the year was much more moderate: China in particular contributed to this development, as its production recovered quickly after the shutdown at the beginning of 2020. Some other Asian countries were also able to exceed pre-crisis levels in the summer. The ifo Institute cites the more successful pandemic response as the reason for this.

Private consumer spending was also well below the pre-crisis level. This was due not only to restrictions on restaurants, tourist businesses and other services, but also to uncertainty about future income trends.

The price of crude oil, which bottomed out in April 2020, rose again in the third quarter, followed by a short-term increase in the inflation rate. However, the core inflation rate has tended to decline due to the overall rather low level of economic activity, concerns about new increases in infections, the rise in unemployment and the increased propensity to save.

Europe

According to the economic report of the Munich-based ifo Institute ("ifo Economic Forecast Winter 2020", published in December 2020), the economy of the euro area, which is important for the business activities of the Mutares Group, slumped in 2020 due to the measures taken to contain the COVID-19 pandemic. While economic output declined by 11.7% in the second quarter of 2020, a catch-up effect was seen in the third quarter of 2020 with +12.5%. This was mainly due to the strong increase in private consumption and gross fixed capital formation in industry.

The slump in economic activity was of varying severity in the four largest countries of the euro zone: Compared with the pre-crisis level, gross domestic product in Germany fell to 88% in the second quarter. The decline was significantly greater in Italy, France and Spain (80% of the pre-crisis level). While the gross domestic product of Germany, Italy and France recovered in the third quarter of 2020, reaching around 96% of the pre-crisis level, it fell well short of this in Spain, at only 91%.

Since the summer of 2020, inflation has lost momentum, which recently even resulted in a negative inflation rate in the euro area. This was due to declining energy prices and the weak core inflation rate. In view of the sharp decline in economic output, the increase in the unemployment rate in the euro area from 7.2% to 8.7% was still moderate as a result of economic policy measures such as short-time working.

In response to the COVID 19 pandemic, the European Central Bank once again stepped up its expansionary money market policy, meaning that financing conditions remained favorable.

The pandemic emergency purchase program to buy bonds issued by public and private debtors, which was decided in March 2020, was increased again in the summer and subsequently in December 2020.

Capital investment sector

According to the German Private Equity and Venture Capital Association (BVK) ("The German Private Equity Market 2020," as of March 2021), the private equity industry has also been heavily impacted by the COVID 19 pandemic.

Despite this, investments by German-based private equity companies reached EUR 12.6 billion (previous year: EUR 16.6 billion). The volume of investment sales in 2020 was EUR 2.9 billion and thus even higher than the previous year's figure of EUR 2.7 billion. The exit channels that are significant for Mutares, namely strategic investors or other investee companies (16% and 46%), were responsible for the majority of the total exit volume.

2.2 Business performance

Mutares' business performance in the financial year 2020 was characterized by the following significant events:

- *Spread of* COVID-19

  WHO declared the SARS-CoV-2 (hereafter "COVID-19") infection pandemic on 11 March 2020. To contain the COVID-19 pandemic, public life was drastically restricted first in China, then in Europe and increasingly in large parts of the world, which has led to significant economic burdens globally with partly disruptive effects that have also affected Mutares' investments.

  Therefore, Mutares has taken numerous measures with the entire management team and the employees of the portfolio companies to secure liquidity and to counteract the situation. During the first wave in March and April 2020, the Management Board coordinated with the managing directors of the portfolio companies on a daily basis in order to ensure a coordinated operational approach and the maintenance of liquidity throughout the Group and to immediately pass on experience and successful concepts. A collapse in the consolidated earning power of the portfolio companies could thus be partially mitigated, but not completely avoided. To secure liquidity, parts of the Mutares portfolio companies have taken out loans with government guarantees. With regard to transaction activity, the Management Board sees additional opportunities opening up for Mutares in the M&A area, particularly on the buy side.

- *Placement of a senior secured bond in the total amount of EUR 70.0 million.*

  With a value date of 14 February 2020, Mutares SE & Co. KGaA as issuer has issued a senior secured bond with a nominal volume of EUR 50.0 million and a maturity date of 14 February 2024. The bond is listed on the OTC market of the Frankfurt Stock Exchange and on the Oslo Stock Exchange. The bond bears interest quarterly, for the first time on 14 May 2020, at the 3-month EURIBOR (EURIBOR floor of 0.00%) plus a margin of 6.00% and may be increased up to EUR 80.0 million depending on current market conditions. In connection with the placement of the bond, the Company has undertaken to comply with standard market financial covenants.

On 26 August 2020, the bond was increased by a nominal volume of EUR 20.0 million under the aforementioned increase option at unchanged interest terms. In the course of the increase, amendments to the terms and conditions of the bond were implemented.

- *Closing of eight platform acquisitions, three more signed*

In the reporting period, the three segments of the Mutares Group were strengthened and further developed through a total of eight completed platform acquisitions:

On 31 January 2020, Mutares completed the acquisition of Tekfor S.p.A. (now operating as **PrimoTECS** S.p.A.). PrimoTECS is a supplier for the automotive and related industries. At two locations in Northern Italy, the company produces forgings with application in conventional, hybrid as well as electric powertrains and thus strengthens the Automotive & Mobility segment as a new platform investment.

On 1 July 2020, Mutares acquired various companies and assets (now operating under the name **SFC Solutions**) in Poland, Italy, Spain and India in the sealing and fluid activities from automotive supplier Cooper Standard Automotive Inc. SFC Solutions will be allocated to the Automotive & Mobility segment.

Also on 1 July 2020, Mutares completed the acquisition of an 80% stake in the business of **Nexive,** the second largest mail and parcel provider in Italy. The previous shareholder, PostNL, received a minority stake of 20% in the company that took over the Nexive business as part of the disposal. The acquisition is allocated to the Goods & Services segment. In November 2020, Mutares initially signed a letter of intent to sell its shares in Nexive to the Italian market leader Poste Italiane. The closing of the transaction took place in January 2021.

Effective 31 August 2020, Mutares acquired **SABO** Maschinenfabrik GmbH, a manufacturer of lawn mowers and other outdoor power tools, from Deere & Company ("John Deere"). The company will strengthen the Goods & Services segment as a new platform investment. The long-established company operates a production site in Gummersbach.

Mutares successfully completed the acquisition of Nexans' German metallurgical business on 1 November 2020, strengthening the Engineering & Technology segment. The company now operates under the name **Lacroix + Kress** and is a manufacturer of oxygen-free copper wire with two German production sites in Bramsche and Neunburg.

The acquisition of NCC's Swedish and Finnish road service business was successfully completed on 4 November. This adds a presence in Scandinavia to the Goods & Services presence in Scandinavia. The companies now operate under the name **Terranor** and offer winter (snow removal and sanding/salting) as well as summer (road repairs and green space management) and other related services. Customers are mainly government and municipal clients.

Mutares successfully completed the acquisition of the Engineering Services of Valmet Automotive on 13 November 2020. The company now operates under the name **iinovis** and strengthens the Automotive & Mobility segment with its engineering expertise. Mutares expects the acquisition to generate significant synergy potential for the existing portfolio companies in this segment.

As of 31 December 2020, Mutares successfully completed the acquisition of GEA Farm Technologies **Japy** Tech SAS in France and **Royal De Boer** Stalinrichtingen B.V. in the Netherlands. The companies manufacture milk cooling tanks and barn equipment for dairy farms and expand the Goods & Services segment.

The eight platform acquisitions resulted in a gain on bargain in the consolidated financial statements totaling EUR 167.3 million, which is recognized in other income.

In addition, Mutares was able to announce further acquisitions in November and December 2020. Accordingly, agreements were signed to acquire **Lapeyre** SAS and its subsidiaries, a manufacturer and distributor of home renovation products in France, the steel processing company **Primetals Technologies France** S.A.S., as well as a majority stake of 80% in the **Carglass Maison** Group, a French service provider for home repairs and emergencies.

- *Strengthening of existing holdings through add-on acquisitions*

  In the reporting period, the Balcke-Dürr Group, keeeper Group and Donges Group were each strengthened and further developed through add-on acquisitions:

  On 4 February 2020, Balcke-Dürr GmbH, a platform investment from the Engineering & Technology segment, acquired 100% of the shares in the Italian company **Loterios** S.r.l. as an add-on. Loterios designs and manufactures high-pressure equipment mainly from titanium for the petrochemical industry.

  On 29 February 2020, **keeeper tableware** GmbH, a newly founded subsidiary of keeeper GmbH, completed the purchase of the paper napkin business of the Finnish Metsä Tissue Corporation. This will expand the existing product portfolio in the household segment, as the same customer groups will be addressed. With the acquisition, keeeper Group's annualized sales grow to over EUR 100 million, strengthening the Goods & Services segment.

  Donges Group, a platform investment in the Engineering & Technology segment, has successfully completed the acquisition of Ruukki **Building Systems Oy** ("RBS"), from SSAB Group on 30 April 2020. As a condition of the merger, the competition authority has imposed the sale of the Oulu plant in Finland by the end of the year. RBS, based in Helsinki, Finland, is one of the leading providers of building system solutions in Northern and Eastern Europe, specializing in the design, manufacture and assembly of steel building frames, envelopes and bridge structures. RBS operates four production facilities in Finland, Poland and Lithuania. Together with Normek, which was already acquired in the financial year 2019, RBS now operates in the Donges Group under the name **NORDEC**.

  The three add-on acquisitions resulted in a gain on bargain purchase totaling EUR 40.5 million in the consolidated financial statements, which is recognized in other income.

- *Completion of four exits, two more signed*

  Four exits were successfully completed in the reporting period: In April 2020, in addition to the sale of **the Polish company of the Balcke-Dürr** Group to the Wallstein Group, the **activities of BEXity in the Czech Republic** were also sold as part of a management buy-out. In addition, the long-standing subsidiary **KLANN Packaging GmbH** was sold to the investment holding Accursia Capital GmbH in May 2020. Finally, on 7 August 2020, **STS Group** concluded a purchase agreement with the strategic investor Adler Pelzer Group for the sale of its Acoustics division. The closing of the transaction took place on 29 October 2020. Through the divestment, STS Group is focusing on its core business in Plastics and Materials in Europe and China and also on the expansion of the North American market.

  The deconsolidation result in the consolidated financial statements from these exits amounts to a total of EUR + 4.9 million and is reported under other income or other expenses.

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

In November 2020, Mutares initially signed a letter of intent to sell its shares in **Nexive** to Italian market leader Poste Italiane. The closing of the transaction then took place in January 2021. The rapid resale takes advantage of a narrow time frame in Italian legislation to allow acquisitions to consolidation in the Italian postal and parcel services market under certain conditions.

- *Attractive, long-term dividend policy confirmed*

  At the first virtual Annual General Meeting in the history of the company on 18 May 2020, a **dividend of EUR 1.00** per share was approved for the 2019 financial year, as in the previous year. The attractive, long-term dividend policy adopted by the Management Board in the previous year was thus confirmed.

2.3 Reports from the portfolio companies

The Mutares Group generated revenues of EUR 1,583.9 million (previous year: EUR 1,015.9 million) and EBITDA of EUR 142.7 million (previous year: EUR 79.2 million) in the financial year 2020. Adjusted EBITDA (as defined below in connection with the presentation of financial performance indicators) amounts to EUR -28.8 million (previous year: EUR 7.5 million).

The following explanations reflect the developments of the individual segments or investments in the Mutares Group.

Automotive & Mobility segment

No.	Participation	Branch	Headquarters	Acquisition
1	**STS** Group	System supplier of components for the commercial vehicle and automotive industries	Hallbergmoos/DE	07/2013, partial exit of approx. 35% in 2018
2	**SFC Solutions** Group	Automotive supplier for fluid transfer systems and sealing solutions	various	07/2020
3	**PrimoTECS**	Supplier of engine, transmission and powertrain components	Avigliana /IT	01/2020
4	**KICO** Group	System supplier for automotive technology	Halver/DE	07/2019
5	**iinovis** Group	Engineering service provider for automotive technology	Munich/DE	11/2020
6	**Elastomer Solutions** Group	Automotive supplier of rubber mouldings	Wiesbaum/DE	08/2009
7	**Plati** Group	Manufacturer of wire and cable harnesses	Madone/IT	06/2019

The global commercial vehicle market recorded production declines of historic proportions in 2020 as a result of the lockdown measures in the fight against the COVID 19 pandemic. The resulting burdens put producers and suppliers under additional enormous pressure. According to industry service IHS Markit ("Europe Medium and Vehicle Production Forecast - First quarter 2021"), production in Europe fell by around 25.7% in 2020. In Germany, the decline was 26.6%, in France 31.7% and in Italy 20.9%. While the markets mainly bottomed out in April, production resumed as early as May with the easing of containment measures. In the course of the second half of the year, the global commercial vehicle market largely recovered from the pandemic-related production declines. For example, production figures in the fourth quarter of 2020 showed a return to growth compared with the declines of the first nine months in almost all major European markets.

Germany fell by 23.6%; while the market in Italy declined comparatively moderately by 8.6%. In North America, the market for light commercial vehicles and passenger cars also showed a downward trend. Production in the USA, for example, was down 18.5% on the previous year, while the market in Mexico contracted by 20.3%.

The automotive market in China contracted by 5.9% in the passenger car segment, while the commercial vehicle sector as a whole recorded a decline of 18.7%. This contrasted with a year-on-year increase of 21.7% in the number of trucks produced.

Sales in the Automotive & Mobility segment amounted to EUR 602.4 million (previous year: EUR 450.4 million). The inclusion of the new platform investments more than compensated for the negative impact of the COVID-19 pandemic. Segment EBITDA for the 2020 financial year amounts to EUR 65.7 million (previous year: EUR 13.6 million). This includes bargain purchase gains from the acquisitions totaling EUR 84.3 million (previous year: EUR 4.1 million). Adjusted EBITDA, on the other hand, was impacted by the negative effects of the COVID-19 pandemic and the still negative earnings contributions from the new acquisitions and thus declined to EUR -13.3 million (previous year: EUR +15.6 million).

STS GROUP

STS Group ("STS") produces and develops plastic injection molding and composite components at its total of twelve plants and three development centers in France, Germany, Mexico, China and, in the future, also in the USA. The customer portfolio includes leading international manufacturers of commercial vehicles, passenger cars and electric vehicles.

At the start of the year, STS won its first e-mobility order for the European market, thus further expanding its position in the strategically relevant market for electric vehicles on another continent in addition to China.

In the first half of the financial year, the spread of COVID-19 and the associated containment measures impacted the business performance of the STS Group: As early as February 2020, the manufacturing facilities in China were closed. While the STS Group had to immediately adjust its capacities to the current situation at key sites in Europe and America in March 2020, short-time work was introduced at all European sites. The plants in China were already able to resume production at the end of March 2020, and by April 2020 they were already producing again at the high level prior to the plant closure. The plants in Germany, Italy, Poland, France and Brazil were closed from mid-March to the end of April 2020. This resulted in a significant negative sales trend in the Acoustics, Plastics and Materials segments. The cost-cutting measures, in particular the introduction of nationwide short-time working in France and Italy, only partly offset the sales-related negative earnings effects. In Europe, too, there were signs of an increasing recovery in the automotive and commercial vehicle markets following the plant closures, but at a significantly lower level. The production volume prior to the plant closures was not achieved again until the end of the second quarter. A further significant recovery was visible at the end of the financial year, but production volumes for the year as a whole remained below those of the previous year.

To safeguard liquidity, STS introduced a large number of cost-cutting measures in the financial year. These include far-reaching structural adjustments to administrative functions, in the course of which tasks at the headquarters in Germany were partially discontinued, scaled back to subordinate operating units or transferred to external parties. As a result of this development, the Management Board of STS decided to terminate a large number of employment contracts at STS Group AG for operational reasons. To further secure liquidity, French companies of the STS Group were able to take out loans under publicly funded programs to deal with the COVID-19 pandemic.

In August 2020, STS entered into a purchase agreement with Adler Pelzer Group for the sale of its Acoustics division. The closing of the transaction took place on 29 October 2020. Through the divestment, STS Group is focusing on its core business in Plastics and Materials in Europe and China and also on the expansion of the North American market.

Due to the significant drop in sales in the context of the COVID-19 pandemic and the sale of the Acoustics division, STS generated revenues in financial year 2020 that were materially below those of the previous year. However, due to the cost-cutting measures introduced and benefiting from a recovery in the second half of the year, a visibly positive operating result was achieved, which nevertheless fell substantially short of the previous year. For the financial year 2021, the management assumes that, despite a recovery in the organic development of sales revenues, sales revenues will continue to decline materially due to the full-year effect of the sale of the Acoustics division. In contrast, the operating result (EBITDA) is expected to develop positively and increase extraordinarily compared to the financial year 2020.

SFC SOLUTIONS GROUP

Mutares has acquired various companies and assets (now operating under the name SFC Solutions) in Europe and India in the area of sealing and fluid activities from automotive supplier Cooper Standard Automotive Inc.

High-performance fluid transfer systems (FTS) for the automotive industry are manufactured at the plants in Poland and Spain. AGVs are used for thermal management to control the temperature of vehicles as well as for the transport of fluids or for air transport in the Vacuum & Emissions segment. The Italian plant produces seals for the automotive sector and the industrial and specialty segments, as well as rubber compounds. The focus in Italy is also on customers in the automotive industry as well as adjacent sectors (trucks, agriculture, construction). The Indian sites supply sealing solutions as well as fuel and brake supply systems for the automotive industry from seven production facilities. The customer base includes both major global and local OEMs and several Tier 1 suppliers.

Immediately after the acquisition, a Mutares team worked with management to develop a developed a restructuring plan. This plan provides for an increase in efficiency in production processes and a reduction in personnel costs. Furthermore, the market position in Europe is to be expanded. In doing so, SFC Solutions is following the current market trend towards battery electric vehicles (BEV) and hybrid electric vehicles (HEV). As a result of the measures introduced, a significant increase in productivity has already been achieved in some plants. Implementation of the comprehensive cost reduction program will be a key component of activities in financial year 2021, and management expects the positive effects of this to be reflected in significantly improved operating earnings. On the market side, there were already signs of a recovery in the third and fourth quarters of 2020 following a slump in demand in the context of the spread of the COVID-19 pandemic. However, the market environment will remain challenging for the time being.

PRIMOTECS

In January 2020, Mutares acquired PrimoTECS, an Italian supplier for the automotive and related industries. The company produces forgings with application in electric, hybrid as well as conventional powertrains at two sites in northern Italy. The spread of COVID-19 has significantly impacted PrimoTECS' value chain at various points. Temporary short-time work was used for a large part of the workforce. The Mutares team, in cooperation with local management and with the support of major customers, managed to successfully implement measures to partially offset the negative effects. The implementation of the actual restructuring program, which focuses primarily on reducing direct and indirect costs and stabilizing and further developing revenue, was delayed in the meantime as a result, but got off to a full start later in the year.

Due to the significantly lower sales in the context of the COVID-19 pandemic, PrimoTECS will achieve a materially negative operating result in the financial year 2020. On the basis of the measures initiated, the management expects an extraordinary improvement for the business year 2021, but still a visibly negative operating result.

KICO GROUP

KICO develops, industrializes and manufactures safety components for passenger cars as a supplier to the automotive industry. The product portfolio includes hinges, closure systems as well as mechatronic and aerodynamic systems. Following the acquisition in financial year 2019, Mutares has initiated a program of measures that is mainly focused on the implementation of operational excellence as well as an optimization of working capital. In the new product area of aerodynamic systems, the high complexity found during industrialization burdened the Group's operating result.

Revenues in financial year 2020 fell significantly short of the original planning due to the spread of COVID-19 and, in particular, the temporary plant closures in the European automotive industry. Although revenues recovered in the second half of the year, revenues for the full year 2020 failed to reach the originally planned level, and despite the improvement measures initiated, the operating result was accordingly still clearly negative.

In financial year 2020, the management was able to conclude additional financing by means of government support. For financial year 2021, KICO expects a significant increase in revenues and an operating result at a recognizably positive level due to the initiated program of measures.

IINOVIS GROUP

Mutares successfully completed the acquisition of Valmet Automotive's Engineering Services in November. The company now operates under the name iinovis and provides engineering services with a focus on the automotive industry, especially for German premium car manufacturers. Due to this, Mutares expects the acquisition to generate high synergy potential for the existing portfolio companies of the segment.

Immediately after the acquisition, a Mutares team together with the management developed a restructuring plan, which mainly aims at stabilizing sales and reducing costs, especially in the area of personnel and material costs. The management assumes that a sustainable market recovery will not occur before the third quarter of financial year 2021 at the earliest due to the ongoing spread of COVID-19. Therefore, iinovis will still achieve a materially negative operating result in the financial year 2021.

ELASTOMER SOLUTIONS GROUP

The Elastomer Solutions Group, headquartered in Wiesbaum (Germany) with production sites in Portugal, Slovakia, Morocco and Mexico, manufactures rubber and thermoplastic components primarily for the automotive industry.

In the original planning for the financial year 2020, Elastomer Solutions Group assumed a significant increase in sales due to the start of series production. However, the slump in demand in the context of the COVID 19 pandemic led to a significant decline in sales in the meantime and, despite a recovery in the second half of the year, sales for the full 2020 financial year fell significantly short of those of the 2019 financial year. The associated negative impact on the Group's profitability was cushioned, but not fully offset, by the consistent implementation of cost-cutting measures for all sites and business units. Liquidity was secured through agreements with banks on relief in debt service for existing financing as well as new, additional loans.

For the financial year 2021, Elastomer Solutions Group expects a further increase in the positive operating result through the continued consistent implementation of efficiency-enhancing measures and on the basis of the recovery in demand that has already occurred.

PLATI GROUP

After Mutares acquired Plati Group, a manufacturer of cable harnesses, special cables and connectors, in the financial year 2019, the focus for financial year 2020 was on winning new orders in addition to optimizing costs at the company's headquarters in Italy and at its two production sites in Poland and Ukraine. However, these efforts were significantly hampered by the spread of the COVID-19 virus. Nevertheless, Plati was able to successfully complete the conversion of the supply chain and thus the efficiency-enhancing cooperation of the sites, as well as the introduction of a new Group-wide ERP system. The number of employees at the administrative site in Italy was further reduced.

In the context of the COVID-19 pandemic, Plati's sales revenues declined significantly in the interim and, despite a recovery in the second half of the year, were unable to reach the planned level. As a result, the operating result was still materially negative, contrary to the original planning.

For the 2021 financial year, Plati expects a significant increase in sales revenues based on the recovery in demand that has already occurred, which, together with the measures introduced to simplify logistics processes, should have a positive impact on profitability. Therefore, the management expects that the operating result should already reach a recognizable positive level.

Engineering & Technology segment

No.	Participation	Branch	Headquarters	Acquisition
1	**Donges** Group	Full-range supplier of steel structures, roof and facade systems	Darmstadt/DE	11/2017
2	**Balcke-Dürr** Group	Manufacturer of components to increase energy efficiency and reduce emissions	Düsseldorf/DE	12/2016
3	**Lacroix + Kress**	Oxygen free copper wire manufacturer	Bramsche/DE	11/2020
4	**Gemini Rail** Group	Service provider for engineering, maintenance and modernization work for rail vehicles	Wolverton/UK	11/2018
5	**Royal De Boer and Japy Tech** Group	Cooling tank and barn equipment manufacturer	Leeuwarden/NL; Dijon/FR	12/2020
6	**EUPEC**	Coatings supplier for oil and gas pipelines	Gravelines/FR	01/2012

The investments of the Engineering & Technology segment generated revenues of EUR 534.7 million in the financial year 2020 (previous year: EUR 482.0 million). The full-year effect of the add-on acquisitions for the Donges Group, Normek and FDT acquired in the course of the previous year, as well as Lacroix + Kress and Loterios acquired in the financial year 2020, contributed to the increase in revenues. Due to the closing of the Royal de Boer and Japy Tech transaction at the end of the financial year 2020, these did not yet contribute with revenues in the reporting period and – apart from the recognized gain from favorable acquisition ("bargain purchase") - also did not contribute to the segment's earnings. Benefiting from the bargain purchase gains of EUR 67.4 million in connection with the segment's transactions, EBITDA amounted to EUR 59.7 million (previous year: EUR -3.8 million). Adjusted EBITDA increased to EUR 7.6 million (previous year: EUR 4.7 million).

DONGES GROUP

With the acquisitions of Kalzip in financial year 2018 and of Normek and FDT and the integration of Norsilk in financial year 2019, Donges Group has succeeded in expanding geographically and in terms of products. This continued in financial year 2020 with the acquisition of Ruukki Building Systems, which together with Normek now operates under the name NORDEC. A program launched throughout the Donges Group to identify sales and cost synergies should lead to the realization of regional as well as product-side and operational synergies, thus achieving integration of the formerly independent units. The integration is intended to strengthen and further expand the market position of the Donges Group as a "one-stop store" for facade solutions and steel structures.

The spread of COVID-19 had less of an overall impact on the development of the Donges Group than initially assumed. It is true that in the facade solutions business demand in the relevant markets declined significantly in the meantime and individual construction sites (e.g. in India) and production facilities were temporarily closed in the context of measures to prevent the further spread of the pandemic. However, the Donges Group achieved a significant year-on-year increase in revenues of steel structure solutions in the Scandinavian market and also raised its sales level slightly year-on-year in the German market. In addition to the inclusion of the new acquisitions, this led to a significant increase in Donges Group sales overall in the financial year 2020. Despite costs for expansion and other non-recurring costs, and burdened by the partly negative effects in connection with COVID-19, the Donges Group achieved an already visibly positive operating result.

For the financial year 2021, management expects the facade solutions business to recover at least to the sales level of the financial year 2019 and the steel structure solutions business to maintain the current high sales level. In addition, the cost synergies mainly in the areas of production and purchasing as well as the largely completed and continuous optimization measures should further improve operating earnings to a clearly positive level overall.

BALCKE-DÜRR GROUP

The Balcke-Dürr Group, headquartered in Düsseldorf, Germany, offers power plant operators and the chemical industry equipment and services ranging from heavy equipment to annual overhauls. Furthermore, the Group is engaged in clearance measurement and dismantling of nuclear facilities.

In financial year 2020, the Balcke-Dürr Group was able to conclude several transactions: First, the Italian company Loterios was acquired in February 2020. Loterios designs and manufactures titanium high-pressure equipment for the petrochemical industry. This further expanded the Balcke-Dürr Group's Italian business following an initial add-on acquisition in financial 2019. In April 2020, the Polish company of the Balcke-Dürr Group was sold following successful realignment. In addition, Balcke-Dürr signed an agreement to sell the German Rothemühle business in December 2020. The transaction was successfully completed in January 2021. Thus, Balcke-Dürr Group has now completely exited all activities related to coal-fired power generation and at the same time strengthened its focus on product developments for chemical processes as well as on dismantling in the nuclear sector.

At operating level, sales and earnings performance fell short of management's forecasts. This was mainly due to the absence of awards for major international projects and a significant decline in auditing activities. This development is primarily a consequence of the measures taken to contain the spread of COVID-19, such as restrictions on travel and the implementation of hygiene concepts by plant operators. In response to these developments, management has initiated further measures in addition to short-time working, aimed in particular at further leveraging synergy potential and adjusting cost structures in Germany and Italy.

On this basis, Balcke-Dürr`s management expects a significant market recovery in the financial year 2021 with strong order intake, especially in the area of major nuclear projects. In addition, the cost-cutting measures will have a positive impact on the Group's profitability, so that management expects a recognizably positive operating result.

LACROIX + KRESS

Mutares successfully completed the acquisition of Nexans' German metallurgical business in November 2020. The company now operates under the name Lacroix + Kress GmbH. The company is a leading producer of oxygen-free copper drawing; customers include Tier 1 and Tier 2 representatives from the automotive industry as well as white goods and general industrial applications.

Immediately after the acquisition, a Mutares team worked with management to develop a transformation plan aimed primarily at increasing productivity, optimizing working capital and increasing capacity at the two German plants in Bramsche and Neunburg.

For the financial year 2021, management expects a positive development in terms of revenues and operating improvements, which should have a positive impact on operating earnings. The ongoing trend of renewable energies also supports the demand for copper for use in electric vehicles.

GEMINI RAIL GROUP

Gemini Rail Group provides rail vehicle engineering & maintenance services to its customers in the UK rail market. The group's clientele includes train owners and operators as well as rolling stock manufacturers.

In the financial year 2020, Gemini Rail Group saw the positive effects of implementing the efficiency enhancement program to improve production productivity. This was due in particular to the positive operating performance of the company's remaining site in Wolverton. With revenues significantly below the level of the previous year, a clearly positive operating result was still achieved. In the context of the COVID-19 pandemic, several train operators were placed under government control and regularly scheduled tenders were suspended. Despite a lockdown in the context of the COVID-19 pandemic, there was no production downtime at the Wolverton site. In contrast, however, access to customers' production sites was restricted in some cases due to infection control measures. The resulting project postponements had a negative impact on productivity.

As part of the transformation, Gemini Rail Group is now focusing on implementing a newly defined market strategy and further developing its product portfolio. Under the GemECO brand, the company has already been able to secure its first orders for the conversion of rail vehicles to hybrid drive systems and thus sees itself as a pioneer for these drive systems in the UK. A first order in the context of GemECO is scheduled for completion in the financial year 2021. At the same time, management expects further GemECO order intake. Overall, the operating result for the 2021 financial year is expected to return to a visibly positive level.

ROYAL DE BOER AND JAPY TECH GROUP

As of 31 December 2020, Mutares successfully completed the acquisition of GEA Farm Technologies Japy SAS and Royal De Boer Stalinrichtingen B.V. with production sites in France and the Netherlands. The companies manufacture milk cooling tanks and barn equipment for dairy farms.

Since January 2021, a Mutares team has been working with local management on a restructuring plan, which is essentially aimed at streamlining the product portfolio, reducing indirect costs and establishing new sales structures.

EUPEC

EUPEC Pipecoatings France, based in Gravelines (France), is a supplier of pipe coatings with three sites in northern France. EUPEC mainly serves customers in the oil and gas industry.

In the current environment of low oil prices, EUPEC's project-dominated business activity is characterized by investment restraint on the part of customers. Restrictions in the context of the measures to contain COVID-19 have delayed projects beyond this and tenders for new projects. Accordingly, revenues in the financial year were substantially lower than in the prior-year period and the budget. Thus, contrary to the original planning, the Company was not able to achieve a positive operating result in the financial year.

For the financial year 2021, management expects the market to recover, even though uncertainties remain with regard to developments in the oil and gas industry. Management is hoping for positive impetus from projects related to the new market segment of underground carbon dioxide storage. On this basis, revenues in the financial year 2021 are expected to increase extraordinarily compared to the financial year 2020 and operating profit is expected to reach a significantly positive level.

Goods & Services segment

No.	Participation	Branch	Headquarters	Acquisition
1	**Nexive** Group	Postal and parcel services provider	Milan/IT	07/2020
2	**BEXity**	Provider of transport and logistics services	Vienna/AT	12/2019
3	**Terranor** Group	Provider of road operation and maintenance services	Solina/SE; Helsinki/FI	11/2020
4	**keeeper** Group	Manufacturer of plastic and paper household products	Stemwede/DE	06/2019
5	**TréfilUnion**	Iron wire and prestressing steel manufacturer	Commercy/FR	05/2019
6	**Cenpa**	Producer of coreboard	Schweighouse/FR	05/2016
7	**SABO**	Lawnmower manufacturer	Gummersbach/DE	08/2020

Revenues of the Goods & Services segment amounted to EUR 446.7 million in financial year 2020 (previous year: EUR 83.5 million). The development is mainly due to acquisitions: In addition to the platform (Nexive, Terranor and SABO) and add-on acquisitions (keeeper Tableware) of the financial year, the effect of including the acquisitions of the previous year (BEXity and keeeper) also had an impact for a full year. EBITDA amounts to EUR 29.0 million (previous year: EUR 79.5 million), benefiting from bargain purchase gains of EUR 56.1 million in connection with the aforementioned transactions. Adjusted EBITDA in the financial year 2020 was impacted by the negative earnings contribution from the new investments and amounted to EUR -17.0 million (previous year: EUR -7.3 million).

NEXIVE

Following the acquisition of an 80% stake in the business of Nexive, the second largest mail and parcel delivery company in Italy, a Mutares team worked with the local management to develop a comprehensive restructuring plan, mainly aimed at consolidation of the core business and achieving growth in the mail as well as the parcel business with acknowledgement by the recipient.

Following the negative impact of COVID-19, particularly in the second quarter of the financial year, due to the sharp decline in mail items in particular as a result of office closures, Nexive has been on a strong economic recovery path since its acquisition by Mutares. In addition, the first essential, successful turnaround measures have already been implemented, such as the introduction of a margin-oriented product policy, the consolidation of the partner network, and the automation of sorting.

In November 2020, Mutares signed a letter of intent to sell its shares in Nexive to the Italian market leader Poste Italiane together with the minority shareholder. The closing of the transaction took place in January 2021.

BEXITY

BEXity is a provider of cross-border transport logistics and warehousing services with a nationwide network in Austria. In the area of contract logistics, the company serves customers from various sectors, such as retail, food producers, automotive and manufacturing industries.

The restructuring plan was drawn up immediately after the takeover at the end of the financial year 2019 in the first half of the financial year 2020 and its implementation started without delay. In this context, a new management team was also appointed at BEXity. The restructuring plan aims to stabilize revenue and reduce costs, particularly in the area of personnel and non-personnel costs, and the first positive effects can be seen in the second half of 2020. In the financial year 2020, BEXity's subsidiary in the Czech Republic, European Contract Logistics, was also sold as part of a management buy-out.

A key pillar of the restructuring is the focus on profitable customer contracts. In this context, a streamlining of the product range was carried out, with the result that revenues declined in financial year 2020, but profitability increased. For financial year 2021, BEXity already expects an increase in revenues again due to new customer contracts and the implementation of price adjustments. Profitability will also improve as a result of the cost-cutting measures introduced in the financial year 2020, so that management already expects a clearly positive operating result for the financial year 2021.

TERRANOR GROUP

Mutares successfully completed the acquisition of NCC's Swedish and Finnish road services businesses in November 2020. The companies now operate under the name Terranor and offer winter (snow removal and sanding/salting) as well as summer (road repairs and green space management) and other related services in Sweden and Finland. Key customers are mainly state and municipal authorities.

Immediately after the takeover, a Mutares team worked with management to develop a restructuring plan aimed primarily at optimizing tender management and thereby stabilizing revenues and improving cost structures. In addition, the targeted expiration of underperforming contracts and operational improvements at the start of new contracts should contribute to a reduction in the cost base.

On this basis, Terranor's management already expects a positive operating result for the financial year 2021 with revenues above the level of the full year 2020.

KEEEPER GROUP

keeeper is a manufacturer of innovative household products headquartered in Stemwede, Germany. In the financial year 2020, all production activities were relocated to the Polish subsidiary as part of the social plan concluded. Despite the restrictions imposed in the context of COVID-19 with regard to freedom of travel, it was possible to implement this measure in full. The action plan also provides for a reduction in product diversity in addition to productivity increases and cost reductions.

In February 2020, keeeper was already able to implement a first step in its buy-and-build strategy with the acquisition of the paper napkin business from the Finnish Metsä Tissue Corporation in Germany. Since then, the business has been operating under the name keeeper Tableware. Due to the restrictions imposed on hotels, restaurants, cafés and canteens (Horeca) in the context of COVID-19, the company's revenues, profitability and liquidity suffered. The slump in revenues was mitigated by switching to production for toilet paper later in the year. The financial resources accruing to the company from the sale-and-leaseback transaction of the premises are to be used, among other things, to implement profitability-enhancing investments.

In the financial year 2020, keeeper (excluding keeeper Tableware) achieved revenues noticeably above the planned level and a significantly positive operating result benefiting from special effects. keeeper Tableware, on the other hand, was strongly affected by the restrictions imposed in the context of COVID-19 with regard to the Horeca segment, so that the operating result in the financial year 2020 was significantly negative.

For the financial year 2021, the management expects total sales revenues (including keeeper Tableware) to exceed the triple-digit million range and a clearly positive operating result.

TRÉFILUNION

TréfilUnion, a producer of iron wire and prestressing steel with two plants in France, was severely affected by the spread of COVID-19 virus in the reporting period. Production was temporarily shut down at both plants in the first half of the financial year, but was then gradually ramped up again. The use of short-time working only partially compensated for the negative impact on earnings. The postponement of customer orders led to a slump in orders, and at the same time there were delays in the supply of raw materials by suppliers.

In the financial year 2020, revenues fell significantly short of the originally planned level, with a corresponding negative impact on profitability. For the financial year 2021, the management expects a market recovery which, in combination with the optimization measures introduced, will have a positive effect on the profitability of the company. Nevertheless, the operating result will still be at a substantially negative level in the financial year 2021.

CENPA

The market environment of Cenpa, a manufacturer of coreboard from Schweighouse in Alsace, was influenced by the effects of the COVID-19 pandemic in the financial year 2020: On the one hand, demand for toilet paper cores increased significantly at times. On the other hand, due to the rapid spread of COVID-19 in Alsace, the company recorded high absenteeism rates among its workforce at times and was therefore unable to fully meet customer demand. The management countered these influences with extensive safety and hygiene measures, which meant that a production shutdown could be avoided. In parallel, Cenpa continued to expand its sales function to cover new geographical areas.

In the financial year 2020, Cenpa achieved revenues significantly below those of the previous year. However, despite strongly fluctuating procurement prices on the relevant raw material market for recovered paper, a slightly positive operating result was achieved. For the financial year 2021, the management expects a material recovery in the sales level, which should be reflected in a further improved and recognizably positive operating result.

SABO

Mutares acquired SABO Maschinenfabrik GmbH, a manufacturer of lawn mowers and other outdoor power tools, from Deere & Company ("John Deere") in August 2020. At the time of acquisition, the tradition-rich company employed around 125 people at its site in Gummersbach.

Immediately after the takeover, the Mutares team worked with management to develop a restructuring plan aimed primarily at increasing sales and reducing personnel and overhead costs. The increase in revenues is to be achieved through measures to optimize the portfolio, internationalization and improvement of the condition system. The reduction in personnel costs will be achieved as part of a social plan, the main elements of which were already negotiated and concluded in the financial year 2020. In addition, overheads will be significantly reduced through numerous measures as part of a comprehensive improvement project. This has laid the foundation for a successful transformation.

Management expects demand to remain constant to increase slightly in the financial year 2021. The expansion of the product portfolio to include handheld devices is expected to increase sales for SABO. Despite realization of savings in all business areas, SABO expects a negative operating result.

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

This business model is associated with regular changes in the scope of consolidation, which have a significant impact on Mutares` consolidated financial statements. In the financial year, the first-time consolidations presented above had a significant impact on the items of the consolidated statement of comprehensive income and statement of financial position. The operating result of the Mutares Group develops depending on the business performance in the individual investments or portfolio companies and is also influenced by the timing of the acquisition of new investments and the resulting gains from bargain purchases.

3.1 Earnings

Mutares generated consolidated **revenues** of EUR 1,583. 9 million in the financial year 2020 (previous year: EUR 1,015.9 million). The increase is largely due to changes in the scope of consolidation: Due to the first-time inclusion of the platform investments acquired during the financial year 2020 and BEXity acquired at the end of the previous year, revenues increased by EUR 485.8 million and by a further EUR 130.3 million due to the add-on acquisitions; in addition, the companies acquired during the previous year now contributed with a full twelve months in the 2020 financial year. With regard to the revenues of investments that were part of the Mutares Group for a full twelve months in the financial year 2020 as well as in the previous year, we refer to the above comments on the portfolio companies .

With regard to the allocation of revenues to the individual segments, we refer to the above comments on the individual portfolio companies.

Sales are broken down by geographical markets based on the customer's registered office as follows:

Mio. EUR	2020	2019
Europe	**1,406.20**	**880.8**
Germany	356.9	252.5
Italy	222.0	86.6
France	211.1	191.2
Austria	154.3	34.1
Sweden	107.8	47.3
United Kingdom	79.9	81.0
Finland	58.0	12.6
Poland	35.0	41.5
Czech Republic	29.4	12.6
Netherlands	28.9	17.1
Belgium	24.3	21.8
Other Europe	98.4	82.4
Asia	**133.6**	**88.9**
America	**33.2**	**35.6**
Africa	**10.9**	**10.6**

As in the previous year, the **other income** of EUR 241.3 million in the financial year 2020 (previous year: EUR 119.1 million) is attributable in particular to consolidation effects: The acquisitions of the financial year resulted in gains from bargain purchases of EUR 207.8 million (previous year: EUR 102.6 million). The deconsolidation gains included in other income amount to EUR 6.9 million (previous year: EUR 0.0 million). A further breakdown of other income can be found in the notes to the consolidated financial statements.

The **cost of materials** for the financial year 2020 amounts to EUR 974.6 million (previous year: EUR 622.6 million). The cost of materials ratio (in relation to sales) amounts to 61% (previous year: 61%).

Personnel expenses for the financial year 2020 amount to EUR 423.9 million (previous year: EUR 291.8 million). The increase reflects the higher number of employees due to the high transaction activity of Mutares. The use of short-time work helped to reduce personnel expenses in the reporting period.

The **other expenses** of EUR 260.8 million (previous year: EUR 137.5 million) are broken down further in the notes to the consolidated financial statements.

As a result, the **EBITDA** of the Mutares Group for the financial year 2020 amounts to EUR 142.7 million (previous year: EUR 79.2 million).

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

To improve transparency, Mutares uses **Adjusted EBITDA** as a key performance indicator. This Adjusted EBITDA (as defined below in the presentation of financial performance indicators) amounts to EUR -28.8 million (previous year: EUR +7.5 million). The Adjusted EBITDA is burdened in particular by the negative effects in connection with the spread of the COVID-19 pandemic and the still negative earnings contributions of the companies acquired in the past twelve months.

The reconciliation from reported EBITDA to the performance indicator of adjusted EBITDA is as follows:

Mio. EUR	2020	2019
EBITDA	**142.7**	**79.2**
Income from Bargain Purchases	-207.8	-102.6
Restructuring and other non-recurring expenses	41.1	31
Deconsolidation effects	-4.9	0
Adjusted EBITDA	-28.8	7.5

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

Restructuring and other non-recurring expenses in the financial year 2020 include expenses for severance payments and social plans totaling EUR 15.0 million (previous year: EUR 17.2 million), expenses for carve-outs (particularly in the IT area) totaling EUR 5.9 million (previous year: EUR 0.3 million), and consulting expenses in connection with restructuring (EUR 2.6 million; previous year: EUR 1.4 million) or M&A activities (EUR 3.9 million; previous year: EUR 0.4 million). Also included are expenses from the valuation of an earn-out agreement in connection with a company sold in the financial year 2017 of EUR 3.3 million (previous year: EUR 4.2 million).

Depreciation and amortization of EUR 101.5 million (previous year: EUR 53.0 million) includes impairment losses of EUR 18.3 million (previous year: EUR 1.7 million) due to impairment. These are mainly attributable to two subsidiaries for which the review of the recoverable amount identified a need for impairment due to changes in the economic environment, which were significantly exacerbated by the outbreak of the COVID-19 pandemic.

The **financial result of** EUR -24.6 million (previous year: EUR -9.5 million) comprises financial income of EUR 3.9 million (previous year: EUR 1.5 million) and financial expenses of EUR 28.2 million (previous year: EUR 11.0 million). A further breakdown of financial income and expenses can be found in the notes to the consolidated financial statements.

The **income taxes of** EUR 2.8 million (previous year: EUR 0.0 million) include actual (EUR -3.8 million; previous year: EUR -4.2 million) and deferred taxes (EUR 6.6 million; previous year: EUR 4.2 million).

The developments described above resulted in a positive **consolidated result** of EUR 19.7 million (previous year: EUR 16.7 million).

Other comprehensive income includes actuarial gains of EUR 0.4 million (previous year: losses of EUR 3.1 million) in connection with the measurement of provisions for pensions at portfolio companies. Furthermore, other comprehensive income includes exchange rate differences of EUR -6.1 million (previous year: EUR 1.3 million).

3.2 Net assets and financial position

Total assets in the Mutares Group amounted to EUR 1,327.2 million as of 31 December 2020 (previous year: EUR 848.5 million). The increase is mainly due to the inclusion of the newly acquired investments.

Non-current assets increased from EUR 399.2 million as of 31 December 2019 to EUR 498.3 million as of 31 December 2020, mainly due to increases in property, plant and equipment (EUR + 66.2 million), accounts in use (EUR + 27.6 million) and intangible assets (EUR + 17.3 million).

The increase in **current assets** to EUR 828.9 million as of 31 December 2020 (previous year: EUR 449.3 million) resulted primarily from an increase in trade and other receivables (EUR +114.0 million), inventories (EUR +69.4 million), cash and cash equivalents (EUR +65.6 million), and other assets (EUR +15.0 million).

Cash and cash equivalents amounted to EUR 145.3 million as of 31 December 2020 (previous year: EUR 79.7 million). This is offset by current liabilities to banks and loans as part of the balance sheet item current financial liabilities in the amount of EUR 63.4 million (previous year: EUR 57.5 million), which result from current account and loan liabilities and from the recognition of "unreal" factoring. The **net cash position** as of 31 December 2020 amounts to EUR 81.9 million (previous year: EUR 22.2 million).

Assets and liabilities held for sale in connection with non-current assets held for sale include the assets and liabilities of Balcke-Dürr Rothemühle GmbH and the Nexive Group, which were classified as disposal groups in the context of IFRS 5 as disposal groups.

Equity amounts to EUR 207.2 million as of 31 December 2020 (previous year: EUR 208.2 million). The consolidated profit of EUR 19.7 million (previous year: EUR 16.7 million) increased equity in the financial year 2020, while the dividend distribution to the shareholders of the parent company, the shareholders of Mutares SE & Co. KGaA, of EUR 15.2 million (previous year: EUR 15.2 million) had an opposite effect. Further factors influencing the development of equity are presented in the statement of changes in equity. The equity ratio as of 31 December 2020 is 16% (previous year: 24%). With regard to the disclosures concerning the acquisition of treasury shares pursuant to Section 160 (1) No. 2 AktG, we refer to the disclosures in the notes to the consolidated financial statements of Mutares SE Co. KGaA.

Non-current liabilities of EUR 405.4 million (previous year: EUR 235.4 million) include EUR 115.8 million in other financial liabilities. The increase is mainly due to the placement of a bond with a nominal volume of EUR 70.0 million in the financial year and to loans taken out with banks, most of which were taken out as part of publicly funded programs to deal with the COVID-19 pandemic. Furthermore, non-current liabilities mainly include non-current lease liabilities of EUR 115.1 million (previous year: EUR 95.2 million) and provisions for pensions and similar obligations of EUR 116.1 million (previous year: EUR 87.3 million).

Current liabilities amount to EUR 714.6 million as of 31 December 2020 (previous year: EUR 404.9 million) and relate to trade payables of EUR 250.0 million (previous year: EUR 157.7 million). The increase in other financial liabilities (EUR 109.7 million; previous year: EUR 94.8 million) and other liabilities (EUR 91.6 million; previous year: EUR 58.9 million) reflects, among other things, the easing of payment terms, deferrals of payments to public-sector creditors and the raising of additional financing, partly as part of publicly funded programs to deal with the COVID-19 pandemic.

The **cash flow from operating activities** amounted to EUR EUR -43.0 million (previous year: EUR -10.6 million) in the financial year 2020. This is due to a consolidated net profit for the year of EUR 19.7 million (previous year: EUR 16.7 million), non-cash expenses and income totaling EUR 101.1 million (previous year: EUR 46.9 million), changes in the balance sheet items of working capital (trade working capital and other working capital) with an increase of EUR 22.5 million (previous year: EUR 12.5 million), and effects from interest and taxes of EUR 18.6 million (previous year: EUR 7.9 million).

The **cash flow from investing activities of** EUR 51.4 million in the financial year 2020 (previous year: EUR +44.4 million) resulted mainly from proceeds from disposals of property, plant and equipment and assets held for sale (EUR 16.1 million; previous year: EUR 40.3 million). This was offset by payments for investments in property, plant and equipment and intangible assets (EUR -35.5 million; previous year: EUR -31.4 million). Additions to the scope of consolidation resulted in a net increase in cash and cash equivalents of EUR 78.6 million (previous year: EUR 32.6 million). This item was also affected by cash inflows and outflows from disposals from the consolidated group of EUR -9.1 million (previous year: EUR +2.9 million).

Cash flow from financing activities amounts to EUR 57.8 million (previous year: EUR -62.4 million) and mainly comprises proceeds from the issuance of bonds and (financial) loans (EUR 133.0 million; previous year: EUR 22.4 million), of which a large part is attributable to the proceeds from the bond with a nominal volume of EUR 70.0 million. In contrast, (financial) loans of EUR 29.0 million (previous year: EUR 22.5 million) and leasing liabilities of EUR 27.6 million (previous year: EUR 15.9 million) were repaid in the financial year. Cash inflows and outflows from (unreal) factoring amounted to EUR 5.9 million (previous year: EUR -24.1 million). The dividend to the shareholders of the parent company, the shareholders of Mutares SE & Co. KGaA, amounted to EUR 15.2 million, as in the previous year.

As a result, **cash and cash equivalents** amounted to EUR 145.3 million as of 31 December 2020 (previous year: EUR 79.7 million).

As in the previous year, unused credit lines as of the reporting date amount to a mid-single-digit million figure and are largely attributable to available factoring lines.

The Management Board assumes that the Group will continue to be able to meet its payment obligations on time at all times in the future.

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

The annual financial statements of Mutares SE & Co. KGaA have been prepared in accordance with the provisions of the German Commercial Code (HGB) for medium-sized corporations and the German Stock Corporation Act (AktG), supplemented by the provisions of the Articles of Association. The Company is the parent company of the Mutares Group. In this respect, its business development is fundamentally subject to the same risks and opportunities as those of the Mutares Group and its economic conditions correspond to those of the Mutares Group. However, the annual result of Mutares SE & Co. KGaA is fed from different sources, namely on the one hand from sales revenues from the consulting business and on the other hand from dividends of portfolio companies as well as exit proceeds from the sale of investments. Even in an operationally difficult year for various portfolio companies, Mutares thus sees itself in principle in a position to generate a sufficiently high net profit for the year to be able to continue its long-term sustainable dividend policy.

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

4.1 Earnings

The **revenues** result from consulting services to affiliated companies and management fees. The increase to EUR 31.9 million (previous year: EUR 19.3 million) is a consequence of the high transaction activity in the past and a resulting enlarged portfolio, which was countered by a timely build-up of internal, operational consulting capacities.

Other operating income amounts to EUR 13.0 million (previous year: EUR 10.5 million) and includes income of EUR 11.8 million (previous year: EUR 0.0 million) from a direct subsidiary, where hidden reserves in the shares were disclosed as part of a contribution, and income of EUR 0.8 million (previous year: EUR 2.6 million) from the reversal of impairment losses on receivables written down in the past. In the previous year, other operating income also included income from the write-up of financial assets (EUR 5.8 million).

The **cost of materials of** EUR 2.8 million (previous year: EUR 1.8 million) consists exclusively of purchased services and relates to services provided by external consultants that are invoiced to the company and charged on by the company to affiliated companies in connection with the provision of consulting services.

Personnel expenses in the financial year 2020 amounted to EUR 11.5 million, compared with EUR 9.2 million in the previous year. The increase results from the addition of employees in the company (53; previous year: 40) in connection with the enlarged.

Other operating expenses of EUR 25.7 million (previous year: EUR 18.1 million) include services of EUR 16.5 million (previous year: EUR 8.4 million) from the recharging of Mutares Management SE and the Mutares national companies and legal and consulting expenses of EUR 5.5 million (previous year: EUR 4.6 million). Furthermore, bad debt allowances and losses on receivables of EUR 0.2 million (previous year: EUR 1.6 million) are included in other operating expenses.

Income from investments includes income from the recognition of profits from investments in the same period and amounts to EUR 34.6 million (previous year: EUR 22.0 million). The **interest result of** EUR -3.8 million (previous year: EUR 0.4 million) includes interest income of EUR 1.0 million (previous year: EUR 0.4 million) and interest expenses of EUR 4.8 million (previous year: EUR 0.0 million). The latter includes current coupon payments and expenses incurred in connection with the issue of the bond.

As a result, **net income** for the year amounted to EUR 33.4 million, compared with EUR 22.5 million in the previous year.

4.2 Net assets and financial position

The **non-current assets** of Mutares SE & Co. KGaA amounting to EUR 70.1 million (previous year: EUR 43.0 million) mainly comprise financial assets of EUR 69.6 million (previous year: EUR 42.6 million), which in turn are divided into shares in affiliated companies (EUR 51.4 million; previous year: EUR 30.7 million) and loans to affiliated companies (EUR 18.2 million; previous year: EUR 11.9 million).

Current assets include EUR 81.9 million (previous year: EUR 41.0 million) in receivables from affiliated companies and EUR 26.5 million (previous year: EUR 9.2 million) in bank balances.

After payment of a dividend of EUR 15.2 million for the previous year, which corresponds to EUR 1.00 per no-par value share entitled to dividend, the Company's **equity** amounts to EUR 94.5 million (previous year: EUR 78.9 million).

Provisions amounted to EUR 6.3 million as of 31 December 2020 (previous year: EUR 4.5 million) and, as in the previous year, consist primarily of provisions for personnel costs. **Liabilities** increased to EUR 79.4 million (previous year: EUR 10.3 million), mainly resulting from the placement of a bond with a nominal volume of EUR 70.0 million.

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

5.1 Financial performance indicators

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

- Revenues
- the operating result (EBITDA = earnings before interest, taxes, depreciation and amortization);
- Adjusted EBITDA (see below);
- the net cash position (cash and cash equivalents less current liabilities to banks and loans) and
- the cash flow from operating activities.

Gains on bargain purchases are recognized in income immediately in the year of the transaction. Restructuring and other non-recurring expenses, such as expenses arising from the valuation of assets and liabilities in connection with a liquidation and deconsolidation, or legal and consulting fees (e.g. in connection with an IPO), may also be incurred in subsequent periods. Due to the regularly significant non-operational volatility of Group EBITDA associated with this, the Management Board has introduced an additional performance measure for reasons of transparency in the form of EBITDA adjusted for non-recurring effects - referred to as "Adjusted EBITDA" in internal management and reporting. The calculation is based on reported Group EBITDA (earnings before interest, taxes, depreciation and amortization) adjusted for bargain purchase gains, restructuring and other non-recurring expenses, and deconsolidation effects. This provides a more transparent presentation of operating developments and enables a better assessment of operating earnings power.

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

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

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

- The Management Board expected a significant increase in revenues for the Mutares Group in the financial year 2020 due to the acquisitions, despite already foreseeable declines in **revenues** in the context of the spread of COVID-19. With an increase of EUR 568. 0 million or 56%, this target was exceeded due to the continued high acquisition activity. With regard to the contribution of the individual segments to this development, we refer to the comments above under 2.3.

- With regard to **EBITDA,** the previous year's forecast of achieving a clearly positive (reported) EBITDA was also achieved. Benefiting from bargain purchase gains in connection with the acquisitions in the financial year 2020, EBITDA amounted to EUR 142.7 million (previous year: EUR 79.2 million). Please refer to the above comments for details of the main influencing factors.

- As expected, **Adjusted EBITDA** was impacted by the negative effects of the spread of COVID-19 on the economic development and thus also the restructuring progress in the individual portfolio companies and amounts to EUR -28.8 million for the financial year 2020 (previous year: EUR 7.5 million). Furthermore, the still negative earnings contributions from the new acquisitions also had a negative impact on Adjusted EBITDA, resulting in an overall decline compared with the financial year 2019.

- The **net cash position** increased in line with expectations compared to 31 December 2019. The development was mainly supported by the placement of a bond with a nominal volume of EUR 70.0 million and the raising of long-term loans, partly in the context of publicly funded programs to address the COVID-19 pandemic.

- According to the forecast, **cash flow from operating activities** was negatively impacted by the negative effects of the spread of COVID-19 on the economic development and thus also the restructuring progress in the individual investments and amounts to EUR -43.0 million for the financial year 2020.

- The **net income of Mutares SE & Co. KGaA** as a prerequisite for the continuation of the long-term, sustainable dividend policy could again be increased compared to the previous year and thus the ability to pay dividends was expanded.

The Mutares Group is managed on the basis of financial performance indicators. Accordingly, no further comments are made on non-financial performance indicators that are used in isolated cases.

5.2 Assessment of the Management Board on the course of business

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

The Management Board is very satisfied with the progress of restructuring and development at some portfolio companies - particularly in view of the negative impact of the spread of COVID-19 - but still sees significant potential for improvement at other portfolio companies. In particular, the Management Board considers the development of the Donges Group, the Elastomer Solutions Group, the KICO Group and BEXity to be positive. The Management Board considers the start to restructuring, especially at SABO, to be very promising.

With regard to the transaction activities in financial year 2020, the Management Board is extremely satisfied due to the large number of acquisitions. It considers the large number of platform acquisitions, which offer new potential for the future, as well as the promising add-on acquisitions, in particular for Donges Group and keeeper Group, as positive.

The Management Board is satisfied with the course of the financial year 2020 in view of the special charges in the context of the COVID-19 pandemic.

6. Subsequent events

With regard to the subsequent events, we refer to the explanations in the notes to the annual and consolidated financial statements of Mutares SE & Co. KGaA.

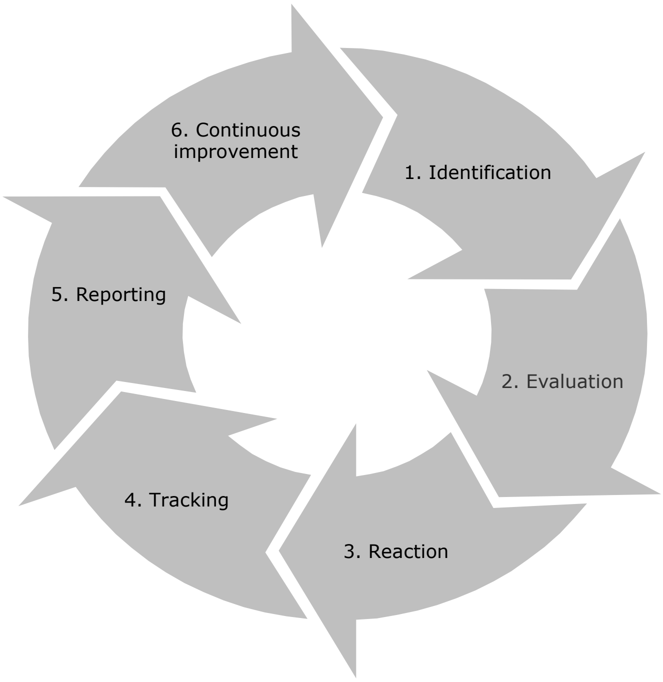
7. Forecast, opportunities and risk report

7.1 Risk management and internal control system

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

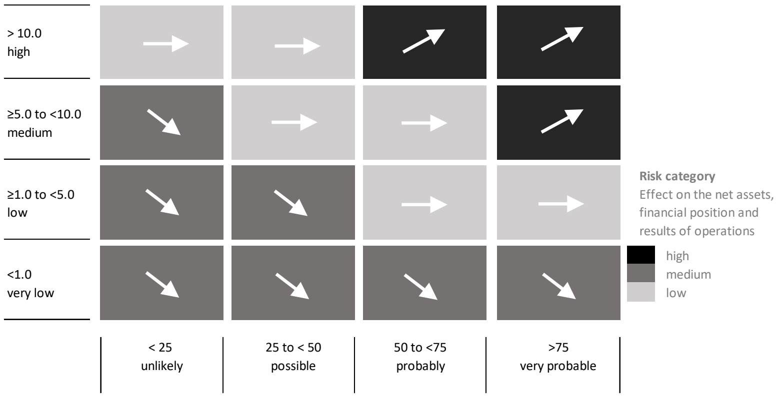
Risk management system

Risk management as the totality of all organizational regulations and measures for early risk identification and adequate handling of the risks of our entrepreneurial activities is of great importance in our Group and plays a central role in our business model. The Management Board has therefore installed and organizationally anchored a systematic, multi-stage risk management system. The risk management process is used to identify, assess and report actual and potential risks:



Relevant risks are identified by a combination of bottom-up and top-down analyses based on defined risk fields. The risks identified in this way are assessed on the basis of the two relevant dimensions, namely their monetary impact (extent of damage) and their expected probability of occurrence. A distinction is made in risk assessment between gross and net assessment: Measures already taken can mitigate the gross risk in terms of both monetary impact and the possible occurrence of the risk. The net risk then represents the amount of loss and probability of occurrence, taking into account the loss-reducing measures already initiated by the reporting date.

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



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

Mutares has installed a standardized reporting process for the reporting of actual and potential risks: Accordingly, quarterly reports are submitted by the operating portfolio companies to the corporate headquarters and assessed together with the risk analysis of the Mutares Holding Company. In the case of particularly significant new risks or material changes in existing risk positions, there is also immediate reporting (ad hoc). This has proven particularly effective in the current developments in connection with the spread of COVID-19. The risk management process is regularly reviewed, evaluated and continuously optimized by the Management Board.

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

Internal control and risk management system as part of the accounting process

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

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

The listed portfolio company STS Group AG has its own risk management system and control system.

7.2 Opportunities and risks of future development

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

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

The order in which the following explanations are presented does not reflect the Management Board's assessment of the extent of damage and/or probability of occurrence. In addition to the presentation of risks, information on opportunities is also provided below (where relevant).

Future economic conditions

Economic development

According to the ifo Institute ("ifo Economic Forecast Winter 2020," published in December 2020), global economic development depends crucially on the assumed course of the pandemic and the associated protective measures.

Restrictions on public life and mobility were largely maintained in Europe in the first quarter of 2021. However, the overall impact of the restrictions on economic activity is expected to be significantly less severe than in the spring of last year. Depending on progress with vaccinations, infection control measures are expected to be relaxed in Europe and the U.S. later in the year, so economic activity should pick up again. However, due to the continuing uncertainty in the context of the COVID-19 pandemic, the assessment of future economic development is subject to greater uncertainty than usual.

Geopolitical development

With the **withdrawal of the United Kingdom from the EU**, a partnership agreement between the two parties will provisionally come into force on 1 January 2021. This regulates a comprehensive economic partnership, which essentially comprises a free trade agreement. Accordingly, tariffs and quotas are not envisaged, so that significant trade barriers are to be averted. In order to guarantee fair competition, far-reaching regulations have been agreed on both sides. The partnership agreement also regulates other forms of cooperation, such as a close security partnership, which enables cooperation on legal and domestic issues.

The **new U.S. administration** under newly elected President Joe Biden could improve transatlantic relations. The new president is likely to be more predictable, which could have a positive impact on European and international economic stability and growth prospects. Likewise, the government in Europe hopes for improved trade relations, which could lead in particular to fewer tariffs. For the UK, agreeing a trade deal with the U.S. could become more difficult under the new administration. The U.S. relationship with China is expected to change little. The trade dispute could continue to be fought out, especially in the technology sector.

Business model-immanent opportunities and risks

The success of Mutares business model, consisting of the acquisition and restructuring of companies, depends to a large extent on the ability to identify suitable investment opportunities, acquire these companies on favorable terms and to support them through active investment management. The selection of suitable managing directors and investment managers is essential in this respect. The acquisition of companies in transitional and special situations, without succession planning or with below-average profitability or a need for or with below-average profitability or restructuring needs, harbors a high potential for value enhancement. If the acquired companies can be successfully developed further, there is a possibility that they will increase in value at an above-average rate. For this purpose, strengths and weaknesses in the respective market environment of the Group companies - depending on the respective corporate strategy – are analyzed in a targeted manner in order to make identified opportunities and optimization potentials usable for them. Finally, Mutares must succeed in either selling the investee at an attractive price or receiving dividends from profitable subsidiaries.

Increased competitive situation

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

Risks from the acquisition process

Significant tax, legal and economic risks are associated with the acquisition of investments in upheaval and special situations, even if an in-depth analysis of the company (due diligence) has taken place prior to the acquisition. Liabilities, obligations and other encumbrances of the respective target company that were not known or identifiable at the time of acquisition despite the due diligence performed may have a material adverse effect on the Mutares Group. This applies in particular if Mutares provides as-is guarantees to the sellers. The Mutares Group often acquires loss-making parts of companies from larger groups, where the sellers require guarantees for a certain period of time to maintain the sold company. In these cases, even if the seller provides significant financial resources for a reorganization or restructuring as consideration, the net assets, financial position and results of operations of the Mutares Group may be significantly impacted.

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

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

Failure to achieve restructuring success

Provided that the investments can be successfully developed as planned, there is a high potential for value enhancement for Mutares. In individual cases, Mutares may also acquire investments whose restructuring turns out to be more difficult than assumed in the previous due diligence. Even with a careful and conscientious selection of portfolio companies, it cannot be excluded that the success Mutares is aiming for from the turnaround situation may in individual cases not occur or not occur quickly enough, or that the economic or political framework conditions in the countries important for the portfolio companies may deteriorate. For example, significant changes in energy policy may have a negative impact on the business models of individual portfolio companies in the Mutares Group. In this context, the consequences of the COVID-19 pandemic on the economic development, which cannot be fully assessed at present, should be mentioned.

If the achievable market position, earnings potential, profitability, growth opportunities or other key success factors are incorrectly assessed, this will have consequences for the operational development of the company and thus for the return on the investment. Furthermore, it cannot be ruled out that the ability to restructure the company is incorrectly assessed or that risks are not recognized or are incorrectly assessed prior to an acquisition. It is therefore possible that the value of investee companies is reduced, that the measures initiated are not successful and that the break-even point for Mutares is not reached for a variety of reasons. This would result in portfolio companies being resold below their acquisition price or, in the worst case, ultimately having to file for insolvency. In this case, Mutares would suffer a total loss of the capital invested, i.e. lose all financial resources that the Group has used for the acquisition, ongoing support and, if applicable, financing of this company. Sellers could also attempt to assert claims against Mutares.

Diversification of the portfolio

When selecting investments, Mutares is not limited to specific industries or regions. The focus is on medium-sized companies or parts of companies in the European economic area that are in transitional situations. The focus is on existing segments. This can lead to a concentration of investments within one industry or region, which exposes the company to industry or regional risk. Mutares strives to minimize these risks through a diversified investment portfolio and thus to limit the risks of individual investments, industries or regions from economic fluctuations. However, diversification of the investment portfolio can only reduce risks that are limited to specific industries or regions. However, economic developments and the development of the financial markets as a whole take place across all sectors and regions. Their influence on business success can only be reduced to a limited extent by diversification.

Other risk areas and significant individual risks

Legal opportunities and risks

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

In connection with agreements on the sale of investments, Mutares as seller may issue guarantees under which it can be held liable by the buyer or which may lead to legal disputes. The issuance of guarantees can be a differentiating factor in the competition for potential investments if competitors cannot issue guarantees due to their own articles of association. In individual cases, a possible claim under the guarantees given may have a significant negative impact on the net assets, financial position and results of operations of the Mutares Group.

Risk from pass-through liability

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

Obligations from business combinations

Mutares SE & Co. KGaA and one of its direct subsidiaries have signed a settlement agreement with the sellers of Balcke-Dürr **GmbH** and other subsidiaries, under which the guarantee provided by Mutares SE & Co. KGaA to ensure the fulfillment of indemnification obligations increases and is again limited to an amount of EUR 5.0 million and then reduces to EUR 0 over time until 31 December 2021. As of the reporting date, this guarantee amounts to EUR 1.0 million. At the present time, it is still not expected to be called upon. The further guarantee issued by Mutares SE & Co. KGaA to secure the temporary financing of affiliated companies no longer applies and has been replaced by a guarantee. This expired on 30 December 2020 without being utilized.

Mutares SE & Co. KGaA has issued rental guarantees in connection with the acquisition of **Gemini Rail Group** to ensure the fulfillment of its contractual obligations, whereby the liability under these guarantees is limited to an amount of approximately EUR 9.7 million and reduces over time in the amount of the rental payments made. As of the reporting date, the liability under this rental guarantee amounts to EUR 6.3 million.

Mutares SE & Co. KGaA had made a commitment to the seller of **keeeper GmbH** for a limited period until 30 December 2020 to provide up to EUR 1.5 million in financing if this should be necessary to avoid insolvency. This commitment expired on 30 December 2020 without being drawn upon. In addition, Mutares has undertaken to indemnify the seller in the event of a claim in connection with a previous financing commitment as well as previously issued guarantees, whereby this obligation is limited in amount to an amount of EUR 3.5 million. This obligation expires on 30 December 2023.

Mutares SE & Co. KGaA had agreed to pay a purchase price for the acquisition of the shares in **La Meusienne S.A.S.**, which is determined depending on the working capital at the time of the transfer of beneficial ownership. There is disagreement on the interpretation of the purchase agreement. The seller is demanding an amount of EUR 1.7 million; however, due to the legal and factual situation, we currently assume a significantly lower payment obligation and have recognized a corresponding amount as a provision.

In connection with the acquisition of the transport logistics and warehouse business operations of Q Logistics GmbH, Mutares SE & Co. KGaA has undertaken to provide the purchaser **BEXity GmbH** with unsecured loans of up to EUR 9.0 million for a limited period until 30 December 2020, in particular for the financing of the operating business operations. This obligation increases by payments received by Mutares SE & Co. KGaA from BEXity GmbH before 31 March 2020. At the same time, Mutares SE & Co. KGaA has undertaken vis-à-vis the seller to indemnify the seller from these claims in the event of a claim by third parties in connection with legal relationships assumed as well as in the event of insolvency of BEXity GmbH. The indemnification claim of the seller is limited in time and amount to EUR 9.0 million until 30 December 2021, to EUR 6.0 million until 30 December 2022, and to EUR 3.0 million until 30 December 2023. The aforementioned liability limits increase by profit distributions of BEXity GmbH and decrease by loans of Mutares SE & Co. KGaA granted under the above financing line and not yet repaid. The obligation in respect of an unsecured loan expired without being utilized as of the reporting date.

Donges Teräs Oy, an indirect subsidiary of Mutares SE & Co. KGaA, has entered into a purchase agreement for the acquisition of Ruukki Building Systems Oy in the financial year 2019. Mutares SE & Co. KGaA guaranteed to the seller the payment of a partial amount of the purchase price in the amount of EUR 3.5 million. The guarantee expired upon payment of the purchase price by the acquirer in December 2020.

Mutares SE & Co. KGaA and one of its direct subsidiaries have committed to the seller of **PrimoTECS S.p.A.** to provide up to EUR 5.0 million in financing for a limited period of twelve months from 31 January 2020, should this be necessary to avoid insolvency.

Mutares SE & Co. KGaA has committed to the seller of the paper napkin business acquired by **keeeper tableware GmbH** to provide the buyer with funding of up to EUR 10.0 million for a period of 24 months from 28 February 2020, if necessary to avoid insolvency. In addition, Mutares SE & Co. KGaA will indemnify the seller against certain claims of the assigned employees for a period of four years from 28 February 2020. In the first two years, the indemnification is limited in amount to EUR 10 million; this amount is reduced by any financial resources that Mutares SE & Co. KGaA has provided to keeeper tableware GmbH. In the third year, the maximum exemption amount is reduced to EUR 7.5 million and in the fourth year to EUR 5.0 million.

Mutares SE & Co. KGaA has declared on 1 July 2020, in connection with the acquisition of the majority stake of 80% in the mail and parcel business of **Nexive** in Italy, to guarantee obligations from the purchase agreement in the amount of up to EUR 5.0 million as of closing of the transaction. In addition, Mutares undertakes to provide the company with liquid funds up to the amount of EUR 5.0 million for a period of twelve months to the extent necessary to avert insolvency. In November 2020, Mutares initially signed a letter of intent to sell its shares in Nexive to the Italian market leader Poste Italiane. The closing of the transaction took place in January 2021.

In connection with the acquisition of **SFC Solutions** with companies in Poland, Italy, Spain and India in the sealing and liquid activities as of 1 July 2020, Mutares SE & Co. KGaA has committed to the seller to provide financing and support up to a total amount of EUR 5.0 million until 31 December 2021 for all obligations of the buyer assumed under the purchase agreement.

On 1 September 2020, a direct subsidiary of Mutares SE & Co. KGaA acquired **SABO Maschinenfabrik GmbH**, a manufacturer of lawnmowers and outdoor power tools in Europe, from Deere & Company ("John Deere"). As part of the acquisition, Mutares guarantees to be fully responsible for the fulfillment of the buyer's contractual obligations should the buyer fail to fulfill these obligations. In particular, the Purchaser has undertaken to indemnify the vendor as well as any corporate bodies from any claims by third parties in connection with the legal relationships of SABO Maschinenfabrik GmbH. The indemnification obligation of the Purchaser is limited in time to 24 months and to an amount of EUR 5.0 million. In addition, the purchaser has undertaken for a period of 24 months to provide SABO Maschinenfabrik GmbH with liquid funds to the extent necessary to avoid insolvency of the company and to the extent that the purchaser has received payments from SABO Maschinenfabrik GmbH during this period.

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

In connection with the acquisition of **Terranor** in Sweden and Finland, Mutares SE & Co. KGaA has committed to the seller to provide up to EUR 5.0 million in financing for a limited period until 4 November 2021, should this be necessary to avoid insolvency.

In connection with the acquisition of the **iinovis Group,** Mutares SE & Co. KGaA has undertaken to indemnify the seller against any rescission claims in the event of insolvency of the target company. The indemnification is limited to a period of 48 months and to an amount of EUR 5.0 million. Furthermore, Mutares has undertaken to provide the company with financial resources of up to EUR 5.0 million to avoid insolvency. The two guarantees coexist and are reduced to EUR 2.5 million each after 24 months.

In November 2020, a direct subsidiary of Mutares SE & Co. KGaA signed an agreement to acquire **Japy Tech S. A. S and Royal de Boer Stalinrichtingen B.V.** In connection with the acquisition of Royal de Boer, Mutares SE & Co. KGaA has committed to the seller to provide the company with financial resources to avoid insolvency in the amount of EUR 1.0 million until 31 December 2022. In addition, Mutares provides a guarantee for general financing in the amount of EUR 1.0 million until 30 April 2021. The amount of the guarantee is reduced by payments made thereunder. As part of the acquisition of Japy Tech S. A. S, Mutares SE & Co. KGaA has committed to provide the company with financial resources in the amount of EUR 4.0 million until 30 April 2021 to avoid insolvency. This commitment increases to EUR 5.0 million as of 1 May 2021 and is valid until 31 December 2022. The closing of the transaction took place on 31 December 2020.

A direct subsidiary of Mutares SE & Co. KG has signed a binding offer to acquire **Lapeyre SAS** and its subsidiaries in France. The closing of the transaction is subject to the approval of Lapeyre's works council and the French authorities and is planned for the first half of 2021. As part of this offer, Mutares has committed to make a capital contribution to Lapeyre S.A.S. in the amount of EUR 15.0 million at the time of closing. Furthermore, Mutares has committed to provide the company with financial resources in the amount of EUR 5.0 million no later than two years after the closing of the transaction.

A direct subsidiary of Mutares SE & Co. KG has signed an irrevocable offer for the acquisition of the steel processing company **Primetals Technologies France S.A.S.** , with a production site in Savigneu, France, on 15 December 2020. As part of the offer, Mutares has guaranteed to vouch the purchase price obligations of the buyer up to the amount of EUR 2.0 million. Furthermore, Mutares undertakes to provide the Company with financial resources in the maximum amount of EUR 5.0 million until 22 months after closing of the acquisition. Finally, Mutares undertakes to indemnify the seller against all third party claims relating to the company. The closing of the acquisition is subject to approval by the French authorities and a consultation process with employee representatives.

On 21 December 2020, a direct subsidiary of Mutares SE & Co. KGaA signed an irrevocable offer to acquire a majority stake of 80% in **Carglass Maison Group,** a French provider of home repair and emergency service. In connection with the acquisition of the companies, Mutares has committed to provide the company with financial resources of up to EUR 4.0 million until 18 months after the closing of the acquisition. The closing of the transaction is subject to the approval of the French authorities.

In principle, the Management Board does not expect any obligations arising from business combinations to be utilized. However, in connection with the adverse economic developments due to the COVID-19 pandemic, which cannot be fully assessed at present, the probability of utilization is generally increasing and it cannot be ruled out that the obligations entered into may be utilized.

Obligations from company disposals

In connection with the sale of all shares in **A+F Automation und Fördertechnik GmbH** by a direct subsidiary in the financial year 2017, Mutares SE & Co. KGaA has issued a directly enforceable guarantee for the fulfillment of certain obligations of the direct subsidiary towards the acquirer regarding possible warranty claims, possible specific indemnification claims as well as possible specific cost reimbursement claims, which are valid until 30 September 2019 with regard to these fundamental warranty claims until 31 December 2020 (no utilization took place), with regard to regular warranty claims with the exception of fundamental warranties (no claim was made with regard to these fundamental warranties). With regard to these fundamental warranty claims, they are limited in time until 31 December 2020 (no claim was made), with regard to the indemnification claims until 31 December 2022. And with regard to the cost reimbursement they are unlimited in time. In terms of amount, these claims are limited to an amount of EUR 4.0 million with regard to the regular warranty claims with the exception of fundamental warranties, to an amount of EUR 50 thousand with regard to the cost reimbursement claims, and otherwise to the base purchase price in total with regard to all claims together.

The obligations in connection with the sale of all shares in **BSL Pipes & Fittings S. A. S in** November 2018 expired in the reporting period without being utilized.

Litigation

Mutares is being sued by some of the former employees of the Artmadis Group in France. One claim is based on alleged employee liability, another on alleged corporate liability. Mutares is defending itself in full against all claims, which it considers to be without merit.

Another lawsuit is being pursued by the liquidator of the former investment Grosbill, based on an alleged responsibility under company law. At the same time, the former seller of this investment is being sued on similar grounds. Mutares is defending itself in full against this action, which it considers to be without merit.

The maximum risk from these lawsuits amounts to approximately EUR 34 million. However, the Management Board does not except any claims to be asserted; accordingly, only defense costs in the mid six-digit range have been accrued.

Other obligations

An indirect subsidiary in the Engineering & Technology segment is jointly and severally liable as a participant in partnerships under civil law within the scope of joint ventures and consortium agreements with a maximum term until 2031. As of the balance sheet date, this liability relates to projects with a total order value equivalent to approximately EUR 342 million (previous year: EUR 272 million). The subsidiaries' own share of the liability amounts to EUR 126.7 million (previous year: EUR 106.7 million). Based on the ongoing credit assessments of the consortium partners, we do not expect any claims to be made on the shares of other companies. With the exception of the amounts recognized as provisions for onerous contracts or as part of the loss-free valuation, we also do not expect any utilization for our own share.

There are further guarantees, warranties, commitments and obligations totaling EUR 1.4 million (previous year: EUR 16.0 million).

Financial risks and financing risks

Price change, default and liquidity risk

Price, sales and demand fluctuations up to delivery bottlenecks on the part of customers and suppliers as well as general fluctuations on the commodity and capital markets may have a negative impact on the financial position and results of operations of the Mutares Group. Mutares counters the risks at the level of the portfolio companies by continuously and promptly monitoring the business results and project progress, among other things with the help of indicators (e.g. cash balance and cash flow development), in order to be able to take countermeasures at an early stage. To this end, in addition to extensive on-site reviews, a central management information system has been introduced which enables the performance of the portfolio companies to be monitored in real time. Cash and cash equivalents are monitored on a weekly basis. Nevertheless, there is a risk that the management information system may provide insufficient, late or incorrect information, resulting in incorrect decisions being made.

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

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

Financing risks

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

A change in the credit rating of individual Mutares investments may lead to more difficult or less favorable financing conditions or to more difficult and more expensive procurement of guarantees. In addition to the terms and conditions of the bonds, the contracts in connection with financing lines at Mutares investments generally include covenants and other obligations, the breach of which may give the financing partner the right to terminate and thus have a negative impact on the financial position.

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

In the case of financing transactions entered into, there may be an interest rate risk which can be hedged by suitable instruments (e.g. interest rate swaps, options) after reviewing the individual case.

Access to external financing is an essential prerequisite, especially for shareholdings that continue to grow with a new strategy after successful restructuring. Despite a generally positive financing environment at present and the liquidity available on the credit and capital markets due to the current expansionary monetary policy of the European Central Bank, it may not always be possible to secure such financing.

Distribution and sales risks

Adjusting the product and customer portfolio for negative contribution margins is usually part of the restructuring process. The loss of important profitable customers or the delay of especially larger orders can have a negative impact on the net assets, financial position and results of operations, particularly of those portfolio companies whose business has a high concentration of a few large customers or projects. The same applies to sales markets characterized by high competitive pressure, from which the contribution margins and margins of Mutares' portfolio companies suffer. Finally, problems with customers that have arisen at one investment may also have a negative impact on other investments of the Group, especially those in the same segment. Due to the COVID-19 pandemic and the resulting continuing economic uncertainties, the Management Board generally sees an intensification of the aforementioned risks. Due to the continuing uncertainty in the context of the

COVID-19 pandemic and further measures to combat its spread, the forecast of sales and unit sales figures is subject to uncertainty to a greater extent than usual.

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

Supply chain risks

Procurement risks

In the area of purchasing, the Group companies are exposed to risks such as supplier default, late or poor-quality delivery, and price fluctuations, especially of raw materials. Mutares counters these risks by establishing a procurement management as well as a strict monitoring of the respective suppliers. On 3 March 2021, the German parliament passed the government draft of a Due Diligence Act, also known as the Supply Chain Act, which aims to ensure compliance with basic human rights standards. This was already a matter of course for the companies of the Mutares Group before. Additional requirements for the Group resulting from the amendments to the law are currently under review.

Production risks

The individual subsidiaries of the Mutares Group are exposed to various production risks. There is a risk that, after the acquisition of a company, the optimization measures implemented by Mutares may not have an effect or may only have an effect with a delay, and that cost savings may not be implemented or may only be implemented with a delay. In addition, quality problems and delays in new and further product developments may lead to a loss of orders and customers at individual investments, which may have a negative impact on the net assets, financial position and results of operations of the respective company. Mutares addresses such risks by deploying personnel and closely monitoring production processes. Due to the COVID-19 pandemic and the increased regulations on infection control imposed by the legislators (up to possibly government-imposed plant closures), the Management Board sees an increased risk of production downtime.

Trade credit insurance

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

Personnel risks

The acquisition and sale of companies as well as restructuring and strategic further development require a high degree of professional competence and management experience from the acting persons. As part of its business model, Mutares must ensure that it has sufficient qualified personnel at its disposal. For this reason, management reviews and recruitment interviews are conducted on a regular basis, thus developing the management team both qualitatively and quantitatively. Mutares offers an attractive working environment for entrepreneurial personalities through careful personnel selection, a high degree of autonomy for the restructuring managers deployed, and remuneration that is as variable and highly performance-related as possible. In the portfolio companies, the recruitment of qualified personnel is also a key success factor. Especially in the partly rural regions of our investments, the lack of staff can be a risk in achieving the targets. This effect is intensified if there are other major employers in the region.

IT risks and data security

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

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

In the course of an extensive audit as well as in the context of an implemented project, the business processes of Mutares SE & Co. KGaA were recorded, evaluated and transferred to a data protection management system in 2019 in the context of DSGVO or GDPR compliance. All employees of Mutares SE & Co. KGaA were provided with detailed guidelines and work instructions on the topic of data protection, data security as well as general IT security. For the year 2020, a new project was additionally set up in Mutares SE & Co. KGaA to further modernize the IT infrastructure of Mutares SE & Co. KGaA.

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

Tax risks

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

Overall statement on the opportunity and risk situation

Based on the information currently available to us from our systematic, multi-level risk management system, no risks can be identified that individually or in combination could jeopardize the continued existence of the Mutares Group. However, it is generally possible that future results may deviate from the Management Board's current expectations. In particular, the further course of the COVID-19 pandemic and its economic impact cannot be estimated with complete validity at the time of preparation of this group management report; however, from the Management Board's perspective, the positive going concern forecast for the Mutares Group is not affected by this. The issuance of a bond in the amount of EUR 70.0 million in the financial year 2020 provides the Management Board with sufficient financial resources.

7.3 Forecast Report

With a total of eleven new acquisitions, Mutares again significantly exceeded the expectation expressed in the previous year's forecast report for the financial year 2020 of at least reaching the level of the financial year 2019 in terms of new acquisitions (including add-on transactions) in the reporting period. With regard to the comparison of the forecasts made in the previous year's management report for the financial year with the actual development in relation to the significant financial performance indicators of the Mutares Group, we refer to the above statements under 5.1.

The business development of the Mutares Group continues to be significantly influenced by the acquisitions and sales of investments on the one hand and is dependent on the development of the existing portfolio companies on the other hand. With the successful placement of a bond for EUR 70.0 million in the financial year 2020 and the exercise of the increase option by another EUR 10.0 million in February 2021 to the nominal volume of now EUR 80.0 million in total, the expansive development of the Mutares Group shall be further advanced.

Due to the continued high level of uncertainty regarding future economic development, the forecast for the financial year 2021 is also subject to greater uncertainty than usual.

The forecast for the development of the Mutares Group is based on the assumptions that

- the transactions signed to date are also completed and the composition of the Group remains unchanged as of the date of preparation;
- the spread of COVID-19 virus no longer has a significant impact on the global economy by the third quarter at the latest as a result of appropriate countermeasures, manufacturing companies fully resume production, the retail sector is reopened without restrictions and gradually return to pre-pandemic levels by the end of 2021;
- the growth rate in Europe in 2021 more than compensates for the decline in economic output in the previous year 2020;
- inflation, the oil price and the prices of other relevant raw materials such as steel rise only slightly;
- the availability of raw materials without restrictions and bottlenecks is given;

- central banks and governments worldwide at least implement their announced measures to stabilize and, above all, stimulate demand;

- the interest rate level in the main currency areas worldwide remains at the current low level and

- the existing trade conflicts do not escalate further and no new trade conflicts arise between economic areas relevant from the Group's point of view.

The Mutares Group will continue to continuously review potential new acquisitions and add-on opportunities in the future and will further develop itself in this regard with regard to company sizes and the attractiveness of the businesses. Due to the established brand "Mutares", the Management Board assumes that the acquisition business in the target segment of "companies in special situations" will develop positively due to the ongoing economic uncertainties and changes despite further intensifying competition. For 2021, the Management Board is aiming for a transaction volume at least at the high level of the financial year 2020.

Against the background of the acquisitions of the current financial year 2021 completed and signed by the date of preparation as well as the planning of the individual segments, the Management Board expects a significant increase in revenue for the Mutares Group in the financial year 2021 due to the acquisitions completed, signed or intended by the date of preparation. All three segments are again expected to contribute to this.

Taking into account the acquisitions of the current financial year 2021 completed, signed and intended by the time of preparation, (reported) **EBITDA** is again expected to reach a clearly positive level, in particular due to the gains from bargain purchases arising in this context.

Adjusted EBITDA and **cash flow from operating activities** are expected to be negatively impacted by the negative earnings contributions of the newly acquired investments. Accordingly, the Management Board expects both performance indicators to decline compared with the financial year 2020.

The Management Board expects the net **cash position** to increase compared to the reporting date 2020 due to the completed, signed and intended acquisitions.

The ability to **pay dividends of** Mutares SE & Co. KGaA is fed by revenues from the consulting business, dividends from portfolio companies and exit proceeds from the sale of investments. Based on the current planning and taking into account the risk factors, the Management Board assumes that also for the financial year 2021 the dividend ability of Mutares SE & Co. KGaA will remain at least at the level of the market expectations[1].

[1] See for example the article by BÖRSE ONLINE from 12 February 2021; www.boerse-online.de/nachrichten/aktien/scale-unternehmen-stellen-sich-vor-mutares-1030061783

Munich, 31 March 2021

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

The Management Board

Robin Laik

Mark Friedrich

Dr. Kristian Schleede

Johannes Laumann

Mutares SE & Co. KGaA, Munich

Balance sheet as at 31 December 2020

Assets

		EUR	EUR	31 Dec. 2020 EUR	31 Dec. 2019 EUR
A.	**Non-current assets**				
I.	**Intangible assets**				
	Purchased software		1,004		14,303
II.	**Tangible fixed assets**				
	Other equipment, operating and office equipment		447,768		416,853
III.	**Financial assets**				
1.	Shares in affiliated companies	51,350,146			30,653,431
2.	Loans to affiliated companies	18,233,642			11,873,388
3.	Participations	36,000			36,000
			69,619,788		42,562,819
				70,068,560	42,993,975
B.	**Current assets**				
I.	**Receivables and other assets**				
1.	Receivables from affiliated companies	81,870,978			41,040,386
2.	Receivables from companies in which participations are held	200,000			0
3.	Other assets	958,709			237,195
			83,029,687		41,277,580
II.	**Cash on hand and bank balances**		26,457,688		9,206,973
				109,487,375	50,484,553
C.	**Accruals and deferred income**			727,220	194,433
				180,283,155	93,672,960

Equity & Liabilities

		EUR	31 Dec. 2020 EUR	31 Dec 2019 EUR
A.	**Equity**			
I.	**Capital issued**			
1.	Share capital	15,496,292		15,496,292
	(Conditional capital)	(4.549.626)		(4.549.626)
2.	Less calculated value of treasury shares	-472,475		-261,875
		15,023,817		15,234,417
II.	**Capital contribution of the personally liable shareholder** - without contribution -	0		0
III.	**Capital reserves**	36,145,026		36,145,026
IV.	**Retained earnings**			
	Legal reserve	131,688		131,688
V.	**Balance sheet profit**	43,233,546		27,350,598
			94,534,077	78,861,729
B.	**Provisions**			
1.	Provisions for taxes	14,062		70,902
2.	Other provisions	6,317,534		4,442,300
			6,331,596	4,513,202
C.	**Liabilities**			
1.	Bonds	70,000,000		0
2.	Trade payables	959,627		606,043
3.	Liabilities to affiliated companies	3,289,970		5,968,622
4.	Liabilities to companies in which participations are held	4,885,813		3,377,467
5.	Other liabilities	282,072		345,897
			79,417,482	10,298,029
			180,283,155	93,672,960

Mutares SE & Co. KGaA, Munich

Statement of profit and loss for the financial year from 1 January to 31 December 2019

			2020	Previous year
		EUR	EUR	EUR
1.	Revenue		31,884,867	19,336,134
2.	Other operating income		12,962,644	10,577,858
3.	Cost of material			
	Cost of purchased services		2,826,250	1,821,404
4.	Personnel expenses			
a)	Wages and salaries	10,730,760		8,640,136
b)	Social contributions	725,512		552,218
			11,456,272	9,192,354
5.	Amortization of intangible assets and depreciation			
	of property, plant and equipment		120,309	130,208
6.	Other operating expenses		25,741,093	18,128,013
	Thereof from currency translation: EUR 0			
	(previous year: EUR 196)			
7.	Income from subsidiaries and			
	gains from the sale of subsidiaries		34,578,822	21,951,500
	thereof from affiliated companies: EUR 34,578,822			
	(previous year: EUR 21,951,500)			
8.	Income from loans of financial assets		0	63,209
	thereof from affiliated companies: EUR 0			
	(previous year: EUR 63,209)			
9.	Other interest and similar income		1,025,189	441,879
	thereof from affiliated companies: EUR 1,025,189			
	(previous year: EUR 441,879)			
10.	Depreciation of financial assets		2,108,051	500,000
11.	Interest and similar expenses		4,787,129	16,350
	thereof to affiliated companies: EUR 9,344			
	(previous year: EUR 2,959)			
12.	Taxes on income and earnings		360	42,955
13.	Earnings after taxes		33,412,056	22,539,296
14.	Other taxes		5,467	-27
15.	**Net income for the year**		33,406,588	22,539,323
16.	Profit carried forward from the previous year		12,116,181	4,811,275
17.	Offsetting in connection with the acquisition of			
	treasury shares		-2,289,223	0
18.	**Balance sheet profit**		43,233,546	27,350,598

Mutares SE & Co. KGaA

Notes for the financial year from 1 January to 31 December 2020

General data

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

The annual financial statements as of 31 December 2020 have been prepared on the basis of the German Commercial Code and the German Stock Corporation Act. In accordance with Section 267 (2) of the German Commercial Code, the Company is considered a medium-sized corporation. In addition to these regulations, the provisions of the Articles of Association had to be observed. For reasons of clarity, additional disclosures required by law are generally made in the notes.

The financial year is the calendar year.

The balance sheet has been structured in accordance with Section 266 HGB. The income statement has been prepared using the nature of expense method in accordance with Section 275 (2) HGB.

The principle of the representation continuity was observed.

All figures in these notes are presented in thousands of euros (EUR thousand for short) or millions of euros (EUR million for short).

Accounting and valuation methods

Balance sheet disclosures

<u>Fixed assets</u>

Intangible assets were capitalized at cost and amortized on a straight-line basis over their expected useful lives of three years.

Property, plant and equipment were capitalized at cost and depreciated on a scheduled basis.

Items of property, plant and equipment were reduced by scheduled straight-line depreciation in accordance with their expected useful lives of three to fifteen years. Additions in the financial year were depreciated pro rata temporis.

Since 1 January 2018, property, plant and equipment with acquisition costs of up to EUR 800.00 have been fully depreciated in the year of acquisition. Previously, as of 1 January 2011, assets with acquisition costs of up to EUR 410.00 were fully depreciated in the year of acquisition.

The carrying amount of financial assets is based on the cost of acquisition and, if necessary, unscheduled write-downs in accordance with Section 253 (3) Sentence 5 of the German Commercial Code (HGB) in the event of a probable permanent impairment in value. If the reasons for an impairment loss recognized in the past no longer exist, the impairment loss is reversed up to a maximum of the historical cost.

For further information, please refer to the statement of changes in non-current assets in Appendix 1 to these notes.

Current assets

Receivables from affiliated companies were recognized at nominal value and measured taking into account all identifiable risks. In the case of receivables from affiliated companies, individual value adjustments were made to the lower fair value where necessary. Receivables from affiliated companies include trade receivables (EUR 8,648 k; previous year: EUR 8,072 k), receivables from loans (EUR 18,648 k; previous year: EUR 4,957 k) and receivables from profit distributions (EUR 54,575 k; previous year: EUR 28,014 k). As in the previous year, receivables from affiliated companies do not include any receivables with a remaining term of more than one year. On the basis of current information, the Management Board assumes that approximately half of the total carrying amount of receivables from affiliated companies as of 31 December 2020 will not be collected until after a period of twelve months from the balance sheet date.

Receivables from companies in which an equity investment is held include an advance payment made for services (EUR 200 k; previous year: EUR 0 k) with a remaining term of less than one year.

Other assets and cash and cash equivalents are stated at nominal value. Other assets include those with a remaining term of more than one year in the amount of EUR 229 thousand (previous year: EUR 229 thousand).

Prepaid expenses

Deferred income was calculated pro rata temporis according to the nominal amount. Furthermore, in connection with the increase of the bond in August 2020 (after initial issuance in February 2020), a discount of EUR 600 thousand was capitalized, which will be amortized over the term of the liability.

Equity

The subscribed capital is recognized at the nominal amount.

By resolution of the Annual General Meeting on 18 May 2020, a partial amount of EUR 15,234,417.00 of the Company's retained earnings as of 31 December 2019 of EUR 27,350,598.20 was distributed in the form of a dividend of EUR 1.00 per no-par value share carrying dividend rights and the remaining amount of EUR 12,116,181.20 was carried forward to new account.

Conditional capital

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

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

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

On 13 October 2016, the Board of Management, with the approval of the Supervisory Board, adopted option conditions under which up to 900,000 stock options from Conditional Capital 2016/I may be issued to members of the management of affiliated domestic and foreign companies of the Company and to employees of the Company and of affiliated domestic and foreign companies by 2 June 2020.

Upon fulfillment of certain exercise conditions - in particular a waiting period of at least four years - the stock options entitle the holder to subscribe to a total of up to 900,000 no-par value bearer shares of the Company with a notional interest in the share capital of EUR 1.00 each.

Also on 13 October 2016, the Supervisory Board adopted option conditions under which a total of up to 600,000 stock options from Conditional Capital 2016/I may be issued to members of the Company's Management Board until 2 June 2020. The stock options entitle the holders to subscribe to a total of up to 600,000 no-par value bearer shares of the Company, each representing a notional share of the share capital of EUR 1.00, provided that certain exercise conditions are met, in particular a waiting period of at least four years.

In four tranches between October 2016 and April 2018, a total of 973,200 stock options were issued under the 2016 Stock Option Plan, of which 465,000 stock options were granted to members of the Management Board, of which 90,000 stock options expired due to resignation. The stock options granted are not entitled to dividends and do not grant any voting rights.

On 9 August 2019, the Management Board adopted option conditions under which up to 360,979 stock options from Conditional Capital 2019/II may be issued to members of the management of affiliated domestic and foreign companies of the Company and to employees of the Company and employees of affiliated domestic and foreign companies by 22 May 2024. Upon fulfillment of certain exercise conditions - in particular a waiting period of at least four years - the stock options entitle the holder to subscribe to a total of up to 360,979 no-par value registered shares of the Company with a notional interest in the share capital of EUR 1.00 each.

Also on 9 August 2019, the Shareholders' Committee of the general partner of Mutares SE & Co. KGaA resolved, with the approval of the Supervisory Board, option conditions according to which a total of up to 441,197 stock options from Conditional Capital 2019/II may be issued to members of the Management Board of the Company until 22 May 2024. The stock options entitle the holder to subscribe to a total of up to 441,197 no-par value registered shares of the Company, each representing a notional share of the share capital of EUR 1.00, provided that certain exercise conditions are met, in particular a waiting period of at least four years.

In two tranches to date in September 2019 and May 2020, 646,000 stock options were issued from the 2019 Stock Option Plan, of which 370,000 stock options were granted to members of the Management Board. The stock options granted are not entitled to dividends and do not grant any voting rights.

With regard to the accounting treatment of stock options, the Company does not follow E-GAS 11 (Accounting for Stock Option Plans and Similar Forms of Consideration) or IFRS 2 (Share-based Payment), but rather an interim minority opinion in the commentary literature under commercial law, according to which stock options are regarded as consideration granted to the recipient by the shareholders and therefore do not affect the Company level. For this reason, stock option plans are not recognized in the balance sheet until the options have been exercised.

Authorized capital

By resolution dated 23 May 2019, the Annual General Meeting of the Company resolved to cancel Authorized Capital 2015/I and instead to authorize the Management Board, with the approval of the Supervisory Board, to increase the Company's share capital in the period up to 22 May 2024 by a total of up to EUR 7,748 thousand by issuing up to 7,748,146 new registered no-par value shares, each with a notional value in the Company's share capital of EUR 1.00, in exchange for cash contributions and/or contributions in kind ("Authorized Capital 2019/I").

Acquisition of treasury shares

The authorization of the Board of Management to acquire treasury shares up to 10% of the share capital by the Annual General Meeting on 22 May 2015 was originally valid until 21 May 2020, but was revoked by resolution of the Annual General Meeting on 23 May 2019. At the same time, by resolution of the Annual General Meeting on 23 May 2019, the Management Board was authorized until the end of 22 May 2024 to acquire treasury shares in the Company up to a total of 10% of the Company's capital stock existing at the time the resolution was adopted or - if lower - at the time the authorization was exercised, in compliance with the principle of equal treatment (Section 53 AktG). The shares acquired on the basis of this authorization, together with other treasury shares of the Company which the Company has acquired and still holds or which are attributable to the Company in accordance with sections 71a et seq. of the AktG, may at no time exceed 10% of the respective capital stock of the Company.

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

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

The Company thus holds a total of 472,475 (previous year: 261,875) treasury shares as of the reporting date 31 December 2020. They represent EUR 472,475 or 3.0% of the share capital (previous year: EUR 261,875 or 1.7%).

Provisions

Provisions are recognized for uncertain liabilities at the settlement amount deemed necessary according to prudent business judgment. Other accruals mainly relate to accruals for personnel costs (EUR 4,610 k; previous year: EUR 2,493 k).

Liabilities

Liabilities were recognized at the settlement amount. As in the previous year, there are no non-current liabilities with a remaining term of more than five years.

Of the total liabilities as of 31 December 2020, amounting to EUR 79,418 thousand (previous year: EUR 10,298 thousand), the following are attributable to:

Liabilities from bonds (previous year: EUR 0k)	TEUR 70,000
thereof with a remaining term of more than one year (previous year: EUR 0k)	TEUR 70,000
thereof with a remaining term of up to one year (previous year: EUR 0k)	TEUR 0
Trade accounts payable (previous year: EUR 606k)	TEUR 960
thereof with a remaining term of more than one year (previous year: EUR 0k)	TEUR 0
thereof with a remaining term of up to one year (previous year: EUR 606k)	TEUR 960

Liabilities to affiliated companies	TEUR 3,290
(previous year: EUR 5,969k)	
thereof with a remaining term of more than one year	TEUR 0
(previous year: EUR 0k)	
thereof with a remaining term of up to one year	TEUR 3,290
(previous year: EUR 5,969k)	
Liabilities to companies with a participation	TEUR 4,886
(previous year: EUR 3,377k)	
thereof with a remaining term of more than one year	TEUR 0
(previous year: EUR 0k)	
thereof with a remaining term of up to one year	TEUR 4,886
(previous year: EUR 3,377k)	
Other liabilities	TEUR 282
(previous year: EUR 346k)	
thereof from taxes	TEUR 177
(previous year: EUR 228k)	
thereof social security	TEUR 17
(previous year: TEUR 14)	
thereof with a remaining term of more than one year	TEUR 0
(previous year: EUR 0k)	
thereof with a remaining term of up to one year	TEUR 282
(previous year: EUR 346k)	

Liabilities to affiliated companies include EUR 0 thousand in liabilities from loans (previous year: EUR 3,000 thousand), EUR 1,754 thousand in advance payments received (previous year: EUR 2,315 thousand) and EUR 1,536 thousand in trade payables (previous year: EUR 654 thousand).

Disclosures on the income statement

The income statement has been prepared using the nature of expense method. In accordance with Section 288 (1) HGB, the breakdown of sales revenue pursuant to Section 285 No. 4 HGB has been dispensed with.

Revenue results from consulting services to affiliated companies and management fees.

Other operating income includes income of EUR 11,810 k (previous year: EUR 0 k) resulting from the disclosure of hidden reserves in the shares in a direct subsidiary, which were disclosed in the context of a contribution transaction. In addition, other operating income includes EUR 754k (previous year: EUR 2,617k) from the reversal of impairment losses on receivables written down in previous years. Other operating income in the previous year also included EUR 5,799k from the write-up of shares in affiliated companies.

Amortization of intangible assets and depreciation of property, plant and equipment was calculated on a straight-line basis over the useful lives of the assets, taking into account the useful lives customary in the industry or those of the assets concerned.

Other operating expenses include allowances for doubtful accounts and losses on receivables of EUR 209 thousand (previous year: EUR 1,565 thousand).

Income from investments includes income from the same-period collection of profits from investments.

In the 2020 financial year, impairment losses of EUR 2,108 thousand (previous year: EUR 500 thousand) were recognized on financial assets in accordance with Section 253 (3) Sentence 5 of the German Commercial Code (HGB) due to expected permanent impairment, which, as in the previous year, related entirely to write-downs on shares in affiliated companies.

Other information

Employees

During the financial year 2020, Mutares SE & Co. KGaA employed an average of 53 people (previous year: 40) in M&A (7; previous year: 7), Operations (31; previous year: 21) and Administration (15; previous year: 12).

Consolidated Financial Statements

The Company prepares consolidated financial statements for the largest group of companies and the smallest group of companies as of 31 December 2020. Disclosure is made in the electronic Federal Gazette.

Contingent liabilities

Guarantees/patronage declarations

There are guarantees and letters of comfort totaling EUR 13,700 thousand (previous year: EUR 4,645 thousand), of which EUR 13,700 thousand (previous year: EUR 4,000 thousand) relate to affiliated companies. In the previous year, the Company was indemnified by a third party for a partial amount of EUR 645k.

Mutares SE & Co. KGaA has assumed a rental guarantee in connection with the sale of the property of Donges SteelTec GmbH in Darmstadt, under which Mutares SE & Co. KGaA guarantees the buyer to actually obtain a net rent (excluding incidental expenses and VAT) of EUR 167k per month for a period of five years from the closing of the transaction on 31 May 2019.

Obligations from business combinations

MutaresSE & Co. KGaA and one of its direct subsidiaries have signed a settlement agreement with the sellers of Balcke-Dürr GmbH and other subsidiaries, under which the guarantee given by Mutares SE & Co. KGaA to ensure the fulfillment of indemnification obligations increases and is again limited to an amount of EUR 5.0 million and then reduces to EUR 0 over time until 31 December 2021. As of the reporting date, this guarantee still amounts to EUR 1.0 million. At the present time, it is still not expected that any claims will be made under this guarantee. The further guarantee issued by Mutares SE & Co. KGaA to secure the temporary financing of affiliated companies no longer applies and has been replaced by a guarantee. This expired on 30 December 2020 without being called.

Mutares SE & Co. KGaA has issued rental guarantees in connection with the acquisition of Gemini Rail Group to secure the fulfillment of the contractual obligations of this indirect subsidiary, whereby the liability under these guarantees is limited to an amount of approximately EUR 9.7 million and reduces over time in the amount of the rental payments made by the indirect subsidiary. As of the reporting date, the potential liability from this rental guarantee amounts to EUR 6.3 million.

Mutares SE & Co. KGaA has made a commitment to the seller of keeeper GmbH for a limited period until 30 December 2020, to provide up to EUR 1.5 million in financing if this should be necessary to avoid insolvency. This commitment expired on 30 December 2020 without being drawn upon. In addition, Mutares has undertaken to indemnify the seller in the event of a claim in connection with a previous financing commitment as well as previously issued guarantees, whereby this obligation is limited in amount to an amount of EUR 3.5 million. This obligation expires on 30 December 2023.

In connection with the acquisition of the transport logistics and warehouse business operations of Q Logistics GmbH, Mutares SE & Co. KGaA has undertaken to provide the buyer BEXity GmbH with unsecured loans of up to EUR 9.0 million for a limited period until 30 December 2024, in particular for the financing of the operating business operations. This obligation increases by payments received by Mutares SE & Co. KGaA from BEXity GmbH before 31 March 2020. At the same time, Mutares SE & Co. KGaA has undertaken vis-à-vis the seller to indemnify the seller from these claims in the event of a claim by third parties in connection with legal relationships assumed as well as in the event of insolvency of BEXity GmbH. The indemnification claim of the seller is limited in time and amount to EUR 9.0 million until 30 December 2021, to EUR 6.0 million until 30 December 2022, and to EUR 3.0 million until 30 December 2023. The aforementioned liability limits increase by profit distributions of BEXity GmbH and decrease by loans of Mutares SE & Co. KGaA granted under the above financing line and not yet repaid. The liability amounts to EUR 9.3 million as of the reporting date.

Donges Teräs Oy, an indirect subsidiary of Mutares SE & Co. KGaA, has entered into a purchase agreement for the acquisition of Ruukki Building Systems Oy in the financial year 2019. Mutares SE & Co. KGaA guarantees to the seller the payment of a partial amount of the purchase price in the amount of EUR 3.5 million. The guarantee expired upon payment of the purchase price by the acquirer in December 2020.

Mutares SE & Co. KGaA and one of its direct subsidiaries have committed to the seller of PrimoTECS S.p.A. to provide up to EUR 5.0 million in financing for a limited period of twelve months from 31 January 2020, should this be necessary to avoid insolvency.

Mutares SE & Co. KGaA has committed to the seller of the paper napkin business acquired from keeeper tableware GmbH to provide the buyer with financing of up to EUR 10.0 million for a period of 24 months from 28 February 2020, if necessary to avoid insolvency. In addition, Mutares SE & Co. KGaA will indemnify the seller against certain claims of the employees assigned to the paper napkin business for a period of four years from 28 February 2020. The indemnification is limited to EUR 10 million in the first two years; this amount is reduced by any funds provided by Mutares SE & Co. KGaA to keeeper tableware GmbH. In the third year, the maximum exemption amount is reduced to EUR 7.5 million and in the fourth year to EUR 5.0 million.

Mutares SE & Co. KGaA has declared on 1 July 2020, in connection with the acquisition of the majority stake of 80% in the mail and parcel business of Nexive in Italy, to guarantee obligations from the purchase agreement in the amount of up to EUR 5.0 million as of closing of the transaction. In addition, Mutares undertakes to provide the company with liquid funds up to the amount of EUR 5.0 million for a period of twelve months to the extent necessary to avert insolvency. In November 2020, Mutares initially signed a letter of intent to sell its shares in Nexive to the Italian market leader Poste Italiane. The closing of the transaction took place in January 2021.

In connection with the acquisition of SFC Solutions with companies in Poland, Italy, Spain and India in the sealing and liquid activities as of 1 July 2020, Mutares SE & Co. KGaA has committed to the seller to provide financing and support up to a total amount of EUR 5.0 million until 31 December 2021 for all obligations of the buyer assumed under the purchase agreement.

On 1 September 2020, a direct subsidiary of Mutares SE & Co. KGaA, acquired SABO Maschinenfabrik GmbH, a manufacturer of lawn mowers and outdoor power tools in Europe, from Deere & Company ("John Deere"). As part of the acquisition, Mutares guarantees to be fully responsible for the fulfillment of the buyer's contractual obligations should the buyer fail to fulfill these obligations. In particular, the Purchaser has undertaken to indemnify the Vendor as well as any corporate bodies from any claims by third parties in connection with the legal relationships of SABO Maschinenfabrik GmbH. The indemnification obligation of the purchaser is limited in time to 24 months and to an amount of EUR 5.0 million. In addition, the purchaser has undertaken for a period of 24 months to provide SABO Maschinenfabrik GmbH with liquid funds to the extent necessary to avoid insolvency of the company and to the extent that the purchaser has received payments from SABO Maschinenfabrik GmbH during this period.

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

In connection with the acquisition of Terranor in Sweden and Finland, Mutares SE & Co. KGaA has committed to the seller to provide up to EUR 5.0 million in financing for a limited period until 4 November 2021, should this be necessary to avoid insolvency.

In connection with the acquisition of the iinovis Group, Mutares SE & Co. KGaA has undertaken to indemnify the seller against any rescission claims in the event of insolvency of the target company. The indemnification is limited to a period of 48 months and to an amount of EUR 5.0 million. Furthermore, Mutares has undertaken to provide the company with financial resources of up to EUR 5.0 million to avoid insolvency. The two guarantees coexist and are reduced to EUR 2.5 million each after 24 months.

In November 2020, a direct subsidiary of Mutares SE & Co. KGaA signed an agreement to acquire Japy Tech SAS and Royal de Boer Stalinrichtingen B.V.. In connection with the acquisition of Royal de Boer, Mutares SE & Co. KGaA has committed to the seller to provide the company with financial resources to avoid insolvency in the amount of EUR 1.0 million until 31 December 2022. In addition, Mutares provides a guarantee for general financing in the amount of EUR 1.0 million until 30 April 2021. The amount of the guarantee is reduced by payments made thereunder. As part of the acquisition of Japy Tech SAS, Mutares SE & Co. KGaA has committed to provide the company with financial resources in the amount of EUR 4.0 million until 30 April 2021 to avoid insolvency. This obligation increases to EUR 5.0 million as of 1 May 2021 and is valid until 31 December 2022. The closing of the transaction took place on 31 December 2020.

A direct subsidiary of Mutares SE & Co. KGaA has signed an irrevocable offer for the acquisition of the steel processing company Primetals Technologies France S.A.S., with a production site in Savigneu, France, on 15 December 2020. As part of the offer, Mutares has guaranteed to guarantee the purchase price obligations of the buyer up to the amount of EUR 2.0 million. Furthermore, Mutares undertakes to provide the Company with financial resources in the maximum amount of EUR 5.0 million until 22 months after closing of the acquisition. The closing of the acquisition is subject to approval by the French authorities and a consultation process with employee representatives.

On 21 December 2020, a direct subsidiary of Mutares SE & Co. KGaA signed an irrevocable offer to acquire a majority stake of 80% in Carglass Maison Group, a French home repair and emergency service provider. In connection with the acquisition of the companies, Mutares has committed to provide the company with financial resources of up to EUR 4.0 million until 18 months after the closing of the acquisition. The closing of the transaction is subject to the approval of the French authorities.

In principle, the Management Board does not expect any obligations arising from business combinations to be utilized. However, in connection with the negative impact of economic developments due to the COVID 19 pandemic, which cannot yet be fully assessed, the probability of utilization is generally increasing and it cannot be ruled out that the obligations entered into may be utilized.

Obligations from company disposals

In connection with the sale of all shares in A+F Automation und Fördertechnik GmbH by a direct subsidiary in the financial year 2017, Mutares SE & Co. KGaA has issued a directly enforceable guarantee for the fulfillment of certain obligations of the direct subsidiary towards the acquirer regarding possible warranty claims, possible specific indemnification claims as well as possible specific cost reimbursement claims, which are limited in time with regard to regular warranty claims except for fundamental warranties until 30 September 2019 (no utilization took place), with regard to these fundamental warranty claims until 31 December 2020 (no utilization took place), with regard to the indemnification claims until 31 December 20 (no utilization took place), and with regard to these fundamental warranty claims until 31 December 20 (no utilization took place). With regard to these fundamental warranty claims, they are limited in time until 31 December 2020 (no claim was made), with regard to the indemnification claims until 31 December 2022, and with regard to the reimbursement of costs they are unlimited in time. In terms of amount, these claims are limited to an amount of EUR 4,000 thousand with regard to the regular warranty claims with the exception of fundamental warranties, to an amount of EUR 50 thousand with regard to the cost reimbursement claims, and otherwise to the base purchase price in total with regard to all claims together.

Furthermore, upon the sale of all shares in BSL Pipes & Fittings SAS, Mutares SE & Co. KGaA co-guaranteed the fulfillment of the obligations of the seller - a direct subsidiary of the Company - in the event of a claim under customary warranty obligations. This guarantee expired in the reporting period without being called upon.

Other financial obligations

Under a long-term lease agreement, annual financial obligations of EUR 350 thousand have existed for the fixed basic rental period of ten years since April 2016.

Supervisory Board and Management Board

Board of Directors

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

- Mr. Robin Laik, Chief Executive Officer, Munich
- Mr. Mark Friedrich, Chief Financial Officer, Munich
- Dr.-Ing. Kristian Schleede, Chief Restructuring Officer, Zurich/Switzerland
- Mr. Johannes Laumann, Chief Investment Officer, Bonn

The total compensation of the Management Board for the 2020 financial year amounted to EUR 7.0 million (previous year: EUR 4.9 million), of which EUR 0.0 million (previous year: EUR 0.7 million) was paid to former members. In addition, the members of the stock option plan 2019 received 180,000 (previous year: 190,000) stock options in the 2020 financial year. The stock options granted are not entitled to dividends and do not grant any voting rights.

Supervisory Board

The members of the Supervisory Board of the Company are:

- Mr. Volker Rofalski, Managing Director of only natural munich GmbH, Munich, Chairman
- Dr. Axel Müller, self-employed management consultant, Lahnstein, Vice Chairman
- Dr. Lothar Koniarski, Managing Director of Elber GmbH, Regensburg
- Prof. Dr. iur. Micha Bloching, tax consultant, lawyer, university lecturer, Munich

The members of the Supervisory Board of Mutares SE & Co. KGaA are entitled to remuneration for their activities in the total amount of EUR 92,500.00 per year plus statutory value added tax in accordance with the resolution of the Annual General Meeting of 23 May 2019. If a Supervisory Board member does not belong to the Supervisory Board for the full financial year, the remuneration is reduced pro rata temporis. In addition, the members of the Supervisory Board receive committee compensation for their work. The total amount of Supervisory Board compensation paid to the Supervisory Board is EUR 111 thousand (previous year: EUR 196 thousand).

Auditor's fee

The disclosures for the auditor's total fee are omitted in the annual financial statements of Mutares SE & Co. KGaA, as the Company prepares consolidated financial statements and the disclosures for the total fee will be included in these consolidated financial statements.

Appropriation of earnings

The Management Board of the General Partner will, subject to the proviso and condition that the Supervisory Board of the Company also fully supports the proposed resolution and also submits it to the Annual General Meeting of the Company, propose to the Annual General Meeting to use the net retained profits of Mutares SE & Co. KGaA for the financial year 2020 in the amount of EUR 43,233,546.65 to distribute a dividend in the amount of EUR 1.50 per no-par value share entitled to dividend and otherwise to carry it forward to new account.

Events after the balance sheet date

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

With a value date of 26 February 2021, Mutares increased the bond (ISIN NO0010872864) listed on the Open Market of the Frankfurt Stock Exchange and on the Nordic ABM of the Oslo Stock Exchange by a nominal volume of EUR 10.0 million to the maximum nominal volume of EUR 80 million under the terms and conditions of the bond valid at that time by exercising the existing increase option. The bond, which matures on 14 February 2024, continues to bear quarterly interest at the 3-month EURIBOR (EURIBOR floor of 0.00%) plus a margin of 6.00%.

On 11 March 2021, Mutares SE & Co. KGaA signed a share purchase agreement with Adler Pelzer Holding GmbH, a company of the Adler Pelzer Group, for the complete sale of its majority stake of approximately 73.25% in the share capital of STS Group AG at a purchase price of EUR 7.00 per share sold. The transaction is still subject to the approval of the financing partners on the part of the Adler Pelzer Group and the approval of the antitrust authorities. The closing of the transaction is expected to take place in the first half of 2021.

A direct subsidiary of Mutares SE & Co. KGaA signed an irrevocable offer for the acquisition of the steel processing company Primetals Technologies France S.A.S., with a production site in Savigneu, France, on 15 December 2020. The closing of the acquisition was subject to approval by the French authorities and a consultation process with employee representatives and took place on 31 March 2021.

Another direct subsidiary of Mutares SE & Co. KGaA signed an agreement on 29 January 2021 to acquire all shares in the Italian communications service provider of Ericsson Services Italia S.p.A. (in the future operating as EXI S.p.A.). Ericsson Services Italia S.p.A. specializes in network expansion and maintenance services. The closing of the transaction took place on 31 March 2021.

Munich, 31 March 2021

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

The Management Board

Robin Laik

Mark Friedrich

Dr. Kristian Schleede

Johannes Laumann

Statement of changes in non-current assets as at 31 December 2020

Mutares SE & Co. KGaA
Munich

		Book value 01 Jan 2020 EUR	Inflows EUR	Outflows- EUR	Transfers EUR	Depreciations writeups- EUR	Book value 31 Dec. 2020 EUR	Book value 31 Dec. 2019 EUR
I.	**Intangible assets**							
	Purchased software	14,303				13,299	1,004	14,303
	Intangible assets	**14,303**				**13,299**	**1,004**	**14,303**
II.	**Tangible fixed assets**							
	Other equipment, operating and office equipment	416,853	137,925			107,010	447,768	416,853
	Tangible fixed assets	**416,853**	**137,926**			**107,010**	**447,768**	**416,853**
III.	**Financial assets**							
1.	Shares in affiliated companies	30,653,431	24,090,225	1,285,509		2,108,002	51,350,145	30,653,431
2.	Loans to affiliated companies	11,873,388	6,360,255				18,233,642	11,873,388
3.	Participations	36,000					36,000	36,000
	Financial assets	**42,562,819**	**30,450,480**	**1,285,509**		**2,108,002**	**69,619,788**	**42,562,819**
	Non-current assets	**42,993,975**	**30,588,406**	**1,285,509**		**2,228,311**	**70,068,559**	**42,993,975**

List of shareholdings as at 31 Dec. 2020

in kEUR

Direct shareholdings/ holding companies	Main Office	Capital share in %	Result of the last fisical year TEUR	Equity of the last fisical year TEUR
mutares Holding-02 AG	Bad Wiessee	100	116	13,104
mutares Holding-03 AG	Bad Wiessee	100	-537	13
mutares Holding-07 GmbH	Bad Wiessee	100	-3,260	-3,214
mutares Holding-09 AG i.L.	Bad Wiessee	100	4	59
mutares Holding-10 GmbH	Bad Wiessee	100	-12	44
mutares Holding-11 AG i.L.	Bad Wiessee	100	-3,951	4
mutares Holding-13 AG i.L.	Bad Wiessee	100	-36	14
mutares Holding-14 AG	Bad Wiessee	100	-7,622	56,841
mutares Holding-15 GmbH	Bad Wiessee	100	-1,423	768
STS Group AG	Hallbergmoos	73	-9	20
mutares Holding-20 AG i.L.	Bad Wiessee	100	-30	25
mutares Holding-21 AG	Bad Wiessee	100	2,688	12
mutares Holding-23 GmbH	Bad Wiessee	100	11	44
mutares Holding-25 GmbH (former:mutares Holding-25 AG)	Bad Wiessee	100	9	47
mutares Holding-26 GmbH	Bad Wiessee	90	153	-93
mutares Holding-28 GmbH	Bad Wiessee	100	-12	2,038
mutares Holding-29 GmbH	Bad Wiessee	90	-9	47
mutares Holding-30 AG i.L.	Bad Wiessee	100	42	92
mutares Holding-31 GmbH	Bad Wiessee	100	17	8
mutares Holding-32 GmbH	Bad Wiessee	90	-2	23
mutares Holding-33 GmbH (former: Donges Vorrats GmbH)	Bad Wiessee (former: Darmstadt)	100	-1	24
mutares Holding-35 GmbH	Bad Wiessee	90	8,266	8,326
mutares Holding-36 GmbH (1)	Bad Wiessee	100	-	-
mutares Holding-37 GmbH (1)	Bad Wiessee	100	-	-
mutares Holding-38 GmbH (1)	Bad Wiessee	100	-	-
mutares Holding-39 GmbH (1)	Bad Wiessee	100	-	-
mutares Holding-40 GmbH (1)	Bad Wiessee	100	-	-
mutares Holding-41 GmbH (1)	Bad Wiessee	100	-	-
mutares Holding-42 GmbH (1)	Bad Wiessee	100	-	-
mutares Holding-43 GmbH (1)	Bad Wiessee	100	-	-
mutares Holding-44 GmbH (1)	Bad Wiessee	100	-	-
mutares Holding-45 GmbH (former: Blitz 20-621 GmbH) (1)	Munich	100	-	-
mutares Holding-46 GmbH (former: Blitz 20-622 GmbH) (1)	Munich	100	-	-
mutares Holding-47 GmbH (former: Blitz 20-625 GmbH) (1)	Munich	100	-	-
Mutares Verwaltungs GmbH (former: INOS 19-051 GmbH) (1)	Bad Wiessee	100	-	-
Mutares Management SE	Munich	30	-55	65

National companies	Main Office	Capital share in %	Result of the last fisical year TEUR	Equity of the last fisical year TEUR
mutares France S.A.S.	Paris/FR	100	129	239
mutares Italy S.r.l.	Milan/IT (former: Turin/IT)	100	80	165
mutares UK Ltd.	London/UK	100	7	-6
mutares Nordics Oy (1)	Vantaa/FI	100	-	-
Mutares Nordics AB (1)	Stockholm/SE	100	-	-
Mutares Iberia S.L. (1)	Madrid/ES	100	-	-
Mutares Austria GmbH (1)	Vienna/AU	100	-	-

Direct shareholdings: Operating units/ subgroups	Main Office	Capital share in %	Result of the last fisical year TEUR	Equity of the last fisical year TEUR
STS Group				
STS Plastics S.A.S.	Saint-Désirat/FR	100	71	7,488
STS Composites France S.A.S.	Saint-Désirat/FR	100	-254	61
MCR S.A.S.	Tournon-sur-Rhône/FR	100	-156	46
STS Composites Germany GmbH	Kandel	100	-4	-1,140
Inoplast Trucks, S.A. de C.V.	Ramos Arizpe/MX	100	272	8,061
STS Plastics Co. Ltd.	Jiangyin/CN	100	4,252	28,902
STS Plastics (Shi Yan) Ltd.	Shiyan/CN	100	-1,304	-795
STS Group North America Inc.	United States	100	-	-
Elastomer Solutions Group				
Elastomer Solutions GmbH	Wiesbaum	100	-4	10,991
DF Elastomer Solutions Lda	Mindelo/PT	100	338	4,935
Elastomer Solutions s.r.o.	Belusa/SK	100	-690	1,597
Elastomer Solutions Maroc S.à.r.l.	Free trade area Tanger/MA	100	-400	-230
Elastomer Solutions Mexico S. de R.L. de C.V.	Fresnillo/MX	100	56	2,657
Plati Group				
Plati Elettroforniture S.p.A.	Madone/IT	100	-6,447	-89
Plati Logistics KFT i.L	Budapest/HU	100	-19	-118
Plati Ukraine Limited	Wynohradiw/UA	100	-2,233	-3,721
Plati Polska S.p.z.o.o	Kwidzyn/PL	95	-1,676	152
Plati Maroc Sarl i.L.	Mohammedia/MA	90	-73	-2,699
Plati Electronics UG (2)	Munich	100	-	-

KICO Group				
KICO GmbH (former: Blitz 19-116 GmbH) (4)	Halver (former: Munich)	100	54	2,894
Mesenhöller Verwaltungs-GmbH	Halver	100	3	60
KICO Kunststofftechnik GmbH	Halver	100	33	192
KICO-Polska Sp. z o.o.	Swiebodzin/PL	100	-647	68
KICO Sistemas Mexico S. de R.L. de C.V.	Puebla/MX	100	-92	-360
Balcke-Dürr Group				
Balcke-Dürr GmbH	Duesseldorf	100	20,427	34,285
STF Balcke-Dürr S.r.l. (5)	Rome/IT	20	-2,135	8,495
Balcke-Dürr Technologies India Private Ltd.	Chennai/IN	100	-10	96
Wuxi Balcke-Dürr Technologies Co., Ltd.	Wuxi/CN	100	161	5,060
Balcke-Dürr Rothemühle GmbH	Duesseldorf	100	-1,356	29,968
Balcke-Dürr Engineering Private Ltd.	Chennai/IN	100	89	107
Balcke-Dürr Nuklearservice GmbH	Duesseldorf	100	-886	0
Balcke-Dürr Torino Srl	Turin/IT	100	-8	3,022
STF Balcke-Duerr France	St. Dizier/FR	100	-139	81
La Meusienne S.A.S.	Ancerville/FR	100	-1,587	5,798
Loterios S.r.l.	Gerenzano/IT	100	-5,150	4,548
Donges Group				
Donges SteelTec GmbH	Darmstadt	100	11,481	11,873
Kalzip GmbH	Coblenz	100	-5,391	747
Kalzip France S.A.S.	Ancerville/FR	100	-20	5
Kalzip FZE	Dubai/AE	100	3	225
Kalzip Ltd.	Haydock/UK	100	114	-830
Kalzip India Private Ltd.	Gurgaon/IN	100	782	2,692
Kalzip s.l.u.	Madrid/ES	100	11	69
Kalzip Asia PTE Ltd.	Singapore/SG	100	-1,160	-16,412
Kalzip Inc.	Michigan/US	100	2	3
BFS GmbH	Mannheim	100	0	25
FDT Flachdach Technologie GmbH (former: FDT Flachdach Systeme FDT)	Mannheim	100	-5,758	0
FDT Flachdach Technologie S.A./N.V.	Nivelles/BE	100	-129	-152
Norsilk S.A.S.	Boulleville (former: Honfleur)/FR	100	-5,273	-354
Nordec Group Oy (former: Donges Teräs Oy)	Vantaa/FI	100	-257	10,876
Nordec Envelope Oy (former: Normek Oy)	Helsinki/FI (former: Vantaa/FL)	100	-5,694	10,747
Normek Sverige AB	Saltsjö-Boo/SE	100	-1,006	-315
Kiinteistö Oy Normek Karvia i.L	Helsinki/FI (former: Vantaa/FL)	100	1	6
Kiinteistö Oy Alavuden Teollisuuspuisto	Alavus/FI	100	9	610
Nordec AS (1)	Oslo/NO	100	-	-
Nordec Oy	Helsinki/FI	100	-956	-18,983
Nordec Sp.z.o.o	Oborniki/PL	100	0	7
Nordec s.r.o.	Prague/CZ	100	0	1
UAB Nordec	Gargzdai/LT	100	147	4,898
Gemini Rail Group				
Gemini Rail Holdings UK Ltd.	Wolverton/UK (former: Birmingham/UK)	100	0	53
Gemini Rail Technology UK Ltd.	Wolverton/UK (former: Birmingham/UK)	100	-1,767	-1,383
Gemini Rail Services UK Ltd.	Wolverton/UK	100	-1,118	13,880
keeeper Group				
keeeper GmbH	Stemwede	100	-14,738	5,932
keeeper Sp.z.o.o.	Bydgoszcz/PL	100	0	5
keeeper S.A.	Fleurus/BE	100	-1,569	118
keeeper tableware GmbH (1)	Stemwede (former: Munich)	100	-	-
Nexive Group				
Nexive Group S.r.l. (1)	Milano/IT	80	-	-
Nexive Network S.r.l.	Milano/IT	100	-39,267	-18,881
Nexive Servizi S.r.l.	Milano/IT	100	-62,231	-24,149
Nexive S.c.a.r.l.	Milano/IT	100	0	29
SFC Group				
SFC Solutions Germany GmbH (former: Donges Envelope GmbH)	Mannheim (vormals: Darmstadt)	100	-1	24
SFC Solutions India Sealing Private Ltd. (former: Cooper Standard Automotive India Private Ltd.)	Dehli/IND	100	-11,783	-29,230
SFC Solutions India Fluid Private Ltd. (former: Cooper Standard Private Ltd.)	Chengalpattu/IND	100	5,114	8,403
SFC Solutions Poland Sp.z.o.o. (former: Cooper Standard Polska Sp.z.o.o)	Czestochowa/PL	100	-2,283	-6,871
Coooper Standard Automotive Piotrkow Sp.z.o.o.	Warschau/PL	100	-733	3,061
SFC Solutions Italy S.R.L. (1)	Ciriè/IT	100	-	-
SFC Solutions Spain Borja SL (1)	Borja/ES	100	-	-
SFC Solutions France SAS (1)	Rennes/FR	100	-	-
iinovis Group				
iinovis Beteiligungs GmbH (former: Valmet Automotive Beteiligung GmbH)	Munich	100	1,671	19,977
iinovis Verwaltungs GmbH (former: Valmet Automotive Verwaltungs GmbH) (2)	Munich	100	-	-
iinovis Holding GmbH & Co. KG (former: Valmet Automotive Holding GmbH & Co. KG)	Munich	100	4,046	0
iinovis GmbH (former: Valmet Automotive Engeneering GmbH)	Munich	100	0	420
BAUR Karosserie- und Fahrzeugbau GmbH (2)	Bad Friedrichshall	100	-	-
iinovis Spain S.L. (former: Valmet Automotive Spain S.L.) (2)	Antas/ES	100		

Others				
PrimoTECS S.P.A.	Avigliana/IT	100	-11,511	-744
Japy Tech SAS (former: GEA Farm Technologies Japy SAS)	Dijon/FR	100	-3,294	-1,146
Royal de Boer Stalinrichtingen B.V.	Leuuwarden/NL	100	-73	4,561
LACROIX + KRESS GmbH (former: Nexans Metallurgie Deutschland GmbH)	Bramsche	100	0	7,879
Lackdraht Union Unterstützungseinrichtung GmbH	Bramsche	100	0	25
terranor Oy (former: Nordic Road Services Oy)	Helsinki/FI	100	-12	456
terranor AB (former: Nordic Road Services AB)	Solina/SE	100	1,963	2,948
SABO Maschinenfabrik GmbH	Gummersbach	100	-7,344	12,119
SAB 138 S.A.S. (1)	Paris/FR	100	-	-
Cenpa S.A.S.	Schweighouse/FR	100	-1,306	10,126
Eupec Pipecoatings France S.A.S.	Gravelines/FR	100	-1,997	2,557
TréfilUnion S.A.S.	Commercy/FR	100	-14,718	22,330
BEXity GmbH	Wien/AU	100	-33	-4
Pixmania S.A.S. i.L. (3)	Asnières-sur-Seine/FR	100	-	-
Pixmania SRO i.L. (3)	Brno/CZ	100	-	-
E-Merchant S.A.S i.L. (3)	Asnières-sur-Seine/FR	100	-	-
Zanders-Abwicklungs GmbH (3)	Bergisch Gladbach	95	-	-
BGE Eisenbahn Güterverkehr GmbH i.L. (3)	Bergisch Gladbach	100	-	-
Artmadis S.A.S. i.L. (3)	Wasquehal/FR	100	-	-
Cofistock S.à.r.l. (3)	Wasquehal/FR	100	-	-
Cogemag S.A.S. i.L. (3)	Croix/FR	100	-	-
Platinum GmbH i.I. (3)	Wangen im Allgäu	100	-	-

(1) No financial statements available as the subsidiaries were newly established.

(2) The subsidiaries are of immaterial significance.

(3) The subsidiaries are in liquidation or are the subject of insolvency proceedings.

(4) As of December 31, 2020, there was a merger of Kirchhoff GmbH & Co. KG and Kirchhoff Immobilien GmbH & Co. KG to KICO GmbH (formerly Blitz 19-116 GmbH) took place. Here, the figures of Kirchhoff GmbH & Co. KG from 2019 are shown, the figures of Kirchhoff Immobilien GmbH & Co. KG, as well as Blitz 19-116 GmbH from 2019 are of immaterial significance. The balance sheet of the former Blitz 19-116 GmbH consisted mainly of the shares in Kirchhoff GmbH & Co. KG.

(5) Originally, Mutares Holding 24-AG (in the meantime merged with Mutares Holding 14-AG) and Balcke-Dürr GmbH were legal owners of all shares in the company. By agreement dated October 26, 2017, both companies as trustors entered into a trust agreement with Schultze & Braun Vermögensveraltung- und Treuhandgesellschaft mbH as trustee. In the trust agreement, the trustors undertook to transfer their shares in the company to the trustee. The trustee in turn undertook to hold these shares in trust for the trustors until further notice. The trust serves as collateral for surety insurance policies concluded by Balcke-Dürr GmbH with two insurance companies. The above-mentioned obligations of the trustors were fulfilled with the share sale agreement dated October 26, 2017, and the shares in the Company were thus legally transferred to the trustee. As a result, the trustee became the sole legal owner of the shares in the Company. The beneficial ownership, on the other hand, remained with the trustors as the original shareholders. The Company continues to be controlled by Mutares.