ANNUAL REPORT

as at 31 December 2021

FRIEDRICH VORWERK GROUP SE

21255 Tostedt

Friedrich Vorwerk in figures

Financial year	2021	2020	Δ2021 /2020
	€k	€k	%
Order backlog	312,778	306,508	2.0
Order intake	285,341	312,524	-8.7
Earnings figures (adjusted*)	€k	€k	%
Revenue	**279,071**	**291,228**	**-4.2**
Operating performance	278,506	291,236	-4.4
Total performance	288,459	305,358	-5.5
Cost of materials	-106,726	-128,275	-16.8
Staff costs	-96,405	-89,446	7.8
EBITDA	57,494	58,570	-1.8
EBITDA margin	*20.6%*	*20.1%*	
EBIT	44,539	47,394	-6.0
EBIT margin	*16.0%*	*16.3%*	
EBT	40,247	42,651	-5.6
EBT margin	*14.5%*	*14.6%*	
Consolidated net profit after non-controlling interests	**29,889**	**30,521**	**-2.1**
EPS in €	1.53	1.70	-9.8
Average number of shares outstanding	19,539,726	18,000,000	8.6
Earnings figures (IFRS)	€k	€k	%
EBITDA	54,480	58,822	-7.4
EBIT	41,436	47,468	-12.7
Consolidated net profit	26,767	30,559	-12.4
EPS in €	1.37	1.70	-19.3
Figures from the statement of financial position (IFRS)	31 Dec €k	31 Dec €k	%
Non-current assets	107,003	72,009	48.6
Current assets	183,458	104,903	74.9
thereof cash funds**	108,282	45,254	139.3
Issued capital	20,000	3,120	541.0
Other equity	132,470	60,484	119.0
Total equity	152,470	63,604	139.7
Equity ratio	*52.5%*	*36.0%*	
Non-current liabilities	59,383	42,793	38.8
Current liabilities	78,608	70,515	11.5
Total assets	290,461	176,912	64.2
Net financial liabilities (net debt (-)/net cash (+))**	83,589	27,851	200.1
Employees	**1,633**	**1,304**	**25.2**

* For a detailled account of the adjustments please refer to the information provided in the section on results of operations, financial position and net assets.

** This figure includes the value of securities.

Contents

Report of the Supervisory Board

In the year under review, the Supervisory Board ensured that it was continuously informed about the business and strategic development of the company and advised and monitored the Management Board in accordance with the tasks and responsibilities required of it by law, the Articles of Association. This meant that the Supervisory Board was informed about the strategy, business policy and planning, the risk situation and the net assets, financial position and results of operations of the FRIEDRICH VORWERK Group at all times. It also reviewed the company's risk management and compliance, and is of the opinion that these fully satisfy requirements. The Supervisory Board was directly involved in all decisions of particular significance to the company. The Supervisory Board granted its approval for individual transactions to the extent that this was necessary in accordance with the law, the Articles of Association or the Rules of Procedure.

The Management Board complied with its duties to provide information and reported to the Supervisory Board regularly, promptly and comprehensively, both verbally and in writing, on the economic and financial situation of the company, its strategic development, investment projects, risk management and compliance. The Supervisory Board discussed all measures requiring its approval in depth with the Management Board in advance. Between the meetings of the Supervisory Board as well, the Chairman of the Supervisory Board received detailed information and was therefore always aware of all key matters to the company and the Group. The strategic focus and development of the Group were jointly coordinated by the Management Board and the Supervisory Board.

There were six ordinary meetings of the Supervisory Board in the 2021 financial year, some of which were held virtually on account of the COVID pandemic. The Management Board was fully represented at all meetings, unless the Supervisory Board was discussing matters concerning the Management Board itself. All members of the Supervisory Board took part in all meetings. The following table shows a breakdown of meeting attendance by the individual members of the Supervisory Board.

Attendance by individual members of the Supervisory Board at meetings in the 2021 financial year	
Dr Christof Nesemeier, Chairman	6/6
Dr Julian Deutz, Deputy Chairman	4/4
Heike von der Heyden	4/4
Gert-Maria Freimuth	2/2
Anton Breitkopf	2/2

The Management Board sent detailed reports and presentations to the members of the Supervisory Board in good time before the meetings of the Supervisory Board. If decisions requiring the approval of the Supervisory Board were necessary, the documents contained detailed memos explaining the decisions and investments. The Supervisory Board also adopted resolutions by circulation. Among other things, the resolutions by circulation adopted by the Supervisory Board included various resolutions in connection with Friedrich Vorwerk Group SE's IPO in March 2021.

Main issues discussed and resolutions of the Supervisory Board

At the individual meetings, the Supervisory Board analysed the company's current business development together with the Management Board and discussed its strategic focus. The topics discussed included the economic situation of the company and the individual subsidiaries. To the extent that individual transactions required the approval of the Supervisory Board in accordance with the Articles of Association or the law, the Supervisory Board examined these transactions and resolved whether to grant its approval. In particular, the Supervisory Board's discussions focused on the preparations for the company's IPO on 25 March 2021. The Supervisory Board's discussions also extended to the effects of the COVID-19 pandemic. The Supervisory Board and the Management Board maintained constant contact in the 2021 financial year to ensure the best possible organisation of the measures taken to protect the health of the employees of the FRIEDRICH VORWERK Group as their top priority, and also to minimise the economic impact of the financial position and financial performance of the Group.

The main issues discussed by the Supervisory Board on 19 January 2021 were:

- the status of the preparations for the IPO;
- the appointment and dismissal of managing directors and officers at subsidiaries of the Group.

The Supervisory Board discussed the following issues in particular at its meeting on 6 February 2021:

- the adoption of Rules of Procedure and an executive organisation chart for the Management Board;
- the resolution on the Rules of Procedure for the Supervisory Board;
- the resolution on the variable remuneration of the Management Board;
- Audit of the annual and consolidated financial statements.

By way of resolution of the Annual General Meeting of Friedrich Vorwerk Group SE on 10 February 2021, Ms Heike von der Heyden and Dr Julian Deutz were appointed as members of the Supervisory Board. They have been appointed until the end of the Annual General Meeting that will adopt a resolution on official approval of their actions for the 2025 financial year. Under any circumstances, their term in office will end after July 5, 2026. The previous members of the Supervisory Board, Mr Gert-Maria Freimuth and Mr Anton Breitkopf, resigned from 10 February 2021.

The Supervisory Board duly engaged the auditor elected by the Annual General Meeting of 10 February 2021, RSM GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Düsseldorf, to audit the annual and consolidated financial statements and the combined Group management report for the 2021 financial year. The auditor confirmed to the Supervisory Board that there are no business, financial or other relationships between the auditor, its executive bodies and head auditors on the one hand, and the company and the members of its executive bodies on the other, that could give rise to doubt as to its independence.

Dr Christof Nesemeier was confirmed as the Chairman of the Supervisory Board at the inaugural meeting of the partially newly elected Supervisory Board on 14 February 2021. Dr Julian Deutz was elected as his deputy.

The main issues discussed at the meeting on 29 April 2021 were:

- the resolution on the age limit for the Supervisory Board
- the adoption of targets for the share of women in management positions
- the adoption of targets for the share of women in the Supervisory Board
- the formation of the Audit Committee and the election of its members
- the resolution on the application of the German Corporate Governance Code

At its meeting on 23 September 2021, the Supervisory Board mainly discussed the due diligence of the Gottfried Puhlmann Group, which was 75% acquired by the FRIEDRICH VORWERK Group in the fourth quarter of 2021. Individual strategic investment projects were also discussed in depth.

The Supervisory Board mainly discussed the following issues at its meeting on 13 December 2021:

- the review of the company's development and its financial position and financial performance in the 2021 financial year, forecast figures as at the end of the year, in particular regarding the communicated guidance
- detailed discussion of the budget for 2022 and the key areas of strategic investment for 2022

Committees and composition of the Supervisory Board

The members of the Supervisory Board are:

- Dr Christof Nesemeier (Chairman)
- Dr Julian Deutz , Deputy Chairman, since 10 February 2021
- Heike von der Heyden, since 10 February 2021

The Supervisory Board has three members. Only a separate Audit Committee – comprising all members of the Supervisory Board – was therefore formed. Dr Julian Deutz was elected as the Chairman of the Audit Committee. Given its size and composition, the Supervisory Board does not feel it necessary to form other committees at this time.

Corporate governance

Understanding that corporate governance plays a significant part in the responsible, value-adding management of a company, the Supervisory Board again addressed corporate governance matters and issues in 2021. Together with the Management Board, the Supervisory Board issued the annual declaration in accordance with section 161 of the *Aktiengesetz* (AktG – German Stock Corporation Act) on the recommendations of the German Corporate Governance Code. Further information on corporate governance can be found in the combined corporate governance declaration in accordance with section 315(5) in conjunction with section 289f of the *Handelsgesetzbuch* (HGB – German Commercial Code). The combined corporate governance declaration also contains the corporate governance report prepared by the Management Board and the Supervisory Board and the declaration on the recommendations of the German Corporate Governance Code. The combined corporate governance declaration can be accessed at all times on the Friedrich Vorwerk Group SE website at www.friedrich-vorwerk.de. The members of the Management Board and the Supervisory Board disclose any conflicts of interest to the Supervisory Board without delay. The Supervisory Board did not receive any reports or observe any indications of conflicts of interest on the part of members of the Management Board or the Supervisory Board in the 2021 financial year.

Audit of the annual and consolidated financial statements

The annual financial statements of Friedrich Vorwerk Group SE as at 31 December 2021 and the joint management report for Friedrich Vorwerk Group SE and the FRIEDRICH VORWERK Group prepared in accordance with the *Handelsgesetzbuch* (HGB – German Commercial Code) and the consolidated financial statements as at 31 December 2021 prepared in accordance with the International Financial Reporting Standards (IFRS) were audited by the auditor elected by the Annual General Meeting and engaged by the Chairman of the Supervisory Board, RSM GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Düsseldorf, and issued with an unqualified audit opinion dated 14 March 2022.

The Supervisory Board examined the annual financial statements prepared by the Management Board, the joint management report for Friedrich Vorwerk Group SE and the FRIEDRICH VORWERK Group, the proposal on the appropriation of net profit and the consolidated financial statements and discussed them personally with the auditor at its meeting on 14 March. The auditor comprehensively answered all the Supervisory Board's questions. The Supervisory Board received the audit report in good time before the meeting. Following the completion of its examination, the Supervisory Board did not raise any objections to the annual financial statements, the management report or the consolidated financial statements. The consolidated financial statements were approved by the Supervisory Board on 14 March 2022. The annual financial statements of Friedrich Vorwerk Group SE have therefore been adopted.

The Supervisory Board shares the opinion of the Management Board as expressed in the combined management and Group management report and approves the proposal by the Management Board on the appropriation of net profit, namely the distribution of a dividend of €0.20 per entitled share for the 2021 financial year.

The Supervisory Board would like to thank the Management Board, the management teams of the subsidiaries and all employees of the FRIEDRICH VORWERK Group for their high level of commitment and the good results achieved in the past financial year.

Tostedt, 14 March 2022
The Supervisory Board

Dr Christof Nesemeier
Chairman

Combined Management Report and Group Management Report

General information

Friedrich Vorwerk Group SE, Tostedt, forms the FRIEDRICH VORWERK Group with its subsidiaries.

The separate financial statements of Friedrich Vorwerk Group SE were prepared in accordance with the provisions of the German Commercial Code, while the consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), including the interpretations of the IFRS Interpretations Committee (IFRS IC) on the IFRS, as adopted in the EU and the supplementary provisions of German commercial law in accordance with section 315e(1) HGB.

The combined management report compromises the FRIEDRICH VORWERK Group (also referred to as the "Group" or "FRIEDRICH VORWERK") and the parent company Friedrich Vorwerk Group SE. It was prepared in accordance with the provisions of the German Commercial Code and German Accounting Standard (GAS) No. 20. Additional information on the annual financial statements of Friedrich Vorwerk Group SE is included in the section on the results of operations, financial position and net assets.

Unless stated otherwise, all information in this report refers to 31 December 2021 or the financial year from 1 January to 31 December 2021. Percentages and figures in this report may be subject to rounding differences.

Purely to improve readability, this report refrains from the simultaneous use of male, female or other linguistic forms. All references to persons apply to all genders unless stated otherwise.

Business model

FRIEDRICH VORWERK is a major beneficiary of the European energy transition. Ever since the company was founded in 1962, our name has stood for technical expertise, reliable work and innovative solutions in designing, building and operating energy infrastructure on our three core markets of natural gas, electricity and hydrogen.

With our integrated turnkey approach and a number of own components and technologies, we are able to offer our customers high-quality and bespoke solutions from a single source. This way, we allow utility companies, grid operators, industrial companies and municipalities to operate complex energy networks and systems.

As one of the most dynamic German companies in the areas of planning & design, energy grids, energy transformation and service & operations, we cover all key links in the value chain. This way, we are not just helping our customers to operate reliable and cost-efficient energy infrastructure, but are also making a significant contribution to the security of the energy supply in Europe. Our basis for this is the synthesis of state-of-the-art technology and the knowledge and experience of more than 1,600 qualified employees at 15 locations in Germany and Europe.

The energy transition will bring a fundamental reorganisation of the European energy markets, from which we will benefit considerably on our core markets of natural gas, electricity and hydrogen. FRIEDRICH VORWERK therefore still counts on dynamic and simultaneously profitable growth – especially on markets where there is demand for turnkey solutions.

Our goal is to keep aligning our service and product portfolio in line with the requirements of our core markets and the needs of our customers. We will achieve this not just by investing in our products and technologies, and in our locations and employees, but also with selective and value-adding acquisitions.

Economic report

General economic environment

Following the recession triggered by the pandemic in 2020 and the 3.4% year-on-year drop in global gross domestic product (GDP) as a result, the world economy began a recovery in 2021 and achieved positive growth with GDP rising by 5.9%. Global stimulus programmes focusing on the European Union (EU) and the US, and the changes made in the world of work to adapt to the pandemic, ensured that the worldwide upswing that had already begun at the end of 2020 was able to continue. Vaccines, which began to be approved by the first countries from December 2020 and that were rolled out internationally at a rapid rate in some cases, contributed significantly to the positive economic development. The easing of COVID restrictions that this allowed in many places led to a successive reopening of a number of service sectors and provided key stimulus for the industrial recovery.

Meanwhile, the virtually simultaneous economic upswing around the world caused substantial challenges for global industry. A sharp rise in the demand curve and high incoming orders clashed with international logistics chains that were still heavily disrupted and scaled-back production capacity. The effects manifested in the form of far-reaching supply shortages and, at times, massive upward price spirals for a large number of industrial intermediates and raw materials. In particular, the global shortage of semiconductors significantly slowed industrial production, especially in the automotive industry. According to World Semiconductor Trade Statistics (WSTS), the global semiconductor market grew by 25.6% in 2021, with demand significantly outstripping supply in many areas. The value of the vehicles not built as a result of the semiconductor shortage is now estimated at USD 210 billion, with substantial knock-on effects for the entire automotive value chain. While the recovery in industrial production was already being hindered by the supply situation, there was a further setback from July 2021 with the rapid spread of the delta COVID variant, followed by the omicron variant from December, which led to a fresh surge in infection figures at a large number of locations, and greatly impaired international maritime trade in particular due to the severe containment measures taken in China. Combined, these factors caused the recovery of the global economy to lose momentum in the second half of the year in spite of the consistently positive demand situation.

In 2021, the economy of the European Union likewise recovered with unexpected speed from the sharp slump caused by the pandemic in 2020, though the rate of growth varied throughout the year here as well. The economy remained flat at the same level as the fourth quarter of 2020 in the first quarter of 2021. It was not until the second and third quarter that the advances in vaccination and a gradual easing of contact restrictions enabled a clearly positive growth trend with changes of 2.1% and 2.2% as against the respective previous quarters. The world economy was thus almost able to return to pre-crisis levels. The fourth quarter was increasingly dominated by the shortages and disruptions in global supply chains, with the result that economic growth again slowed significantly by 0.4% compared to the previous quarter. For the year as a whole, Eurostat is forecasting year-on-year economic growth of 5.2% for both the European Union and the euro area. The unemployment rate in the EU was 6.4% in December 2021, and thus 1.1 percentage points down on the figure for December 2020.

Internationally, the European economy is thus trailing the performance of the US and China. The economy of the United States grew by 5.7% in 2021. In 2020, the first year of the pandemic, the US economy contracted by just 3.5% as the effects of the COVID pandemic were felt later than in Europe. China even reported growth of 8.1% for 2021, after an increase in GDP of 2.3% in the previous year. In the European Union, as well as other major economic areas, the rapid economic uptrend and the associated shortages in resources and materials caused historically high inflation rates. The annual rate of inflation in the European Union was 5.3% in December 2021 after 5.2% in November. Just one year previously it had been only 0.3%. The biggest contribution to annual inflation came from energy prices, which surged dramatically at times over the year and rose by an average of 26% in Europe.

Gross domestic product in Germany climbed by 2.7% in 2021 after a decline of 5.0% in the previous year. It thus failed to match pre-crisis levels despite the economic rally. Germany's performance was relatively weak compared to the rest of Europe. Other countries, such as France (up 7.0%), Spain (4.6%) or Italy (6.3%), reported significantly higher economic growth for the year as a whole. Besides a drop in GDP in the first quarter (of 1.7% compared to the previous quarter), a key factor was the relatively low overall growth in a surprisingly weak fourth quarter (down 0.7% as against the previous quarter). The reasons for this included both the re-imposed restrictions on high-contact services due to the proliferation of the omicron variant and the lingering production difficulties in industry on account of the ongoing supply shortages. In particular, the shortage of key intermediates and raw materials profoundly slowed the economic recovery in Germany as a manufacturing location despite very high orders on hand. According to a survey conducted by the ifo Institute in November 2021, almost 75% of industrial companies questioned said that they were affected by production cutbacks due to shortages of raw materials and intermediates. The ongoing deficiencies and the sharp rise in energy prices sparked severe price pressure in Germany as well. The rate of inflation climbed to 5.3% in December 2021, its highest level since June 1992. Average inflation over 2021 as a whole was 3.1%. The number of business insolvencies in 2021 is believed to be even lower than in the previous year of 2020, and has thus fallen to a new record low.

General industry environment

The FRIEDRICH VORWERK Group plays an active role in creating a secure and forward-looking sustainable energy infrastructure, and is thus a key player in the European energy revolution.

The structural environment for energy supply is still defined by rising energy demand and the need to significantly reduce carbon dioxide emissions in order to curb advancing climate change. If not before, the urgency of an accelerated energy revolution was made clear at the 26th United Nations Climate Change conference held in Glasgow in November 2021, where the international community agreed for the first time to significantly heighten national efforts and climate objectives as it became apparent that the Paris Agreement's target of 1.5 degrees would not be possible. The European Union anticipated this in June 2021 and had already established tougher climate objectives by law. In conjunction with the EU climate law resolved, the European Commission enshrined the objectives of the Green Deal in law for the first time. By means of a comprehensive catalogue of measures, it is therefore aiming to reduce greenhouse gas emissions by 55% compared to the 1990 level by 2030, with Europe to achieve climate neutrality by 2050. The German government also raised its national climate protection targets with the amendment to the Federal Climate Change Act resolved in June 2021, bringing forward the target date for greenhouse gas neutrality from 2050 to 2045. In light of the increasingly ambitious climate targets, it is becoming clear that Europe's energy industry must undergo a fundamental transformation in the coming decades, which will only be made possible by a comprehensive expansion and overhaul of its energy infrastructure.

Like many other European countries, Germany is still counting on a series of central measures to transform its national energy supply. This firstly entails the massive expansion and refurbishment of its natural gas infrastructure to guarantee the security of the power supply as the country goes ahead with its resolved exit from nuclear and coal power. The structural necessity of expanding the natural gas infrastructure is unlikely to be changed by a possible temporary extension of the operating lives of German coal-fired and nuclear power plants discussed in the wake of the Russian war against Ukraine. Moreover, a key operation will be the creation of "electricity highways" within Germany to distribute renewable (wind) energy from where it is generated in the north of the country to its major consumption centres in the south. Furthermore, considerable efforts are being made to facilitate the large-scale generation and transportation of green hydrogen for the decarbonisation of industry, mobility and buildings. Germany's district heating grids are also being massively upgraded and refurbished to sustainably reduce the greenhouse gas emissions caused by heating buildings. A correspondingly high investment volume was reported in 2021 as a result of the considerable refurbishment work in all areas. The German Federal Association of the Energy and Water Industry (BDEW) estimates that €20.5 billion in total was invested by German energy industry companies in 2021, €15.4 billion of which by electricity companies and €3.1 billion by gas companies. Investment in the district heating system has also been rising steadily since 2016. The companies of Germany's electricity and gas sector therefore rank among the biggest investors in Germany and make considerable contributions to economic growth and job protection.

A substantial volume of investment by energy industry companies is expected again in 2022. The BDEW rates the energy industry as having among the highest investment of any sector in Germany, with more than €320 billion projected by 2030. It forecasts that the industry will deliver key economic stimulus, allowing GDP in Germany to rise by 0.6% per year. According to the 2030 network development plan, investment in the expansion of the electricity transmission grid alone is set to exceed a volume of €76 billion by 2035. Above all, the major north-south electricity highways for high-voltage direct current transmission account for a considerable portion of this. As lawmakers have ordered that these lines will primarily use underground cabling, this means substantial revenue potential for the FRIEDRICH VORWERK Group on these major projects specifically. In this context, it will be helpful that the newly elected government has made it a key goal in its coalition agreement to significantly accelerate the planning and approval procedures for significant infrastructure undertakings moving ahead. The German gas transmission network is also to receive expansion investment of approximately €9 billion by 2030. In addition to the gradual transition from low calorific L-gas to high-calorific H-gas, the various international pipeline links are another key area of investment for transmission network operators in the gas sector. The hydrogen economy is currently experiencing a rapid increase in investment volumes not just in Germany, but also on the European stage in particular. This trend continued at an undiminished rate in 2021 as well. A total investment volume of up to €430 billion by 2030 is anticipated to achieve the goals of the European hydrogen strategy. The creation of the European Hydrogen Backbone, approximately 40,000 km in length, is expected to need up to €81 billion. Also, the German government has earmarked subsidies of a further €9 billion in its national hydrogen strategy.

Business development / significant events

The 2021 financial year, like the years before, was dominated by several major projects that were worked on simultaneously. In the Energy Grids unit, these were mainly the "Baltic Pipe" in Denmark, the "Multitrasse" as part of the "GET H_2 Nukleus" project and "DolWin 6", the construction of "ETL 178" as well as the project "District Heating Bremen". Major projects in the Energy Transformation unit include the construction of multiple pressure regulator stations for the "ZEELINK" project and the large contract awarded for the "Legden" compressor station.

The Baltic Pipe project in Denmark involves the construction of a new gas supply corridor in the European market. For this purpose, the Baltic Pipe will enable the transport of natural gas from Norway to the markets in Denmark and Poland as well as to end consumers in neighboring countries. Together with two European partners, FRIEDRICH VORWERK is thus making a significant contribution to a flexible and independent gas supply for European consumers. After a customer-related project delay in the summer, only approx. 30 km of the total pipeline length of approx. 75 km were laid in the fiscal year. Completion of the pipeline, originally planned for 2021, is now scheduled for the end of 2022.

The “Multitrasse” constructed by FRIEDRICH VORWERK and largely completed in 2021 connects the Marl Chemical Park with the Gelsenkirchen refinery site. It is the first publicly accessible pipeline for hydrogen, which will enable further producers and consumers to be connected to the hydrogen network in the Rhine-Ruhr region, which is rich in industry.

With the "DolWin 6" project, we were able to support a major transmission system operator in the fiscal year with the onshore connection of around 900 MW of climate-friendly wind power from the North Sea, which is scheduled to start flowing in 2023. To ensure sustainable management of the affected landscapes, the 45 km of onshore cables were laid underground. Of these, around 20 km were constructed using the complex HDD drilling method. Furthermore, FRIEDRICH VORWERK is committed to a professional recultivation of the affected landscapes in order to reduce the ecological footprint of the project to a large extent. The project is part of the national grid development plan (NEP), which also includes the realization of several underground north-south electricity highways.

With the "ETL 178" project, a 33 km gas pipeline was laid from Walle near Braunschweig to Wolfsburg to enable the switch from coal-based energy to natural gas in the energy supply of the Wolfsburg region. The pipeline, which has already been designed as "H_2-ready," thus provides the subsequent regional basis for a CO_2-neutral hydrogen economy.

In the Energy Grids business area, with the "District Heating Bremen" project at the end of the fiscal year a major contract worth over €45 million for the construction of a district heating interconnector and the associated block station in Bremen was won. The project is scheduled for completion in June 2023.

In the area of "Energy Transformation", the ZEELINK project, in which FRIEDRICH VORWERK is significantly involved through various individual projects, is particularly worth mentioning. Two gas pressure regulating and metering stations (GDRM) were successfully constructed here. In addition, in the third quarter of 2021, the company was able to announce the awarding of an order for the realization of the “Legden” compressor station with a contract value of over €50 million, which is also part of the ZEELINK project. Work on the large-scale plant has already started in the fourth quarter of 2021.

In the Service & Operation area, several new framework agreements were concluded or extended with network operators. The contracts include services in the areas of maintenance, cathodic corrosion protection, operational management and planning services.

IPO of Friedrich Vorwerk Group SE

On 25 March 2021, Friedrich Vorwerk Group SE completed a successful IPO, issuing 2,000,000 new shares from a capital increase. At the same time, there was a secondary offering of 4,800,000 and 2,400,000 shares respectively by the existing shareholders MBB SE and ALX Beteiligungsgesellschaft mbH, as a result of which 9,200,000 shares were offered in total in the IPO (including greenshoe).

Friedrich Vorwerk Group SE received gross issue proceeds of €90.0 million from the capital increase. Taking into account the costs of €6.8 million directly attributable to the IPO, the FRIEDRICH VORWERK Group received net issue proceeds of €83.2 million.

Other significant events

On 26 February 2021, the FRIEDRICH VORWERK Group signed a contract to acquire the shares in KORUPP GmbH (hereafter “Korupp”), a leading provider of products and services for cathodic protection, thereby further expanding its own technological capabilities. Korupp is an ideal addition to our existing portfolio of products and services, and underlines our defined growth strategy. In addition to the ongoing integration of the company into the operations of the FRIEDRICH VORWERK Group, we are continuously in search of new ways to expand our existing portfolio of products and services through additional acquisitions.

On 10 November 2021, the FRIEDRICH VORWERK Group also reported the successful acquisition of 75% of the shares in the GOTTFRIED PUHLMANN Group. With a history going back more than 100 years, Gottfried Puhlmann performs a wide range of energy infrastructure projects in the greater Berlin area and in Schleswig-Holstein. The acquisition opens up further growth opportunities for the FRIEDRICH VORWERK Group and is essential for tapping new regional markets for our existing portfolio of products and services.

Research and development

Innovation, efficiency enhancement and the continuous evolution of our core competence and technologies are a central component of the FRIEDRICH VORWERK Group's corporate philosophy. Global megatrends in technology and society also drive our research and development activities.

Our research and development activities are typically project-based and, in most cases, are performed together with one or more customers in order to optimise an existing product or to develop a new product for its specific requirements. To a limited extent, we also engage in research and development activities that focus on technologies, systems and procedures that, given their general applicability, have the potential to support or even enhance the growth of our Natural Gas, Electricity, Clean Hydrogen and Adjacent Opportunities business areas. These include H_2-ready components and technologies to reduce CO_2 as well as more efficient and practical construction processes and technologies to improve project flow and enrich customer benefits. Our efforts in the area of research and development are aimed at delivering innovation with high market acceptance, swift adoption potential and far-reaching upgrade potential for existing infrastructures. We strive to combine the real market experience of our engineers with scientific support from nearby universities in the form of project-based cooperation.

To consolidate our position as a leading provider of energy infrastructure, we are working on a series of new technologies such as hydrogen-ready flow measurement and regulating systems, adapted vortex pipe systems, special near-surface HDD boring processes, adapted biogas treatment systems and hydrogen-ready safety and control valves.

Group structure

Friedrich Vorwerk Group SE is the parent company of the FRIEDRICH VORWERK Group. In addition to Friedrich Vorwerk Group SE, 16 subsidiaries in total (previous year: 12) are directly or indirectly included in the consolidated financial statements as at 31 December 2021.

SKS Straßenbau GmbH, Tostedt, was included in the consolidated financial statements for the first time as at 1 January 2021 on the basis of a voting trust agreement. Furthermore, Korupp GmbH, Twist, Gottfried Puhlmann GmbH, Marne, and Gottfried Puhlmann GmbH Havelländische Bauunternehmung, Berlin, were included in consolidation for the first time in the reporting year.

Companies included in the consolidated financial statements Name and registered office of the company	Shareholding in %
Subsidiaries (consolidated)	
Friedrich Vorwerk Management SE, Tostedt, Germany	100.00
Friedrich Vorwerk SE & Co. KG, Tostedt, Germany	**89.93**
Bohlen & Doyen Anlagenbau Holding GmbH, Tostedt, Germany	**89.93**
Bohlen & Doyen Service und Anlagentechnik GmbH, Wiesmoor, Germany	89.93
Bohlen & Doyen Bau Holding GmbH, Tostedt, Germany	**89.93**
Bohlen & Doyen Bau GmbH, Wiesmoor, Germany	89.93
EAS Einhaus Anlagenservice GmbH, Geeste, Germany	89.93
European Pipeline Services GmbH, Tostedt, Germany	89.93
Gottfried Puhlmann GmbH Havelländische Bauunternehmung, Berlin, Germany	86.72
Gottfried Puhlmann GmbH, Marne, Germany	67.45
KORUPP GmbH, Twist, Germany	89.93
SKS Straßenbau GmbH, Tostedt, Germany	44.97
Vorwerk - ASA GmbH, Herne, Germany	89.93
Vorwerk-EEE GmbH, Tostedt, Germany	89.93
Vorwerk Pipeline- und Anlagenservice GmbH, Petersberg, Germany	89.93
Vorwerk Verwaltungs GmbH, Tostedt, Germany	89.93

In addition, we hold various interests in joint ventures (working groups), which are established temporarily in the course of the execution of (major) projects and are listed in the notes to the consolidated financial statements.

Segments

Given their different market prospects, FRIEDRICH VORWERK differentiates between the four business segments of Natural Gas, Electricity, Clean Hydrogen and Adjacent Opportunities, which are described in more detail below.

Our **Natural Gas** segment comprises infrastructure services and product solutions for the transport and conversion of raw natural gas into treated natural gas for our customers. This is done through a number of steps: transporting the natural gas through high-pressure pipelines to processing in filtering and separation plants, compressor stations, storage and measurement systems, LNG terminals and gas pressure control and measurement systems. We typically design our natural gas infrastructure solutions according to the individual requirements of our customers, so that they benefit from lower carbon emissions when operating our systems and can maintain very high standards of operating safety. We deliver such energy infrastructure solutions for the natural gas projects of a number of leading European transmission network operators and certain energy and industrial companies, such as Gascade, Open Grid Europe and Ontras. Revenue in the Natural Gas segment contracted by 14.8% year-on-year to €183.8 million in the 2021 financial year. This was mainly on account of project delays in the financial year, in particular on the Danish Baltic Pipe project in the Natural Gas segment. EBIT amounts to €29.5 million (previous year: €34.8 million). The EBIT margin is stable year-on-year at 16.0%. The order backlog amounts to €178.8 million as at the end of the reporting period (previous year: €224.3 million).

Our **Electricity** segment concentrates on providing the infrastructure for the underground transport and conversion of electricity, which is generated from climate-friendly, non-fossil energy sources such as wind, solar, hydro and regenerative resources. Our expertise in electricity transport and conversion focuses on landing offshore electricity and installing high-voltage underground cables through which this electricity is transported to transmission networks. At the end of these cables are connection points in the form of transformer stations, inverters and power-to-heat systems, which connect the transmission networks to local energy distribution networks. The adoption of the amended *Energieleitungsausbaugesetz* (German Power Grid Expansion Act) in 2015 created the legal framework for the rapid expansion of underground power lines, which led to new projects to lay underground cable. As Germany is currently phasing out fossil fuel and nuclear power, renewable energy sources are becoming an ever more important source of energy and a key factor in the clean energy revolution. As in our Natural Gas segment, we develop bespoke solutions for our customers' individual applications. We provide such energy infrastructure solutions for the operations of a number of leading European transmission network operators and certain energy and industrial companies, such as TenneT, Prysmian and ABB. Revenue in the Electricity segment rose significantly by 28.2% year-on-year to €46.6 million in the 2021 financial year (previous year: €36.3 million). EBIT amounts to €7.4 million (previous year: €7.7 million). At 15.8%, the EBIT margin is therefore below the very high prior-year level of 21.3%. The order backlog amounts to €42.8 million as at the end of the reporting period (previous year: €38.3 million).

Our **Clean Hydrogen** segment comprises product solutions and infrastructure services for the conversion of energy from climate-friendly energy sources into clean hydrogen and its transportation to consumers. This is done through a number of processing steps: from the conversion of renewable energy by electrolysis to the processing and transportation of the clean hydrogen produced through storage systems, compressor stations, pipelines and gas pressure control and measurement systems. We use our expertise in our Natural Gas segment to handle complex gases at high pressure and in large quantities, and we offer energy infrastructure solutions extending from the construction of individual components through to fully integrated, turnkey solutions. We assume that our Clean Hydrogen segment will play an increasingly important role in the growth of our business, and we are determined to invest considerable resources in the development of this segment. We strive to offer such energy infrastructure solutions for the operations of a number of leading European transmission network operators and certain energy and industrial companies, many of which are long-term customers or consumers of our solutions. In the Clean Hydrogen segment, significant revenue of €10.4 million was already generated in the 2021 financial year (previous year: €2.3 million). This is equivalent to growth of around 350%. EBIT amounts to €2.2 million (previous year: €0.3 million). The EBIT margin is 21.4% (previous year: 13.2%). While the previous year was characterized by startup effects, the high margin in the reporting year resulted not only from the successful completion of our own projects but also from the positive earnings contribution from projects carried out in joint ventures. The order backlog amounts to €12.4 million as at the end of the reporting period (previous year: €21.4 million).

Furthermore, in the **Adjacent Opportunities** segment, we concentrate on related turnkey technologies, such as the treatment and cleaning of biogenic and synthetic gases, heat extraction technologies used in district heating, solutions for the transportation of district heating, drinking and waste water and specialty solutions for the chemical and petrochemical industry. Revenue in the Adjacent Opportunities segment grew by 2.4% year-on-year to €38.3 million in the 2021 financial year. EBIT amounts to €5.9 million (previous year: €4.9 million). The EBIT margin is 15.4%, 2.5 percentage points higher than in the previous year. The order backlog amounts to €78.8 million as at the end of the reporting period (previous year:

€22.5 million). The rise in the order backlog is mainly thanks to the major contract received for the district heating line planned in Bremen.

Employees

Not including trainees, the employee headcount was 1,633 as at 31 December 2021, and therefore significantly higher than the previous year's level (1,304). The FRIEDRICH VORWERK Group also had 115 trainees (previous year: 85) as at the end of the year. The rise in headcount is as a result of the acquisition of Korupp and Gottfried Puhlmann on the one hand and of organic workforce growth on the other.

The FRIEDRICH VORWERK Group considers supporting and challenging its employees to be a key factor in its success. Management and senior employees who have a major influence on the success of their business activities, receive variable remuneration components that are also dependent on the results achieved and the value growth of the Group.

Financial position and financial performance

The Friedrich Vorwerk Group SE and the FRIEDRICH VORWERK Group can look back on a very successful and profitable fiscal year 2021, even though revenue fell short of expectations, mainly due to a project delay in a major project. At 16.0%, the adjusted EBIT margin nevertheless remained at the high level of the previous year (16.3%).

The following section discusses Friedrich Vorwerk Group SE first and then the FRIEDRICH VORWERK Group.

Notes to the separate financial statements of Friedrich Vorwerk Group SE (HGB)

The annual financial statements of Friedrich Vorwerk Group SE for the 2021 financial year were prepared in accordance with the provisions of the German Commercial Code (HGB) and the supplementary provisions of the German Stock Corporation Act (AktG).

Results of operations

The other operating income of the Friedrich Vorwerk Group SE amounts to €1.9 million (previous year: €0) and include recharging of costs in conjunction with the IPO.

The staff costs of €2.7 million result from expenses for bonuses in conjunction with the IPO of the company. The Management Board of the company receives its regular remuneration from Friedrich Vorwerk Management SE.

The other operating expenses of €6.2 million in the financial year (previous year: €21.4 thousand) essentially result from bank commissions (€3.6 million) and other legal and consulting costs in conjunction with the IPO.

The income from affiliated companies of €14.1 million (previous year: €28.9 million) includes the profit allocation from Friedrich Vorwerk SE & Co. KG.

The interest and similar income for the financial year amount to €1.1 million (previous year: €0) and result from intragroup lending to Friedrich Vorwerk SE & Co. KG.

In total, the net profit for the year comes to €8.2 million (previous year: €25.1 million).

Net assets and financial position

The issued capital of Friedrich Vorwerk Group SE amounts to €20.0 million as at 31 December 2021 (previous year: €3.1 million). The increase in issued capital is a result of the capital increase to €18.0 million resolved at the Annual General Meeting on 10 February 2021 and the capital increase to €20.0 million resolved at the Annual General Meeting on 18 March 2021.

Largely as a result of the IPO on 25 March 2021 and the associated capital increase, the capital reserves of the company increased to €89.7 million (previous year: €16.6 million).

Total assets rose from €47.3 million to €121.4 million. Meanwhile, the increase in total equity and liabilities is broadly due to the higher equity. Under assets, receivables from affiliated companies amounted to €97.1 million (previous year: €27.6 million).

Cash and cash equivalents of Friedrich Vorwerk Group SE amounted to €1.5 million as at the end of the financial year (previous year: €5 thousand).

FRIEDRICH VORWERK Group

Results of operations

The earnings figures contain IFRS remeasurement effects and non-recurring expenses unrelated to the management of the company. These essentially include the expenses for the IPO in the financial year. Moreover, there were adjustments in 2020 for revenue and expenses from residual projects in the Offshore unit of the Bohlen & Doyen Group, acquired in 2019, that were discontinued after the acquisition (offshore projects). Management therefore runs the Group on the basis of adjusted earnings figures that reflect the operating earnings power and development of the Group much more transparently and more sustainably.

Cumulative order intake is below the high level of the previous at €285.3 million as at the end of the financial year (€312.5 million). At €312.8 million, however, the order backlog at the balance sheet date was slightly higher than in the previous year (€306.5 million). The year-on-year decline in order intake is mainly attributable to the reporting date view, as evidenced by the contract win for the district heating project in Hamburg with a total project volume of over €70 million directly in January 2022.

The FRIEDRICH VORWERK Group generated revenue of €279.1 million in the 2021 financial year (previous year: €291.2 million). This is equivalent to a decline of 4%. The reduction is chiefly as a result of the customer-related project delay of the Baltic Pipe project in Denmark. Revenue of €0.5 million was adjusted in connection with offshore projects in 2020.

The FRIEDRICH VORWERK Group generated other income of €10.0 million (previous year: €14.1 million). The reduction is essentially as a result of lower income from equity investments than in the previous year (€5.1 million; previous year: €10.6 million). The adjustments in the reporting period relate to income from first-time consolidation of €0.1 million (previous year: €0). The net amount also includes income from offsetting remuneration in kind (€1.1 million; previous year: €0.6 million), rental and letting income (€0.9 million; previous year: €0.1 million), income from the reversal of provisions (€0.9 million; previous year: €0.3 million), income from asset disposals (€0.4 million; previous year: €0.3 million) and other income (€1.6 million; previous year: €2.3 million).

The adjusted cost of materials declined disproportionately from €128.3 million in the previous year to €106.7 million in the reporting year. This includes costs of purchased services of €86.9 million (previous year: €103.1 million) and costs of raw materials, consumables and supplies of €19.8 million (previous year: €25.2 million). The cost of materials ratio declined slightly year-on-year to 38.2% (previous year: 44.0%). The decrease in the cost of materials is mainly due to the reduced use of subcontractors. The adjustments of €0.2 million merely relate to the previous year and result from expenses in connection with offshore projects.

Adjusted staff costs rose from €89.4 million in the 2020 financial year to €96.4 million in the year under review. The increase is mainly due to the higher number of employees as a result of the reduced use of subcontractors. This item was adjusted for bonuses of €2.7 million in connection with the IPO. The staff cost ratio rose from 30.7% in the previous year to 34.5% in the year under review. The FRIEDRICH VORWERK Group employed 1,633 people (previous year: 1,304) as at the end of the reporting period.

Adjusted other operating expenses amount to €27.8 million in the 2021 financial year (previous year: €29.1 million). This essentially includes rental and leasing expenses for short-term leases (€7.5 million; previous year: €10.0 million), maintenance expenses (€6.8 million; previous year: €5.9 million), travel expenses and vehicle costs (€3.0 million; previous year: €3.0 million), insurance premiums (€1.3 million; previous year: €1.2 million) and legal and consulting costs (€1.1 million; previous year: €0.7 million). The adjustments in the year under review relate to consulting costs in connection with the IPO of €0.4 million (previous year: €0.1 million in connection with offshore projects).

The FRIEDRICH VORWERK Group thus generated adjusted EBITDA of €57.5 million in the 2021 financial year (previous year: €58.6 million). This is equivalent to a slight decline as against the previous year of -2%. The adjusted EBITDA margin increased by 0.5 percentage points to 20.6% (previous year: 20.1%). EBITDA before adjustments amounts to €54.5 million (previous year: €58.8 million). While adjustments related to offshore projects in the previous year, expenses in connection with the IPO of €3.2 million and income from negative goodwill of €0.1 million were adjusted for in the current financial year.

Adjusted depreciation and amortisation of €13.0 million (previous year: €11.2 million) relates to depreciation on property, plant and equipment and amortisation of intangible assets. The increase as against the previous year results from the investments in property, plant and equipment and the first-time consolidation of SKS Straßenbau GmbH, Tostedt, and Korupp GmbH, Twist, in the past financial year. Depreciation of €3.3 million (previous year: €4.0 million) was incurred in the year under review as a result of the application of IFRS 16. These figures have been adjusted for depreciation and amortisation on assets of €0.1 million (previous year: €0.2 million) capitalised in connection with purchase price allocation.

This results in adjusted EBIT of €44.5 million (previous year: €47.4 million). This corresponds to an adjusted EBIT margin of 16.0% (previous year: 16.3%). EBIT before adjustments amounts to €41.4 million (previous year: €47.5 million).

The financial result is €-4.3 million after €-4.7 million in the previous year. Net interest income and interest expenses amount to €-0.9 million (previous year: €-0.9 million). Furthermore, the financial result includes the non-controlling interests in Friedrich Vorwerk SE & Co. KG – essentially the 10% limited partnership interest in Friedrich Vorwerk SE & Co. KG held directly by Mrs Irene Vorwerk, the widow of the founder Friedrich Vorwerk until her death in December 2021.

The adjusted EBT in fiscal year 2021 amounts to €40.2 million (previous year: €42.7 million). EBT before adjustments amounts to €37.1 million in the reporting year (previous year: €42.7 million).

The reported adjusted tax expense totalled €10.4 million in the financial year (previous year: €12.1 million) and broadly related to income taxes and deferred taxes. This includes other taxes of €0.4 million (previous year: €0.3 million).

In total, the adjusted consolidated net profit amounts to €29.9 million (previous year: €30.5 million). Consolidated net profit before adjustments amounts to €26.7 million (previous year: €30.6 million).

Calculation of adjusted earnings figures

As described in the section on the capital management system, the adjusted earnings figures provide a transparent view of the company's actual performance. The following table shows the reconciliation of the IFRS earnings figures to the adjusted earnings figures:

	Note	1 Jan – 31 Dec 2021 €k	1 Jan – 31 Dec 2020 €k
Revenue	III.1.	**279,071**	**291,791**
Increase (+)/decrease (-) in finished goods and work in progress		-565	8
Adjustments:			
Revenue from discontinued projects		0	-563
Operating performance		**278,506**	**291,236**
Income from joint ventures and associates	III.2.	5,122	10,551
Other operating income and income from first-time consolidation	III.3.	4,969	3,571
Adjustments:			
Income from initial consolidation		-138	0
Total performance		**288,459**	**305,358**
Cost of raw materials and supplies		-19,795	-25,213
Cost of purchased services		-86,932	-103,262
Cost of materials	III.4.	**-106,726**	**-128,474**
Wages and salaries		-77,121	-70,030
Social security and pension costs		-22,028	-19,416
Staff costs	III.5.	**-99,150**	**-89,446**
Other operating expenses	III.6.	-28,241	-29,179
Adjustments:			
Costs from discontinued projects		0	312
Bonuses in connection with the IPO		2,745	0
Consulting services in connection with the IPO		408	0
Adjusted earnings before interest, taxes, depreciation and amortization (EBITDA)		**57.494**	**58,570**
Depreciation and amortization expense		-13,045	-11,354
Adjustments:			
Depreciation and amortization of assets acquired in a business combination		89	177
Adjusted earnings before interest and taxes (EBIT)		**44,539**	**47,394**
Finance income	III.7.	10	115
Finance costs	III.8.	-910	-1,005
Earnings attributable to non-controlling interests		-3,395	-3,857
Net finance costs		**-4,295**	**-4,747**
Adjustments:			
Non-controlling interests		3	4
Adjusted earnings before taxes (EBT)		**40,247**	**42,651**
Income tax expense	III.9.	-10,048	-11,872
Other taxes	III.9.	-351	-290
Adjustments:			
Deferred taxes on adjustments		15	32
Adjusted profit or loss for the period		**29,864**	**30,521**
Non-controlling interests		25	0
Adjusted consolidated net profit		**29,889**	**30,521**
Adjusted earnings per share (in €)	III.10.	1,53	1,70

Achievement of targets by the Group

Achievement of targets by the Group	Forecast for 2021 published in Aug 21	Forecast for 2021 published in Nov 21	Achieved in 2021
Adjusted revenue (€ million)	€270 million to €300 million	> €270 million	€279.1 million
Adjusted EBIT margin (%)	16%	16%	16.0%

Net assets

The equity of the FRIEDRICH VORWERK Group amounts to €152.5 million as at 31 December 2021 (31 December 2020: €63.6 million). Based on total consolidated assets of €290.5 million (previous year: €176.9 million), the equity ratio is 52.5% as at the end of the reporting period (previous year: 36.0%). The higher figure is due to the capital increase in conjunction with the IPO and the net income for the year. This was offset by the payment of a dividend of €25.1 million, which was resolved by the Annual General Meeting on 10 February 2021.

The increase in property, plant and equipment to €80.6 million (31 December 2020: €59.8 million) essentially results from investments in technical equipment and machinery and the acquisition of Gottfried Puhlmann. In addition to land and buildings amounting to €32.2 million, property, plant and equipment also includes technical equipment and machinery (€32.8 million) and operating and office equipment (€15.1 million).

Financial assets increased from €5.4 million in the previous year to €12.4 million in the reporting year. This largely includes shares in joint ventures accounted for using the equity method and securities. The increase is broadly the result of a rise in the carrying amounts of equity investments of €3.1 million and investments in securities.

Inventories amount to €6.1 million as at the end of the reporting period (31 December 2020: €4.9 million) and essentially include raw materials, commodities and supplies.

The change in trade receivables, contract assets and other current assets, from €54.7 million as at 31 December 2020 to €69.0 million as at the end of the reporting period is mainly as a result of an increase in contract assets following the first-time consolidation of Gottfried Puhlmann of €8.8 million and higher tax receivables of €3.4 million (previous year: €0.5 million).

The cash funds of €108.3 million as at the end of the reporting period increased significantly as against the previous year (€45.3 million). In particular, this is due to the capital increase in conjunction with the IPO, which led to a net cash inflow of €83.2 million. This was largely offset by investments in technical equipment and machinery, the payment of the dividend and purchase price payments for the subsidiaries Korupp GmbH and Gottfried Puhlmann Group acquired in the year under review.

The Group's liabilities to banks and lease liabilities amount to €28.0 million as at 31 December 2021 (31 December 2020: €17.4 million). The increase in financial liabilities broadly results from the borrowing of new loans and changes in the consolidated group. This was offset by scheduled repayments of net financial liabilities as at the end of the reporting period.

Accordingly, net cash from the above liabilities and cash items, including securities, amounts to €83.6 million as at the end of the reporting period (31 December 2020: €27.9 million). Furthermore, as at the end of the reporting period, there are off-balance sheet contingent liabilities of €113.9 million (previous year: €95.3 million), essentially consisting of advance payment, contract performance and performance guarantees.

Profit participation capital amounts to €10.2 million as at the end of the reporting period (31 December 2020: €10.2 million) and was provided by the charitable Irene and Friedrich Vorwerk Foundation of the founders of the group of companies. The profit participation rights grant a guaranteed rate of interest. Furthermore, the bearers of the profit participation certificates participate in the adjusted consolidated net profit of the FRIEDRICH VORWERK Group in the form of floating-rate interest. The total interest rate was 4.2% in the period under review (previous year: 4.0%). The profit participation rights can be cancelled for the first time effective 31 December 2039.

The rise in pension provisions mostly results from the first-time consolidation of Gottfried Puhlmann GmbH, Marne, as at 31 December 2021.

Deferred tax liabilities rose from €14.0 million in the previous year to €19.3 million. This is mainly due to higher temporary differences in non-current assets.

Contract liabilities, which primarily consist of prepayments received, declined by €7.0 million as at the end of the reporting period. This is mainly due to a change in the composition of the order book. Offsetting this, trade payables increased by €4.8 million to €6.8 million as at the end of the reporting period.

Current liabilities to non-controlling interests contain profit shares that can be withdrawn.

The year-on-year increase in other liabilities is largely as a result of higher VAT liabilities.

Financial position

The change in cash and cash equivalents amounts to €63.0 million in the year under review (previous year: €-7.2 million) and breaks down as follows:

Net cash from operating activities fell slightly from €33.3 million in the previous year to €29.8 million in the year under review. It essentially comprises the operating business of the subsidiaries and the related cash receipts. It also includes changes in assets and liabilities not attributable to investing or financing activities. The change as against the previous year is chiefly due to higher income taxes paid of €10.0 million (previous year: €4.7 million) and lower dividend income receipts from equity investments (€4.5 million; previous year: €11.0 million). This was countered by working capital effects (€-9.7 million; previous year: €-25.8 million).

Net cash used in investing activities amounts to €-28.5 million (previous year: €-20.4 million) and mainly relates to investments in property, plant and equipment and financial assets. This mainly includes technical equipment and machinery and operating and office equipment. The increase results mainly from investments in financial assets and securities of €-3.7 million (previous year: €0.0 million) and purchase price payments for the acquisition of Korupp and the Gottfried Puhlmann Group of €3.2 million less aquired cash and cash equivalents (previous year: €0.0 million).

Net cash from financing activities amounts to €61.7 million (previous year: €-20.1 million). In particular, this includes the inflow from the capital increase performed in conjunction with the IPO on 25 March 2021, from which the FRIEDRICH VORWERK Group received net issue proceeds of €83.2 million, taking into account the costs of €6.8 million directly attributable to the IPO. This is mostly offset by profit distributions to shareholders of Friedrich Vorwerk Group SE in the amount of €25.1 million (previous year: €12.4 million) plus net proceeds from and payments for the borrowing and repayment of financial loans and lease liabilities.

Summary assessment

The Management Board rates the development of the FRIEDRICH VORWERK Group in the 2021 financial year as positive. Thanks to the IPO and the associated capital increase in March 2021, the Group has the financial basis for ongoing organic growth and growth through acquisitions. While revenue was slightly lower than in the previous year, by 4%, essentially as a result of a project postponement by a customer, profitability was still attractive at the same level as the previous year. The Group also made multiple key investments that, together with a positive market performance, are an indication of sustained corporate growth.

Principles and objectives of financial management

The basic features of the Group’s financial policy are determined by the Management Board of Friedrich Vorwerk Group SE. The primary objectives of our financial management are to safeguard liquidity and limit financial risks. Furthermore, our goal is to generate a return from the free liquidity of the Group despite the current low interest rates. Thus, some of these funds are invested to a small extent in short-term securities on a highly diversified basis, if and only to the extent that they are not required for further acquisitions, for example.

The FRIEDRICH VORWERK Group does not actively hedge other currencies at Group level as its transactions are typically performed on a euro basis. Similarly, the management of the credit risks of our contract partners is the responsibility of the individual subsidiaries. However, monitoring at Group level ensures options for timely intervention as necessary.

A key source of corporate finance is our operational business and the cash inflows it generates. Furthermore, the FRIEDRICH VORWERK Group has cash funds at its disposal to finance more significant investments from the capital increase performed in conjunction with the IPO.

Controlling system

The FRIEDRICH VORWERK Group's systematic focus on increasing enterprise value is also reflected in its internal controlling system. All relevant developments in the FRIEDRICH VORWERK Group are discussed at regular Management Board meetings. Furthermore, this meeting discusses potential investment opportunities and the free cash funds available for investment purposes. This involves the analysis of the development of various key figures – in particular incoming orders, revenue and adjusted EBIT – of the individual Group companies, or also the results of individual projects. Friedrich Vorwerk Group SE uses consolidated revenue and adjusted EBIT as its key financial performance indicators relevant to forecasts.

Typically, the forecast for the following financial year is published with the annual report at the latest. This is based on the detailed bottom-up planning of individual contracts. The published forecast is reviewed regularly and updated by the Management Board if necessary. The earnings figures include some IFRS remeasurement effects, such as income from business combinations and write-downs on hidden reserves identified in conjunction with business combinations. These effects cannot be predicted as they are linked to future, unforeseeable investment. The FRIEDRICH VORWERK Group is therefore forecasting an operating result adjusted for these and other items of non-operating income and expenses (including the costs of the IPO) that more transparently and more sustainably reflects the company's operating earnings power and development. The earnings projections for the 2022 financial year included in the forecast, which is subject to further impact of the war waged by Russia against Ukraine, is also based on the adjusted earnings figures.

The key performance indicators for controlling the Group's net assets and financial position are cash funds (including all cash equivalents), net cash/net debt and cash flow. Operating cash flow is calculated using the indirect method in accordance with IAS 7. Another key performance indicator is trade working capital, which consists of inventories, trade receivables, contract assets, prepayments received and trade payables.

Report on risks and opportunities

In the FRIEDRICH VORWERK Group, risk management is one of the key foundations for commercial operations and safeguards the company's competitive capability in the long term. When handling projects in the Energy Grids and Energy Transformation segments and with turnkey projects, the FRIEDRICH VORWERK Group is subject to a number of risks directly related to its business activities. The aim of risk management is to detect risks early on and to minimise them while also maintaining commercial earnings potential. The objective of risk management at the FRIEDRICH VORWERK Group is to keep on developing and improving organisational processes and controls with which to detect risks early on and to initiate countermeasures. The following section lists the key risks that could have a lasting impact on the financial position and financial performance of the company.

Market risk

Market risks result from changes in the macroeconomic conditions on key markets. In Energy Grids and Service & Operations, these mainly include our domestic market of Germany and neighbouring European countries. In Energy Transformation, while Germany is still our domestic market, business in this area is much more international. Competition in our business areas could become more intensive moving ahead, which might erode our earnings situation. We counter this risk with the ongoing expansion of our value chain, in particular in the area of specialty technologies such as the environmentally friendly horizontal drilling method.

Environmental risk

Environmental risk has various aspects. On the one hand, it refers to the energy sector and the associated greenhouse gas emissions. On the other, it also includes resource and waste management. The FRIEDRICH VORWERK Group strives to reduce its energy consumption, which is mainly due to the use of fossil fuels to operate our technical equipment and machinery and to the transportation of this equipment. To achieve this goal, we are stepping up our efforts to implement sustainable and climate-neutral projects, increase the use of renewable energies, modernise our equipment and property portfolio and optimise logistics planning. In the key area of resources management, FRIEDRICH VORWERK aims to achieve improved material reuse and resource efficiency – also in respect to water consumption across the Group.

Project risk

The monitoring of project risk extends across all operating units of the Group and is divided into the subareas of costing risk and implementation risk. All projects are analysed for specific technical, commercial and legal risks when preparing a bid through to the completion of the contract. Residual indeterminate risks in individual projects are taken into account by risk premiums when calculating an offer. The costing risks that arise when preparing bids are limited by binding Group-wide costing standards. All major projects undergo continuous variance analysis while being carried out. As soon as a project moves outside the target parameters, corresponding countermeasures are initiated, monitored by the project managers or the Management Board and checked for effectiveness.

Materials and outsourcing risks

Risks can arise if the necessary materials or services are not available on time or in line with market standards. We can ensure that our interests are treated as a priority thanks to long-term relationships with our suppliers and service providers. Inventories are monitored at all times to ensure that standard materials are available for our projects at short notice. To avoid strong fluctuations in procurement prices, we apply corresponding price escalator clauses when preparing our offers.

Personnel risk

The successful management of personnel risks is a central element of corporate development. Personnel risks arise from staff turnover and the associated loss of expertise and shortages of new personnel. The FRIEDRICH VORWERK Group counters this risk of staff turnover with individual, performance-based bonus regulations and a broad range of development options within the Group. This safeguards the long-term loyalty of the company's top performers. In-house training and continuing professional development ensure the next generation of qualified employees and managers. The FRIEDRICH VORWERK group is countering the ever more intensive competition for highly qualified employees and managers with optimised recruitment measures and cooperations with universities.

Financial risks

Financial risks are managed Group-wide by the parent company, Friedrich Vorwerk Group SE. Selected derivative hedging instruments are used in rare cases to minimise these risks as far as possible. Hedging is only used for operational risks and not for speculative purposes. Liquidity risk is the risk that liabilities cannot be settled when due. This risk is managed on the basis on a regularly updated financial plan. Cash funds are managed centrally through a cash pool. The interest rate risk arises from floating-rate financial liabilities. Any hedging transactions that may be required in future will be concluded centrally by the Management Board.

It is standard practice within the industry to issue various guarantees and warranties. These guarantees are typically issued by banks or credit insurance companies and essentially comprise contract performance, advance payment and performance guarantees. In the event that a guarantee is utilised, the banks have claims for recourse against the Group. Such guarantees have not given rise to claims against the Group either in the financial year or in the past. The availability and terms of these guarantees are a requirement for further growth. The Management Board oversees the management and use of these guarantees.

The careful analysis of principals and, if necessary, the use of hedging instruments keep risks of default manageable. The payment terms for receivables and liabilities are typically agreed in line with industry standards and are monitored regularly. Furthermore, this risk is positively influenced by the structure of principals, which are mainly renowned energy industry operators. The carrying amount of financial assets is equal to the maximum risk of default. Discernible risks of default on financial assets are taken into account by impairment losses.

Risk due to the COVID-19 pandemic

The rapid spread of the COVID-19 pandemic in waves of varying intensity from the start of 2020 onwards resulted a number of measures in Germany and other countries relevant to the FRIEDRICH VORWERK Group. These are considered significant, and have resulted in a considerable reduction or shutdown of most commercial activities. This gives rise to general economic risks that could impair economic growth and thus the development of the energy industry. Aside from occasional delivery difficulties for some components, which are mostly needed for the Energy Transformation unit, the Management Board assumes that the COVID-19 pandemic has had a relatively minor impact on FRIEDRICH VORWERK's results of operations in 2021 compared to the market as a whole.

Depending on how the COVID-19 situation continues to unfold, there could be negative repercussions for the Group's revenue and profitability in both the medium and the long term, resulting from travel restrictions and delayed contract award processes, for example. However, the quantitative effects cannot be estimated reliably.

Risk from the war waged by Russia against Ukraine

The current war waged by Russia against Ukraine could have a negative impact on the recovery of the global economy from the COVID-19 pandemic. The consequences for the global financial markets, international supply chains, the economic and investment climate in Germany and Europe, and for the business of the FRIEDRICH VORWERK Group cannot be foreseen at present due to the highly dynamic nature of the current situation. However, the Management Board believes that the non-commissioning of the Nord Stream 2 gas pipeline will not have a negative impact on the Group's business activities.

Opportunities

The European energy revolution to bring about a carbon-neutral continent by 2050 will also bring a fundamental reorganisation of the European energy markets that requires enormous investment in existing and new energy infrastructure over the coming decades.

Thanks to its outstanding technological expertise, its excellent reputation and customer relationships and its fully integrated business model, the FRIEDRICH VORWERK Group is ideally positioned on its core markets of underground gas, hydrogen and power lines and the associated energy transformation projects (e.g. gas pressure control and measurement systems, compressor stations, cavern storage, LNG terminals and transformer stations) to benefit from this in the long term.

Above all, the basis for this is the FRIEDRICH VORWERK Group's ability to combine components and solutions developed and produced in-house, and its proprietary technologies, with its strengths as a fully integrated turnkey provider.

To compensate for the decision to phase out nuclear power and fossil fuels in Germany, substantial investment in the natural gas infrastructure is required to guarantee the security of supply for German industry and the people of Germany in the long term, with less centralised structures and flexible gas power stations. Between now and 2030, up to €9.0 billion is to be invested in the gas transmission network in Germany alone. Should the supply sources for natural gas be diversified in the future and, for example, new LNG terminals also be built in Germany, FRIEDRICH VORWERK could also benefit from this.

Another key element of the energy revolution is the large-scale expansion of energy generation capacity in the field of renewable energies (primarily wind and solar energy). The expansion of transmission grids, most of which will be underground, is essential for the distribution of renewable energies, in particular from the windy north of Germany to the customer regions in the south. German transmission network operators are planning to invest up to €15 billion just to build the "electricity highways", SüdLink, SüdOstLink and Korridor A Nord. The FRIEDRICH VORWERK Group is ideally positioned for these major underground cable projects thanks to the experience of Bohlen & Doyen.

As a molecular energy source, green hydrogen is a key part of a successful energy revolution in Europe. Hydrogen is already essential today for many processes in energy-intensive industry and, moving forward, will play a crucial role in the areas of industry difficult to decarbonise and mobility in particular. In addition to the massive pan-European emergence of electrolysers to produce green hydrogen from renewable energies, this will also require the construction and expansion of hydrogen-ready pipelines and systems. The European Union projects that up to €430 billion will be invested in the European hydrogen industry by as soon as 2030.

There are further growth opportunities on the district heating market, where significant incoming orders have been reported very recently. District heating is seen as a crucial factor in the sustainable decarbonisation of the building sector. By 2030, this technology is due to account for at least 30% of the heat generated in the building sector in Germany. Substantial investment requirements of €33 billion and a number of other major projects are anticipated by 2030 to expand and refurbish Germany's district heating grids. Thanks to its broad portfolio of services and technologies, and also to its decades of experience in the planning and creation of district heating projects, FRIEDRICH VORWERK feels it is ideally positioned on this market, thanks not least to its recent acquisition of Gottfried Puhlmann.

In light of this, the FRIEDRICH VORWERK Group is confident of substantial growth opportunities on its stated core markets of hydrogen, natural gas, district heating and electricity.

In this context, in addition to continuing its successful M&A strategy, further profitable growth opportunities can also be generated by a geographical expansion into the rest of Europe.

Principles of the risk management and the accounting-related internal control system

The FRIEDRICH VORWERK Group has established a risk management system to address the above risks. Measures are initiated at an early stage in order to prevent any disadvantage to the subsidiaries or the Group. This system includes:

- integrated project controlling that monitors the operating projects of the individual Group companies;
- regular management meetings with the managing directors and other executives at the subsidiaries;
- a regular external or internal audit to examine the focal areas determined in advance;
- structured merger & acquisitions tools;
- central group monitoring of key contractual risks and legal disputes by the Management Board and involvement of qualified law firms as necessary.

The Management Board of Friedrich Vorwerk Group SE is responsible for preparing the annual financial statements and the management report of Friedrich Vorwerk Group SE in accordance with the provisions of the *Handelsgesetzbuch* (HGB – German Commercial Code) and the *Aktiengesetz* (AktG – German Stock Corporation Act). Furthermore, the consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) and the Group management report applying German Accounting Standard (GAS) No. 20.

The Management Board has established an appropriate internal control system to guarantee that the disclosures in its reporting are correct and complete, including the compliance of its financial reporting.

The internal control system is designed to ensure the prompt, standardised and correct accounting of all business processes and transactions. This safeguards compliance with statutory norms and accounting regulations. Amendments to laws, financial reporting standards and other pronouncements are analysed on an ongoing basis to determine their relevance to and impact on the annual and consolidated financial statements. Furthermore, the internal control system is based on a series of integrated monitoring procedures. These integrated monitoring procedures include organisational safeguards, continuous automatic processes (the separation of duties, access restrictions, organisational instruction such as deputisation powers) and controls integrated into workflows. The effectiveness of the internal control system is further assured by monitoring procedures that are independent of processes. The accounting for a majority of the companies included in consolidation and consolidation procedures are handled centrally. Technical system controls are monitored by employees and supplemented by manual checks. The consolidation adjustments are carried out using a uniform consolidation system. The employees involved in the accounting process receive regular training. External specialists are commissioned on a case-by-case basis to control individual accounting risks, e.g. in connection with actuarial valuations. The Supervisory Board of Friedrich Vorwerk Group SE is required to regularly review the effectiveness of the management and monitoring systems. It receives regular reports on this from the Management Board. In this context, an audit firm was engaged in the 2021 financial year to audit the internal management and monitoring systems for Friedrich Vorwerk Group SE's process of "accounting for leases in accordance with IFRS 16". The results of this audit will be submitted to the Management Board and the Supervisory Board in an audit report.

Declaration on corporate governance

The Supervisory Board and the Management Board report on corporate governance in accordance with principle 22 of the German Corporate Governance Code and section 289f and section 315d HGB:

Declaration in accordance with section 161 AktG

The Management Board and the Supervisory Board issued the most recent declaration of compliance in accordance with section 161 AktG on 14 March 2022. It reads:

The Management Board and Supervisory Board of Friedrich Vorwerk Group SE submitted the most recent compliance declaration in accordance with section 161 AktG in April 2021. The following declaration relates to the recommendations of the Code as amended 16 December 2019 (the **"Code"**), which was published in the German Federal Gazette on 20 March 2020.

The Management Board and the Supervisory Board of Friedrich Vorwerk Group SE declare that, with the following exceptions, the recommendations of the Code have been complied with since the last declaration of compliance was issued and will be complied with in future:

- **Recommendation D.5 of the Code – Nomination committee** : Section D.5 of the Code recommends the formation of a nomination committee consisting solely of shareholder representatives.

  Given the current size and structure of the Supervisory Board, the Supervisory Board of the company does not consider it necessary to form a nomination committee to propose suitable candidates. Decisions on nominations for the Supervisory Board to be made to the Annual General Meeting are to be the responsibility of the Supervisory Board as a whole.

- **Recommendation F.2 of the Code – Reporting** : Section F.2 of the Code states that the consolidated financial statements and the Group management report should be published within 90 days of the end of the financial year, while the mandatory intra-year financial information should be published within 45 days of the end of the reporting period.

  The consolidated financial statements, the Group management report and the intra-year financial information are published within the periods allowed by Deutsche Börse for the Prime Standard. The company considers this timeframe for its financial reporting to be appropriate given its size and nature. Nonetheless, the company will strive to comply with Recommendation F.2 from the 2022 financial year.

- **Recommendations G.1 to G.11 of the Code – Management Board remuneration** : Sections G.1 and G.2 of the Code state that the system of remuneration for the members of the Management Board to be developed by the Supervisory Board should contain further defined elements besides the binding statutory requirements, including in particular a defined target for total remuneration for each member of the Management Board.

  Sections G.3 to G.5 of the Code contain requirements that the Supervisory Board should take into account in developing such a remuneration system, in particular regarding a suitable peer group of other companies, the ratio of Management Board remuneration to senior management remuneration and the remuneration of the workforce as a whole, plus the independence of the external remuneration experts consulted.

  Sections G.6 to G.11 contain recommendations for variable remuneration, in particular on the ratio of long-term to short-term targets, performance criteria, subsequent amendments to targets or comparative parameters, the measurement of achievement, the requirement to predominantly invest variable remuneration in shares of the company and the option of retaining or clawing back variable remuneration if this is warranted.

  In the opinion of the Supervisory Board, the system of remuneration for the Management Board is appropriate at this time given the current size and structure of the company. The members of the Management Board have sufficient incentive to act in the interests of the Company and its shareholders. The Chairman of the Executive Board, Torben Kleinfeldt, as a major shareholder, does not receive variable compensation. Neither member of the Management Board currently receives any long-term variable remuneration, but Management Board member Tim Hameister (CFO) subscribed for shares in Friedrich Vorwerk Group SE as part of the IPO. For detailed information on the current remuneration system, reference is made to the company's remuneration report, which has been made available on the website www.friedrich-vorwerk.de.

  In the course of the revision of the Management Board contracts, the Supervisory Board will examine whether changes should be made to the remuneration structure with regard to compliance with the Code or other legal requirements.

The above declaration of compliance has been published on our website and is available for download at www.friedrich-vorwerk.de/en/investor-relations/corporate-governance.html.

Remuneration report

The remuneration report issued in accordance with section 162 AktG and the audit report have been published on our website at www.friedrich-vorwerk.de/en/investor-relations/corporate-governance.html.

Information on corporate governance practices

Compliance

FRIEDRICH VORWERK sees compliance with the statutory provisions relevant to its business activities and its own internal policies as a key element of corporate governance. Management responsibility in all the Group's units therefore also includes the duty to ensure and support compliance with the applicable statutory provisions in the respective areas of responsibility.

Workflows and processes must be designed in accordance with these regulations. The centrepiece of FRIEDRICH VORWERK's compliance management system (CMS) is a Code of Conduct that enshrines principles and recommendations for issues particularly relevant to compliance, such as conduct in respect of competitors, avoiding corruption, discrimination and conflicts of interest as well as how to handle sensitive business information and data subject to data protection. The Code of Conduct is supplemented by further Group policies, for instance on avoiding corruption and conduct in respect of competitors. A further element of the CMS is the systematic and ongoing analysis of compliance risks and the integration of corresponding procedures, such as employee training and process adjustments to minimise the corresponding risks. The general coordination of the CMS is the responsibility of the Group Compliance Officer, who reports directly to the Management Board. There are compliance officers and points of contact at the individual subsidiaries as well. The compliance officers are primarily in charge of advising employees on all issues relevant to compliance and for investigating reports of violations. Employees and third parties alike also have the option of reporting misconduct in the company. In the reporting period, the Audit Committee monitored the effectiveness of the CMS by means of corresponding, regular reporting by the

Management Board and the Group Compliance Officer. The system will also be refined continuously moving forward.

Risk management

The risk management system of the FRIEDRICH VORWERK Group has been presented in detail in the report on risks and opportunities within the combined management and Group management report.

Transparency

Promptly informing shareholders and interested members of the public about key issues is an integral element of good corporate governance at FRIEDRICH VORWERK. In particular, information on the economic situation of the company and major business events is provided in the financial reports (annual report, half-year financial report and quarterly statements), talks with analysts and the press, press releases, ad-hoc disclosures if necessary and Annual General Meetings. The website www.friedrich-vorwerk.de is a communication tool that can be used at all times and that it is always up to date. Relevant information is published on it in German and English. In addition to information on the FRIEDRICH VORWERK Group and the shares of Friedrich Vorwerk Group SE, it also provides a financial calendar with an overview of important dates.

Procedures of the Management Board and the Supervisory Board, and their composition

Two-tier management and control system: Management Board and Supervisory Board

A basic feature of the corporate governance structure of Friedrich Vorwerk Group SE is a two-tier system with the clear separation of management by the Management Board and control by the Supervisory Board. The Management Board is responsible for managing the company and represents it externally. It is a duty of the Supervisory Board to appoint, dismiss and monitor the members of the Management Board. Under German law, the Supervisory Board is not permitted to make any operational management decisions. However, the two bodies work together closely for the good of the company and uphold the common goal of sustainable, long-term growth prospects for its shareholders. The Annual General Meeting is the executive body of the company that represents shareholders' interests. The Management Board reports to the Supervisory Board on an ongoing basis, both verbally and in writing, and provides it with extensive information on the status of the company. Moreover, the Management Board submits the budget for the coming financial year and the medium-term planning to the Supervisory Board. The Management Board is also required to inform the Supervisory Board in good time of any business that could significantly influence the profitability or liquidity of the company. This allows the Supervisory Board to form an opinion on any such business before it goes ahead.

The Management Board

The Management Board of Friedrich Vorwerk Group SE manages the company on its own responsibility and represents Friedrich Vorwerk Group SE in its business dealings with third parties. The Management Board develops the strategic direction of the company, coordinates this with the Supervisory Board and ensures its implementation. The actions and decisions taken by the Management Board are guided by the company's interests. It is committed to the goal of a sustainable increase in enterprise value in line with the interests of its shareholders, employees and other stakeholders. Other professional activities, in particular positions on supervisory boards outside the Group, require the approval of the Supervisory Board. Material transactions between Group companies on the one hand and members of the Management Board or their related parties on the other similarly require the approval of the Supervisory Board and must be at arm's length. Conflicts of interest on the part of members of the Management Board must be disclosed to the Chairman of the Supervisory Board without delay and the other members of the Management Board must be informed of this. There were no such conflicts of interest in the year under review.

The Management Board performs its duties as a collegial body. The members of the Management Board work cooperatively and inform each other on an ongoing basis of key processes in their departments. Notwithstanding their joint responsibility for management, the individual members of the Management Board manage the departments assigned to them by the executive organisation chart on their own responsibility. Basic matters such as organisation, business policy and corporate planning, as well as procedures of elevated significance, are discussed and decided by the Management Board as a whole. The Chairman of the Management Board coordinates the work of the Management Board.

There is D&O insurance for the members of the Management Board in accordance with section 93(2) sentence 3 AktG.

When filling positions in the Management Board of Friedrich Vorwerk Group SE and the two management levels below the Management Board, the Supervisory Board complies with the requirements of the German Stock Corporation Act by ensuring that candidates have the skills, knowledge and experience that are required for the work of the management. FRIEDRICH VORWERK especially believes in affirmative action for women and is aiming to have women take on more responsibility in the Group. Nevertheless, the Supervisory Board must accept that the share of women, both in general and in management, in the sector in which FRIEDRICH VORWERK operates is significantly lower than in other industries and sectors. It is therefore more challenging to fill vacancies in the different divisions and levels of the company's hierarchy with women. Also, female candidates should only be given preferential treatment moving ahead if they have the same qualifications. Given the size of the Management Board and its long-term contracts, the Supervisory Board has set a target for the share of women on the Management Board of 20%, which is to be achieved in the medium term.

Diversity within the Management Board is also reflected by the individual educational and professional backgrounds of its members and the differences in their experience (e.g. industry experience). Members with different educational and professional backgrounds and a variety of experience are therefore expressly desirable. However, based on their personal and professional skillsets and experience, each member of the Management Board must be capable of performing the duties of a member of the management board of a listed international company and upholding the FRIEDRICH VORWERK Group's reputation to the public. The members of the Management Board should also have a profound understanding of FRIEDRICH VORWERK's business and typically have several years of management experience.

The age limit for members of the Management Board is 66. There is no minimum age. However, members of the Management Board should have several years of management experience at the time of their appointment. Within this framework – for reasons of diversity and in the interests of long-term succession planning – a mixed age structure within the Management Board is desired, though central importance is not attached to age as compared to the other criteria.

As currently composed, the Management Board fulfils the above goals with the exception of the share of women intended in the medium term. The Management Board currently consists of two persons with different professional backgrounds, experience and differing expertise. The age limit is not exceeded by either member of the Management Board.

Long-term succession planning for the Management Board

Together with the Management Board, the Supervisory Board ensures the long-term succession planning for the Management Board. This duty is performed by the Supervisory Board acting as a whole. The respective requirement profiles for the individual Management Board positions are derived from the goals for the composition and skillsets of its members as described above. The requirement profiles and the executive organisation chart are regularly reviewed by the Supervisory Board in relation to the current environment, business performance and corporate strategy.

The identification and development of internal candidates for future management roles is also a key part of long-term succession planning. The Management Board is responsible for identifying potential candidates early on who will then receive systematic guidance – by being assigned duties of growing responsibility and further training in line with requirements – with the result that, ideally, more and more internal candidates can be considered more closely when new vacancies arise.

The Supervisory Board

The Supervisory Board determines the composition of the Management Board, monitors and advises it on its management work and is involved in general and important decisions. In accordance with the Rules of Procedure for the Management Board, activities and transactions of fundamental significance require the approval of the Supervisory Board. Other key duties include reviewing and adopting the annual financial statements and approving the consolidated financial statements.

The requirements for the internal organisation of the Supervisory Board and its committees derive from the law, the Articles of Association and the Rules of Procedure for the Supervisory Board, which can be found on the website at www.friedrich-vorwerk.de/en/investor-relations/corporate-governance.html. The Chairman of the Supervisory Board coordinates the work of the Supervisory Board and represents its interests externally.

The members of the Supervisory Board have a commitment to the interests of the company. When making their decisions, members of the Supervisory Board must not pursue personal interests or exploit business opportunities open to the company. Conflicts of interest must be disclosed to the Chairman of the Supervisory Board without delay. The Supervisory Board provides details of any conflicts of interest that arise and their handling in its report to the Annual General Meeting. Consultancy and other service or work contracts between a member of the Supervisory Board and the company require the approval of the Supervisory Board. There were no such contracts in the 2021 financial year.

There is D&O insurance, without a deductible, for the members of the Supervisory Board.

The Supervisory Board performs its work both as a whole and in committees. The individual committees and their responsibilities are set out in the Rules of Procedure of the Supervisory Board. Given the size and composition of the Supervisory Board, there is only an Audit Committee at this time. The Chairman of the Audit Committee is Dr Julian Deutz.

According to the Articles of Association of the company, the Supervisory Board consists of three members to be elected by the Annual General Meeting.

The Supervisory Board strives to be composed in such a way to guarantee qualified control and counsel for the Management Board at all times. The Supervisory Board is of the opinion that, besides professional and personal requirements, diversity aspects also play a key role in the effective work of the Supervisory Board – and thus for the long-term development of the company. The following objectives therefore serve as a guideline in long-term succession planning and for the selection of suitable candidates.

Based on their personal and professional skillsets and experience, each member of the Supervisory Board must be capable of performing the duties of a member of the supervisory board of a listed international company and upholding the FRIEDRICH VORWERK Group's reputation to the public. Each member ensures that they have sufficient time to perform their duties on the Supervisory Board. It should be noted that there are typically four to six meetings of the Supervisory Board per year, each requiring appropriate preparation. Additional extraordinary meetings of the Supervisory Board may also be necessary to deal with special issues.

Members of the Supervisory Board of Friedrich Vorwerk Group SE who sit on the executive board of a listed company should typically not hold more than two supervisory board positions at non-Group listed companies or similar functions and should not be the chairperson of the supervisory board of a non-Group listed company. Members of the Supervisory Board of FRIEDRICH VORWERK who are not on the management board of a listed company should typically not hold more than five such external mandates, whereby chairmanship of a supervisory board counts double. In particular, similar functions include mandates on the supervisory bodies of foreign listed companies or mandates on the supervisory bodies of companies subject to statutory co-determination. However, membership on the supervisory or advisory boards of smaller companies typically entails a significantly lower time commitment and workload, hence such mandates are not considered a similar function.

Regarding an age limit, the Supervisory Board has determined that members of the Supervisory Board should step down from the Supervisory Board at the Annual General Meeting that follows their 75th birthday. Taking into account the specific corporate situation and ownership structure of FRIEDRICH VORWERK, the Supervisory Board does not consider it appropriate for more than half of the members of the Supervisory Board to be independent from the company and the Management Board. The Supervisory Board of Friedrich Vorwerk Group SE should consist of at least 30% women and 30% men. In addition, diversity within the Supervisory Board is also reflected by the individual professional backgrounds and areas of activity of its members, as well as by the differences in their experience. Thus, in the interests of diversity, the Supervisory Board strives to be composed in such a way that the backgrounds, experience and expertise of its members complement each other.

The Supervisory Board satisfies all the above goals as it is currently composed: The Supervisory Board consists of persons with different professional backgrounds, experience and differing expertise. The share of women is satisfied at 30%. The age limit was not exceeded by any member when elected. The limits on the number of mandates are complied with by all members of the Supervisory Board, whereby the mandates of Dr Christof Nesemeier at subsidiaries of MBB SE are not considered to be external to the Group. The majority of the members of the Supervisory Board are independent from the company and the Management Board. A self-assessment has not yet been performed since the inaugural meeting of the Supervisory Board on 14 February 2021, but is already planned for the 2022 financial year.

EU Taxonomy

In accordance with the EU Taxonomy Regulation and the supplementary delegated acts, in the following section we report for the first time on the share of our Taxonomy-eligible, Group-wide revenue (turnover), capital expenditure (CapEx) and operating expenditure (OpEx) for the 2021 financial year based on the environmental objectives of "climate change mitigation" and "climate change adaptation" as currently defined in the EU Taxonomy.

The target of the EU Taxonomy is to channel investment from the financial sector towards companies engaged in environmentally sustainable activities. It could play an important role in helping the EU to implement the European Green Deal. The EU Taxonomy is intended to create a common understanding of the environmental sustainability of activities and capital expenditure. The Regulation also requires companies to report on these economic activities. Criteria for the Taxonomy's first environmental objectives of "climate change mitigation" and "climate change adaptation" were established in EU legislation in mid-2021.

For the fiscal year 2021, the regulation with reporting relief comes into force, which is why the following disclosures only relate to the taxonomy eligibility of economic activities and not to their taxonomy compliance. In addition, the present disclosures only relate to the environmental goals "climate change mitigation" and "climate change adaption".

Procedure for the affectedness analysis

To determine taxonomy eligibility, the first step was to identify the activities eligible for taxonomy at FRIEDRICH VORWERK with reference to the definitions in Annexes 1 and 2 of the NACE codes referenced in the legal act on Regulation (EU) 2020/852. In addition, the definitions of the key figures revenue, operating expenses (OpEx) and capital expenditure (CapEx) listed in Annex 1 to the Regulation were analyzed and the data for the respective reference figures (denominator of the key figure) were collected. In the area of operating expenses in particular, the relevant cost types were identified. Approaches for estimating and collecting the corresponding revenues, operating expenses and capital expenditures were then defined for the taxonomy-eligible activities.

Due to the ongoing dynamic developments with regard to the wording of the EU Taxonomy Regulation, there are currently still uncertainties of interpretation with regard to the wording and terms contained therein. Therefore, there may be adjustments to the impact analysis in the future.

Identified taxonomy-eligible economic activities

The following economic activities were identified as eligible for taxonomy:

- Transmission and distribution of electricity
- Transmission and distribution networks for renewable and low-carbon gases
- Manufacture of renewable energy technologies
- Construction, extension and operation of water collection, treatment and supply systems
- District heating/cooling distribution

Analysis and calculation

The analysis for taxonomy eligibility of revenue is based on revenue as we define and report it in the consolidated financial statements of the FRIEDRICH VORWERK Group.

The definition of the EU taxonomy for determining the relevant operating expenses includes expenses for research and development, building renovation measures, short-term leasing, maintenance and repair, as well as other direct expenses in connection with the daily maintenance of property, plant and equipment, which are reported in the consolidated income statement under other operating expenses. In order to determine the proportion of operating expenses eligible for the taxonomy, the related operating expenses for a project with revenue eligible for the taxonomy were recognized on a pro rata basis as eligible for the taxonomy.

Capital expenditures include additions to property, plant and equipment as well as intangible assets (including acquisitions, excluding goodwill according to the EU taxonomy). Taxonomy-eligible capital expenditures relate to assets and projects associated with taxonomy-eligible economic activities. In addition, individual capital expenditures from the acquisition of assets from taxonomy-eligible economic activities and the implementation of individual measures to reduce greenhouse gas emissions have been taken into account. The various taxonomy-eligible capital expenditures were set in relation to the capital expenditures reported in the annual report.

Materiality aspects were taken into account when determining the relevant activities.

Results of the analysis

The following table lists the taxonomy-eligible metrics:

EU-Taxonomy	Total € million	Taxonomy-eligible € million	Taxonomy-eligible in %
Turnover (revenue)	279,1	75,4	27.0%
Capital expenditure (CapEx)*	35,0	9,7	27.5%
Operating expenditure (OpEx)	14,3	3,9	27.0%

By way of the Delegated Regulation of 2 February 2022, the European Commission resolved the inclusion of nuclear energy and natural gas in the Taxonomy of environmentally sustainable economic activities. However, the natural gas activities relevant to the FRIEDRICH VORWERK Group are linked to strict criteria that must be satisfied at the current time in order to qualify as Taxonomy-eligible.

It is therefore not conclusive at this time whether the capital expenditure by our business partners is Taxonomy-aligned. Such activities are therefore generally not considered to be Taxonomy-aligned under the Delegated Regulation of 2 February 2022. This applies to large areas of the activities of the FRIEDRICH VORWERK Group that can nonetheless be in line with the environmental objectives of the European Union.

Disclosures in accordance with section 289a and section 315a HGB

Composition of issued capital

The issued capital of the company amounted to €20,000,000 as at 31 December 2021 and was divided into 20,000,000 no-par value bearer shares. Each share grants the bearer one vote at the Annual General Meeting.

Restrictions on voting rights or the transfer of shares

There are no restrictions on voting rights or the transfer of shares.

Direct or indirect equity interests exceeding 10% of the voting rights

The following table shows the direct or indirect equity interests exceeding 10% of the voting rights:

	31 Dec 2021		31 Dec 2020	
	Number of shares	%	Number of shares	%
MBB SE	7.200.000	*36.00%*	2.080.000	*66.67%*
ALX Beteiligungsgesellschaft mbH	3.600.000	*18.00%*	1.040.000	*33.33%*
Other shareholders	9.200.000	*46.00%*	0	*0.00%*
Total	**20.000.000**	**100%**	**3.120.000**	**100%**

MBB SE and ALX Beteiligungsgesellschaft mbH entered into a voting rights agreement on February 6, 2021, in which both parties agreed to exercise their voting rights uniformly. Resolutions on the manner in which voting rights are exercised in accordance with the voting rights agreement are passed by a simple majority on the basis of the voting rights held by the parties to the voting rights agreement in Friedrich Vorwerk Group SE.

Bearers of shares conferring special rights

No shares conferring special rights have been issued.

Nature of control of voting rights in the event of employee participation

There are no controls on voting rights of any kind.

Statutory provisions and regulations in the Articles of Association on the appointment and dismissal of members of the Management Board and amendments to the Articles of Association

The Management Board is appointed and dismissed in accordance with the statutory regulations of sections 84 et seq. AktG.

In accordance with section 179(1) AktG, all amendments to the Articles of Association require a corresponding resolution by the Annual General Meeting. In accordance with Article 24 of the Articles of Association, amendments to the Articles of Association require a simple majority of the votes cast at the Annual General Meeting, to the extent that this is permitted by law; abstentions do not count as votes cast.

Article 11(2) of the Articles of Association also states that the Board is authorised to make amendments to the Articles of Association that relate solely to their wording. In particular, the Supervisory Board is authorised to amend the wording of the Articles of Association after a full or partial increase in share capital from authorised or contingent capital or after the respective authorisation periods expire to reflect the extent of the capital increase from authorised or contingent capital.

Powers of the Management Board, in particular its ability to issue or buy back shares

The authorisations issued by the Annual General Meeting to the Management Board to increase the share capital and to issue shares are governed by Article 4 of the Articles of Association. Please also refer to the detailed disclosures on equity presented in the notes to the consolidated financial statements.

Material agreements subject to the condition of a change of control as a result of a takeover bid

There are no such agreements.

Compensation agreements with members of the Managing Board or employees for the event of a takeover bid

There are no such compensation agreements.

The disclosures required in accordance with section 160 AktG(1) no. 2 can be found in the notes to the group financial statements section II.10.1 Equity in the notes to the consolidated financial statements.

Non-financial statement in accordance with section 289b HGB and section 315b HGB

The principle of sustainability is a central component of the FRIEDRICH VORWERK Group's strategy and corporate policy.

Accordingly, various sustainability aspects are integrated into its corporate strategy, Group-wide controlling and the regular meetings of the Management Board. FRIEDRICH VORWERK's philosophy is characterised by a business orientation accompanied by responsibility for the environment, employees and society. In our daily efforts to excel, we seek to combine sustainability targets with economic aspects.

In line with section 289d HGB, we examined which national, European or international frameworks could be applied in preparing the non-financial statement. However, no frameworks are applied comprehensively at present, as the cost of doing so would be disproportionate to the benefit in light of the FRIEDRICH VORWERK Group's corporate structure and we do not consider any of the existing frameworks to be suitable for us. The reporting period for the non-financial statement is the 2021 financial year. The quantitative information includes all consolidated subsidiaries of the FRIEDRICH VORWERK Group.

Business model

FRIEDRICH VORWERK is one of the leading providers of turnkey solutions for the transformation and transportation of energy. We plan, build, install and operate critical energy infrastructure along the entire value chain, and ensure that energy sources such as raw natural gas, wind and solar energy can be converted into usable natural gas, electricity and clean hydrogen and then transported to the consumer.

We design and create power highways that connect wind energy sources in the north of Germany with consumers in the south of Germany, and gas lines that will prepare the European energy infrastructure for the future. Thanks to our hydrogen solutions, we are making the transition to clean, molecular energy sources of the future possible. We cover the entire range: from major turnkey projects to bespoke specialty solutions for customers. We are constantly striving for innovative product solutions that enable the transportation of energy with lower carbon emissions. Our product portfolio also includes services such as the maintenance and operation of our customers' energy infrastructure. Overall, FRIEDRICH VORWERK therefore plays a key role in the energy revolution and in safeguarding the energy supply.

Further information on the business model and the individual segments can be found in the "Segments" section in the FRIEDRICH VORWERK Group's 2021 combined management and group management report.

Stakeholders

Investors: Our shareholders expect FRIEDRICH VORWERK to act sustainably and responsibly, with a clear strategic focus and transparent reporting.

Customers: Our customers want reliable partners to reliably provide innovative solutions while exercising ecological and social responsibility.

Employees: Our employees value an attractive and secure workplace where they can apply their skills as trained. Continuing professional development is part of FRIEDRICH VORWERK's sustainable human resources policy.

Materiality analysis

The materiality analysis, which was performed for the first time in 2020, identified "environmental concerns", "social concerns" and "employee concerns" as the core issues of FRIEDRICH VORWERK's sustainability strategy. These aspects are explained in more detail below. The issues of "respecting human rights" and "combating corruption and bribery" are also described. As these issues are important but, in our opinion, secondary as regards the FRIEDRICH VORWERK Group's sustainability strategy, they will be discussed only briefly. Please see the table at the end of this section for an overview of key non-financial indicators.

Environmental concerns

FRIEDRICH VORWERK takes a holistic approach in its project business, by working on all phases of the project cycle and by also taking into account long-term use beyond the project's scope. As, by definition, infrastructure projects mean intervening in existing structures, our activities directly influence people and the environment. In order to minimise the resulting impact, we attach particular importance to forward-looking and comprehensive planning. Environmental factors include land usage, excavation, intervention in the water supply, the consumption of energy, water and raw materials in addition to the generation of noise, dust, vibrations, emissions, waste water and solid waste. These factors vary according to the type and extent of a project. For example, as a specialist in horizontal directional drilling (HDD), we are able to lay power lines with minimal landscape impact. Our goal is to protect and conserve the natural environment as far as possible, by integrating the special considerations of each project into individual project management. The extensive environmental protection activities required in major projects carried out by FRIEDRICH VORWERK are typically set out in a legally binding landscape conservation plan. In Germany, this plan maps out the measures planned for a project that entails encroachment on nature and the landscape, in the immediate vicinity of the project or nearby, to compensate for or minimise this encroachment. These measures are a part of the planning documentation necessary for a project's approval, and become legally binding when the zoning plan for the project is adopted. Measures for smaller projects can include tree protection activities, in particular in inner-city areas, which are also coordinated with the offices in charge of green areas.

It is not just about projects that will allow a sustainable energy supply and implementing these projects with minimal impact: a responsible approach to natural resources in general also plays a part. Operational decisions are considered in the context of their ecological repercussions at all levels of the FRIEDRICH VORWERK Group. This applies to the use of raw materials in addition to the energy efficiency of the individual subsidiaries. By using natural resources responsibly and ensuring high energy efficiency, the FRIEDRICH VORWERK Group makes an important contribution to environmental protection, and thus already have a strong interest in this topic for strategic reasons.

FRIEDRICH VORWERK is also actively involved in current areas of research with our customers. For example, in cooperation with ONTRAS, a research project on the "development of a procedure for avoiding odour emissions when renovating pipelines" began in 2021 and will continue in 2022.

As a central element of our efforts, FRIEDRICH VORWERK operates an integrated management system in which quality is certified according to ISO 9001, occupational health and safety according to SCC regulations, environmental issues according to ISO 14001 and energy according to ISO 50001. This system forms the framework for our efforts for continuous improvement. FRIEDRICH VORWERK defines specific annual environmental and energy targets and analyses their achievement as part of a management review.

Furthermore, the FRIEDRICH VORWERK Group aims to continuously enhance the economy and efficiency of its vehicle fleet and technical equipment. Fuel consumption and downtimes are therefore analysed constantly and fleet management is adjusted accordingly. For example, old vehicles, machinery and equipment are constantly exchanged for newer, more efficient models with lower pollutant and noise emissions.

Energy efficiency and sustainability are taken into account when sourcing materials, and we expect our suppliers and service providers to fulfil the same environmental standards as us. Environmental certificates are therefore requested from potential suppliers in the procurement process and assessed alongside quality, delivery time and price.

By providing regular training for employees in all departments, the FRIEDRICH VORWERK Group ensures that they have a high environmental impact awareness, adhere to systems for the separation and disposal of waste, are economical with all resources and comply with the applicable work instructions for the handling of hazardous substances and water pollutants.

In the 2021 financial year, FRIEDRICH VORWERK began planning and developing a hydrogen electrolysis facility at the Wiesmoor location. The regenerative energy produced by a photovoltaic system is transformed into green hydrogen by electrolysis and stored. As required, the hydrogen can be taken out of storage and converted into heat by a co-generation plant. The aim of the project, which is due to be completed in 2022, is to provide the Wiesmoor location with regenerative electricity and heat.

Together with our employees at our headquarters in Tostedt, we maintain a 90-hectare forest area owned by the FRIEDRICH VORWERK Group, which has been left in its natural state according to the highest ecological standards.

Employees

Protecting and respecting each and every person is a top priority in the FRIEDRICH VORWERK Group. It goes without saying that we comply with international human rights and labour standards. We condemn any and all forms of discrimination, including for reasons of ethnic background, religion, political views, gender, physical capacity, appearance, age or sexual orientation.

Our employees are our Group's most important resource. It is therefore a central component of our sustainability strategy to attract new, motivated employees while attaining a high level of satisfaction and motivation with a low turnover within the staff body. We want to be an attractive employer for current and future employees, and so we deliberately position ourselves towards this target group as a sustainably growing company on the front lines of the energy revolution. We have enjoyed steady headcount growth over the past five years thanks to broad development opportunities and our consistent recruitment strategy.

Work safety is always a top priority for FRIEDRICH VORWERK. Employees in prefabrication or those who work on projects are subject to an elevated health risk. This is why we apply high standards when it comes to security, particularly with regard to handling hazardous materials and other potential hazards. By regularly providing training and continuing professional development, we foster the knowledge and expertise required by our employees to work safely. The FRIEDRICH VORWERK Group is SCCP-certified and therefore satisfies all the statutory requirements for a health and safety management system. Reportable work accidents are recorded and analysed at regular intervals. Work safety incidents are always investigated with all involved and the findings are incorporated into concrete action. New concepts are being devised and trialled in practice in cooperation with our customers. The last minute risk analysis, which promotes a conscious approach to routine work on the part of operational employees, plays a central role in our work safety concept.

Following a fundamental change in its health, safety, environment and quality (HSEQ) strategy and the bundling of the resources of Bohlen & Doyen with those of the pre-existing Vorwerk Group into a Group-wide HSEQ department, additional work safety specialists successfully joined the department in 2021. The primary task of this department is to update and refine the integrated management system and to create uniform standards and methods in the areas of quality, occupational health and safety, environmental issues and energy. While a significant share of the work was done by external work safety experts in the past due to the Group's nationwide project operations, we are able to oversee almost all projects and all divisions internally moving ahead. This further enhances the relationship of trust with our employees necessary for the development of these key issues and ensures the ongoing evolution of our HSEQ culture.

While the energy industry has focused on the technical and organisational aspects of occupational health and safety in the past, future work safety success can only be achieved with a pronounced culture of safety. The Safety Culture Ladder (SCL) is an assessment method for measuring safety awareness and conscious safe acting by each individual employee in the company. The higher the safety awareness in an organisation, the higher the assigned ladder step.

The FRIEDRICH VORWERK Group considers supporting and challenging its employees to be a key factor in its success. Our employees take part in training and continuing professional development in all areas of the Group, with high standards of occupational health and safety and the selective promotion of junior executives. FRIEDRICH VORWERK currently has 115 trainees and students on dual study programmes (previous year: 85). Our fundamental aim is to offer permanent employment to all trainees and dual study students who complete their training with us. To continue being an attractive employer, we invest in our employees, either directly by offering continuing professional development or by allowing them to work from home.

We are particularly committed to gender equality. Women, men and trans people have the same opportunities at our company. We seek to ensure a balance between the genders at all hierarchical levels. The focus on technical professions that is inherent to our business model means that women are still underrepresented among students and job applicants, with the latter posing a challenge when it comes to filling vacant positions. The FRIEDRICH VORWERK Group increased its share of women employees from 11.9% in the previous year to 13.4%.

When selecting managers, the Management Board always seeks to ensure diversity and is open to male, female and trans candidates. Ultimately, appointments are always primarily based on the professional and personal qualifications of person in question.

Social concerns

Dealing with our customer and supplier stakeholders respectfully and in a socially responsible manner is one of our guiding principles. We firmly believe that continuous product innovation, acting fairly with respect to suppliers and entering into a constant dialogue with our customers are key elements of our business success. The FRIEDRICH VORWERK Group is involved in numerous voluntary social projects at municipal level. In addition to its role as an employer, the FRIEDRICH VORWERK Group also supports increasing the common good of these communities for the long-term, for example through partnerships with schools or sports clubs.

The Irene and Friedrich Vorwerk Foundation, an independent body created by the founders of the FRIEDRICH VORWERK Group and still closely associated with the FRIEDRICH VORWERK Group today, deserves a special mention in this regard. The social engagement of the Irene and Friedrich Vorwerk Foundation extends from the promotion of the next generation of young scientists to support for cultural events and aid for the needy. A number of cultural projects of various sizes, such as local theatre or church parishes, are sponsored. Two annual readings have become a fixed institution over the years and one of the cultural highlights for many guests. Here, too, the members of our society in need are not forgotten. The foundation supports both individuals and institutions locally.

Respecting human rights and combating corruption and bribery

Respecting human rights: The FRIEDRICH VORWERK Group has deep roots in Germany and Europe, and respects the human rights of employees, suppliers and business partners in its day-to-day operations. We have not identified any risks of non-standard remuneration, inappropriate working hours, restrictions on the freedom of assembly or equal rights at either ourselves or our suppliers. Disciplinary measures for potential violations have been determined and communicated. FRIEDRICH VORWERK is committed to upholding internationally recognised human rights standards and does not tolerate any form of slavery, forced labour, child labour, human trafficking or exploitation in its own business activities or its supply chain.

Combating corruption and bribery: We have always considered compliance with legal provisions and guidelines, in addition to correct conduct in business transactions, to be a core component of sustainable corporate governance. In order to uphold this long-standing principle, we have formulated our basic principles in our corporate policy, which is updated on an ongoing basis and communicated to all employees. The current Code of Conduct and the Group-wide anti-corruption policy serve as a framework for activities both within the company and in respect of third parties. The Code of Conduct is specified and defined in greater detail through guidelines and instructions. Using cyclical reporting structures, the respective management of the various Group companies is required to report regularly to the Management Board of the FRIEDRICH VORWERK Group on the effectiveness of the respective internal management system and any incidents occurring.

Data protection: When processing the data of employees, applicants, customers, suppliers and partners, we respect and protect the rights of these persons and safeguard the necessary security of their data. Among other things, we have taken the necessary precautions to comply with the European Union's General Data Protection Regulation (GDPR) that became effective on 25 May 2018 and standardises data protection regulations in EU countries.

Negative consequences and risks in connection with business activities

In our opinion, there are no material risks in connection with our business activities, our products or our services that could have serious negative consequences in terms of employee, environmental or social concerns, or that could lead to a violation of human rights and to corruption.

Overview of key non-financial indicators

The key operating indicators for environmental concerns can fluctuate greatly from year to year on account of a divergent order structure.

	2021	2020
Employees		
Share of female employees in relation to total employees	13.4%	11.9%
Number of apprentices	109	82
Number of employees in cooperative study programs	6	3
Reportable work accidents	52	40
Fatal work accidents	0	0
Environmental concerns		
Energy intensity in MWh/€m revenue	205	179
Water intensity in m^3/€m revenue	67	24
Social concerns		
Charitable donations and sponsorship in €k*	2	45

* Without Irene and Friedrich Vorwerk Foundation

Sustainability Accounting Standards Board (SASB) Index

We have published the Sustainability Accounting Standards Board (SASB) index in our annual report since the 2020 reporting year in order to ensure greater transparency in the area of sustainability. SASB aims to enable transparent communication between companies and investors on material information related to ESG data through standardised sustainability accounting.

	Code	Comment
Environmental Impacts of Projects		
Number of incidents of non-compliance with environmental permits, standards and regulations	IF-EN-160a.1.	In 2021, there were no incidents of non-compliance with environmental permits, standards and other regulations. FRIEDRICH VORWERK has procedures and controls at its disposal to ensure compliance with the applicable rules and regulations of its sector.
Discussion of processes to assess and manage environmental risks associated with project design, siting, and construction	IF-EN-160a.2.	FRIEDRICH VORWERK monitors the environmental impacts of each project with specific environmental management systems such as ISO 14001 and ISO 50001. Furthermore, the Group holds industry specific permits and licenses and is certified as a specialist in accordance with the regulations of the German Technical and Scientific Association for Gas and Water and the German Water Resources Act.
Structural integrity and security		
Amount of defect- and safety-related rework costs	IF-EN-250a.1.	Re-work costs under warranty amounted to around €535 thousand in 2021 (0.19% of revenue).
Total amount of monetary losses as a result of legal proceedings associated with defect- and safety-related incidents	IF-EN-250a.2.	n/a
Workforce Health & Safety		
(1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees	IF-EN-320a.1.	The total recordable incident rate (TRIR)* for direct employees was 2.9 in 2021, with a fatality rate of 0.0. The data for temporary workers are included in the incident rate.
Structural integrity and security		
Number of (1) in-service projects certified to a third-party multi-dimensional sustainability standard and (2) active projects seeking such certification.	IF-EN-410a.1.	In 2021, 15 certified biogas processing plants were completed. In 2021, 9 more projects of this type are under development.
Discussion of process to incorporate operational phase energy and water efficiency considerations into project planning and design	IF-EN-410a.2.	Energy and water efficiency considerations are based on customers' specifications and are incorporated into project planning and design. In every project we advise our clients on energy and water optimisation solutions and engage in active innovation to fulfil their requirements.

* Includes only incidents recorded in connection with our operating business

Climate impact of the business mix		
Level of backlog of (1) hydrocarbon-related projects and (2) renewable energy projects	IF-EN-410b.1.	The order backlog as of Dec. 31, 2021 was €178 million for (1) hydrocarbon-related projects and €133 million for (2) renewable energy projects.
Level of cancellations of hydrocarbon-related projects	IF-EN-410b.2.	There were no cancellations in 2021.
Level of backlog of projects related to climate change mitigation but not directly related to the energy industry	IF-EN-410b.3.	The amount of backlog for projects related to climate change mitigation but not directly related to energy was €0.3 million as of Dec. 31, 2021.
Business Ethics		
(1) number of active projects and (2) order backlog in the 20 countries with the lowest scores in Transparency International's Corruption Perception Index.	IF-EN-510a.1.	Currently, there is only one project for a German customer, which is being installed in Iraq. The order backlog for the project amounted to €13 thousand as of December 31, 2021 (less than 0.1% of the total order backlog).
Total amount of monetary losses as a result of legal proceedings associated with charges of (1) bribery or corruption and (2) anti-competitive practices	IF-EN-510a.2.	Court proceedings in connection with bribery at the level of a subsidiary in 2014 were concluded in the 2021 financial year. The incidents occurred before the company became a part of the FRIEDRICH VORWERK Group. Payments of €330 thousand in total were made in connection with these proceedings.
Description of policies and practices for prevention of (1) bribery and corruption, and (2) anti-competitive behaviour in the project bidding processes	IF-EN-510a.3.	We introduced a new compliance management system in the 2021 financial year to prevent bribery, corruption, extortion and embezzlement, and also to uphold a high level of integrity in all business interactions. Non-compliance with rules and regulations is expressly not tolerated.

Disclosures in accordance with section 312(3) AktG

According to the circumstances known to us at the time at which the transactions and measures stated in the dependent company report were executed, implemented or omitted, the company received appropriate consideration for every transaction and was not disadvantaged by the implementation or omission of any measures.

Report on expected developments

For 2022, the outlook for overall economic development in Europe and Germany remains largely positive.

In its fall 2021 forecast for the European economy, the European Commission expects the resumed growth trend to continue in 2022. However, with an expected change of 4.3%, economic growth will be somewhat lower than in 2021 due to the now higher prior-year base. According to the European Commission, the forecast is still subject to exceptionally high uncertainties and risks.

A significant risk arises from the continuing uncertain development of the COVID 19 pandemic. Although a gradual easing of the infection situation is expected due to the steady progress in vaccination in most countries of the European Union, further waves of infections are likely to occur in the course of the year. However, if there are further waves of infection in the course of the year, for example due to the emergence of new virus variants, and if important sectors of the economy are affected, this could have a significant negative impact on the economic situation. The duration and extent of the current supply bottlenecks and material shortages will also have a significant impact on growth momentum in 2022. The current forecast expects the supply bottlenecks to gradually ease over the course of the year, allowing industry to gradually work off the backlog of orders it has built up. A further delay or even worsening of the supply chain problems or the shortage of important precursors - especially in the semiconductor sector - could therefore significantly slow down the growth of the European economy in the longer term.

The war waged by Russia against Ukraine has the potential to put a significant damper on the global economy's recovery from the COVID-19 pandemic. The consequences for global financial markets, international supply chains, the economic and investment climate in Germany and Europe, and for the business of the FRIEDRICH VORWERK Group cannot be foreseen at present due to the highly dynamic nature of the current situation.

At € 312.8 million, the order backlog as of December 31, 2021, reached a value slightly above the high level of the previous year and therefore provides the FRIEDRICH VORWERK Group with an excellent basis for the continuation of its growth course in 2022. At € 285 million, order intake was about 9 % below the strong figure of the previous year, whereas significant order intake was again achieved already at the beginning of 2022. For example, on February 1, 2022 the FRIEDRICH VORWERK Group already announced that it had won an order for the implementation of a district heating pipeline in Hamburg with an order volume of over €70 million.

Against this background, the Management Board expects consolidated sales of more than €320 million with an adjusted EBIT margin of 15%. This includes the ongoing integration of the recently acquired Gottfried Puhlmann group. We regard our outstanding equity and liquidity position as a good basis for growth, also through the acquisition of new subsidiaries.

Events after the end of the reporting period

For information on events after the balance sheet date, please refer to the relevant disclosures in the notes to the consolidated financial statements.

Tostedt, 14 March 2022

The Management Board

Torben Kleinfeldt	Tim Hameister
Chief Executive Officer	Chief Financial Officer

IFRS Consolidated Financial Statements for 2021

IFRS consolidated income statement	Note	1 Jan – 31 Dec 2021 €k	1 Jan – 31 Dec 2020 €k
Revenue	III.1.	**279,071**	**291,791**
Increase (+), decrease (-) in finished goods and work in progress		-565	8
Operating performance		**278,506**	**291,799**
Income from initial consolidation		138	0
Income from equity investments	III.2.	5,122	10,551
Other operating income	III.3.	4,831	3,571
Total performance		**288,597**	**305,921**
Cost of raw materials and supplies		-19,795	-25,213
Cost of purchased services		-86,932	-103,262
Cost of materials	III.4.	-106,726	-128,474
Wages and salaries		-77,121	-70,030
Social security and pension costs		-22,028	-19,416
Staff costs	III.5.	-99,150	-89,446
Other operating expenses	III.6.	-28,241	-29,179
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		**54,480**	**58,822**
Depreciation and amortisation	II.1.	-13,045	-11,354
Earnings before interest and taxes (EBIT)		**41,436**	**47,468**
Finance income	III.7.	10	115
Finance expenses	III.8.	-910	-1,005
Earnings attributable to non-controlling interests	III.8.	-3,395	-3,857
Net finance costs		-4,295	-4,747
Earnings before taxes (EBT)		**37,140**	**42,721**
Income tax expense	III.9.	-10,048	-11,872
Other taxes	III.9.	-351	-290
Profit or loss for the period		**26,742**	**30,559**
Non-controlling interests		25	0
Consolidated net profit		**26,767**	**30,559**
Earnings per share (in €)	III. 10.	1.37	1.70

IFRS consolidated statement of comprehensive income

IFRS consolidated statement of comprehensive income	Note	1 Jan – 31 Dec 2021 €k	1 Jan – 31 Dec 2020 €k
Consolidated net profit		**26,767**	**30,559**
Non-controlling interests		-25	0
Profit or loss for the period		**26,742**	**30,559**
Items that may be subsequently reclassified to profit and loss			
Currency translation differences	II.10.3	-3	0
Items that cannot be subsequently reclassified to profit and loss			
Changes in the fair value of shares	II.10.3	201	0
Pension reserve	II.10.3	20	-25
thereof deferred taxes		-32	18
Other comprehensive income after taxes		**186**	**-7**
Comprehensive income for the reporting period		**26,928**	**30,552**
thereof attributable to:			
- Shareholders of the parent company		26,959	30,552
- Non-controlling interests		-31	0

IFRS consolidated statement of financial position

Statement of financial position Assets (IFRS)	Note	31 Dec 2021 audited €k	31 Dec 2020 audited €k
Non-current assets			
Concessions, industrial property rights and similar rights and assets	II.3.	772	265
Goodwill	II.2.	1,692	0
Intangible assets		**2,464**	**265**
Land and buildings including buildings on third-party land	II.4.	32,225	17,566
Technical equipment and machinery	II.4.	32,778	22,208
Other equipment, operating and office equipment	II.4.	15,067	10,807
Advance payments and assets under construction	II.4.	544	9,238
Property, plant and equipment		**80,614**	**59,820**
Equity investments	II.5.	8,470	5,403
Investment securities	II.5.	3,295	0
Other loans	II.5.	610	0
Financial assets		**12,375**	**5,403**
Deferred tax assets	II.16.	**11,550**	**6,521**
		107,003	**72,009**
Current assets			
Raw materials and supplies	II.6.	6,031	4,374
Work in progress	II.6.	114	565
Inventories		**6,146**	**4,938**
Trade receivables	II.7.	15,809	20,931
Contract assets	II.8.	45,227	27,821
Other current assets	II.9.	7,995	5,959
Trade receivables and other current assets		**69,031**	**54,711**
Cash in hand	V.	85	50
Bank balances	V.	108,196	45,204
Cash in hand, bank balances		**108,282**	**45,254**
		183,458	**104,903**
Total assets		**290,461**	**176,912**

Statement of financial position Equity and liabilities (IFRS)	Note	31 Dec 2021 audited k€	31 Dec 2020 audited k€
Equity			
Issued capital	II.10.1	20,000	3,120
Reserves	II.10.2	76,204	6,739
Retained earnings and other reserves	II.10.3	55,208	53,744
Non-controlling interests	II.10.4	1,058	0
		152,470	63,604
Non-current liabilities			
Liabilities to banks	II.12.	15,295	6,864
Liabilities to non-controlling interests	II.12.	5,860	7,050
Liabilities from participation rights	II.12.	10,213	10,213
Lease liabilities	II.15.	5,979	4,210
Pension provisions	II.11.	2,727	427
Deferred tax liabilities	II.16.	19,308	14,029
		59,383	42,793
Current liabilities			
Liabilities to banks	II.12.	3,689	1,466
Contract liabilities	II.12.	10,817	17,819
Trade payables	II.12.	6,818	2,019
Liabilities to non-controlling interests	II.12.	4,997	4,924
Other liabilities	II.13.	20,101	7,096
Lease liabilities	II.15.	3,024	4,863
Provisions with liability character	II.14.1	12,676	15,729
Tax provisions	II.14.2	10,921	8,234
Other provisions	II.14.1	5,565	8,367
		78,608	70,515
Total equity and liabilities		290,461	176,912

IFRS consolidated statement of cash flows

Consolidated statement of cash flows	1 Jan – 31 Dec 2021 €k	1 Jan – 31 Dec 2020 €k
1. Cash flow from operating activities		
Earnings before interest and taxes (EBIT)	41,436	47,468
Adjustments for non-cash transactions:		
Depreciation and amortisation	13,045	11,354
Increase (+), decrease (-) in provisions	-3,855	4,391
Losses (+), gains (-) from disposal of property, plant and equipment	-364	58
Results from equity investments	-5,122	-10,551
Other non-cash expenses and income	-204	-25
	3,500	5,227
Change in working capital:		
Increase (-), decrease (+) in inventories, trade receivables and other assets	1,126	-5,789
Decrease (-), increase (+) in trade payables and other liabilities	-10,790	-20,055
	-9,664	-25,843
Income taxes paid	-9,952	-4,664
Interest received	10	115
Cash receipts from dividends paid by equity investments	4,496	11,016
	-5,446	6,467
Cash flow from operating activities	**29,825**	**33,319**
2. Cash flow from investing activities		
Investments (-), divestments (+) of intangible assets	-154	-203
Investments (-), divestments (+) in property, plant and equipment	-21,403	-20,199
Investments (-), divestments (+) financial assets and securities	-3,705	0
Acquisitions (less cash received)	-3,196	0
Cash flow from investing activities	**-28,458**	**-20,402**
3. Cash flow from financing activities		
Proceeds from contributions to equity by shareholders of the parent company	90,000	0
Profit distribution to shareholders	-25,116	-12,445
Payments for transaction costs for issuing equity instruments	-3,655	0
Payments to non-controlling interests	-1,772	-1,626
Proceeds from borrowing financial loans	10,550	850
Repayments of financial loans	-2,156	-1,384
Payments on lease liabilities	-5,098	-4,811
Interest payments	-1,092	-729
Cash flow from financing activities	**61,661**	**-20,144**

Cash and cash equivalents at end of period		
Change in cash and cash equivalents	63,028	-7,228
Change in cash due to changes in the consolidated group	0	120
Cash and cash equivalents at start of period	45,254	52,361
Cash and cash equivalents at end of period	**108,282**	**45,254**
Composition of cash and cash equivalents		
Cash in hand	85	50
Bank balances	108,196	45,204

Reconciliation to liquidity reserve on 31 Dec	2021	2020
Cash and cash equivalents at end of period	108,282	45,254
Investment securities	3,295	0
Liquidity reserve on 31 Dec	**111,577**	**45,254**

IFRS statement of changes in consolidated equity

Statement of changes in consolidated equity

			Retained earnings						
	Issued capital	Reserves	Currency translation	Fair value reserve	Pension reserve	Generated group equity	Attributable to shareholders	Non-controlling interests	Consolidated equity
	€k	€k	€k	€k	€k	€k	€k	€k	€k
1 Jan 2020	**2,000**	**11,556**	**0**	**0**	**-59**	**24,384**	**37,880**	**0**	**37,880**
Reorganisation of the company structure	1,120	-4,817	0	0	0	-1,133	-4,829	0	-4,829
Subtotal	**3,120**	**6,739**	**0**	**0**	**-59**	**23,251**	**33,051**	**0**	**33,051**
Amounts recognised in other comprehensive income	0	0	0	0	-7	0	-7	0	-7
Consolidated net profit	0	0	0	0	0	30,559	30,559	0	30,559
Total comprehensive income	**0**	**0**	**0**	**0**	**-7**	**30,559**	**30,552**	**0**	**30,552**
31 Dec 2020	**3,120**	**6,739**	**0**	**0**	**-66**	**53,810**	**63,604**	**0**	**63,604**
Distributions to shareholders	0	0	0	0	0	-25,116	-25,116	0	-25,116
Subtotal	**3,120**	**6,739**	**0**	**0**	**-66**	**28,694**	**38,488**	**0**	**38,488**
Amounts recognised in other comprehensive income	0	0	-3	169	26	0	192	-6	186
Consolidated net profit	0	0	0	0	0	26,767	26,767	-25	26,742
Total comprehensive income	**0**	**0**	**-3**	**169**	**26**	**26,767**	**26,959**	**-31**	**26,928**
Capital increase	16,880	69,465	0	0	0	0	86,345	0	86,345
Change in consolidated group	0	0	0	0	0	0	0	709	709
Change in non-controlling interests	0	0	0	0	0	-379	-379	379	0
31 Dec 2021	**20,000**	**76,204**	**-3**	**169**	**-40**	**55,082**	**151,412**	**1,058**	**152,470**

Notes to the Consolidated Financial Statements for 2021

I. Methods and principles

1. Basic accounting information

1.1 Information on the company

Friedrich Vorwerk Group SE is headquartered at Niedersachsenstrasse 19-21, 21255 Tostedt, Germany. It is entered in the commercial register of the Tostedt District Court under HRB 208170. It is the parent company of the FRIEDRICH VORWERK Group. Friedrich Vorwerk Group SE has been listed in the Prime Standard of the Frankfurt Stock Exchange under the securities identification number A255F1 since 25 March 2021.

The FRIEDRICH VORWERK Group is a medium-sized group whose business model essentially comprises designing, creating and operating energy infrastructure.

All figures in the notes to the consolidated financial statements relate to December 31, 2021, or the fiscal year from 1 January to 31 December, 2021, unless otherwise stated. Percentages and figures in this report may be subject to rounding differences.

The consolidated financial statements of Friedrich Vorwerk Group SE for the 2021 financial year are approved by the Supervisory Board of Friedrich Vorwerk Group SE on 14 March 2022.

1.2 Accounting policies

The consolidated financial statements of the FRIEDRICH VORWERK Group for the period ended 31 December 2021 were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as adopted in the European Union (EU). The term “IFRS” includes the International Accounting Standards (IAS) still applicable, the International Financial Reporting Standards (IFRS) and the interpretations of the Standing Interpretations Committee (SIC) and of the International Financial Reporting Interpretations Committee (IFRS IC). The consolidated financial statements are supplemented by a combined management report in accordance with section 315 HGB and additional disclosures in accordance with section 315e HGB.

Application of new and amended standards

There were no significant amendments to financial reporting standards that affect these consolidated financial statements in the 2021 financial year.

The following newly issued standards, standards endorsed by the EU Commission in the year under review or amended standards or interpretations that were not yet effective were not applied early in these consolidated financial statements. Where amendments affect the FRIEDRICH VORWERK Group, their future effect on the consolidated financial statements is still being examined or is not material.

Regulation	Title	Application	Effect
IFRS 17	Insurance Contracts	1 Jan 2023	No material impact
IAS 1	Amendment – Classification of Liabilities	1 Jan 2023	No material impact
IFRS 3	Amendments – References to the Conceptual Framework	1 Jan 2022	No material impact
	Annual Improvements to IFRSs 2018 – 2020 Cycle	1 Jan 2022	No material impact
IAS 16	Amendment – Property, Plant and Equipment: Proceeds before Intended Use	1 Jan 2022	No material impact
IAS 37	Amendment – Onerous Contracts: Cost of Fulfilling a Contract	1 Jan 2022	No material impact
Various	Amendment – Interest Rate Benchmark Reform	1 Jan 2021	No material impact
IFRS 4	Amendment – Deferral of effective date of IFRS 9	1 Jan 2021	No material impact
IFRS 16	Amendment – COVID-19-Related Rent Concessions	1 Mar 2021	No material impact

Any standards not listed here are of minor significance to the FRIEDRICH VORWERK Group.

1.3 Business combinations

There were two business combinations in total in the financial year:

Korupp

A purchase agreement to acquire 100% of the shares in Korupp GmbH, Twist, was signed on 26 February 2021. Korupp is a leading provider of products and services in the field of cathodic protection. The acquisition ensures that FRIEDRICH VORWERK has the technological expertise and human resources to enduringly protect its underground pipelines and storage systems against corrosion. The transaction was closed and the company included in consolidation for the first time as at 1 April 2021. This business combination resulted in goodwill of €314 thousand.

The cost can be attributed to the assets purchased and liabilities assumed, measured at fair value, as follows:

KORUPP GmbH €k	Carrying amount before PPA	Fair value according to PPA
Assets and liabilities		
Intangible assets	4	4
Property, plant and equipment	95	155
Current assets	751	756
Cash and cash equivalents	645	645
Liabilities and provisions	278	338
Deferred tax liabilities	0	1
Identified acquired net assets	**1,217**	**1,221**
Calculation of difference		
Purchase price for acquired shares		1,535
Total purchase price		**1,535**
Identified acquired net assets (100%)		1,221
Goodwill (+)		**314**
Net cash outflow from acquisition		890

The business combination was implemented using the purchase method. The value of the remeasured equity was €1,221 thousand as at the date of initial consolidation. The receivables acquired in the context of the transaction, which are essentially trade and tax receivables, have a fair value of €322 thousand, which is also the gross value of the receivables. The best estimate at the acquisition date of the contractual cash flows not expected to be collectible is €0 thousand. There were also no contingent assets or liabilities. The incidental costs of the transaction amounted to €207 thousand. Revenue of €3,766 thousand and a profit of €672 thousand from the acquired company have been recognised since the date of initial consolidation. If the company had already been included in consolidation at the start of 2021, revenue of €4,155 thousand and a profit of €794 thousand from this company would have been included in the consolidated financial statements. The purchase price for the shares acquired was €1,535 thousand and was paid entirely in cash.

The goodwill essentially results from efficiency and synergy gains. The goodwill resulting from the acquisition is not expected to be tax-deductible.

Gottfried Puhlmann

On 14 December 2021, the FRIEDRICH VORWERK Group acquired 75% of the shares in Gottfried Puhlmann GmbH, Marne, and Gottfried Puhlmann GmbH Havelländische Bauunternehmung, Berlin. Gottfried Puhlmann is a tradition-steeped family company in the field of energy infrastructure that specialises in cable installation and district heating, and is therefore an ideal addition to the FRIEDRICH VORWERK Group's existing range of services. Following a capital increase at Gottfried Puhlmann GmbH Havelländische Bauunternehmung, Berlin, the share held by Friedrich Vorwerk SE & Co. KG in the company is now 96.43%. The companies were included in the consolidated financial statements for the first time as at 31 December 2021. This business combination resulted in goodwill of €1,377 thousand. The following table summarizes the assets and liabilities of both companies.

The cost can be attributed to the assets purchased and liabilities assumed, measured at fair value, as follows:

Gottfried Puhlmann GmbH and Gottfried Puhlmann GmbH Havelländische Bauunternehmung €k	Carrying amount before PPA	Fair value according to PPA
Assets and liabilities		
Intangible assets	2	510
Property, plant and equipment	6,117	10,434
Financial assets	0	85
Deferred tax assets	219	1,458
Current assets	7,534	8,571
Cash and cash equivalents	166	166
Liabilities and provisions	14,602	17,981
Deferred tax liabilities	0	1,780
Identified acquired net assets	**-564**	**1,464**
Calculation of difference		
Purchase price for acquired shares		2,475
Total purchase price		**2,475**
Non-controlling interests		366
Identified acquired net assets (100%)		1,464
Goodwill (+)		**1,377**
Net cash outflow from acquisition		2,309

The business combination was carried out using the purchase method. The value of the revalued equity amounted to €1,464 thousand at the date of initial consolidation. The current receivables acquired as part of the transaction, which mainly comprise trade receivables and tax receivables, have a fair value of €1,544 thousand, which also corresponds to the gross value of the receivables. The best estimate made at the acquisition date of the contractual cash flows that are not expected to be collectible amounts to €0 thousand. Furthermore, there were no contingent assets or liabilities. Incidental transaction costs amounted to €261 thousand. Since the date of initial consolidation, sales of €0 thousand and a profit of €0 thousand have been recognized from the acquired companies. If the companies had already been included in the Group at the beginning of 2021, projections indicate that sales of €32,419 thousand and a loss of €2,804 thousand from these companies would have been included in the consolidated financial statements. The purchase price for the acquired shares amounted to €2,475 thousand and was paid entirely in cash.

The goodwill arising mainly results from efficiency and synergy gains. The goodwill resulting from the acquisition is not expected to be tax deductible. In the measurement of non-controlling interests, use was made of the option to measure non-controlling interests in proportion to net assets.

The purchase price allocation used for initial consolidation is provisional as, after completing purchase price allocation, new information could still emerge that would lead to subsequent adjustments within a year of acquisition. In particular, changes could arise regarding the measurement of intangible assets and deferred taxes.

Overall impact of business combinations

The consolidated profit includes profits of €672 thousand from the companies included in the consolidated financial statements for the first time in the financial year. Sales include € 3,766k from the subsidiaries consolidated for the first time in the financial year. If the business combinations had all taken place on January 1, 2021, projections show that consolidated sales would have increased by €32,809 thousand and consolidated profit would have decreased by €2,682 thousand (before non-controlling interests).

Goodwill of €1,692 thousand was recognized in total from the business combinations.

Companies consolidated for the first time were consolidated as of the date of acquisition or a later date, provided that there were no material changes compared with the date of acquisition.

1.4 Company law changes and structural changes in 2021

SKS Straßenbau GmbH, Tostedt, in which Friedrich Vorwerk SE & Co. KG holds an interest of 50%, has been included in the consolidated financial statements in full since 1 January 2021 as the result of a voting agreement. The remeasurement of the previously held interest resulted in income of €138 thousand.

Friedrich Vorwerk Group SE has been listed in the Prime Standard of the Frankfurt Stock Exchange since 25 March 2021. 9,200,000 shares in total were placed in conjunction with the IPO.

2,000,000 of these shares relate to the capital increase resolved by the Annual General Meeting on 18 March 2021 and a further 6,000,000 to the shares held by shareholders. In addition, 1,200,000 shares were made available by the selling shareholders for the purpose of a greenshoe option.

By way of resolution of the Shareholder Meeting of Gottfried Puhlmann GmbH Havelländische Bauunternehmung, Berlin, the share capital of the company was increased by €1,500 thousand to €1,750 thousand. The capital increase reduced the non-controlling interest in the company from 25% to 3.57%, as a result of which Friedrich Vorwerk SE & Co. KG now holds 96.43% in the company.

2. Group of consolidated companies

In addition to the parent company Friedrich Vorwerk Group SE, the companies listed below are included in consolidation in the consolidated financial statements. The ownership interests are calculated by multiplying the number of shares held in the respective company. The companies listed in bold hold direct or indirect interests in the companies below them.

Companies included in the consolidated financial statements Name and registered office of the company	Shareholding in %
Subsidiaries (consolidated)	
Friedrich Vorwerk Management SE, Tostedt, Germany	100.00
Friedrich Vorwerk SE & Co. KG, Tostedt, Germany	**89.93**
Bohlen & Doyen Anlagenbau Holding GmbH, Tostedt, Germany	**89.93**
Bohlen & Doyen Service und Anlagentechnik GmbH, Wiesmoor, Germany	89.93
Bohlen & Doyen Bau Holding GmbH, Tostedt, Germany	**89.93**
Bohlen & Doyen Bau GmbH, Wiesmoor, Germany	89.93
EAS Einhaus Anlagenservice GmbH, Geeste, Germany	89.93
European Pipeline Services GmbH, Tostedt, Germany	89.93
Gottfried Puhlmann GmbH Havelländische Bauunternehmung, Berlin, Germany	86.72
Gottfried Puhlmann GmbH, Marne, Germany	67.45
KORUPP GmbH, Twist, Germany	89.93
SKS Straßenbau GmbH, Tostedt, Germany	44.97
Vorwerk - ASA GmbH, Herne, Germany	89.93
Vorwerk-EEE GmbH, Tostedt, Germany	89.93
Vorwerk Pipeline- und Anlagenservice GmbH, Petersberg, Germany	89.93
Vorwerk Verwaltungs GmbH, Tostedt, Germany	89.93

A voting agreement that satisfies the criteria for consolidation in accordance with IFRS 10.10 was signed with the co-shareholder of SKS Straßenbau GmbH, Tostedt, in which Friedrich Vorwerk SE & Co. KG, Tostedt, holds 50% of the share capital, on 16 January 2021. As a result, the company has been included in consolidation for the first-time retrospectively to 1 January 2021. The remeasurement of the previously held interest on first-time consolidation resulted in income of €138 thousand, which is reported under income from first-time consolidation.

The following table shows the associates and joint ventures included in the consolidated financial statements. The ownership interests are shown from the sub-group perspective of Friedrich Vorwerk SE & Co. KG.

Name and registered office of the company	Shareholding in %
Joint ventures (working groups)	
ARGE Bavaria Loop Süd	33.33%
ARGE CCP II Step 1	50.00%
ARGE CCP-Projekt Rühlersmoor	50.00%
ARGE Deckwerk Norderney 2021	50.00%
ARGE DOW Ohrensen K28	50.00%
ARGE EGL 442	58.00%
ARGE EmCo KÜA	50.00%
ARGE ETL 178 Walle-Wolfsburg	50.00%
ARGE EUGAL Los 7+8	37.50%
ARGE FGL 32 Räpitz - Niederhohndorf	50.00%
ARGE Flugplatz WTM IT-Ltg	50.00%
ARGE FWT HafenCity/Peute	50.00%
ARGE Glasfaserbau Kronprinzenkoog	33.33%
ARGE HDD Walle-Wolfsburg	50.00%
ARGE Kabeltrasse GSH	40.00%
ARGE Katharina	50.00%
ARGE Loopleitung Epe-Legten	35.00%
ARGE NEP Werne RB	33.33%
ARGE NWKG K301/K603	50.00%
ARGE NWKG K302/K308	50.00%
ARGE Reha Südfeld Lot 2 BA 3+4	33.33%
ARGE STORAG ETZEL VT 8/VT 16	50.00%
ARGE VS Würselen - MCC-I	45.00%
ARGE VS Würselen - Vorabmaßnahmen	50.00%
ARGE Werne-Schlüchtern	50.00%
ARGE Zeelink 3+5 (Beistellung)	50.00%
Dach-ARGE Abschnittsweise Außerbetriebsnahme FGL 201.09 & 103.02	50.00%
Dach-ARGE DOLWIN 6	45.60%
Dach-ARGE Elbchaussee 1. BA	36.00%
Dach-ARGE EUGAL Los 5+6	53.35%
Dach-ARGE Fehlstellensanierung	50.00%
Dach-ARGE Fehlstellensanierung 2021	50.00%
Dach-ARGE Fernwärme Bremen	50.00%
Dach-ARGE FGL 105	50.00%
Dach-ARGE GDRM Anlagen Zeelink	50.00%
Dach-ARGE HD-Leitung Iserlohn	52.34%
Dach-ARGE Kabeltrasse Ganderkesee - St. Hülfe	50.00%
Dach-ARGE Mantelrohrausbau	50.00%
Dach-ARGE Neubau B71n Wedringen	50.00%
Dach-ARGE Pipelinesanierung Gascade	50.00%
Dach-ARGE RV Ruhrtalleitung BA 2+3	45.00%
Dach-ARGE Stadtbeleuchtung	50.00%
Dach-ARGE Stadtbeleuchtung II	50.00%
Dach-ARGE TAV	50.00%
Dach-ARGE Thyssengas STEAG Leitung	63.70%
Dach-ARGE Uferrenaturierung Asseler Sand	37.79%
Dach-ARGE ZEELINK Los 3 - 5	25.00%
Dach-ARGE Zollvereinring	66.66%
Joint Venture ENERGINET Funen (Baltic Pipe)	33.33%

3. Principles of consolidation

The consolidated financial statements comprise the financial statements of Friedrich Vorwerk Group SE and its subsidiaries as at 31 December of each financial year. The financial statements of the subsidiaries are prepared using uniform accounting policies and for the same reporting period as the financial statements of the parent company.

The reporting date for all subsidiaries included in the consolidated financial statements is 31 December of the relevant financial year.

3.1 Subsidiaries

Subsidiaries are the companies controlled by Friedrich Vorwerk Group SE. A company controls another when there are rights embodying a present ability to control the significant activities of the other entity. Significant activities are those activities affecting the return generated by an entity. Subsidiaries are consolidated from the date on which the parent can control the subsidiary and ends when this is no longer possible.

Capital consolidation is performed using the purchase method in accordance with IFRS 3, under which the acquisition cost of the acquired shares is offset against the proportion of the acquired subsidiary's equity attributable to the parent company at the acquisition date. All identifiable assets, liabilities and contingent liabilities are recognised at fair value and included in the consolidated statement of financial position. If the cost exceeds the fair value of the net assets attributable to the Group, the difference is capitalised as goodwill.

If the fair value of the net assets attributable to the Group is higher than the acquisition cost of the shares, this results in a bargain purchase. If this bargain purchase remains after another review of the purchase price allocation/determination of the fair value of the acquired assets, liabilities and contingent liabilities, it must be recognised in profit or loss immediately. If not all the shares in a subsidiary were acquired, non-controlling interests are initially measured at the proportionate share of the acquiree's identifiable net assets as at the acquisition date. Receivables and liabilities between the consolidated companies are offset against each other. This also applies to intragroup transactions and to intragroup revenue, income and expenses. Accordingly, the earnings of the subsidiaries acquired or disposed of during the financial year are included in the consolidated statement of comprehensive income from the date the acquisition becomes effective or until the disposal date respectively.

3.2 Associates

Companies in which the FRIEDRICH VORWERK Group holds an interest in the share capital of between 20.0% and 50.0% are usually classified as an associate if the FRIEDRICH VORWERK Group has significant influence but does not control them. Companies in which the FRIEDRICH VORWERK Group holds an interest in the share capital of between 20.0% and 50.0% are consolidated if the FRIEDRICH VORWERK Group controls them.

Associated companies are included in the consolidated financial statements using the equity method. Under this method, the pro rata profits and losses of the associated company are added to or deducted from the reported carrying amount of the equity investment. The amount of the loss allocation is limited to the amount of the acquisition cost of the associated company. If the equity investment reports a loss after its carrying amount has been reduced to a pro mem value of €1.00, these losses are recognised in an auxiliary account. For acquisitions of associated companies, the purchase method is applied in the same way. Associated companies that were acquired or disposed of during the financial year are included in the consolidated financial statements from the acquisition date or until the disposal date respectively. Associates not accounted for using the equity method due to immateriality are measured at amortised cost.

3.3 Joint arrangements

Joint ventures are those in which the Group has joint control with a third party. Joint control is when decisions on business and financial policy require the unanimous consent of the parties that collectively control the arrangement. Joint ventures are accounted for at the FRIEDRICH VORWERK Group using the equity method and reported under "Financial assets". Joint ventures not accounted for using the equity method due to immateriality are measured at amortised cost.

Working groups are common in Germany in particular. According to a statement by the Institute of Public Auditors in Germany, a typical German working group satisfies the requirements for classification as a joint venture. The results of working groups are reported pro rata under income from equity investments. In particular, receivables from and liabilities to working groups include cash receipts and payments and cost allocations, and are reported under trade receivables and other liabilities.

4. Presentation of accounting policies

4.1 General information

The consolidated financial statements were prepared using the historical cost method. Historical cost is generally based on the fair value of the consideration paid in exchange for the asset.

The statement of financial position is structured according to current and non-current assets and liabilities. The statement of comprehensive income is prepared in line with the nature of expense method for calculating the consolidated net profit for the period.

4.2 Reporting currency

The consolidated financial statements are prepared in euro, as the majority of Group transactions are conducted in this currency. Unless stated otherwise, all figures are rounded up or down to thousands of euro in line with standard commercial practice. The amounts are stated in euro (€), thousands of euro (€ thousand) and millions of euro (€ million).

4.3 Currency translation

Each company within the Group determines its own functional currency. The items included in the financial statements of the respective company are measured using this functional currency. The functional currency of all significant Group companies is euro. Foreign currency transactions are then translated into the functional currency at the spot exchange rate on the date of the transaction.

Foreign currency monetary assets and liabilities are translated into the functional currency at the end of each reporting period using the closing rate. All exchange differences are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

The assets and liabilities of the foreign operations are translated into euro at the closing rate. Income and expenses are translated at the average exchange rate for the financial year. The resulting exchange differences are recognised as a separate component of equity.

4.4 Intangible assets

Intangible assets not acquired as part of a business combination are initially carried at cost. The cost of an intangible asset acquired in a business acquisition corresponds to its fair value at the acquisition date.

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will be received by the enterprise and the cost of the asset can be measured reliably.

For the purposes of subsequent measurement, intangible assets are recognised at cost less cumulative amortisation and cumulative impairment losses (reported under amortisation). Intangible assets (not including goodwill) are amortised on a straight-line basis over their estimated useful life. The amortisation period and amortisation method are reviewed at the end of each financial year.

Aside from goodwill, the Group does not have any intangible assets with indefinite useful lives.

The cost of acquisition of new software is capitalised and treated as an intangible asset unless it forms an integral part of the associated hardware. Software is amortised on a straight-line basis over a period of three to five years.

Costs incurred in order to restore or maintain the future economic benefits that the company had originally expected are recognised as an expense.

Gains and losses from the disposal of intangible assets are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised in profit or loss in the period in which the asset is disposed of.

4.5 Goodwill

Goodwill from business combinations is the residual amount of the excess of the cost of the business combination over the Group’s interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Goodwill is not amortised but instead is tested for impairment at least once a year in accordance with IAS 36. For the purposes of impairment testing, the goodwill acquired in the business combination is allocated to the cash-generating units (CGUs) of the Group that benefit from the combination starting from the acquisition date. Goodwill is then written down if the recoverable amount of a cash-generating unit is lower than its carrying amount. Once recognised, impairment losses on goodwill are not reversed in future periods.

4.6 Property, plant and equipment

Property, plant and equipment is recognised at cost less cumulative depreciation and cumulative impairment losses. The cost of an item of property, plant and equipment consists of the purchase price and other non-refundable purchase taxes incurred in connection with the purchase as well as all directly attributable costs incurred to bring the asset to its location and to bring it to working condition for its intended use. Subsequent expenditure, such as servicing and maintenance costs, that is incurred after the non-current asset is put into operation is expensed in the period in which it is incurred. If it is likely that expenditure will lead to additional future economic benefits to the company in excess of the originally assessed standard of performance of the existing asset, the expenditure is capitalised as an additional cost.

Assets newly identified in the course of acquisitions are measured at the fair value (market value) calculated at the acquisition date, which is then depreciated over the subsequent periods.

Depreciation is calculated on a straight-line basis over the expected useful economic life, assuming a residual value of €0.00. The following estimated useful lives are used for the individual asset groups:

- Buildings and exterior installations: 5 to 50 years
- Technical equipment and machinery: 1 to 21 years
- Computer hardware: 3 years
- Other office equipment: 2 to 23 years

Land is not depreciated.

The useful life, the depreciation method for property, plant and equipment and the residual values are reviewed periodically.

If items of property, plant and equipment are disposed of or scrapped, the corresponding cost and the cumulative depreciation are derecognised. Any realised gain or loss from the disposal is reported in the statement of comprehensive income. The profit or loss resulting from the sale of an item of property, plant and equipment is determined as the difference between the proceeds from the sale and the carrying amount of the asset and is recognised in profit or loss.

4.7 Leases

All contracts that transfer the right to use a specific asset for a period of time in return for consideration are deemed leases. This also applies to contracts that do not expressly describe the transfer of such a right. In particular, the Group uses properties, vehicles and other technical equipment and machinery as a lessee.

As a lessee, the Group recognises right-of-use assets for leased assets and liabilities for the payment obligations entered into for all leases at present value in its statement of financial position. Lease liabilities include the following lease payments:

- fixed payment, including in-substance fixed payments, less lease incentives yet to be paid by the lessor;
- variable payments that depend on an index or a rate;
- amounts expected to be payable on the basis of residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Variable lease payments are not included in the measurement of the lease liability. Lease payments are discounted at the interest rate implicit in the lease, if this can be readily determined. Otherwise they are discounted using the incremental borrowing rate. The FRIEDRICH VORWERK Group uses the incremental borrowing rate. This incremental borrowing rate is a risk-adjusted interest rate derived for the specific term and currency, also taking into account the credit rating of the individual Group companies.

The right-of-use asset is initially measured at cost as at the commencement date. This consists of the amount of the initial measurement of the lease liability, the lease payments made at or before the commencement date of the lease less any incentives received, any initial direct costs incurred by the lessee and an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. The right-of-use asset is subsequently measured at cost less cumulative depreciation and adjustments required to remeasure the lease liability upon the occurrence of certain events. The right-of-use asset is depreciated on a straight-line basis over the term of the lease.

For contracts that contain lease and non-lease components, these components are separated.

Some leases, in particular those for real estate, include extension options. These contractual terms offer the Group the greatest possible flexibility. When determining the lease term, all facts and circumstances that create an economic incentive to exercise extension options are taken into account. When determining the term of the lease, such options are only taken into account if they are reasonably certain. The assessment of whether options are reasonably certain to be exercised affects the term of the lease and can therefore have a significant influence on the measurement of the lease liabilities and the right-of-use assets.

The FRIEDRICH VORWERK Group exercises the option under IFRS 16 not to recognise right-of-use assets and lease liabilities for low-value (i.e. value of underlying asset €5,000 or less on acquisition) and short-term leases (remaining term of twelve months or less). The lease payments associated with these leases are recognised as an expense on a straight-line basis over the term of the lease.

In rare cases, the FRIEDRICH VORWERK Group is the lessor if the Group company agrees subleases for properties with third parties. These leases are not material to the company's consolidated financial statements.

The FRIEDRICH VORWERK Group does not hold any investment property (IAS 40).

4.8 Borrowing costs

Borrowing costs are expensed in the period in which they are incurred, unless they are incurred for the acquisition, construction or manufacture of qualifying assets. In this case, the borrowing costs are added to the cost of these assets. Interest expenses are capitalised for qualifying assets.

4.9 Impairment of non-financial assets

Non-financial assets are tested for impairment when facts or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. For impairment testing, the recoverable amount of the asset or the cash-generating unit (CGU) must be determined. The recoverable amount is the higher of the fair value less costs to sell and the value in use. The fair value less costs to sell is defined as the price obtainable from the sale of an asset or CGU between knowledgeable, willing and independent parties less costs of disposal. The value in use of an asset or CGU is determined by the present value of an estimated anticipated cash flow on the basis of its current use. If the recoverable amount falls below the carrying amount, an impairment loss in the amount of the difference is immediately recognised in profit or loss.

An adjustment in profit or loss of impairment recognised in profit or loss in previous years is carried out for an asset (except for goodwill) if there are indications that the impairment no longer exists or could have decreased. The reversal is recognised in the income statement as income. However, the increase in value (or reduction in impairment) of an asset is only recognised to the extent that it does not exceed the carrying amount that would have resulted if no impairment loss had been recognised in the previous years (taking depreciation into account).

4.10 Financial instruments – Initial recognition and subsequent measurement

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

I) Financial assets

Initial recognition and measurement

On initial recognition, financial assets are classified as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss.

The classification of financial assets on initial recognition is dependent on the characteristics of the contractual cash flows of the financial assets and the Group's business model for managing its financial assets. Except for trade receivables that do not contain a significant financing component, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price calculated in accordance with IFRS 15.

To ensure that a financial asset can be classified and measured at amortised cost or fair value through other comprehensive income, cash flows must consist solely of payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at the level of the individual financial instrument.

The Group's business model for managing financial assets reflects how an entity manages its financial assets to generate cash flows. Depending on the business model, cash flows arise from collecting contractual cash flows, the sale of financial assets or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For the purposes of subsequent measurement, financial assets are classified in four categories:

- financial assets at amortised cost (debt instruments);
- financial assets at fair value through profit or loss through other comprehensive income with the reclassification of cumulative gains and losses (debt instruments);
- financial assets at fair value through profit or loss through other comprehensive income without the reclassification of cumulative gains and losses on derecognition (equity instruments);
- financial assets at fair value through profit or loss;

Financial assets at amortised cost (debt instruments)

The financial assets recognised in the consolidated financial statements of the FRIEDRICH VORWERK Group are mainly classified as financial assets measured at amortised cost. The Group measures financial assets at amortised cost when both the following conditions are met:

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

Financial assets measured at amortised cost are subsequently measured using the effective interest rate method and are tested for impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or becomes impaired.

The Group's financial assets measured at amortised cost essentially comprise trade receivables.

Financial assets at fair value through other comprehensive income (equity instruments)

On initial recognition, the Group can irrevocably elect to classify its equity instruments as equity instruments designated at fair value through other comprehensive income if they satisfy the definition of equity in accordance with IAS 32 and are not held for trading. This classification decision is made individually for each instrument.

Gains and losses from these financial assets are not reclassified to profit or loss. Dividends are recognised in profit or loss as other income when the right to receive payment of the dividend is established, unless the dividend represents a recovery of part of the cost of the financial asset, in which case the gains are recognised in other comprehensive income. Equity instruments at fair value through other comprehensive income are not tested for impairment. The Group has elected to assign all its listed equity instruments to this category.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated at fair value through profit or loss on initial recognition and financial assets that must be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss regardless of the business model. Notwithstanding the above criteria for classifying debt instruments as “at amortised cost” or “at fair value through other comprehensive income”, debt instruments can be classified as at fair value through profit or loss on initial recognition if this would eliminate or significantly reduce an accounting mismatch.

Financial assets at fair value through profit or loss are recognised in the statement of financial position at fair value with net changes in fair value presented in the income statement.

As in the previous year, the carrying amounts of the financial assets and liabilities not measured at fair value are essentially their fair values.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired;
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises impairment for expected credit losses on all debt instruments that are not measured at fair value through profit or loss. Expected credit losses are based on the difference between the contractual cash flows payable and the total cash flows the Group expects to receive. The forecasted cash flows include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Expected credit losses are recognised in two stages. For financial instruments for which the risk of default has not increased significantly since initial recognition, a loss allowance is recognised in the amount of the expected cash shortfalls from an event of default within the next twelve months (12-month ECL). For financial assets for which the risk of default has increased significantly since initial recognition, an entity must recognise the lifetime expected credit losses regardless of when the default event occurs (lifetime ECL).

The Group uses a simplified method to calculate the expected credit losses on trade receivables and contract assets. It therefore does not track changes in credit risk, and instead recognises a loss allowance at the end of each reporting period based on the lifetime ECL. On the basis of its past experience of credit losses, the Group has prepared a provision matrix that is adjusted for future factors if specific future factors for the borrower and the economic environment can be determined at reasonable expense.

The Group considers a financial asset to be in default if contractual payments are 90 days past due and a subsequent detailed review of the debtor does not reveal other information. Moreover, it can assume in certain cases that a financial asset is in default if internal or external information indicates that it is unlikely that the Group will receive the outstanding contractual amounts in full before all credit enhancements held are taken into account. A financial asset is written down when there is no valid expectation that the contractual cash flows will be collected.

II) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, contract liabilities, other liabilities and loans, including overdrafts.

Subsequent measurement

The measurement of financial liabilities is dependent on their classification:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated on initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the income statement.

Financial liabilities designated on initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

The Group has not designated any financial liabilities as at fair value through profit or loss.

Loans and liabilities

After initial recognition, these financial liabilities are measured at amortised cost using the effective interest method less impairment. Gains and losses are recognised in profit or loss when the liabilities are derecognised and in conjunction with amortisation applying the effective interest rate (EIR) method.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. EIR amortisation is shown in the income statement as under finance costs.

Derecognition

A financial liability is derecognised when the obligation underlying the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

III) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

4.11 Derivative financial instruments

The Group uses derivative financial instruments to a limited extent, such as commodity or interest swaps, to hedge commodity or interest risks from current and future transactions. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivative financial instruments with a positive fair value are recognised as financial assets, while derivative financial instruments with a negative fair value are recognised as financial liabilities. These derivative financial instruments are not designated as hedges, but instead are classified as held for trading.

4.12 Inventories

Inventories are reported at the lower of cost or net realisable value (less costs necessary to make the sale) taking their planned use into account. Raw materials, consumables, supplies and purchased goods are measured at cost using the average price method or, if lower, at their market prices at the end of the reporting period. The cost of finished goods and work in progress, in addition to the cost of materials used in construction, labour and pro rata material and production overheads, is taken into account assuming normal capacity utilisation. Appropriate write-downs were recognised for inventory risks from storage periods and reduced usability.

4.13 Contract assets and contract liabilities

Revenue in the Energy Grids unit

In accordance with IFRS 15, revenue from the Energy Grids unit is recognised over time as the projects are built on the customers' land, and the customers therefore always have control of the assets created or improved. Work is carried out on the basis of individual contracts. The transaction price is allocated to separate performance obligations on the basis of cost estimates. The FRIEDRICH VORWERK Group uses the value of a contract agreed with the principal to determine the transaction price for projects.

Revenue from these projects is recognised over time using the output method on the basis of work performed to date. The work performed and the corresponding revenue are calculated at the level of the individual items according to the cost estimate. The direct derivation of progress from work performed to date is the best indicator due to unforeseen deviations in budget costs. Work performed must be ascertained directly by the project team each month.

Contract assets represent the Group's claims to consideration from contracts with customers. If the contract asset for a project exceeds the advances received on it, it is recognised as an asset under "Contract assets". If the reverse is true, amounts are reported under "Contract liabilities".

If it is likely that the cost will exceed the recoverable amount, a provision for onerous contracts is recognised in accordance with IAS 37. This is analysed on a case-by-case basis to recognise the amount required to settle the present obligation under the construction contract. In such cases, impairment is recognised up to the amount of the respective contract asset or – if the contract asset is exceeded – a provision for onerous contracts is recognised under current provisions.

Inventories not yet used in construction but already available at project sites are reported separately under inventories. Work already invoiced is recognised under trade receivables.

Supplementary work in connection with these contracts is work that cannot be charged under existing contractual agreements, whose chargeability or acknowledgement has yet to be agreed with the principal. While the costs are recognised immediately in profit or loss when they are incurred, the revenue from supplementary work is only recognised after the principal's written acknowledgement has been received or on payment of the supplementary work, if payment is received before written acknowledgement.

Revenue in the Energy Transformation unit

The consideration for revenue in the Energy Transformation unit, which is recognised over time on the basis of work already performed as at the end of the reporting period, is recognised under "Contract assets". The contract asset represent the Group's claim.

Revenue is recognised over time when a contractual arrangement precludes any alternative use and there is a claim to payment including a profit margin on work already performed. The comments on revenue from the Energy Grids unit apply to the Energy Transformation unit as well.

Advance payments are deducted from the contract asset. If the advances received exceed the contract asset, they are reported under "Contract liabilities". In this business area, prepayments prior to the rendering of services are customary for individual projects.

4.14 Cash and cash equivalents

Cash and cash equivalents shown in the statement of financial position comprise cash in hand, bank balances and short-term deposits with an original term of less than three months. Cash and cash equivalents are measured at cost.

Cash and cash equivalents in the consolidated statement of cash flows are defined in line with the above.

4.15 Provisions

Provisions are reported when the Group has a current (legal or constructive) obligation due to a past event, it is probable that fulfilment of the obligation will lead to an outflow of resources embodying economic benefits and the amount of the obligation can be reliably estimated. If the Group expects at least a partial refund of a provision recognised as a liability, the refund is recognised as a separate asset provided the receipt of the refund is virtually certain. The expense from recognising the provision is reported in the income statement less the refund.

Provisions are reviewed at the end of each reporting period and adjusted to the current best estimate. The amount of the provision corresponds to the present value of the expenses expected to be required to fulfil the obligation where the time effect of money is material. The increase in the provision reflecting the passage of time is recognised as interest expense.

Provisions with the nature of a liability are recognised for obligations for which an exchange of services has taken place and the amount of the consideration is established with sufficient certainty. Provisions with the nature of a liability are reported under liabilities.

4.16 Pensions and other post-employment benefits

Pension obligations are recognised in accordance with IAS 19. Payments for defined contribution pension plans are expensed. For defined benefit pension plans, the obligation is recognised in the statement of financial position as a pension provision. These pension commitments are regarded as defined benefit plan commitments and are therefore measured in line with actuarial principles using the projected unit credit method.

Actuarial gains and losses are reported in other comprehensive income. The interest expense from pension discounting is reported in net finance costs.

4.17 Revenue recognition

Revenue is recognised to show the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is recognised when the customer acquires control of the goods or services.

Sale of goods and products, performance of services

The customer achieves control when the goods and products are delivered or accepted. Revenue from service transactions is only recognised when it is sufficiently probable that the economic benefits associated with the transaction will flow to the Group. It is recognised in the accounting period in which the services in question are performed, thereby giving the customer control of the service.

Revenue from contracts with customers (Energy Grids)

Revenue from contracts with customers is recognised over time in accordance with IFRS 15. Revenue is recognised over time using the output method on the basis of work performed to date.

Please see the information on contract assets for further details.

Revenue from contracts performed in working groups is recognised over time based on the work actually performed as at the end of the reporting period. Anticipated losses from the further course of the project are taken into account by corresponding write-downs.

Revenue from projects in the Energy Transformation unit

Revenue in the Energy Transformation unit is recognised over time on the basis of the work performed by the end of the reporting period, if a contractual arrangement precludes the FRIEDRICH VORWERK Group from having an alternative use and the contractual arrangement establishes a claim to payment including a profit margin on work already performed.

Interest income

Interest income is recognised when the interest arises (using the effective interest rate, i.e. the computational interest rate at which estimated future cash inflows are discounted to the net carrying amount of the financial asset over the expected term of the financial instrument).

Dividends

Income is recognised when the legal right to payment arises.

4.18 Taxes

a) Current income taxes

Current tax assets and liabilities for the current period and earlier periods are measured at the amount of the refund expected to be received from the tax authority or the payment expected to be made to it. The calculation is based on tax rates and tax laws applicable at the end of the reporting period.

b) Deferred taxes

In accordance with IAS 12, deferred taxes are recognised using the liability method for temporary differences as at the end of the reporting period between the carrying amount of an asset or liability in the statement of financial position and its tax base and for tax loss carryforwards.

Deferred tax liabilities are recognised for all taxable temporary differences with the exception of deferred tax liabilities from the initial recognition of goodwill or of an asset or liability from a transaction that does not constitute a business combination and, as at the transaction date, influences neither the accounting profit before taxes nor the taxable profit.

Deferred tax assets are recognised for all deductible temporary differences and unused tax credits to the extent that it is probable that taxable income will be available against which the deductible temporary differences and unused tax loss carryforwards and tax credits can be applied. Deferred tax assets from deductible temporary differences due to the initial recognition of an asset or liability from a transaction that does not constitute a business combination and, as at the transaction date, influences neither the accounting profit before taxes nor the taxable profit, are not recognised.

At individual companies, deferred tax assets and liabilities are offset to the extent that they can be allocated to future charges or reductions of the same taxable entity with respect to the same tax authority.

The carrying amount of deferred tax assets is tested at the end of each reporting period and reduced to the extent that it is no longer probable that a sufficient taxable result will be available against which the deferred tax asset can be at least partly utilised. Unrecognised deferred tax assets are tested at the end of each reporting period and recognised to the extent that it has become probable that taxable result in future will allow the realisation of deferred tax assets.

Deferred tax assets and liabilities are measured at the tax rates which are expected to apply in the periods in which an asset is realised or a liability is settled. This is based on the tax rates and tax laws applicable at the end of the reporting period. Future changes in the tax rates must be taken into account at the end of the reporting period if the material conditions for validity in a legislative process are fulfilled.

Deferred taxes are reported as tax income or tax expense in the statement of comprehensive income unless they relate to items reported directly in equity, in which case the deferred taxes are also reported in equity. Deferred taxes and tax liabilities are offset against each other if the Group has a legally enforceable right to set off tax assets against tax liabilities and they relate to income taxes of the same taxable entity levied by the same tax authorities.

4.19 Contingent liabilities and contingent assets

Contingent liabilities are either potential obligations that could lead to an outflow of resources but whose existence will be determined by the occurrence or non-occurrence of one or more future events, or current obligations that do not fulfil the criteria for recognition as a liability. They are disclosed separately in the notes unless the probability of an outflow of resources embodying economic benefits is low. In the year under review, there were no contingent liabilities apart from guarantees and other commitments.

In the context of business combinations, contingent liabilities are recognised in accordance with IFRS 3.23 if their fair value can be reliably determined.

Contingent assets are not reported in the financial statements, and instead are disclosed in the notes when receipt of economic benefits is probable.

5. Material judgements, estimates and assumptions

For the preparation of the consolidated financial statements in accordance with IFRS, estimates and assumptions must occasionally be made. These influence the amounts of assets, liabilities and financial obligations calculated as at the end of the reporting period and the reporting of expenses and income. The actual amounts can differ from these estimates.

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period resulting in a considerable risk that a major adjustment to the carrying amounts of assets and liabilities will be required within the next financial year are explained below.

a) Impairment of non-financial assets

The Group determines whether there are indications of impairment of non-financial assets at the end of each reporting period. Non-financial assets are tested for impairment when there are indications that the carrying amount is higher than the recoverable amount. To estimate the value in use, management measures the expected future cash flows of the asset or cash-generating unit and selects an appropriate discount rate to determine the present value of these cash flows.

b) Pensions and other post-employment benefits

The expense from defined benefit plans post-employment is determined using actuarial calculations. The actuarial calculation is based on assumptions regarding discount rates, future increases in wages and salaries, mortality and future pension increases. In line with the long-term orientation of these plans, such estimates are subject to significant uncertainty.

c) Provisions

Other provisions are recognised and measured on the basis of an assessment of the probability of a future outflow of benefits, using values based on experience and circumstances known at the end of the reporting period. The actual obligation can differ from the amounts recognised as provisions.

d) Deferred tax assets

Deferred tax assets are recognised for all unused tax loss carryforwards and for temporary differences to the extent that it is probable that taxable income will be available for this, meaning that the loss carryforwards can actually be used. In calculating the amount of deferred tax assets, management must make judgements with regard to the expected timing and amount of future taxable income and the future tax planning strategies.

e) Revenue from contracts with customers

The majority of the transactions conducted by the companies of the FRIEDRICH VORWERK Group are construction contracts over time, for which revenue is recognised by reference to the percentage of completion. This method requires an estimate of the percentage of completion. Depending on the method applied in determining the percentage of completion, the material estimates comprise work already performed, the total contract costs, the costs to be incurred until completion, the total contract revenue, the contract risks and other judgements. The estimates are continuously reviewed by the company's management and adjusted as necessary.

II. Notes to the consolidated statement of financial position

1. Non-current assets

Changes in intangible assets and property, plant and equipment are shown in the following statement of changes in non-current assets.

1.1 Statement of changes in non-current assets of the FRIEDRICH VORWERK Group as at 31 December 2021

	31 Dec 2021	Total cost €k	Additions in the financial year €k	Business acquisition €k	Reclassification €k	Disposals in the financial year €k	Depreciation in their entire amount €k	Carrying amount at the end of financial year €k	Carrying amount at the end of previous year €k	Depreciation and amortisation in the financial year €k	Disposals of write-downs €k
I.	**Intangible assets**										
1.	Concessions, industrial property rights and similar rights and assets	446	154	6	0	108	234	264	256	153	-108
2.	Order backlog	828	0	508	0	0	828	508	9	9	0
3.	Goodwill	0	0	1,692	0	0	0	1,692	0	0	0
		1,274	**154**	**2,206**	**0**	**108**	**1,062**	**2,464**	**265**	**162**	**-108**
II.	**Property, plant and equipment**										
1.	Land and buildings including buildings on third-party land	19,831	2,822	3,138	9,829	481	2,914	32,225	17,566	1,119	-469
2.	Technical equipment and machinery	34,207	13,376	5,412	-311	6,101	13,805	32,778	22,208	7,536	-5,729
3.	Other equipment, operating and office equipment	17,570	5,591	2,878	310	4,018	7,264	15,067	10,807	4,228	-3,728
4.	Advance payments and assets under construction	9,238	1,158	0	-9,828	24	0	544	9,238	0	0
		80,846	**22,947**	**11,428**	**0**	**10,624**	**23,983**	**80,614**	**59,820**	**12,883**	**-9,926**
	Total	**82,120**	**23,101**	**13,634**	**0**	**10,732**	**25,045**	**83,078**	**60,085**	**13,045**	**-10,034**

1.2 Statement of changes in non-current assets of the FRIEDRICH VORWERK Group as at 31 December 2020

	31 Dec 2020	Total cost €k	Additions in the finan-cial year €k	Business acquisi-tion €k	Reclassifi-cation €k	Disposals in the finan-cial year €k	Deprecia-tion in their entire amount €k	Carrying amount at the end of financial year €k	Carrying amount at the end of previous year €k	Deprecia-tion and amortisa-tion in the finan-cial year €k	Disposals of write-downs €k
I.	**Intangible assets**										
1.	Concessions, industrial property rights and similar rights and assets	243	203	0	0	0	190	256	129	76	0
2.	Order backlog	828	0	0	0	0	819	9	45	36	0
		1,071	203	0	0	0	1,009	265	174	112	0
II.	**Property, plant and equipment**										
1.	Land and buildings including buildings on third-party land	19,866	2,693	0	567	3,295	2,265	17,566	18,237	969	-333
2.	Technical equipment and machinery	28,510	8,349	0	49	2,701	11,998	22,208	20,483	6,334	-2,362
3.	Other equipment, operating and office equipment	14,794	4,959	0	72	2,254	6,763	10,807	9,957	3,876	-1,949
4.	Advance payments and assets under construction	136	9,789	0	-688	0	0	9,238	136	0	0
		63,306	25,790	0	0	8,250	21,026	59,820	48,814	11,179	-4,644
	Total	64,377	25,993	0	0	8,250	22,035	60,085	48,988	11,291	-4,644

2. Goodwill

The carrying amount of goodwill is €1,692 thousand (previous year: €0 thousand).

Goodwill is subject to an annual impairment test. As part of the impairment test, goodwill acquired in business combinations was allocated to the Korupp (€314 thousand) and Gottfried Puhlmann (€1,377 thousand) cash-generating units.

The Korupp cash-generating unit was tested for impairment as at 31 December 2021 in the 2021 financial year. The impairment test confirmed the recoverability of the capitalised goodwill.

Korupp cash-generating unit

The recoverable amount of the Korupp cash-generating unit is also determined based on a value in use calculation using cash flow projections from medium-term planning approved by management covering a three-year period. The calculation of the budget figures took into account current and future probabilities, the expected economic development and other circumstances. The pre-tax discount rate applied to the cash flow projections is 8.0%. A long-term growth rate of 1.0% is assumed after the detailed planning period.

Key assumptions used in value in use calculations and sensitivity to changes in assumptions

The calculation of value in use for the Korupp cash-generating unit is most sensitive to the following assumptions:

- EBIT margins;
- discount rates;
- growth rates used to extrapolate cash flows beyond the detailed forecast period.

EBIT margins: EBIT margins are based on average values achieved in the three financial years preceding the beginning of the budget period. The values calculated thus are adjusted for the detailed planning period, if necessary, if management receives better information about their amount. The EBIT margins from the detailed planning period are extrapolated at a constant level. A reduction in the EBIT margin of 1.0 percentage point would not result in impairment for the Korupp CGU.

Discount rates: Discount rates represent the market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group. Adjustments to the discount rate are made to factor in the specific amount and timing of tax flows in order to reflect a pre-tax discount rate. An increase in the pre-tax discount rate of 0.5 percentage points would not result in impairment for the Korupp CGU.

Growth rates: The estimated growth rates are based on past experience and growth assumptions for the target markets of the respective CGUs. The Group acknowledges that possible new competitors or a changing market environment can have a significant impact on growth rate assumptions. Such a development could yield a reasonably possible alternative to the estimated long-term growth rate of 1.0% for the Korupp cash-generating unit. A reduction in the growth rate of one percentage point would not result in impairment for the Korupp CGU.

3. Intangible assets

Please see the statement of changes in non-current assets for information on the development of intangible assets.

4. Property, plant and equipment

Please see the statement of changes in non-current assets for information on the development of property, plant and equipment. Borrowing costs for qualifying assets were not recognised in either the year under review or the previous year.

The following table provides an overview of the capitalised right-of-use assets in each asset class as at 31 December 2021:

Right-of-use-assets	31 Dec 2021 €k	31 Dec 2020 €k
Land and buildings	325	235
Technical equipment and machinery	6,156	5,788
Other equipment, operating and office equipment	944	1,187
Total	**7,425**	**7,209**

The rights-of-use assets shown separately here are also included in the statement of changes in non-current assets in note II.1. Additions to right-of-use assets amounted to €3,667 thousand in the 2021 financial year (previous year: €5,173 thousand), €3,055 thousand (previous year: €0 thousand) of which relates to business combinations.

5. Financial assets

Financial assets	31 Dec 2021 €k	31 Dec 2020 €k
Equity investments	8,470	5,403
Investment securities	3,295	0
Other loans	610	0
Carrying amount as at 31 Dec	**12,375**	**5,403**

The development of financial assets is shown in the following tables.

Securities	31 Dec 2021 €k	31 Dec 2020 €k
Carrying amount as at 1 Jan	**0**	**0**
Additions in the period	3,095	0
Disposals in the period	0	0
Remeasurement	201	0
Carrying amount as at 31 Dec	**3,295**	**0**

At-equity financial assets	31 Dec 2021 €k	31 Dec 2020 €k
Carrying amount as at 1 Jan.	**5,403**	**6,484**
Additions to consolidated group	84	0
Additions and disposals in the period	0	-75
Proportionate annual results	7,478	10,072
Reversal of hidden reserves	0	-62
Distributions	-4,496	-11,016
Carrying amount as at 31 Dec	**8,469**	**5,403**

Working group disclosures

In the Group, working groups are classified as joint ventures and their results are reported in the result from equity investments. The table below shows the ten biggest working groups in terms of output for the 2021 financial year.

Working groups	Shareholding in %
(BPI) Joint Venture ENERGINET Funen (Baltic Pipe)	33,33%
(WWO) ARGE ETL 178 Walle-Wolfsburg	50.00%
(442) ARGE EGL 442	58.00%
(KTG) ARGE Kabeltrasse GSH	40.00%
(KGH) Dach-ARGE Kabeltrasse Ganderkesee - St. Hülfe	50.00%
(GAZ) Dach-ARGE GDRM Anlagen Zeelink	50.00%
(DZ3) Dach-ARGE ZEELINK Lots 3 - 5	25.00%
(PGA) Dach-ARGE Pipelinesanierung Gascade 2019/2020	50.00%
(ZVR) Dach-ARGE Zollvereinring	66.66%
(ELB) Dach-ARGE Elbchaussee 1. BA	36.00%

The financial information for these working groups for the 2021 financial year is presented at 100%.

Working group	Revenue	Non-current assets	Current assets	thereof cash funds	Non-current liabilities	Current liabilities
	€k	€k	€k	€k	€k	€k
(BPI)	43,913	819	22,908	20,366	0	27,663
(WWO)	43,775	0	66,647	8,444	0	56,631
(442)	35,849	0	116,614	12,200	0	114,252
(KTG)	23,750	122	3,471	722	0	2,650
(KGH)	17,925	0	2,090	1,730	0	2,092
(GAZ)	12,350	0	31,837	706	0	32,547
(DZ3)	12,110	0	151,687	183	0	151,121
(PGA)	7,977	0	0	0	0	0
(ZVR)	7,592	0	126	126	0	127
(ELB)	6,713	0	3,017	2,078	0	3,017

Financial assets at fair value through other comprehensive income

The financial assets of the FRIEDRICH VORWERK Group recognised at fair value through other comprehensive income comprise securities. No impairment was recognised either in the year under review or in the previous year. Income from securities (dividends) of €6 thousand was generated in the financial year (previous year: €0 thousand), which is reported in other operating income.

6. Inventories

Inventories	31 Dec 2021 €k	31 Dec 2020 €k
Raw materials and supplies	6,031	4,374
Work in progress	111	565
Advance payments	3	0
Carrying amount as at 31 Dec	**6,146**	**4,938**

Impairment losses of €73 thousand were recognised on inventories in the period under review (previous year: €176 thousand). Impairment losses on inventories were reversed in the amount of €53 thousand (previous year: €27 thousand).

7. Trade receivables

	31 Dec 2021 €k	31 Dec 2020 €k
Trade receivables	10,682	16,957
Receivables from working groups	7,463	4,241
Less specific valuation allowances	-2,320	-255
Less expected credit loss	-15	-13
Carrying amount as at 31 Dec	**15,809**	**20,931**

The trade receivables are all due within one year. The trade receivables are written down for impairment as necessary. Indications of impairment include unpaid cash receipts and information on changes in customers' credit rating. Given the broad customer base, there is no significant concentration of credit risk. The specific valuation allowances essentially include the effects of the remeasurement of working groups as at the end of the reporting period.

8. Contract assets and contract liabilities

Contract assets comprise the claims for remuneration from contracts from customers and plant engineering projects for work already performed at the end of the reporting period. If the advances received exceed the claim to payment, they are reported under "Contract liabilities".

	31 Dec 2021 €k	31 Dec 2020 €k
Gross contract assets	240,139	251,828
thereon advance payments	-194,912	-224,007
Contract assets	**45,227**	**27,821**
Contract liabilities (incl. advance payments)	10,817	17,819

No costs of contract initiation or contract fulfilment were capitalised as separate assets in the financial year (previous year: none).

9. Other current assets

Other assets maturing within one year break down as follows:

	31 Dec 2021 €k	31 Dec 2020 €k
Tax receivables	3,426	457
Receivables from personnel	2,446	2,349
Prepaid expenses	276	210
Receivables from related companies	0	1,533
Other current assets	1,847	1,409
Carrying amount as at 31 Dec	**7,995**	**5,959**

Tax receivables consist of corporate income tax and trade tax refunds in the amount of €2,361 thousand (31 December 2020: €244 thousand) and input tax refunds of €1,065 thousand (31 December 2020: €214 thousand). Receivables from personnel are essentially for employee loans.

10. Equity

Please see the “Statement of changes in consolidated equity” for information on the development of equity.

10.1 Issued capital

The issued capital of Friedrich Vorwerk Group SE amounts to €20,000 thousand as at 31 December 2021 (previous year: €3,120 thousand). It is divided into 20,000,000 no-par value bearer shares, each with a notional interest in the issued capital of €1.00.

The Annual General Meeting of Friedrich Vorwerk Group SE resolved on 10 February 2021 to increase the share capital to €18,000 thousand, as a result of which a capital increase against non-cash contributions was carried out. On 18 March 2021, the Annual General Meeting further resolved a cash capital increase to bring the share capital to €20,000 thousand.

Friedrich Vorwerk Group SE implemented an IPO on 25 March 2021. 9,200,000 shares in total were placed in conjunction with the IPO, 2,000,000 of which from the capital increase resolved by the Annual General Meeting on 18 March 2021 and a further 6,000,000 from those held by existing shareholders. In addition, 1,200,000 shares were made available by the selling shareholders for the purpose of a greenshoe option. The FRIEDRICH VORWERK Group received gross issue proceeds of €90.0 million from the capital increase. Taking into account the costs of €6.8 million directly attributable to the IPO, the Group generated net issue proceeds of €83.2 million.

Authorised capital and contingent capital

By way of resolution of the Annual General Meeting on 10 February 2021, the Management Board was authorised, with the approval of the Supervisory Board, to increase the share capital of the company by up to €9,000,000 in total by issuing, on one or more occasions, new no-par value bearer shares by 9 February 2026 (Authorised Capital 2021/I). The new shares must be offered to shareholders for subscription; they can also bought by one or more credit institutions or companies as referred to by section 186(5) sentence 1 AktG subject to the obligation that they are offered to shareholders for subscription. The Management Board is authorised, with the approval of the Supervisory Board, to disapply shareholders’ pre-emption rights in certain cases. The profit participation rights of the new shares can be arranged in a way that deviates from section 60(2) AktG.

Authorised Capital 2021/I amounts to €9,000,000 as at 31 December 2021.

By way of resolution of the Annual General Meeting on 10 February 2021, the Management Board was authorised, with the approval of the Supervisory Board, to issue bearer or registered convertible bonds or bonds with warrants of a total amount of up to €180,000,000 and a maximum term of ten years by 9 February 2026, and to grant the creditors of these bonds conversion rights for new no-par value bearer shares in Friedrich Vorwerk Group SE with a pro rata interest in the share capital of up to €9,000,000 in total (Contingent Capital 2021/I). The share capital has been contingently increased by up to €9,000,000. The contingent capital increase is to be implemented only to the extent that creditors of convertible bonds or bonds with warrants issued by the company on the basis of the authorisation resolved by the Annual General Meeting of 10 February 2021 by 9 February 2026 have exercised their conversion rights and the company cannot otherwise fulfil the right to conversion, or to the extent that these creditors are subject to a conversion obligation. The new shares are entitled to share in profits from the start of the financial year in which they are issued.

Contingent Capital 2021/I amounts to €9,000,000 as at 31 December 2021.

Acquisition of treasury shares

The Annual General Meeting on 10 February 2021 authorised the company to purchase and sell treasury shares equivalent to up to 10% of the share capital as at the authorisation date while upholding the principle of equal treatment (section 53a AktG) in the period until 9 February 2026. The authorisation can be exercised on one or more occasions, in part or in full. The shares can also be purchased by dependent Group companies or by third parties on the company's account. The authorisation cannot be used for the purposes of trading in treasury shares. Friedrich Vorwerk Group SE did not exercise this authorisation in the year under review.

10.2 Capital reserves

Capital reserves amount to €76,204 thousand as at the end of the reporting period (31 December 2020: €6,739 thousand). The increase is essentially as a result of the IPO, which added gross issue proceeds of €84,345 thousand to the capital reserves. Offsetting this, the capital reserves were also affected by the capital increase from shareholders' funds of €14,880 thousand.

The costs of the IPO attributable to the Group comprise bank commissions of €3.6 million, staff costs for bonuses of €2.7 million and other costs of €0.5 million.

In accordance with IAS 32, €3.7 million in total (mainly bank commissions) was recognised in equity in connection with the IPO, while an amount of €3.1 million (mostly staff costs) was recognised in profit or loss. The amount recognised in equity comprises bank commissions of €3.6 million and other costs of €0.1 million. The costs recognised in profit or loss include staff costs for bonuses of €2.7 million and other costs of €0.4 million.

10.3 Retained earnings and other reserves

Difference in equity due to currency translation

The difference in equity due to currency translation results from translation in line with the modified closing rate method.

The difference arises from the translation of items of the income statements of subsidiaries that prepared their accounts in a foreign currency at the average rate and conversion of the statement of financial position items at the closing rate on the one hand, and the conversion of the equity of the respective subsidiaries at the historical rate on the other. As at the end of the reporting period, there is one branch in the group of consolidated companies that prepares its accounts in Polish zloty.

Fair value reserve

The fair value reserve results from the remeasurement of financial assets at fair value at the end of the reporting period. In the statement of comprehensive income, other comprehensive income is broken down depending on whether these remeasurement gains/losses can be reclassified to profit or loss when they are realised.

Pensions reserve

In accordance with IAS 19 (rev. 2011), actuarial gains/losses (adjusted for the associated deferred tax effects) are recognised in the reserve for pensions and reported in the statement of comprehensive income under other income.

Generated group equity

This item comprises the gains generated by the FRIEDRICH VORWERK Group less the dividends distributed. A dividend of €8.05 per entitled share, which was resolved by the Annual General Meeting on 10 February 2021, was paid in the 2021 financial year.

10.4 Non-controlling interests

Non-controlling interests result from the equity investments in SKS Straßenbau GmbH, Gottfried Puhlmann GmbH and Gottfried Puhlmann GmbH Havelländische Bauunternehmung. In accordance with IAS 32, the non-controlling interests in Friedrich Vorwerk SE & Co. KG are reported under current and non-current liabilities rather than in equity.

11. Provisions for pensions and similar obligations

The pension obligations in conjunction with defined benefit pension plans relate to Friedrich Vorwerk SE & Co. KG and Gottfried Puhlmann GmbH. They comprise claims to a lifetime old-age pension together with survivors' benefits equal to the amount of the provision in the financial accounts as at the end of the month of death. There are 121 people drawing a pension under the plan as at 31 December 2021 (31 December 2020: one). The pension agreement is closed, meaning that no further occupational pension agreements are entered into for new appointments.

	31 Dec 2021 €k	31 Dec 2020 €k
Pension provisions at beginning of the financial year	**427**	**417**
Addition due to business combinations	2,343	0
Utilisation	-17	-17
Addition to provisions (interest cost)	1	2
Actuarial gains (-)/losses (+)	-27	25
Pension provisions at end of the financial year	**2,727**	**427**
- Plan assets	0	0
Pension provision recognised in the statement of financial position	**2,727**	**427**

The following actuarial assumptions were applied:

	2021	2020
Actuarial interest rate	0.85% to 1.10%	0.20%
Salary trend	0.00%	0.00%
Pension trend	0.00% to 2.00%	2.00%

The post-employment benefit plans are unfunded. The liability is equal to the obligation (DBO).

The expenses and income recognised in profit and loss are as follows:

	31 Dec 2021 €k	31 Dec 2020 €k
Addition to provisions (service cost)	0	0
Addition to provisions (interest cost)	-1	-2
Total	**-1**	**-2**

The expected pension payments from the pension plans for 2022 amount to €128 thousand.

The maximum potential sensitivity of the total pension obligation (DBO) to changes in the weighted main assumptions is as follows:

		Impact on DBO	
	Change in assumption	Increase in assumption	Decrease in assumption
Interest rate	0.25%	-3.0%	+3.2%
Pension growth rate	0.25%	3.0%	-2.9%
Life expectancy	+ 1 year	+5.1%	-

The sensitivity of the defined benefit obligation to actuarial assumptions was calculated using the same method as the measurement of the pension provision on the statement of financial position. The sensitivity analysis is based on the change in an assumption while all other assumptions remain constant. It is unlikely that this would occur in reality. There could be a correlation between changes in some assumptions.

12. Liabilities

The liabilities mature as follows:

31 Dec 2021	Up to 1 year €k	More than 1 year and up to 5 years €k	Over 5 years €k	Total €k
Liabilities to banks	3,689	10,240	5,056	18,985
Trade payables	6,818	0	0	6,818
Provisions with liability character	12,676	0	0	12,676
Other liabilities	20.101	0	0	20,101
Contract liabilities	10,817	0	0	10,817
Lease liabilities	3,024	5,960	18	9,003
Liabilities to non-controlling interests	4,997	0	5,860	10,857
Liabilities from participation rights	0	0	10,213	10,213
As at 31 Dec 2021	**62,122**	**16,200**	**21,147**	**99,469**

31 Dec 2020	Up to 1 year €k	More than 1 year and up to 5 years €k	Over 5 years €k	Total €k
Liabilities to banks	1,466	6,488	376	8,330
Trade payables	2,019	0	0	2,019
Provisions with liability character	15,729	0	0	15,729
Other liabilities	7,096	0	0	7,096
Contract liabilities	17,819	0	0	17,819
Lease liabilities	4,863	4,210	0	9,073
Liabilities to non-controlling interests	4,924	2,812	4,238	11,973
Liabilities from participation rights	0	0	10,213	10,213
As at 31 Dec 2020	**53,916**	**13,510**	**14,827**	**82,251**

Liabilities to banks have both fixed and floating interest rates of between 0.00% and 2.55% (previous year: 0.00% and 2.65%). The weighted average interest rate for 2021 is 1.00% (previous year: 1.24%).

Land charges valued at €17,080 thousand as at the end of the reporting period were pledged as collateral for the liabilities to banks (31 December 2020: €4,566 thousand).

The trade payables contain liabilities to MBB SE of €549 thousand (31 December 2020: €30 thousand).

As at the end of the reporting period, there is profit participation capital of €10,213 thousand in total (31 December 2020: €10,213 thousand) issued by Friedrich Vorwerk SE & Co. KG. The profit participation rights grant a guaranteed interest rate of 2.5% above the applicable 3-month EURIBOR. Furthermore, the bearer of the profit participation certificates participates in the profitability of the FRIEDRICH VORWERK Group in the form of floating-rate interest. The total interest rate on profit participation rights was 4.2% in the period under review (previous year: 4.0%). The profit participation rights can be cancelled for the first time effective 31 December 2039.

Liabilities to non-controlling interests comprise profit shares. The claims to profit shares that can be withdrawn are reported as current.

13. Other liabilities

Other liabilities break down as follows:

	31 Dec 2021 €k	31 Dec 2020 €k
Current		
Value added tax	9,623	3,129
Working groups	3,296	2,374
Wage tax	1,688	191
Social security benefits	899	423
Capital gains tax	710	0
Wages and salaries	469	542
Debtors with credit balances	422	134
Prepaid expenses	2	1
Others	2,992	301
Total	**20,101**	**7,096**

14. Provisions

14.1 Other provisions

Current provisions and provisions with the nature of a liability are composed as follows:

	31 Dec 2020 €k	First-time consolidation €k	Reclassification €k	Utilisation €k	Reversal €k	Additions €k	31 Dec 2021 €k
Current provisions							
Outstanding invoices	11,073	250	-156	-10,735	0	6,942	7,374
Provisions for subsequent costs	3,879		0	-3,879	0	0	0
Holiday	3,319	477	0	-3,279	-25	3,440	3,931
Personnel cost	383	0	0	-134	-46	50	253
Warranty costs	1,914	262	0	-530	-147	553	2,052
Variable salary and commission	859		-725	-34	-3	1,318	1,415
Accounting and audit costs	480	47	0	-315	-154	403	461
Provision for onerous contracts	58		0	-58	0	0	0
Legal disputes and damage repair	1,026	180	-1,026	-180	0	0	0
Employers' liability insurance association	511	52	-336	-63	-113	197	249
Flexitime	435		0	-186	0	158	407
Miscellaneous	158	586	2,243	-1,043	-363	516	2,097
	24,096	**1,854**	**0**	**-20,436**	**-851**	**13,577**	**18,241**

	31 Dec 2019	Reclassification	Utilisation	Reversal	Additions	31 Dec 2020
	€k	€k	€k	€k	€k	€k
Current provisions						
Outstanding invoices	17,967	-2,062	-15,882	0	11,050	11,073
Provisions for subsequent costs	0	0	0	0	3,879	3,879
Holiday	2,808	0	-2,747	-37	3,294	3,319
Personnel cost	753	0	-478	-88	196	383
Warranty costs	1,061	0	-54	-17	923	1,914
Variable salary and commission	248	0	-169	-49	829	859
Accounting and audit costs	360	0	-225	-7	352	480
Provision for onerous contracts	0	0	0	0	58	58
Legal disputes and damage repair	0	2,062	-1,150	-52	166	1,026
Employers' liability insurance association	716	0	-442	-74	311	511
Flexitime	344	0	-135	0	227	435
Miscellaneous	159	0	-6	0	5	158
	24,416	**0**	**-21,287**	**-323**	**21,290**	**24,096**

The outflow of economic resources for current provisions is expected in the following year.

14.2 Tax provisions

Tax provisions break down as follows:

	31 Dec 2021 €k	31 Dec 2020 €k
Corporate income tax	5,968	3,247
Trade income tax	4,953	4,986
Carrying amount as at 31 Dec	**10,921**	**8,234**

15. Leases

Lease liabilities	31 Dec 2021 €k	31 Dec 2020 €k
Land and buildings	323	236
Technical equipment and machinery	6,179	5,810
Other equipment, operating and office equipment	947	1,193
Total	**7,448**	**7,239**

Taking into account the contracts recognised as finance lease liabilities, total lease liabilities are as follows as at the end of the reporting period:

Lease liabilities	31 Dec 2021 €k	31 Dec 2020 €k
Non-current	5,979	4,210
Current	3,024	4,863
Total	**9,003**	**9,073**

The following amounts were recognised in the consolidated statement of comprehensive income in connection with leases in the 2021 and 2020 financial years:

Amounts recognised in the consolidated statement of comprehensive income	2021 €k	2020 €k
Depreciation and amortisation	3,325	4,664
thereof land and buildings	290	415
thereof technical equipment and machinery	2,359	3,305
thereof other equipment, operating and office equipment	676	944
Interest expense	41	121
Expenses for short-term leases	7,450	9,982
Total	**10,816**	**14,767**

The cash outflows for leases (including payments for short-term and low-value leases) amount to €12,548 thousand in total in the 2021 financial year (previous year: €14,914 thousand).

16. Deferred taxes

Deferred tax assets and liabilities from temporary differences break down as follows as at 31 December 2021 and 31 December 2020.

	31 Dec 2021 €k	31 Dec 2020 €k
Deferred tax assets	11,550	6,521
Deferred tax liabilities	19,308	14,029
Total	**-7,758**	**-7,508**

	31 Dec 2021 €k	31 Dec 2020 €k
Temporary differences from:		
Provisions for pensions	375	59
Intangible assets	6,790	3,284
Financial assets	0	119
Liabilities	2,175	3,301
Property, plant and equipment	1,514	1,063
Provisions	194	0
Receivables	1,636	476
Others	223	2
Netting	-1,357	-1,782
Deferred tax assets	**11,550**	**6,521**

	31 Dec 2021 €k	31 Dec 2020 €k
Temporary differences from:		
Receivables	13,360	10,239
Securities	47	0
Intangible assets	156	0
Property, plant and equipment	4,090	3,986
Financial assets	2,440	1,551
Liabilities	334	0
Inventories	185	0
Others	53	34
Netting	-1,357	-1,782
Deferred tax liabilities	**19,308**	**14,029**

III. Notes to the statement of comprehensive income

1. Revenue

Revenue amounts to €279,071 thousand in the 2021 financial year (previous year: €291,791 thousand).

The following table shows revenue broken down by region:

Region	2021 €k	2020 €k
Germany	264,412	278,261
Europe ex Germany	10,415	4,960
Miscellaneous	4,244	8,570
Total	**279,071**	**291,791**

20.7% of revenue (previous year: 16.9%) relates to Service & Operations.

Please refer to the combined management and Group management report for information on the development of revenue.

The Group has an order backlog of €312.8 million as at 31 December 2021, which is divided among the segments as follows:

Segment	31 Dec 2021 €k	31 Dec 2020 €k
Natural Gas	178,784	224,324
Electricity	42,819	38,344
Clean Hydrogen	12,393	21,362
Adjacent Opportunities	78,782	22,478
Total	**312,778**	**306,508**

2. Income from equity investments

	2021 €k	2020 €k
Net income from equity investments recognised in financial assets	7,478	10,072
Net income from equity investments recognised in receivables and liabilities	-2,356	479
Total	**5,122**	**10,551**

Shares of the FRIEDRICH VORWERK Group in cumulative profits from working groups classified as joint ventures are reported in financial assets under equity investments. The FRIEDRICH VORWERK Group's proceeds from trade receivables from/work done for working groups are recognised under revenue. The capital paid in to a working group is reported together with any trade receivables from the working groups after deduction of capital withdrawals and cumulative losses under trade receivables or, if the net amount is negative, under other liabilities.

3. Other operating income

	2021 €k	2020 €k
Income from offsetting remuneration in kind	1,054	559
Income from rentals and leasing	919	141
Income from the reversal of provisions	851	323
Income from asset disposals	374	271
Income from insurance compensation	255	316
Income from initial consolidation	138	0
Income from own work capitalised	109	176
Prior-period income	23	4
Income from exchange rate gains	0	42
Income from securities	60	0
Income from other items	1,186	1,738
Total	**4,969**	**3,571**

Please refer to the statement of changes in provisions for details of income from the reversal of provisions.

4. Cost of materials

	2021 €k	2020 €k
Cost of raw materials and supplies	-19,795	-25,213
Cost of purchased services	-86,932	-103,262
Total	**-106,726**	**-128,474**

5. Staff costs

	2021 €k	2020 €k
Wages and salaries	-77,121	-70,030
Social security contributions	-21,637	-19,017
Other staff costs	-391	-399
Total	**-99,150**	**-89,446**

In the year under review, the FRIEDRICH VORWERK Group received government grants in the form of social security contribution refunds of €371 thousand (previous year: €54 thousand), which were recognised in profit or loss under staff costs in accordance with IAS 20.29 (reported net).

6. Other operating expenses

	2021 €k	2020 €k
Rental agreements and leasing	-7,450	-9,982
Maintenance expenses	-6,809	-5,865
Travel costs/vehicle costs	-2,992	-3,044
Legal and consulting	-1,454	-677
Insurance	-1,269	-1,207
Contributions and fees	-821	-721
Other personnel-related expenses	-763	-710
Education and training	-733	-515
Costs for telephone, post and data communication	-515	-479
Loss of receivables and bad debt allowances	-372	-66
Advertising costs	-251	-244
Office supplies	-212	-636
Incidental costs for monetary transactions	-67	-32
Expenses from the disposal of fixed assets	0	0
Foreign currency losses	-15	-52
Prior-period expenses	-13	0
Warranty expenses	0	-112
Miscellaneous other operating expenses	-4,505	-4,836
Total	**-28,241**	**-29,179**

7. Finance income

	2021 €k	2020 €k
Other interest and similar income	10	115
Total	**10**	**115**

8. Finance expenses

	2021 €k	2020 €k
Bank interest	-225	-224
Interest expense from leases	-42	-658
Interest expense from pension	-13	-2
Other interest and similar expenses	-631	-121
Total	**-910**	**-1,005**

There are non-controlling interests of 10.1% at the level of Friedrich Vorwerk SE & Co. KG that arose in conjunction with the reorganisation of the company's structure in the previous year. These interests accounted for a result of €3.4 million in the year under review (previous year: €3.9 million).

9. Taxes

Details on deferred tax assets and liabilities can be found under I.4.18 b) “Deferred taxes”. The income tax rate of the parent company is 29.1% (previous year: 29.1%) and slightly less than weighted average tax rate of the FRIEDRICH VORWERK Group of 27.2% (previous year: 29.3%). The future local tax rate is applied when recognising deferred taxes.

As of 31 December, 2021, the following tax loss carryforwards exist, for which no deferred tax assets were recognized in the financial year, as in previous years:

	2021 k€	2020 k€
Trade Tax	8,559	1,242
Corporate Income Tax	2,668	1,105

The reconciliation of income tax expense and the accounting net profit multiplied by the Group’s applicable tax rate for the 2021 and 2020 financial years is as follows:

	2021 €k	2020 €k
Corporate income tax	-3,170	-4,513
Trade income tax	-6,993	-4,296
Deferred taxes	116	-3,062
Total	**-10,048**	**-11,872**

	2021 €k	2020 €k
Consolidated net profit before income taxes	36,790	42,431
Income tax expense	-10,048	-11,872
Current tax rate	**27.3%**	**28.0%**

	2021 €k	2020 €k
Earnings before taxes (EBT)	37,140	42,721
Other taxes	-351	-290
Applicable (statutory) tax rate	29.1%	29.1%
Expected tax expense	**10,715**	**12,360**
Effects of non-deductible expenses and tax-free income	140	137
Tax effect from IPO	-530	0
Taxes relating to other periods	-17	-7
Effects due to the utilization of and additions to loss carryforwards	374	-209
Other tax effects	-634	-408
Current tax expense	**10,048**	**11,872**

10. Ergebnis je Aktie

Basic earnings per share are calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

The following table shows the amounts used to calculate basic earnings per share:

	2021	2020
Result attributable to the holders of ordinary shares (in €)	26,766,636	30,559,171
Weighted average number of ordinary shares (undiluted, in shares)	19,539,726	18,000,000
Earnings per share (in €)	**1.37**	**1.70**

The prior-year disclosure was restated retroactively in accordance with IAS 33.64 following the share capital increase to €20,000,000 resolved by the Annual General Meeting on 18 March 2021.

IV. Segment reporting

1. Information by segment

Segment reporting was prepared in accordance with IFRS 8 (Operating Segments), under which operating segments are defined as the components of an entity for which discrete financial information is available and under which the segment's operating results are reviewed regularly by the segment's chief operating decision maker to allocate resources to the segment and assess its performance.

The composition of the business segments as at the end of the reporting period is as follows:

Natural Gas

The Natural Gas segment comprises infrastructure services and product solutions for the transport and conversion of raw natural gas into treated natural gas for our customers. This is done through a number of steps: transporting the natural gas through high-pressure pipelines to processing in filtering and separation plants, compressor stations, storage and measurement systems, LNG terminals and gas pressure control and measurement systems.

Electricity

The Electricity segment concentrates on providing the infrastructure for the underground transport and conversion of electricity, which is generated from climate-friendly, non-fossil energy sources such as wind, solar, hydro and regenerative resources. Our expertise in electricity transport and conversion focuses on landing offshore electricity and installing high-voltage underground cables through which this electricity is transported to transmission networks. At the end of these cables are connection points in the form of transformer stations, inverters and power-to-heat systems, which connect the transmission networks to local energy distribution networks.

Clean Hydrogen

The Clean Hydrogen segment comprises product solutions and infrastructure services for the conversion of energy from climate-friendly energy sources into clean hydrogen and its transportation to consumers. This is done through a number of processing steps: from the conversion of renewable energy by electrolysis to the processing and transportation of the clean hydrogen produced through storage systems, compressor stations, pipelines and gas pressure control and measurement systems.

Adjacent Opportunities

Furthermore, in the Adjacent Opportunities segment, we concentrate on related turnkey technologies, such as the treatment and cleaning of biogenic and synthetic gases, heat extraction technologies used in district heating, solutions for the transportation of drinking and waste water and specialty solutions for the chemical and petrochemical industry.

Segment results

The accounting policies applied in segment reporting are as described under I. 4. Segment earnings are based on the EBIT of the individual segments, as this is the basis on which the segments are managed.

1 Jan – 31 Dec 2021	Natural Gas	Electricity	Clean Hydrogen	Adjacent Opportunities	Reconcili-ation	Group
	€k	€k	€k	€k	€k	€k
Revenue from third parties	183,810	46,592	10,404	38,264	0	279,071
Earnings (EBIT)	**29,468**	**7,351**	**2,223**	**5,902**	**-3,507**	**41,436**
EBIT margin (in %)	16.0%	15.8%	21.4%	15.4%		14.8%
Revenue share	65.9%	16.7%	3.7%	13.7%		

1 Jan - 31 Dec 2020	Natural Gas	Electricity	Clean Hydrogen	Adjacent Opportunities	Reconcili-ation	Group
	€k	€k	€k	€k	€k	€k
Revenue from third parties	215,795	36,335	2,303	37,357	0	291,791
Earnings (EBIT)	**34,756**	**7,728**	**305**	**4,857**	**-177**	**47,468**
EBIT margin (in %)	16.1%	21.3%	13.2%	13.0%		16.3%
Revenue share	74.0%	12.5%	0.8%	12.8%		

Reconciliation of EBIT to net profit for the year	2021	2020
	€k	€k
Total EBIT of the segments	**44,943**	**47,646**
Reconciliation to Group EBIT	-3,507	-177
Net finance costs	-4,295	-4,747
EBT	37,140	42,721
Taxes on income	-10,048	-11,872
Other taxes	-351	-290
Non-controlling interests	25	0
Consolidated net profit	**26,767**	**30,559**

2. Information by region

The FRIEDRICH VORWERK Group’s non-current assets are predominantly located in Germany.

3. Information on main customers

In the year under review, the FRIEDRICH VORWERK Group did not generate revenue with any single customer accounting for more than 10% of its total revenue (previous year: two).

V. Notes to the consolidated statement of cash flows

The statement of cash flows is presented separately. It shows the changes in cash and cash equivalents at the FRIEDRICH VORWERK Group. The reported cash funds are not subject to any third-party restrictions. The Group made no payments for extraordinary transactions. Payments for income taxes and interest are reported separately. The statement of cash flows was prepared in accordance with IAS 7 and breaks down the changes in cash and cash equivalents into cash flows from operating, investing and financing activities. Cash flow from operating activities is presented using the indirect method.

The following table shows the changes in liabilities from financing activities.

	Non-current liabilities to banks	Current liabilities to banks	Non-current lease liabilities	Current lease liabilities	Total
	€k	€k	€k	€k	€k
Statement of financial position as at 1 Jan 2020	**7,654**	**1,320**	**7,620**	**4,239**	
Borrowing	850	0	0	0	850
Redemption	-1,164	-220	0	-4,811	-6,195
Cash changes	**-314**	**-220**	**0**	**-4,811**	**-5,345**
Reclassifications	-176	176	-4,484	4,484	0
Deferred interest	0	189	0	0	189
New leases	0	0	1,074	951	2,025
Non-cash changes	**-176**	**365**	**-3,410**	**5,435**	**2,214**
Statement of financial position as at 31 Dec 2020	**6,864**	**1,466**	**4,210**	**4,863**	
Borrowing	10,550	0	0	68	10,618
Redemption	-2,065	-91	0	-5,166	-7,321
Cash changes	**8,485**	**-91**	**0**	**-5,098**	**3,297**
Reclassifications	-1,189	1,189	-2,145	2,145	0
Deferred interest	0	-189	0	0	-189
Changes in consolidated group	1,135	1,315	3,752	802	7,003
New leases	0	0	272	339	612
Disposal of leases	0	0	-111	-27	-138
Non-cash changes	**-54**	**2,315**	**1,768**	**3,259**	**7,288**
Statement of financial position as at 31 Dec 2021	**15,295**	**3,689**	**5,979**	**3,024**	

VI. Additional disclosures on financial instruments

Financial instruments break down as follows as at the end of the reporting period:

€k	Classification according to IFRS 9*	31 Dec 2021 Carrying amount	Fair value
Assets			
Investment securities	FVTOCI	3,295	3,295
(31 Dec 2020)		0	0
Trade receivables	AC	15,809	
(31 Dec 2020)		20,931	
Other financial assets	AC	0	
(31 Dec 2020)		1,533	
Non-hedge derivatives	FVTPL	52	52
(31 Dec 2020)		0	0
Cash funds	AC	108,282	
(31 Dec 2020)		45,254	
Liabilities			
Liabilities to banks	FLaC	18,985	19,448
(31 Dec 2020)		8,330	8,634
Liabilities from participation rights	FLaC	10,213	17,451
(31 Dec 2020)		10,213	15,903
Non-hedge derivatives	FVTPL	16	16
(31 Dec 2020)		18	18
Trade payables	FLaC	6,270	
(31 Dec 2020)		2,019	
Other current loans	FLaC	2,916	
(31 Dec 2020)		0	
Other financial liabilities	FLaC	3,296	
(31 Dec 2020)		2,374	
Liabilities to non-controlling interests	FLaC	10,857	
(31 Dec 2020)		11,973	
Aggregated according to category			
Financial assets	AC	124,091	
Financial assets	FVTOCI	3,295	
Financial assets	FVTPL	52	
Financial liabilities	FLaC	52,536	
Derivative financial liabilities	FVTPL	16	

* AC: amortised cost; FLaC: financial liabilities at amortised cost; FVTPL: fair value through profit and loss; FVTOCI: Fair Value through OCI

The fair value of financial instruments for which the carrying amount is a reasonable approximation of fair value is not disclosed separately.

Investments in equity instruments are measured in equity at fair value, which is based on the market price quoted on an active market. For the derivatives measured at fair value, the fair value is calculated based on the expected future cash flows, discounted applying the generally observable market data for the corresponding yield curves.

Cash funds, other financial assets and trade receivables predominantly have short remaining terms. Their carrying amounts as at the end of the reporting period are therefore approximately their fair value.

Trade payables, other current loans and other financial liabilities are typically short-term; the amounts recognised are approximately the fair values. The fair values of financial liabilities and liabilities from profit participation rights are calculated at the present value of the expected future cash flows. Discounting uses standard market interest rates based on the corresponding maturities and credit ratings.

VII. Objectives and methods of financial risk management

1. Financial assets and financial liabilities

The Group's financial liabilities mainly include current and non-current liabilities to banks, liabilities from profit participation rights, current trade payables and other current and non-current liabilities. The Group's financial assets are essentially cash and trade receivables. The carrying amount of the financial assets less impairment losses reported in the consolidated financial statements represents the maximum exposure to credit risk; this totalled €127,386 thousand in the year under review (31 December 2020: €67,717 thousand). Business relationships are only entered into with partners of good credit standing. Trade receivables relate to a diverse set of customers in the energy sector. Ongoing credit assessments are performed for the financial receivables portfolio. Payment terms of 30 days without deduction are usually granted. Impairment was not recognised for trade receivables that were past due at the end of the reporting period if no material changes in the customer's creditworthiness were observed and it is assumed that the outstanding amount will be paid.

For details of the maturities of financial liabilities, see II.12. "Liabilities" and II.13 "Other liabilities".

The measurement of the financial assets and liabilities of the FRIEDRICH VORWERK Group is described under I.4.10 Financial instruments – Initial recognition and subsequent measurement.

2. Capital risk management

The Group manages its capital (equity plus liabilities less cash and cash equivalents) with the aim of achieving its financial goals while simultaneously optimising its finance costs by way of financial flexibility. In this respect, the overall strategy is the same as in the previous year.

Management reviews the capital structure at least once every half-year. The cost of capital, the collateral provided, open lines of credit and available credit facilities are reviewed.

The capital structure in the year under review is as follows:

	31 Dec 2021	31 Dec 2020
Equity in €k	152,470	63,604
- in % of total capital	52.5%	36.0%
Liabilities in €k	137,990	113,308
- in % of total capital	47.5%	64.0%
Current liabilities in €k	78,608	70,515
- in % of total capital	27.1%	39.9%
Non-current liabilities in €k	59,383	42,793
- in % of total capital	20.4%	24.2%
Net gearing*	-0.5	-0.4

* Calculated as the ratio of financial liabilities less cash funds to equity.

3. Financial risk management

Financial risk is monitored centrally by management. The individual financial risks are reviewed at least four times per year.

The material Group risks arising from financial instruments include liquidity risks and credit risks. Business relationships are only entered into with partners of good credit standing.

Assessments from independent rating agencies, other financial information and trading records are used to assess credit, especially for major customers. In addition, receivables are monitored on an ongoing basis to ensure that the FRIEDRICH VORWERK Group is not exposed to major credit risks. The maximum default risk is limited to the respective carrying amounts of the assets reported in the statement of financial position.

Impairment on trade receivables and contract assets is determined using the simplified approach.

The Group manages liquidity risks by holding appropriate reserves, monitoring and maintaining loan agreements and planning and coordinating cash inflows and outflows.

4. Market risks

Market risks can result from changes in exchange rates (exchange rate risks) or interest rates (interest rate risks). The Group's invoices are essentially issued in euro or the respective local currency, thereby largely avoiding exchange rate risks.

The Group is exposed to interest rate risks as a result of borrowing at floating interest rates. The FRIEDRICH VORWERK Group manages these risks by maintaining an appropriate ratio between fixed and floating interest rate agreements. Derivatives (e.g. interest rate swaps or interest rate futures) were only used in hedging as an exception. The Group had liabilities with floating interest rates in the amount of €1,663 thousand (previous year: €2,013 thousand) as at the end of the reporting period. There were hedges in the form of three interest rate swaps with a nominal volume of €5,201 thousand and two interest rate floors with a nominal volume of €4,500 thousand. If, all else being equal and assuming corresponding average indebtedness, interest rates had been two percentage points higher (lower), pre-tax earnings would have been €37 thousand lower (higher).

5. Liquidity risk

Liquidity risk describes the risk that the Group will be unable to meet its payment obligations on maturity. The high level of cash and cash equivalents means there is no liquidity risk from financial liabilities. The Group and its subsidiaries manage liquidity risks by maintaining adequate reserves, continuously monitoring forecast and actual cash flows and coordinating the maturity profiles of financial assets and liabilities.

IFRS 7 also requires a maturity analysis for financial liabilities. The following maturity analysis shows how the undiscounted cash flows in connection with the liabilities as at 31 December 2021 affect the future liquidity situation of the Group.

Type of liability	Carrying amount as at 31 Dec 2021 €k	Up to 1 year €k	More than 1 year and up to 5 years €k	Over 5 years €k
Liabilities to banks	18,985	3,848	10,659	5,161
Liabilities from participation rights	10,213	459	2,002	17,388
Trade payables	6,818	6,818	0	0
Other financial liabilities	3,296	3,303	0	0
Liabilities to non-controlling interests	10,857	4,997	0	5,860
Lease liabilities	9,003	5,617	3,341	58
Total	**59,172**	**25,042**	**16,001**	**28,467**

If the contract partner can call a payment at different points in time, the liability relates to the earliest possible maturity date. Interest payments of floating-rate financial instruments are calculated on the basis of forward interest rates. In the case of performance-based interest, the interest rate for the reporting year is generally used as a basis, unless better information is available. The cash flows of financial and lease liabilities consist of their undiscounted payments of principal and interest.

VIII. Other required information

1. Executive bodies

Management Board of Friedrich Vorwerk Group SE

- Torben Kleinfeldt, engineering graduate, business graduate, Chief Executive Officer (CEO)
- Tim Hameister, business management graduate (M.Sc.), Chief Financial Officer (CFO)

Torben Kleinfeldt, Chief Executive Officer, is in charge of the areas of Strategic Development & Internationalisation, Strategic Sales, Procurement, Engineering, Investor Relations and Legal & Compliance. As the Chief Financial Officer, Tim Hameister is in charge of Finance, Controlling and HR.

Torben Kleinfeldt is also the Managing Director of ALX Beteiligungsgesellschaft mbH, Tostedt, and KLEH Immobilienverwaltung GmbH, Tostedt.

Supervisory Board of Friedrich Vorwerk Group SE

- Dr Christof Nesemeier, business graduate, Chairman
- Dr Julian Deutz, business graduate, deputy Charmain, since 10 February 2021
- Heike von der Heyden, business graduate, since 10 February 2021

- Gert-Maria Freimuth, business graduate, until 10 February 2021
- Anton Breitkopf, business management graduate, member, until 10 February 2021

Disclosures on further mandates on other statutory supervisory boards and similar controlling bodies in Germany and abroad

Dr Christof Nesemeier is also the Chairman of the Board of MBB SE, Berlin, member of the Supervisory Board of Aumann AG, Beelen, and member of the Supervisory Board of Delignit AG, Blomberg.

Dr Julian Deutz is also the Chairman of the Supervisory Board of AWIN AG, Berlin, the President of the Board of Directors of Axel Springer Beteiligungen AG, Switzerland, member of the Board of Directors of Axel Springer Schweiz AG, Switzerland, and member of the Supervisory Board of Digital Classifieds France SAS, France.

2. Remuneration of members of the Management Board and the Supervisory Board

The total remuneration granted to members of the Management Board amounted to €1.7 million in the financial year (previous year: €0.5 million), while the remuneration granted to members of the Supervisory Board amounted to €0.1 million (previous year: €0.0 million).

3. Related party transactions

Parties are considered to be related if they have the ability to control the FRIEDRICH VORWERK Group or exercise significant influence over its financial and operating decisions.

3.1 Related persons

The FRIEDRICH VORWERK Group also reports on transactions with related parties and their relatives in accordance with IAS 24. The members of the Management Board of Friedrich Vorwerk Group SE and their relatives were identified as related parties as defined by IAS 24. There were no business transactions with relatives in either the financial year or the previous year.

The remuneration of management in key positions to be disclosed in accordance with IAS 24 comprises the remuneration of members of the Management Board and the Supervisory Board.

Their remuneration was as follows:

	2021 €k	2020 €k
Salaries and other short-term benefits	2,049	486
Total	**2,049**	**486**

The Management Board was partially remunerated through the subsidiary Friedrich Vorwerk Management SE in the year under review.

Board of directors

In the 2021 financial year, a subsidiary of Friedrich Vorwerk Group SE performed various work projects for KLEH Immobilien GmbH & Co. KG with an arm's length transaction volume of €95 thousand. KLEH Immobilien GmbH & Co. KG is attributed to the CEO Torben Kleinfeldt and a member of the Management Board of Friedrich Vorwerk Management SE.

As at the end of the reporting period, there is an arm's length lease with KLEH Immobilien GmbH & Co. KG for residential space for Friedrich Vorwerk SE & Co. KG. The total transactions under this lease in the 2021 financial year amount to €20 thousand (previous year: €17 thousand). The net amount from transactions with KLEH Immobilien GmbH & Co. KG as at the end of the reporting period is €0 thousand (previous year: €0 thousand).

ALX Beteiligungsgesellschaft mbH was billed for costs of €487 thousand for the IPO of Friedrich Vorwerk Group SE in the 2021 financial year. ALX Beteiligungsgesellschaft mbH is attributed to the CEO Torben Kleinfeldt.

In addition, reference is made to the comments on the compensation of the executive bodies and the separate compensation report.

Notification of transactions in accordance with section 15a WpHG

Persons with management duties, especially the Management Board and the members of the Supervisory Board of Friedrich Vorwerk Group SE, and their related parties in accordance with section 15a of the *Wertpapierhandelsgesetz* (WpHG – German Securities Trading Act), are required to disclose their transactions involving shares of Friedrich Vorwerk Group SE or related financial instruments. Notifications of relevant transactions are published on our website at www.friedrich-vorwerk.de/en/investor-relations/corporate-governance.html.

3.2 Related companies

Subsidiaries are considered to be related companies irrespective of whether they are included in the consolidated financial statements or not. Transactions between the company and its subsidiaries are eliminated in consolidation and are not shown in this note, or are of subordinate significance and typical for the industry. Related companies are also considered to be those companies described as associated with the above related persons.

Furthermore, MBB SE, the parent company of Friedrich Vorwerk Group SE, and the companies of MBB SE's consolidated group are also considered related parties. Transactions with these companies were conducted at arm's length conditions.

The FRIEDRICH VORWERK Group paid MBB SE €958 thousand for consulting services in the 2021 financial year (previous year: €560 thousand). Costs for IT systems and other services of €56 thousand were also recharged to the FRIEDRICH VORWERK Group by MBB SE. Net amounts of €541 thousand are outstanding as at the end of the reporting period.

MBB SE was billed for costs of €975 thousand for the IPO of Friedrich Vorwerk Group SE in the 2021 financial year.

Please refer to note II.4 (Working group disclosures) for information on working groups.

4. Employees

The Group had the following employees in the financial year:

Average number of employees	2021 Headcount	2020 Headcount
Technical staff and employees	1,444	1,284
Total	**1,444**	**1,284**

As at the end of the reporting period	31 Dec 2021 Headcount	31 Dec 2020 Headcount
Technical staff and employees	1,633	1,304
Total	**1,633**	**1,304**

The FRIEDRICH VORWERK Group has 115 (previous year: 85) trainees as at 31 December 2021 who are not included in the above figures.

5. Auditor's fees

The auditor's fees recognised in the 2021 and 2020 financial years break down as follows:

	2021 €k	2020 €k
Audit services	200	165
Tax advisory services	0	0
Other services	70	0
Total	**270**	**165**

6. Events after the end of the reporting period

In January 2022, the FRIEDRICH VORWERK Group was awarded a significant part of the major contract for the realization of the new Hamburg district heating pipeline "Fernwärmesystemanbindung-West" with an order volume of more than € 70 million. After the district heating pipeline in Bremen, FRIEDRICH VORWERK has thus secured the next future-oriented major project for the sustainable decarbonization of building heat ("heat turnaround") in large metropolitan regions. The district heating projects are allocated to the Adjacent Opportunities segment, which is becoming increasingly important as a result of the two major contracts.

The consequences for the global economy of the war waged by Russia against Ukraine cannot be fully predicted at present. Reference is made at appropriate points in the Annual Report to possible consequences and risks, but these comments cannot claim to provide a complete picture of the situation at this stage.

There were no other significant events after the balance sheet date.

7. Contingent liabilities and off-balance sheet transactions

It is standard practice within the industry, and necessary, to issue various guarantees and warranties to secure contractual obligations. These guarantees are typically issued by banks or credit insurance companies and essentially comprise contract performance, advance payment and performance guarantees. In the event that a guarantee is utilised, the banks have claims for recourse against the Group. There is only a risk of a guarantee being utilised if the underlying contractual obligations are not properly fulfilled. Such guarantees have not given rise to claims against the Group either in the financial year or in the past.

Obligations and probable risks under such guarantees are recognised in the statement of financial position as liabilities or provisions.

Furthermore, as is customary within the industry, there is joint and several liability with other partners for working groups in which interests are held by companies in which the FRIEDRICH VORWERK Group holds investments.

8. Other financial liabilities

Right-of-use assets and lease liabilities were recognised in the statement of financial position for a majority of operating leases. This does not include short-term leases, leases for low-value assets or leases with variable payments.

The off-balance sheet obligations as at 31 December 2021 and in previous period are as follows:

Other financial liabilities	31 Dec 2021 €k	31 Dec 2020 €k
Up to one year	5,666	775
More than one year and up to five years	0	0
Over five years	0	0
Total	**5,666**	**775**

9. Declaration in accordance with section 161 AktG

As a listed stock corporation in accordance with section 161 AktG, Friedrich Vorwerk Group SE is required to submit a declaration on the extent to which the recommendations of the German Corporate Governance Code of the German Government Commission have been complied with. The Management Board and the Supervisory Board submitted the latest version of this declaration on 29 April 2021. It forms part of the combined management and Group management report and is published online at www.friedrich-vorwerk.de/en/investor-relations/corporate-governance.html.

10. Appropriation of earnings

The Management Board proposes the distribution of a dividend of €0.20 per entitled share and that the remainder be carried forward to new account.

11. Group affiliation

Friedrich Vorwerk Group SE, Tostedt, prepares the consolidated financial statements for the smallest group of companies. These will be published in the electronic Federal Gazette. MBB SE, Berlin, prepares the consolidated financial statements for the largest group of companies. The consolidated financial statements are published on the website www.mbb.com.

12. Voting rights notifications

Friedrich Vorwerk Group SE, Tostedt, received the following notifications in accordance with section 40(1) WpHG in the period from 1 January 2021 to 11 March 2022:

Kabouter International Opportunities Fund II, LLC, Chicago, United States of America, notified us that its share of the voting rights in Friedrich Vorwerk Group SE exceeded the threshold of 3% of voting rights on 24 March 2021 and amounted to 4.04% (807,540 voting rights) on this date. 4.04% (807,540 voting rights) were directly attributable to Kabouter International Opportunities Fund II, LLC in accordance with section 33 WpHG.

Mr Peter Zaldivar notified us that his share of the voting rights in Friedrich Vorwerk Group SE exceeded the threshold of 3% of voting rights on 24 March 2021 and amounted to 4.24% (848,850 voting rights) on this date. 4.24% (848,850 voting rights) were indirectly attributable to Mr Peter Zaldivar in accordance with section 34 WpHG.

Universal-Investment-Gesellschaft mbH, Frankfurt/Main, Germany, notified us that its share of the voting rights in Friedrich Vorwerk Group SE exceeded the threshold of 3% of voting rights on 24 March 2021 and amounted to 3.28% (655,281 voting rights) on this date. 3.28% (655,281 voting rights) were indirectly attributable to Universal-Investment-Gesellschaft mbH in accordance with section 34 WpHG.

M&G plc, London, UK, notified us that its share of the voting rights in Friedrich Vorwerk Group SE exceeded the threshold of 3% of voting rights on 24 March 2021 and amounted to 3.90% (780,000 voting rights) on this date. 3.90% (780,000 voting rights) were indirectly attributable to M&G plc in accordance with section 34 WpHG.

MBB SE, Berlin, Germany, notified us that its share of the voting rights in Friedrich Vorwerk Group SE exceeded the threshold of 50% of voting rights on 24 March 2021 and amounted to 54% (10,800,000 voting rights) through direct voting rights and 4.00% (800,000 voting rights) through other instruments, amounting to 58% in total (11,600,000 voting rights) on this date. 18.00% (3,600,000 voting rights) were indirectly attributable to MBB SE in accordance with section 34 WpHG.

Torben Kleinfeldt notified us that his share of the voting rights in Friedrich Vorwerk Group SE exceeded the threshold of 50% of voting rights on 24 March 2021 and amounted to 54% (10,800,000 voting rights) through direct voting rights and 2.00% (400,000 voting rights) through other instruments, amounting to 56% in total (11,200,000 voting rights) on this date. 54.00% (10,800,000 voting rights) were indirectly attributable to Mr Torben Kleinfeldt in accordance with section 34 WpHG.

Universal-Investment-Gesellschaft mbH, Frankfurt/Main, Germany, notified us that its share of the voting rights in Friedrich Vorwerk Group SE dropped below the threshold of 3% of voting rights on 25 March 2021 and amounted to 2.98% (596,181 voting rights) on this date. 2.98% (596,181 voting rights) were indirectly attributable to Universal-Investment-Gesellschaft mbH in accordance with section 34 WpHG.

AVGP Limited, St. Helier, Jersey, notified us that its share of the voting rights in Friedrich Vorwerk Group SE exceeded the threshold of 3% of voting rights on 25 March 2021 and amounted to 3.86% (772,193 voting rights) on this date. 3.86% (772,193 voting rights) were indirectly attributable to AVGP Limited in accordance with section 34 WpHG.

Janus Henderson Group Plc, St. Helier, Jersey, notified us that its share of the voting rights in Friedrich Vorwerk Group SE exceeded the threshold of 3% of voting rights on 25 March 2021 and amounted to 3.90% (780,000 voting rights) on this date. 3.90% (780,000 voting rights) were indirectly attributable to Janus Henderson Group Plc in accordance with section 34 WpHG.

FIL Limited, Pembroke, Bermuda, notified us that its share of the voting rights in Friedrich Vorwerk Group SE exceeded the threshold of 3% of voting rights on 25 March 2021 and amounted to 4.36% (872,399 voting rights) on this date. 4.36% (872,399 voting rights) were indirectly attributable to FIL Limited in accordance with section 34 WpHG.

Fidelity Funds Sicav, Luxembourg, Luxembourg, notified us that its share of the voting rights in Friedrich Vorwerk Group SE exceeded the threshold of 3% of voting rights on 4 May 2021 and amounted to 3.08% (615,459 voting rights) on this date. 3.08% (615,459 voting rights) were directly attributable to Fidelity Funds Sicav in accordance with section 33 WpHG.

Die FIL Limited, Hamilton, Bermuda, notified us that its share of the voting rights in Friedrich Vorwerk Group SE exceeded the threshold of 5% of voting rights on 20 May 2021 and amounted to 5.00% (1,000,731 voting rights) on this date. 5.00% (1,000,731 voting rights) were indirectly attributable to FIL Limited in accordance with section 34 WpHG.

FIL Limited, Hamilton, Bermuda, notified us that its share of the voting rights in Friedrich Vorwerk Group SE dropped below the threshold of 5% of voting rights on 25 May 2021 and amounted to 4.92% (983,232 voting rights) on this date. 4.92% (983,232 voting rights) were indirectly attributable to FIL Limited in accordance with section 34 WpHG.

Fidelity Funds Sicav, Luxembourg, Luxembourg, notified us that its share of the voting rights in Friedrich Vorwerk Group SE dropped below the threshold of 3% of voting rights on 1 June 2021 and amounted to 2.93% (586,269 voting rights) on this date. 2.93% (586,269 voting rights) were directly attributable to Fidelity Funds Sicav in accordance with section 33 WpHG.

AVGP Limited, St. Helier, Jersey, notified us that its share of the voting rights in Friedrich Vorwerk Group SE exceeded the threshold of 5% of voting rights on 2 June 2021 and amounted to 5.35% (1,069,836 voting rights) on this date. 5.35% (1,069,836 voting rights) were indirectly attributable to AVGP Limited in accordance with section 34 WpHG.

FIL Limited, Hamilton, Bermuda, notified us that its share of the voting rights in Friedrich Vorwerk Group SE dropped below the threshold of 3% of voting rights on 16 June 2021 and amounted to 2.62% (524,945 voting rights) on this date. 2.62% (524,945 voting rights) were indirectly attributable to FIL Limited in accordance with section 34 WpHG.

Kabouter International Opportunities Fund II, LLC, Chicago, United States of America, notified us that its share of the voting rights in Friedrich Vorwerk Group SE exceeded the threshold of 5% of voting rights on 16 June 2021 and amounted to 5.48% (1,095,432 voting rights) on this date. 5.48% (1,095,432 voting rights) were directly attributable to Kabouter International Opportunities Fund II, LLC in accordance with section 33 WpHG.

Mr Peter Zaldivar notified us that his share of the voting rights in Friedrich Vorwerk Group SE exceeded the threshold of 5% of voting rights on 16 June 2021 and amounted to 5.93% (1,186,600 voting rights) on this date. 5.93% (1,186,600 voting rights) were indirectly attributable to Mr Peter Zaldivar in accordance with section 34 WpHG.

Amundi S.A., Paris, France, notified us that its share of the voting rights in Friedrich Vorwerk Group SE exceeded the threshold of 3% of voting rights on 4 November 2021 and amounted to 3.00% (600,897 voting rights) on this date. 3.00% (600,897 voting rights) were indirectly attributable to Amundi S.A. in accordance with section 34 WpHG.

Kabouter International Opportunities Fund II, LLC, Chicago, United States of America, notified us that its share of the voting rights in Friedrich Vorwerk Group SE dropped below the threshold of 5% of voting rights on 16 December 2021 and amounted to 4.99% (999,469 voting rights) on this date. 4.99% (999,469 voting rights) were directly attributable to Kabouter International Opportunities Fund II, LLC in accordance with section 33 WpHG.

Amundi S.A., Paris, France, notified us that its share of the voting rights in Friedrich Vorwerk Group SE dropped below the threshold of 3% of voting rights on 31 January 2022 and amounted to 2.96% (591,207 voting rights) on this date. 2.96% (591,207 voting rights) were indirectly attributable to Amundi S.A. in accordance with section 34 WpHG.

Amundi S.A., Paris, France, notified us that its share of the voting rights in Friedrich Vorwerk Group SE exceeded the threshold of 3% of voting rights on 1 February 2022 and amounted to 3.10% (619,893 voting rights) on this date. 3.10% (619,893 voting rights) were indirectly attributable to Amundi S.A. in accordance with section 34 WpHG.

Amundi S.A., Paris, France, notified us that its share of the voting rights in Friedrich Vorwerk Group SE dropped below the threshold of 3% of voting rights on 3 February 2022 and amounted to 2.85% (569,063 voting rights) on this date. 2.85% (569,063 voting rights) were indirectly attributable to Amundi S.A. in accordance with section 34 WpHG.

For further details, please refer to our individual publications on the voting right notifications received on our website www.friedrich-vorwerk.de.

13. Exemption from disclosure requirements

In accordance with section 264(3) in conjunction with section 264b HGB, the following companies included in the consolidated financial statements of Friedrich Vorwerk Group SE are exempt from the obligation to disclose their annual financial statements for the 2021 financial year:

- Bohlen & Doyen Anlagenbau Holding GmbH, Tostedt
- Bohlen & Doyen Bau GmbH, Wiesmoor
- Bohlen & Doyen Bau Holding GmbH, Tostedt
- Bohlen & Doyen Service und Anlagentechnik GmbH, Wiesmoor
- EAS Einhaus Anlagenservice GmbH, Geeste
- European Pipeline Services GmbH, Tostedt
- Friedrich Vorwerk SE & Co. KG, Tostedt
- Vorwerk - ASA GmbH, Herne
- Vorwerk-EEE GmbH, Tostedt
- Vorwerk Pipeline- und Anlagenservice GmbH, Petersberg

Tostedt, 14 March 2022

Torben Kleinfeldt	Tim Hameister
CEO	CFO

Assurance of the legal representatives

To the best of our knowledge, and in accordance with the applicable accounting principles for financial reporting, the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group, and the combined management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group for the coming financial year.

Tostedt, 14 March 2022

Torben Kleinfeldt	Tim Hameister
CEO	CFO

Independent Auditor's Report

To Friedrich Vorwerk Group SE, Tostedt

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE COMBINED GROUP MANAGEMENT REPORT

Audit Opinions

We have audited the consolidated financial statements of Friedrich Vorwerk Group SE and its subsidiaries (the Group) – consisting of the consolidated statement of financial position as of December 31, 2021, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flow for the fiscal year from January 1, 2021 to December 31, 2021 and the notes to the consolidated financial statements, including a summary of significant accounting policies. Furthermore, we have audited the Group management report of Friedrich Vorwerk Group SE for the fiscal year from January 1, 2021 to December 31, 2021, which is combined with the management report of the company and referred to as hereinafter as the "Group management report". In accordance with German legal requirements, we have not audited the content of those part of the group management report listed in "Other Information" section of our auditor's report.

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

- the accompanying consolidated financial statements comply, in all material respects with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e (1) of the Handelsgesetzbuch (HGB) and give a true and fair view of the assets, liabilities and financial position of the Group as at December 31, 2020 and of its financial performance for the financial year from January 1, 2021 to December 31, 2021 and

- the accompanying Group management report as a whole provides an appropriate view of the Group's position. In all material respects, this Group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the Group management report does not cover the content of those parts of the Group management report listed in the "Other information" section of our auditor's report.

Pursuant to § 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the Group management report.

Basis for Audit Opinions

We conducted our audit of the consolidated financial statements and of the Group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014; hereinafter "EU-APrVO") in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany - IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent from the Group Entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, we declare pursuant to Article 10 (2) (f) of the EU-APrVO that we have not provided any prohibited non-audit services pursuant to Article 5 (1) of the EU-APrVO. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the Group management report.

Key audit matters in the audit of the consolidated financial statements

Key audit matters are those that, based on our professional judgment, were most significant in our audit of the consolidated financial statements for the financial year from January 1, 2021 to December 31, 2021. These matters were taken into account in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon; we have not issued a separate opinion on these matters.

In our view, the following key audit matter was the most relevant for our audit:

- Revenue recognition from construction contracts and projects with customers

We have structured our presentation of this key audit matter as follows:

1. Matter and issue
2. Audit approach and findings
3. Reference to further information

The key audit matter is presented below:

Revenue recognition from construction contracts and projects with customers

1. A significant portion of the Group's business activities takes the form of construction contracts. Revenue recognition in accordance with IFRS 15 is dependent on the fulfilment of the performance obligation and must be assessed on the basis of the underlying contracts. Given the complexity of revenue recognition, revenue recognition is an area with a significant risk of material misstatement (including the potential risk of managers bypassing controls) and is therefore a key audit matter. The Group's revenue amounts to € 279,071 thousand in 2021, with € 45,227 thousand in contract assets and € 10,817 thousand in contract liabilities from construction contracts and projects as of December 31, 2021.
2. To address this risk, we critically examined the assumptions and estimates by management, and performed audit procedures including the following:

- In the context of our audit, we reviewed the company's internal methods, procedures and project management control mechanisms in the bidding and performance phase of construction contracts. We also assessed the design and effectiveness of accounting-related internal controls by tracking business transactions specific to contract manufacturing, from the time they arise to their presentation in the consolidated financial statements, and by testing controls.
- Using samples selected on a risk-oriented basis, we assessed the estimates and assumptions made by the company's officers in the context of individual audits. Our audit procedures also included a review of the contractual basis and contractual conditions, including contractually agreed regulations on partial delivery of goods and services, termination rights, default and contractual penalties and damages. For the selected projects, in order to assess the calculation of revenue on an accrual basis, we also examined the revenue billable as at the end of the reporting period and the associated costs of sales recognized in profit or loss in line with the percentage of completion and reviewed the accounting of the related balance sheet items.
- Furthermore, we questioned project management (both commercial and technical project managers) on the development of projects, the reasons for discrepancies between planned costs and actual costs, the current assessment of the costs expected to be incurred by the time of completion and the assessments of the company's officers of potential contract risks.

  Our audit procedures did not give rise to any objections regarding revenue recognition from construction contracts.

3. The information provided by the company on the accounting methods used for accounting for construction contracts can be found in note I.4.17 to the consolidated financial statements.

Other Information

The legal representatives are responsible for the other information. The other information comprises:

- the group declaration on corporate in accordance with § 315d HGB in conjunction with § 289f HGB,
- the consolidated non-financial statement in accordance with § 315b HGB,
- the remaining parts of the Annual Report, with the exception of the audited consolidated financial statements and the Group management report and our audit opinion, and
- the assurance in accordance with § 297 (2) sentence 4 of the HGB for the consolidated financial statements and the assurance in accordance with § 315 (1) sentence 5 of the HGB for the Group management report.

Our audit opinions on the consolidated financial statements and on the Group management report do not extend to the other information, and accordingly we do not express any audit opinion or any other form of audit conclusion thereon.

In connection with our audit, we have the responsibility to read the other information and consider whether the other information

- contains material inconsistencies with the consolidated financial statements, the Group Management Report or our findings from the audit; or
- otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group management report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with the IFRS, as adopted by the EU, and the additional requirements of German law pursuant to § 315e (1) HGB and that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with German Legally Required Accounting Principles. In addition, the legal representatives are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the Group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a Group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the Group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the Group management report.

Auditor's responsibilities for the Audit of the consolidated financial statements and of the Group management report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the Group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the Group management report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU-APrVO and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this Group management report. We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the Group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the Group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the Group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e (1) HGB.
- Obtain sufficient appropriate audit evidence for the accounting information of the Companies or business activities within the Group to express audit opinions on the consolidated financial statements and the Group management report. We are responsible for the direction, monitoring, and performance of the group audit. We are solely responsible for our audit opinions.
- Evaluate the consistency of the Group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the Group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements and discuss with them all relationships and other matters that can reasonably be expected to affect our independence and the safeguards put in place to protect it.

From the matters that we have discussed with those charged with governance, we have identified those matters that were most significant in the audit of the consolidated financial statements of the current reporting period and are therefore the key audit matter. We describe these matters in our audit opinion unless laws or regulations preclude public disclosure of the matters.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Assurance report in Accordance with sec. 317 (3a) HGB on the Electronic Reproduction of the Consolidated Financial Statements and the Group management report Prepared for Publication Purposes

Reasonable Assurance Conclusion

We have performed an assurance engagement in accordance with § 317 (3a) HGB to obtain reasonable assurance about whether reproduction of the consolidated financial statements and the Group management report (hereinafter "ESEF documents") contained in the attached electronic file "Vorwerk_SE_IFRS_2021" and prepared for publication purposes complies in all material respects with the requirements of § 328 (1) HGB for the electronic reporting format ("ESEF-Format"). In accordance with German legal requirements, this assurance engagement only extends to the conversion of the information contained in the consolidated financial statements and the Group management report into the ESEF format and therefore relates neither the information contained within the reproduction nor to any other information contained in the above-mentioned electronic file.

In our opinion, the reproduction of the consolidated financial statements and the Group management report contained in the above-mentioned attached electronic file and prepared for publication purposes complies in all material respects with the requirements of § 328 (1) HGB for the electronic reporting format. We do not express an opinion on the information contained in this reproduction nor any other information contained in the above-mentioned electronic file beyond this reasonable assurance conclusion and our audit opinion on the accompanying consolidated Financial statements and the accompanying Group management report for the financials year from January 1 through December 31, 2021 contained in the "Report on the Audit of the Consolidated Financial Statements and on the Group Management Report" above.

Basis for the Reasonable Assurance Conclusion

We conducted our assurance engagement on the reproduction of the consolidated financial statements and the Group management report contained in the above-mentioned attached electronic file in accordance with § 317 (3a) HGB and the IDW auditing standard: Audit of the electronic reproductions of annual financial statements and management reports created for disclosure purposes in accordance with Section 317 para. 3a HGB (IDW PS 410). Accordingly, our responsibilities are further described in the "Group Auditor's Responsibilities for the Assurance Engagement on the ESEF-Documents" section. Our audit firm has applied the IDW Standard for quality Management in the Audit Firm (IWD QS 1).

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

The executive directors of the company are responsible for the preparation of the ESEF -documents including the electronic reproduction of the consolidated financial statements and the Group management report in accordance with § 328 (1) sentence 4 Nr. 1 HGB and the tagging of the consolidated financial statements in accordance with §. 328 (1) sentence 4 Nr. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF-Documents free from material non-compliance with the requirements of sec. 328 (1) HGB for the electronic reporting format, whether due to fraud our error.

The executive directors of the company are also responsible for the submission of the ESEF -Documents together with the auditor's report and the attached consolidated financial statements and audited Group management report as well as other documents will be published to the operator of the German Federal Gazette (Bundesanzeiger).

The board is responsible for overseeing the preparation of the ESEF-Documents as part of the financial reporting process.

Group Auditor's responsibilities for the assurance engagement on the ESEF-Documents

Our objective is to obtain reasonable assurance about whether the ESEF-Documents are free from material non-compliance with the requirements § 328 (1) HGB, whether due to fraud or error. We exercise professional judgement and maintain professional skepticism throughout the assurance engagement. We also:

- Identify and assess the risks of material non-compliance with the requirements of § 328 (1) HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance conclusion.

- Obtain an understanding of the internal controls relevant to the assurance engagement on the ESEF -documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance conclusion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF-Documents, i.e. whether the electronic requirements of Delegated Regulation (EU) 2019/815, as amended as of the balance sheet date, relating to the technical specification for this electronic file;
- Evaluate whether the ESEF-Documents enable the audited consolidated financial statements and the audited Group management report to be reproduced in XHTML with the same contents.
- Assess whether the tagging of the ESEF -documents with Inline XBRL technology (iXBRL) in accordance with Articles 4 and 6 of Delegated Regulation (EU) 2019/815 as applicable on the reporting date enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction to be made.

OTHER INFORMATION ACCORDING TO ARTICLE 10 OF THE EU-AUDIT REGULATION

We were elected as the auditor of the consolidated financial statements by the Annual General Meeting on February 10, 2021. We were engaged by the board on January 20, 2022. We have been the auditors of the consolidated financial statements as of December 31, 2020, which are required by law to be prepared and audited, and the Group management report for the fiscal year 2020 as auditor of the consolidated financial statements. We have acted as auditors of the financial statements and auditors of the consolidated financial statements of the company since fiscal year 2019.

We declare that the audit opinions contained in this audit opinion are consistent with the additional report to the board pursuant to Article 11 of the EU Audit Regulation (audit report).

Other matter – use of the auditor's report

Our auditor's report must always be read together with the audited consolidated financial statements and the audited Group management report as well as the assured ESEF-Documents. The consolidated financial statements and the Group management report converted to the ESEF format – including the versions to be published in the Bundesanzeiger [German Federal Gazette] – are merely electronic renderings of the audited consolidated financial statements and the audited Group management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

RESPONSIBLE AUDITOR

The German Public Auditor responsible for the engagement is Christian Klatt.

Düsseldorf, 14 March 2022

RSM GmbH

Wirtschaftsprüfungsgesellschaft

Steuerberatungsgesellschaft

Grote Wirtschaftsprüfer [German Public Auditor]	Klatt Wirtschaftsprüfer [German Public Auditor]

Financial calendar

Annual Report 2021
31 March 2022

Quarterly report Q1 2022
13 May 2022

Annual General Meeting
1 June 2022

Half-year financial report 2022
12 August 2022

Quarterly report Q3 2022
11 November 2022

End of financial year
31 December 2022

Conferences

Jefferies Pan-European Mid-Cap Conference
29 March 2022

Berenberg Conference USA
25 May 2022

Deutsches Eigenkapitalforum
28 to 30 November 2022

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Legal notice

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