

**PREPARED
FOR
TOMORROW**



KEY FIGURES¹

		2021	2020	2019	2021/2020 Change in %
Incoming orders	€ million	4,291.0	3,283.2	4,076.5	30.7
Orders on hand (Dec. 31)	€ million	3,361.0	2,556.7	2,742.8	31.5
Sales revenues	€ million	3,536.7	3,324.8	3,921.5	6.4
of which abroad	%	84.2	83.1	82.9	1.1 pp
Gross profit	€ million	819.4	596.3	838.2	37.4
EBITDA	€ million	299.4	125.3	308.5	139.0
EBIT	€ million	175.7	11.1	195.9	1,479.6
EBIT before extraordinary effects	€ million	199.1	99.5	263.1	100.1
EBT	€ million	132.6	-18.5	174.7	-
Net loss/profit	€ million	84.9	-13.9	129.8	-
Earnings per share basic	€	1.20	-0.23	1.79	-
Earnings per share diluted	€	1.16	-0.23	1.79	-
Dividend per share	€	0.50 ²	0.30	0.80	66.7
Cash flow from operating activities	€ million	257.0	215.0	171.9	19.5
Cash flow from investing activities	€ million	-122.3	-119.2	-231.8	-2.6
Cash flow from financing activities	€ million	-333.8	27.4	60.8	-
Free cash flow	€ million	120.8	110.7	44.9	9.1
Equity (with non-controlling interests) (Dec. 31)	€ million	1,005.6	908.1	1,043.4	10.7
Net financial status (Dec. 31)	€ million	-99.5	-49.0	-99.3	-103.1
Net working capital (Dec. 31)	€ million	427.9	382.6	502.7	11.8
Employees (Dec. 31)		17,802	16,525	16,493	7.7
of which abroad	%	51.4	52.0	50.4	-0.6 pp
Gearing (Dec. 31)	%	9.0	5.1	8.7	3.9 pp
Equity ratio (Dec. 31)	%	24.2	23.4	26.9	0.8 pp
Gross margin	%	23.2	17.9	21.4	5.3 pp
EBITDA margin	%	8.5	3.8	7.9	4.7 pp
EBIT margin	%	5.0	0.3	5.0	4.7 pp
EBIT margin before extraordinary effects	%	5.6	3.0	6.7	2.6 pp
Net financial debt/EBITDA		0.3	0.4	0.3	-
ROCE	%	15.5	1.1	16.9	14.4 pp
EVA	€ million	38.8	-66.0	39.4	-

¹ Please note the information on page 67 concerning the figures.

² Dividend proposal for the annual general meeting.

Minor variances may occur in the computation of sums and percentages in this report due to rounding.

THE DÜRR GROUP

The Dürr Group is one of the world's leading mechanical and plant engineering firms. Business with automotive manufacturers and their suppliers accounts for around 50% of our sales. Other customer segments include the chemical, pharmaceutical, medical technology and woodworking industries. Our technology boasts automation and a high degree of digitalization, and it helps customers make their production more efficient while conserving resources.

Our five divisions

PAINT AND FINAL ASSEMBLY SYSTEMS

- Paint shops
- Final assembly systems
- Testing and filling technology for the automotive industry
- Assembly and test systems for medical devices

€1,083.2 M
SALES

€41.4 M
EBIT BEFORE EXTRA-ORDINARY EFFECTS

5,258
EMPLOYEES



APPLICATION TECHNOLOGY

- Paint application technology
- Gluing technology
- Sealing technology

€470.1 M
SALES

€41.3 M
EBIT BEFORE EXTRA-ORDINARY EFFECTS

2,026
EMPLOYEES



CLEAN TECHNOLOGY SYSTEMS

- Air pollution control
- Noise abatement systems
- Coating systems for battery electrodes

€387.2 M
SALES

€16.5 M
EBIT BEFORE EXTRA-ORDINARY EFFECTS

1,381
EMPLOYEES



MEASURING AND PROCESS SYSTEMS

- Balancing equipment
- Diagnostic technology
- Industrial filling technology

€207.4 M
SALES

€17.8 M
EBIT BEFORE EXTRA-ORDINARY EFFECTS

1,339
EMPLOYEES



WOODWORKING MACHINERY AND SYSTEMS

- Machinery and equipment for the woodworking industry

€1,388.8 M
SALES

€92.1 M
EBIT BEFORE EXTRA-ORDINARY EFFECTS

7,477
EMPLOYEES



Digitalization, electromobility, sustainability: We are living in a time of transformation. The Dürr Group sees this transformation as an opportunity. We are tapping into new fields of business and offering our customers solutions for the business of tomorrow — be it the coating of battery cells, the construction of climate-friendly timber houses, or the automated manufacture of medical technology products. Our brands, Dürr, Schenck, and HOMAG, feature intelligent and low-consumption technologies that enable users to make the switch to sustainable production processes. Bring on the future!

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CHAIRMAN'S LETTER



Dr. Jochen Weyrauch

Dear readers,

It is an honor for me to address you here for the first time. I took over the role as CEO of Dürr AG from my predecessor, Ralf Dieter, on January 1, 2022. Prior to that, I was a member of the Board of Management for five years, which is why I know the Dürr Group very well and have clear objectives for the Company:

- We aim to continue on the path of profitable growth, and we aim to achieve an EBIT margin of 8% or more by 2024 at the latest.
- We will seize opportunities in and around sustainable products in every division. At the same time, we are expanding in the business segments of the future – battery coating, timber house construction and medtech automation.
- As for the Dürr Group itself, we will increase our efficiency by harnessing economies of scale using the OneDürrGroup synergy program.

Going forward, the trend toward sustainability will play a crucial role for us, in addition to digitalization. Until recently, most companies regarded sustainability as just another topic among many. Today, sustainability is *the* topic. It is now widely understood – thanks in no small part to the increasingly loud calls for action from the young generation – that climate change must be addressed with urgency.

For the Dürr Group, sustainability is an opportunity. Our technologies help customers to lower their energy consumption in production and reduce their ecological footprint. Only 15 years ago, painting a car required as much as 1,500 kWh of energy. Now, thanks to our innovations, it can be done with as little as 500 kWh. Given the right energy mix, we are already able to build emission-free paint shops, and existing systems can be optimized effectively using our products. In Europe alone, there are still around 200 painting lines that use water to clear excess paint. If these lines were converted to Dürr's economical dry separation system, their energy consumption would be lowered by almost 30% overnight.

For the Dürr Group, sustainability is an opportunity.

Not only do our technologies reduce energy consumption, they are also vital when it comes to manufacturing better products for a carbon-neutral society. And demand is increasing accordingly. In 2021, orders for HOMAG systems used for the construction of climate-friendly timber houses more than doubled. At around €775 million, business in production technology for electric vehicles set a new record. Our solutions for electrode coating also hold great potential. It is particularly in Europe where additional capacities for manufacturing cells for battery cars are needed – we offer the technology for this.

To be a credible partner for sustainable transformation, we must act responsibly. In 2021, we therefore developed our climate strategy to help ensure that the world meets the 1.5-degree target. On top of the positive impact our products have on our customers' carbon emissions, our own climate protection measures are also a very important part of this process. In 2021, we invested in technologies like photovoltaic systems for our sites.

Our employees accomplished much and played a decisive role in overcoming the challenges of the coronavirus pandemic. In 2021, HOMAG reached all-time highs in terms of incoming orders and sales. Growth has also rebounded in automotive business, Schenck's activities and environmental technology.

We have so far done well overall dealing with supply chain problems, but they will remain a factor to deal with for the time being. In addition, the war in Ukraine is casting long shadows. It is a catastrophe for the people affected and goes to show that the system of cross-border cooperation and economic ties is more fragile than we thought. With almost 18,000 employees in 33 countries, our Company is a prime example of internationality and connection. We firmly believe in the uniting power of international trade. Conducting business at a global level is more than just the exchange of goods and services – it also creates understanding.

Despite the uncertainties, we remain optimistic. This is also reflected in our proposed dividend increase. Following the record orders of the previous year, we anticipate another high order intake of between €4.1 billion and €4.4 billion for 2022. The foundations were laid with robust order increases in January and February. Sales are set to rise by at least 10%. We are targeting a disproportionate increase in EBIT before extraordinary effects, moving the EBIT margin before extraordinary effects to between 6.5% and 7.5%, and thus close to our medium-term target of at least 8%.

We will continue our trajectory of profitable growth.

Under my leadership, the Dürr Group will focus further on proven strengths and strategic continuity. In addition, we will seize new opportunities and become more agile, responsive, and modern as an organization. Based on a well-performing core business and a broad portfolio of sustainable and digital technologies, we will propel our expansion in the business segments of the future. We will increase efficiency, continue our journey into the digital workplace and further evolve our corporate culture. My colleague Dietmar Heinrich and I will do this together with many people in the Group who are curious and ready to embrace transformation, sustainability and diversity.

I would like to thank all of our employees for their committed efforts, and I look forward to the years ahead. Special thanks also go to my predecessor, Ralf Dieter, who shaped the Group like no other since the era of Heinz Dürr. I promise all of our customers and partners that we will carry on supporting them with solid innovation, quality and reliability. For our shareholders, we will continue our trajectory of profitable growth, laying the foundation for sustainable value enhancement.

Yours sincerely



Dr. Jochen Weyrauch
CEO

Bietigheim-Bissingen, March 16, 2022

BOARD OF MANAGEMENT OF DÜRR AG



Dr. Jochen Weyrauch (55)
CEO



Dietmar Heinrich (58)
CFO

DEAR SHAREHOLDERS,

The 2021 fiscal year was marked by a changing environment. As the year opened, there was a sense of confidence in our markets: the end of the pandemic seemed to be in sight, and the new US administration provided a positive impetus to the economy. Then the market recovery was increasingly overshadowed by worldwide supply chain problems, before the coronavirus crisis returned in the final quarter. In view of this volatile environment, the Dürr Group did a great job. Records in order intake and order backlog put us in a good position for 2022. The most important growth driver was the HOMAG Group, where the strong demand for woodworking technology was met by an organization that had significantly improved its performance through its optimization measures of the previous years. Business with the automotive industry also recovered markedly, despite growth in vehicle production lagging far behind initial forecasts due to the chip shortage. This once again demonstrates that demand in our automotive business is dependent only to a limited extent on the short-term development of our customers' production numbers. Factors of far greater importance are our customers' long-term investment plans and market expectations.

Earnings grew more strongly than had been anticipated at the beginning of the year, despite the increase in sales being dampened by the weak orders in 2020, coupled with the sky-rocketing prices of both materials and logistics. The positive margin development was based on three main reasons: the decisive cost-cutting measures taken in 2020, the disproportionately high growth in service business, and the fact that the margins in various projects were higher than initially calculated. The latter highlights the quality of the order execution process and is a key strength of the Group.

In 2021, the Board of Management not only put the operating business back onto a growth trajectory but also made some important strategic decisions. These included, in particular, expanding activities in the up-and-coming business fields of battery coating technology, medical technology, and solid wood (production technology for timber house construction). In addition, HOMAG put together a site investment package of up to €200 million, which will contribute to efficiency gains and to winning further market share. When it comes to digitalization, the Dürr Group is one of the pioneers in the mechanical and plant engineering field. This was underpinned by, among other things, the introduction of new software applications at the virtual 2021 Open House customer event.

The Group is also well prepared for tapping into the great potential offered by sustainable production technology business. The climate strategy, presented in November, is an important milestone in this regard. It not only includes a commitment to the 1.5-degree target set by the Paris Climate Agreement, but it also details how we can best support our customers in switching to climate- and



Gerhard Federer
Chairman of the Supervisory Board

eco-friendly production processes. Low-consumption technologies offered by Dürr, Schenck, and HOMAG have huge leverage in reducing our customers' ecological footprint. This makes us a key enabler for sustainable production.

CHANGE AT THE HELM OF THE BOARD OF MANAGEMENT

In 2021, the Supervisory Board passed the resolutions for a well-prepared change at the top of Dürr AG. Ralf W. Dieter handed over his role as CEO after 16 extremely fruitful years to facilitate an orderly succession process. The Supervisory Board appointed Dr. Jochen Weyrauch, previously Deputy CEO, to take over as his successor with effect from January 1, 2022. After Mr. Dieter's long tenure, this change marks a milestone. That said, it is also an expression of continuity since Dr. Weyrauch is so well acquainted with the Company and has been working closely with his predecessor over the previous years. Mr. Dieter's move marks the departure of an extraordinary top manager, whose merits are beyond any doubt. With his courage and entrepreneurial spirit, Mr. Dieter was an asset to the Group, something that he proved again recently in his role at the helm of HOMAG. At the same time, the Supervisory Board was safe in the knowledge that Dr. Weyrauch is an equally competent successor. He had advanced his areas of responsibility since joining the Board of Management in 2017, and had done so with creative drive and energy.

The Supervisory Board would like to express its appreciation and respect to Mr. Dieter for everything he has achieved — from restructuring the Group when taking over his role, overcoming the 2008/2009 financial crisis, and expanding the Group's position in the emerging markets, through to the acquisition of the HOMAG Group and his determined approach in dealing with digitalization and the coronavirus crisis. Mr. Dieter has also left a lasting impact on the Company's culture, thanks to his confident outlook, his closeness to people throughout the Group, and the team spirit that he embodied. Dr. Weyrauch has taken over the helm of a powerful company, which he will develop further and lead into a bright future together with the senior managers and employees.

WORK OF THE SUPERVISORY BOARD, PARTICIPATION IN MEETINGS, AND FURTHER TRAINING

The Supervisory Board closely supported and advised the Board of Management in 2021. The Board of Management promptly and comprehensively provided all the necessary information on business performance, strategic measures, planning, and activities requiring consent. The Supervisory Board adopted its resolutions following thorough review and debate, and based on written decision-making materials and discussions. The Supervisory Board carefully monitored the Board of Management's conduct of the Company's affairs and confirms that the Board of Management always acted lawfully, diligently, and economically. The Board of Management used the risk management system effectively in operational, financial, and legal matters, while receiving support from various corporate departments such as Compliance, Legal, Controlling, and Internal Auditing. The Board of Management provided the Supervisory Board with regular and comprehensive information on risks and opportunities.

In 2021, the Supervisory Board held five regular meetings and one extraordinary meeting. In addition, there was one constituent meeting to elect the Supervisory Board Chairman and to appoint the members and chairmen of the committees. Due to the coronavirus pandemic, most meetings were held by telephone or via digital communication platforms. All regular meetings as well as the constituent meeting were attended by all members of the Supervisory Board. Prof. Alexandra Dürr was absent from the extraordinary plenary session (November 2, 2021). The committee meetings in 2021 were always attended by all members. As a result, the participation rate at the Supervisory Board and committee meetings was 100% for almost all members and over 75% for all members. The members of the Board of Management took part in the Supervisory Board meetings unless the Supervisory Board Chairman had made other provisions. Any meeting segments not attended by the Board of Management usually covered issues concerning the Board of Management itself. In my capacity as Chairman of the Supervisory Board, I had regular contact with the Board of Management between the meetings.

Various members of the Supervisory Board also attended Supervisory-Board-specific training in 2021. This included seminars on the topics of sustainability, supply chains, risk management, corporate governance, data protection, digital transformation, and artificial intelligence as well as remuneration for the Board of Management and the remuneration report. Furthermore, individual members of the Supervisory Board learned about specific topics through regular briefings. Due to the coronavirus pandemic, most events were held online. The plan for the current year is to continue ongoing training programs, for example modular training events for employee representatives. In addition, members

of the Supervisory Board have registered for training on the topics of sustainability and digitalization as well as on the effects of the German Financial Market Integrity Strengthening Act (FISG) on the work of the Audit Committee.

COMPOSITION OF THE SUPERVISORY BOARD UNCHANGED

The composition of the Supervisory Board remained unchanged in 2021. At the regularly scheduled election, which took place during the virtual annual general meeting on May 7, 2021, all six shareholder representatives were confirmed in office. For the first time, they were elected for a term of four years; their previous term of office was five years. The election of the employee representatives was planned for April 2021 but had to be postponed, since the in-person election required by law could not be held due to the pandemic. Therefore, the existing employee representatives were appointed by court in May 2021 until the in-person election can take place. The employee representatives are still elected for a term of five years, according to the German Co-determination Act.

KEY TOPICS

At all meetings, the Supervisory Board received information about the recovery of business following the pandemic-related slump in 2020. Another focus was on the global supply chain problems and their effects on the Dürr Group. The Supervisory Board also received regular updates on the state of business, the financial situation, and the outlook. In this context, it also took an in-depth look at the implementation of the efficiency and capacity adjustment measures agreed in the previous year and the resulting cost reductions. When assessing the economic situation, it primarily looked at the development of incoming orders, sales, EBIT and EBIT margin as well as ROCE, cash flow, net working capital, net financial status, and liquidity. Further key topics were the strong growth in service business, the development of the companies acquired in automation technology and in the solid-wood sector as well as business with electric vehicle manufacturers. The Supervisory Board also paid close attention to the topic of corporate governance. In addition, in my capacity as Chairman, I had a discussion with institutional investors about corporate governance at Dürr AG in 2021.

The first resolution of 2021 was adopted on February 16. By way of written circulation, the Supervisory Board approved a special bonus for 2020 for each member of the Board of Management. In doing so, it followed the advice of the Personnel Committee and honored the special achievements of the Board of Management in tackling the coronavirus pandemic. Further information on the special bonus for 2020 can be found in the remuneration report.

The key topic of the meeting held on March 17, 2021, to approve the financial statements was the review and approval of the annual and consolidated financial statements for 2020. The agenda for the annual general meeting on May 7, 2021, was also discussed and adopted. In addition, the Supervisory Board approved the acquisition of up to 100% of shares of Denmark's Kallesoe Machinery A/S by HOMAG Group AG or one of its subsidiaries. Another focus was the topic of sustainability and the expansion of the relevant structures within the Group. In his capacity as Employee Affairs Director, Mr. Dieter presented the latest personnel report.

Two meetings took place on the day of the annual general meeting (May 7, 2021). Prior to the virtual shareholder meeting, the Supervisory Board was provided with information on the latest business performance and discussed the upcoming replacement of the auditor, which has to be effectuated in 2024 at the latest as per the regular schedule. In addition, the Board of Management provided information on further acquisition plans, aimed at strengthening the medical technology business of Teamtechnik Maschinen und Anlagen GmbH, in which a majority stake was acquired in February 2021. At the constituent meeting, held immediately after the annual general meeting, the Supervisory Board re-appointed me as Chairman and also confirmed my deputies as well as the members and chairmen of the committees in their roles.

On June 16, 2021, the Supervisory Board approved by written circulation the acquisition of 100% of the shares of HEKUMA GmbH. This provided the basis for completing the acquisition of the mechanical engineering firm, which is involved in the medical technology field, on July 30, 2021.

At the meeting on July 28, 2021, Mr. Zinnhardt, in his capacity as Chairman of the Audit Committee, provided information on the meeting of the committee held the previous day. At that meeting, the committee had analyzed the first Group risk report of the year and a governance report. It had also defined the key points for the audit of the 2021 annual financial statements and given the recommendation that the upcoming replacement of the auditor be scheduled as early as 2022, thus two years earlier than is mandatory. After the report by Mr. Zinnhardt, Mr. Heinrich provided information on the revised version of the pooling agreement with the Schuler/Klessmann shareholder group in relation to HOMAG Group AG. The next focus was on the Group's activities in the field of sustainability — a topic on which the Board of Management now provides regular information, according to the wishes of the Supervisory Board. In this context, the Supervisory Board considered setting up a sustainability committee. However, it decided against it, as having a separate committee is inconsistent with the fact that sustainability ultimately concerns all business activities of the Dürr Group. During the further course of the meeting, the Supervisory Board approved the increase of the investment budget for 2021 as proposed by the Board of Management. This decision was taken, above all, in view of the planned site investments at the HOMAG Group. Based on the respective vote at the annual general meeting, the Supervisory Board instructed Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft to audit the consolidated and annual financial statements for 2021. It also discussed the result of a self-assessment by its members.

The meeting held on September 29 initially focused on the change at the helm of Dürr AG's Board of Management. The Supervisory Board expressed its regret as it accepted Mr. Dieter's decision to hand over his role with effect from December 31, 2021, and agreed a corresponding termination agreement. In addition, it appointed Dr. Weyrauch as the new CEO for the period between January 1, 2022, and December 31, 2026. Since Mr. Dieter at the same time handed over his role as CEO of HOMAG Group AG, an extraordinary meeting of the HOMAG Group AG Supervisory Board was held simultaneously with the Dürr AG Supervisory Board meeting.

During the further course of the meeting, Mr. Zinnhardt reported on an extraordinary meeting of the Audit Committee that took place on August 23, in which the committee discussed the preparations for selecting a new auditor. The Supervisory Board then focused on the upcoming reviews of the remuneration report in accordance with Section 162 of the German Stock Corporation Act (AktG) and of

the non-financial consolidated statement according to Section 315b (1) of the German Commercial Code (HGB). After that, it instructed Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft to perform the formal audit of the remuneration report as well as an audit to obtain a limited assurance of the non-financial consolidated statement for 2021. The other points on the agenda in the context of corporate governance included adapting the Supervisory Board's rules of procedure to the changes in the German Stock Corporation Act, and the resulting election of two further Audit Committee members (Thomas Hohmann and Gerhard Federer). Another task was to update the skills profile for the Supervisory Board and the Declaration of Conformity with the German Corporate Governance Code. Finally, the Board of Management gave explanations on the latest personnel report, as per the regular schedule.

On November 2, the Supervisory Board held an extraordinary meeting by videoconference to discuss the upcoming replacement of the auditor. First, Mr. Zinnhardt provided information on the relevant preparations by the Audit Committee and on the latest status of the selection procedure for the new auditor. Consequently, Mr. Zinnhardt formulated the Audit Committee's recommendation to propose to the annual general meeting that Deloitte GmbH Wirtschaftsprüfungsgesellschaft be engaged as auditor of the annual and consolidated financial statements for 2022. The Supervisory Board followed this recommendation when adopting its resolution.

The final meeting of the year took place on December 14. The first item on the agenda consisted of presentations on the Group strategy and on the strategies of the Dürr, HOMAG, and Schenck sub-groups. The Supervisory Board approved the budget for 2022 and acknowledged the medium-term planning for the period between 2023 and 2025. It also discussed the second risk report. The next items on the agenda were the new version of the schedule of responsibilities effective January 1, 2022, and the resolutions on the Board of Management's remuneration. More specifically, the Supervisory Board determined the short-term incentive (STI) targets for 2022 as well as the long-term incentive (LTI) targets for the three-year period between 2022 and 2024. In addition, the Supervisory Board, given the increasingly growing demands on it and its committees, was in favor of proposing to the 2022 annual general meeting a moderate increase in the remuneration paid to the Supervisory Board as well as an adjustment to the changes in VAT regulations.

WORK OF THE COMMITTEES

The Personnel Committee, which is also the Executive Committee, met three times in 2021. On February 12, it recommended to the Supervisory Board the above-mentioned special bonus to be paid to the Board of Management in view of its special achievements in tackling the coronavirus crisis in 2020. At the meeting held on September 27, the committee discussed the further steps in connection with Mr. Dieter's announcement to hand over his role as CEO, and prepared the relevant resolutions to be proposed to the full Supervisory Board. The meeting on December 8 was held to prepare the resolutions on the Board of Management's remuneration, to be adopted by the full Supervisory Board on December 14. In view of Mr. Dieter's upcoming departure, the committee also discussed the future structure of the Board of Management. In doing so, it addressed the possibility of expanding the Board of Management, but did not yet formulate a recommendation for the full Supervisory Board's consideration.

The Audit Committee focused its attention in 2021 on the replacement of the auditor. To this end, it conducted systematic application and selection procedures in which six auditing firms participated. In addition, it looked in depth at the consolidated and individual financial statements of Dürr AG and at new accounting matters. The committee confirmed the efficiency of the internal control system, the risk management system, and the internal auditing system. It also reviewed the financial reporting process and the compliance management system (CMS), and monitored compliance with statutory regulations governing capital markets as well as with the guidelines for dealing with non-audit services. In his capacity as Committee Chairman, Mr. Zinnhardt had both regular and ad-hoc discussions with the auditors, who also attended two Audit Committee meetings.

In 2021, the Audit Committee held three regular and three extraordinary meetings. At the first regular meeting (March 16), it reviewed the annual and consolidated financial statements and the non-financial statement for 2020. The agenda also included the review of the 2020 risk reports and a discussion about the current status in the process for the auditor's replacement. At the second regular meeting on July 27, the Audit Committee discussed the first Group risk report of the year and an internal auditing report. It also received information on the compliance management system and analyzed the compliance report presented to it. Further topics included the first-time consolidation of the Teamtechnik Group, the analysis of a US multi-employer pension fund, and the definition of the key points for the 2021 audit. The committee also prepared the review of the remuneration report and of the non-financial statement for 2021. The regular meeting held on December 14 began with an analysis of the second risk report and a discussion on the further development of the risk management system. This was followed by further reports on internal auditing and the internal control system as well as on the compliance management system and its effectiveness. Furthermore, the handover of control functions resulting from the upcoming change at the helm of the Board of Management was discussed. The committee also addressed accounting topics such as the first-time consolidation of acquired companies and the preliminary goodwill impairment test. In view of the annual and consolidated financial statements, the committee discussed, among other things, the audit fee, the non-audit services, and data protection in the audit process. In addition, the auditor reported on the status of the preliminary audit.

The three extraordinary meetings of the Audit Committee were held to prepare the replacement of the auditor. An initial meeting to this end took place on April 28. The second extraordinary meeting (August 23) was dedicated to evaluating the applications submitted by interested auditing firms. At the third extraordinary meeting (October 25), the committee prepared its recommendation for the full Supervisory Board.

The Nominating Committee held one meeting in 2021 (February 9). This was to propose to the Supervisory Board the candidates for the regular election of shareholder representatives at the annual general meeting on May 7. As in previous years, the Mediation Committee did not have to convene in 2021.

AUDIT AND ADOPTION OF THE ANNUAL FINANCIAL STATEMENTS

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft audited Dürr AG's annual financial statements, Dürr's consolidated financial statements, and the combined management report prepared by the Board of Management for the period ended December 31, 2021, and issued unqualified audit opinions.

The annual financial statements, the consolidated financial statements, and the combined management report were submitted to the members of the Supervisory Board in good time. They were discussed in detail with the Board of Management and reviewed on March 16, 2022, at the Supervisory Board meeting held to approve the financial statements. The same applies to the auditors' reports, which were also submitted in due time. The auditors signing the audit opinion participated in that meeting and in the Audit Committee meeting held on the previous day. They reported on their audit and were available for further explanations and discussions. Mr. Michael Marbler from Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft was responsible for carrying out the audit for the first time. The remuneration report, prepared together with the Board of Management and agreed by the Board of Management and the Supervisory Board, was reviewed by the auditor. It was noted in the auditor's report that the remuneration report had been prepared, in all material respects, in accordance with Section 162 (1) and (2) of the German Stock Corporation Act (AktG).

At the Supervisory Board meeting held to approve the financial statements, the Audit Committee Chairman, Mr. Zinnhardt, gave his detailed opinion on the audit documents, on the preliminary talks with the auditors, and on the key points of the audit. The latter were: the first-time consolidation and the presentation of the acquisition of the Teamtechnik Group shares in the notes to the consolidated financial statements, the revenue recognition in construction contracts of the HOMAG Group, and compliance with internal guidelines and controls to avert IT risks.

Based on the documents presented to it and the reports of the Audit Committee and the auditors, the Supervisory Board examined and accepted the annual financial statements, the consolidated financial statements, and the combined management report (including the non-financial consolidated statement). The Supervisory Board's own review found no cause for objection. The Supervisory Board approves the results of the audits of both sets of financial statements, agrees with the Board of Management in its assessment of the situation of the Group and of Dürr AG, and approves the annual financial statements and the consolidated financial statements prepared for the period ended December 31, 2021. The annual financial statements are thereby adopted. Considering the Audit Committee's recommendation and its own review, the Supervisory Board approves the Board of Management's proposal on the use of net retained profit — a dividend of €0.50 per share is planned for 2021.

The Supervisory Board thanks the Board of Management, the senior managers, and the employee representatives as well as all employees for their dedication in 2021. Thanks also go to the shareholders for their trust.



Gerhard Federer
Chairman of the Supervisory Board

Bietigheim-Bissingen, March 16, 2022

CAPITAL MARKET

Creating trust through transparency

The primary purpose of our investor relations work is to ensure a fair valuation of the Dürr share. We provide comprehensive, factual and timely information. Whether with private investors, institutional investors or equity analysts, we attach importance to sustainable relations based on a spirit of mutual trust.

Our communications with capital market participants in 2021 focused heavily again on the impact of the coronavirus pandemic on our business performance, the improved market situation and the outlook. Other key topics included our acquisitions in growth areas, the global supply chain problems and opportunities arising from the growing importance of sustainability issues. In November, we held a hybrid analyst event in Frankfurt am Main. In addition to the guests who were physically present, interested investors were able to participate via the internet. With more than 50 participants, the event focused on our new climate strategy and particularly also the growth fields of electrode coating for the battery industry and solid wood processing as well as digitalization. In the year under review, travel to international investor conferences and roadshows was again severely restricted. Accordingly, our investor relations team remained in contact with capital market participants by telephone, videoconference and e-mail.

PEER GROUP AND TRANSPARENCY

Our listed peer group includes mechanical engineering companies and engineering service providers such as Andritz, Bertrandt, Deutz, EDAG, GEA, Heidelberger Druckmaschinen, Jungheinrich, Kion, Krones and Rheinmetall. We benchmark our valuation against this peer group on a monthly basis, concentrating in particular on the price/earnings ratio and enterprise value (EV) relative to EBIT, EBITDA and sales as well as the price-to-book ratio. Our website at www.durr-group.com presents the

continuously updated analyst consensus for full-year sales, EBIT and earnings after tax under Investors/Share/Estimates. Ahead of each quarterly or annual report, we independently calculate a consensus and publish this information online. Our investor relations website provides a large selection of updated information.

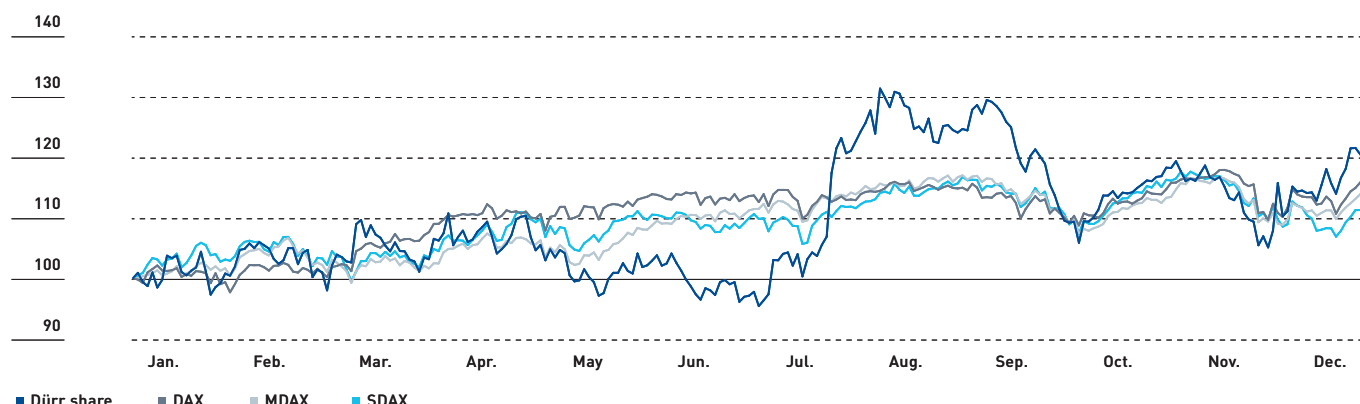
UPBEAT MARKETS AFTER THE PREVIOUS YEAR'S CRASH – ALL-TIME HIGH FOR THE DAX

The DAX entered the year at 13,890 points, remaining stable in the first few months; at the middle of the year, the capital markets were very upbeat. Underpinned by the progress made in vaccinating the population, the expansionary central bank monetary policies and extensive fiscal stimulus programs, companies reported strong new orders and a favorable business outlook. The DAX hit a new all-time high of 16,290 points in mid-November. The remaining weeks of the year were marked by supply chain constraints, the fourth wave of coronavirus infections, rising inflation rates and signs of monetary tightening in the United States and Europe. The DAX closed the year at 15,885 points, thus gaining 15.8% over the year as a whole.

Following its stable performance in the first few months of the year, the Dürr share (ISIN: DE0005565204) underperformed the DAX and MDAX from April to July, particularly as a result of the time lag in sales growth. In June, the share hit a low for the year of €31.06. Buoyed by strong new orders and a significant increase in the forecast at the end of July, the share staged a rally, which propelled it to a high for the year of €44.08 in August. Reflecting mounting concerns over the availability and prices of commodities and intermediate products, the share retreated significantly in the second half of September. After a final spurt driven by positive analyst comments in December, it closed the year at €40.12. This equates to a

1.1 — PERFORMANCE OF DÜRR SHARE IN XETRA TRADING, JANUARY – DECEMBER 2021

Compared to the DAX, MDAX and SDAX (indexed figures)



performance of 21.0% over the reporting period as a whole, including the dividend of €0.30. Consequently, it outperformed the F.A.Z. Maschinenbauindex (Mechanical Engineering Index), the DAX and the MDAX (17.0%, 15.8% and 14.1%, respectively).

DIVIDEND OF €0.50 PER SHARE PROPOSED

In view of the favorable business performance, the Board of Management and the Supervisory Board will be proposing a dividend of €0.50 per share for 2021. This marks an increase of 66.7% over the previous year (€0.30) and translates into a total payout of €34.6 million.

Dürr AG is one of the 100 largest listed companies in Germany and is included in the MDAX. In the year under review, an average of around 162,000 Dürr shares were traded via XETRA per trading day, significantly less than in the previous year (269,000 shares). Daily trading volumes reached €5.9 million, down from €6.6 million in the previous year. XETRA trading volumes across all German shares fell by around 11% compared with the previous year to €1,324.6 billion in 2021.

1.2 — KEY FIGURES FOR DÜRR SHARE

€	2021	2020	2019
Earnings per share (basic)	1.20	-0.23	1.79
Earnings per share (diluted)	1.16	-0.23	1.79
Book value per share (December 31)	14.45	13.06	14.89
Cash flow per share	3.71	3.11	2.48
Dividend per share	0.50 ¹	0.30	0.80
High ²	44.08	34.18	42.26
Low ²	31.06	15.72	20.76
Closing price ²	40.12	33.40	30.38
Average daily trading volume (number of shares) ²	162,000	269,000	243,000
Market capitalization (December 31) € m	2,776.4	2,311.3	2,102.4
Number of shares	69,202,080	69,202,080	69,202,080

¹ Dividend proposal to the annual general meeting

² XETRA

CHANGES IN ANALYST COVERAGE

Following the transfer of its capital market business to Oddo BHF, Commerzbank discontinued its coverage of the Dürr share in November 2021. However, Oddo BHF commenced its own coverage of the share at the beginning of the new year. Due to a strategic realignment of its research activities, NordLB also terminated its coverage of Dürr shares as of December 31, 2021. Meanwhile, Exane BNP Paribas has announced its intention to include Dürr AG in its universe. In total, the Dürr share was covered by 17 analysts in 2021 and this number should remain the same even after the aforementioned changes to analyst coverage.

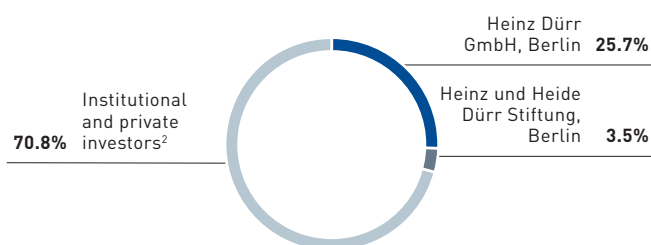
With the sharp increase in demand over the course of the year and emerging opportunities in new areas of business, the confidence expressed by our analysts also increased. Whereas the average price target had stood at €30.97 at the beginning of the year, forecasts were upgraded especially towards the end of the first quarter and following the upward adjustment to our guidance in July. The average target price for the Dürr share stood at €46.03 as of December 31, 2021 and was thus 14.7% higher than its closing price. 73% of the investment ratings were “buy” or “hold”.

FREE FLOAT AT 70.8%

With a share of 25.7%, Heinz Dürr GmbH holds the largest stake in Dürr AG and remains the anchor shareholder. A further 3.5% are held by Heinz und Heide Dürr Stiftung, a charitable foundation. Looking forward, the Dürr family intends to continue holding a share of over 25%.

The members of the Board of Management held a total of 0.3% of Dürr shares as of December 31, 2021. Ralf W. Dieter held 179,600 shares, Dr. Jochen Weyrauch 13,000 shares and Dietmar Heinrich 12,600 shares. The members of the Supervisory Board or parties related to them held 0.1% of Dürr's shares at the end of the year. The free float in accordance with the Deutsche Börse definition is 70.8%.

1.3 — SHAREHOLDER STRUCTURE¹ (DECEMBER 31, 2021)

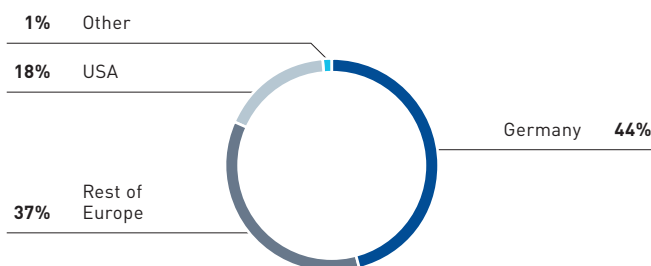


Institutional and private investors ²	of which
Candriam Luxembourg	3.2%
Alecta Pensionsförsäkring	3.2%
Credit Suisse Fund Management S.A.	3.0%
Members of Dürr AG's Board of Management	0.3%
Members of Dürr AG's Supervisory Board	0.1%

¹ Free float as defined by Deutsche Börse AG

² According to the relevant notifications

1.4 — SHAREHOLDERS BY REGION (DECEMBER 31, 2021)



BOND AND FUNDING

Issued in 2014, our bond for €300 million (ISIN XS1048589458) matured in April 2021. With a coupon of 2.875%, the bond entered 2021 at 99.7% and was redeemed at 100% on April 3. Average daily trading volumes on German trading platforms came to around €51,000 (2020: €62,000).

Placed in October 2020, the convertible bond (ISIN DE000A3H2XR6) for a total of €150 million has a coupon of 0.75% per year, a maturity of around 5.3 years and a conversion premium of 40% (conversion price: €34.22). It is linked to a sustainability component. The bond was trading at 116.75% at the beginning of the year and, after a price rally at the beginning of the second half of the year, reached a high of 139.37% in August. Following a correction in the autumn, it was trading at 134.39% at the end of 2021.

NO RATINGS

Issue and issuer ratings entail an immense amount of time and money. Experience shows that, in close cooperation with our capital market partners, we are able to obtain relatively attractive financing terms even without ratings. For this reason, we have dispensed with them for many years.

COMBINED MANAGEMENT REPORT

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COMBINED MANAGEMENT REPORT

The management reports of the Dürr Group and Dürr AG have been combined in accordance with Section 315 (3) of the German Commercial Code (HGB) in conjunction with Section 298 (2) HGB. This management report is therefore a combined management report containing the Group non-financial statement within the meaning of Sections 315b et seq. HGB in conjunction with Sections 289b et seq. HGB. The content of the Group non-financial statement is marked with a line in the margin and the abbreviation NFS. Unless otherwise specified, the information below is applicable to both the Dürr Group and Dürr AG. Statements referring exclusively to Dürr AG are marked as such and appear at the end of the combined management report.

FUNDAMENTALS

The Group at a glance

PROFILE

The Dürr Group is a global leader in mechanical and plant engineering with extensive expertise in automation and digitalization. Our machines, plants and services stand for efficiency and sustainability in production, whether in the automotive industry, which still accounts for approximately 44% of our sales, or in other sectors such as woodworking, mechanical engineering, chemicals, pharmaceuticals, medical devices and electrical engineering. We operate from 120 locations in 33 countries. Our business extends globally, especially with our Dürr, Schenck and HOMAG brands. In addition to North America and Western Europe, we also maintain a strong presence in the emerging markets¹, which accounted for 44% of our order intake and 43% of our sales in fiscal year 2021.

GROUP ORGANIZATIONAL STRUCTURE

Dürr AG is the Group's management holding company. It holds – directly or indirectly – the investments in the Group companies and handles central tasks such as financing, controlling and accounting, as well as legal affairs, taxation, compliance, security

and internal auditing, corporate communications, investor relations, human resources management and sustainability. Together with the investment holding companies Dürr Technologies GmbH and Dürr International GmbH, as well as Dürr IT Service GmbH, Dürr AG forms the Corporate Center. Within the Dürr Group, there are the three subgroups, Dürr Systems, Schenck and HOMAG, comprising five divisions and their operating businesses. These divisions form the reportable segments as defined by the IFRS:

- Paint and Final Assembly Systems
- Application Technology
- Clean Technology Systems
- Measuring and Process Systems
- Woodworking Machinery and Systems

DIVISIONS, SALES MARKETS, MARKET SHARES², IMPORTANT PRODUCTS AND SERVICES

Paint and Final Assembly Systems

The Paint and Final Assembly Systems division plans, builds and updates paint shops and final assembly lines for the automotive industry. We supply products and systems for all process stages in paint shop technology. Our most important solutions include the RoDip **dip-coating system** → [page 250](#), the energy-efficient

2.1 — GROUP STRUCTURE

Management holding company	Dürr AG				
Divisions	Paint and Final Assembly Systems	Application Technology	Clean Technology Systems	Measuring and Process Systems	Woodworking Machinery and Systems
Subgroups	Dürr Systems			Schenck	HOMAG

¹ Asian growth markets, South and Central America, Africa, Eastern Europe

² Internal figures

EcoDryScrubber and EcoDryX paint separation systems, the EcoInCure oven, and the EcoProBooth paint booth for interior and exterior painting. Added to this is the “paint shop of the future” concept, which relies on individually controllable painting boxes instead of conventional painting lines. We usually also supply the required control and conveyor systems as well as air supply and exhaust-air systems. With a global market share of around 40%, we are the leader in painting systems. Our digital product range is the DXQ software family, which includes solutions for plant monitoring, manufacturing execution systems (MES), advanced analytics and **predictive maintenance → page 250**, among other digital solutions.

In the area of final assembly systems, we supply conveyor technology, filling and **testing technology → page 250**, as well as assembly technology and marriage stations for connecting the car body and power train. The **filling Technology → page 250** segment supplies systems for filling vehicles in the final assembly process, for example with oil or brake fluid. Key products in testing technology include test stands and calibration stations for brakes, electronics and chassis geometry. As in other areas, we are one of the few providers worldwide capable of supplying turnkey plants. Electromobility is leading to new business opportunities in this field. Since electric vehicles have a less complex power train than conventional vehicles, a greater degree of automation is possible in their assembly process. Moreover, the automotive industry will increasingly be upgrading their assembly plants so they can produce hybrid and electric vehicles in addition to vehicles with internal combustion engines. Our market share in business related to final vehicle assembly lines is around 20%.

Since February 5, 2021, the Teamtechnik Group, in which we acquired a 75% stake, has been part of the Paint and Final Assembly Systems division. Teamtechnik is an automation specialist, offering test benches for electric and hybrid drives, thus complementing our range of products and services related to electromobility. The company also focuses on production facilities for medical devices, such as injection systems and inhalation devices. Medical technology is also the main business of Hekuma GmbH, which was acquired in 2021 as well.

Another unit of the Paint and Final Assembly Systems division is Dürr Consulting. It advises customers on production processes planning, particularly in painting and final assembly technology. The current focus is on concepts for the production of electric cars and batteries.

Application Technology

Application Technology generates the bulk of its sales with technologies for the automated spray application of primers, base coats and clear coats. The key products are the **EcoBell3 high-speed rotary atomizer → page 250**, the **EcoLCC2** color changer and the third generation of the **EcoRP** painting robot family. Other Application Technology products include paint supply, quality assurance as well as process control and evaluation systems. The robot-based **EcoPaintJet** application system enables razor-sharp application of paint without paint loss and is particularly suitable for two-tone painting. In the automotive business, where we are the world market leader with a share of around 50%, our two most important competitors are manufacturers of standard industrial robots.

In addition to paint **application technology → page 250**, we are active in the related business areas of **sealing technology → page 250** and **glueing technology → page 250**. Sealing processes are used to seal welding seams, to apply underbody protection and to inject insulating materials in cars. Glueing is an alternative to welding vehicle components during body-in-white production and final assembly. One significant benefit is its ability to permit the use of non-weldable lightweight materials in the manufacture of vehicle bodies. The uses of glueing technology in final assembly include fitting windows, glass roofs, cockpits and tanks.

With its Industrial Products segment, Application Technology is also active outside the automotive industry. It offers paint application products for plastics, ceramics, shipbuilding, timber and furniture.

Clean Technology Systems

The largest area of Clean Technology Systems is exhaust-air purification technology. Our systems are used in a variety of industries, but primarily in the chemical and pharmaceutical sectors. Nearly 15% of sales in exhaust-air purification technology comes from the equipping of automotive paint shops. Our most important process is **thermal oxidation → page 250**, in which pollutants are incinerated at temperatures of up to 1,000 °C. Having completed the acquisition of the US environmental technology companies Megtec and Universal in 2018, we are now the world's leading supplier with a market share of almost 25%.

Another area of the business comprises **electrode coating systems** → **page 250** for lithium-ion batteries, which are needed, for example, for electric cars and wireless electronic devices, like headphones. As a supplier of complete lines, we supply coating technology as well as dryers and solvent recovery systems. We offer an innovative technology for simultaneous coating of both electrode sides in a single step. In addition, we have been cooperating since September 2020 with the Japanese mechanical engineering company Techno Smart, which offers conventional equipment for single-sided coating. In view of the strong capacity expansion planned by the battery industry, we see great opportunities in this business area. In addition to exhaust-air purification and coating technologies, our portfolio also includes noise abatement systems, for example for gas turbines.

Measuring and Process Systems

Measuring and Process Systems offers balancing and diagnostic technology as well as automated refrigerant charging solutions for refrigerators, air-conditioning systems and heat pumps. Automotive accounted for around 30% of sales in this division in 2021. In **balancing technology** → **page 250**, we lead the field with a global market share of approximately 45%.

Woodworking Machinery and Systems

Our Woodworking Machinery and Systems activities reside in the HOMAG Group, the world's leading supplier of machinery and systems for woodworking in industry and trade. Our technology is used, for example, in the production of furniture, kitchens as well as parquet and laminate flooring. The range extends from entry-level machines to fully automated lines for mass production or batch size 1 manufacturing. Our core products include panel dividing saws, through-feed saws and drilling machines, sanders, edge-banding machines and CNC processing centers, as well as handling and storage systems. The software portfolio ranges from easy-to-use apps for trades businesses to solutions for digitalizing entire factories. With a global market share of more than 30%, the HOMAG Group ranks clearly ahead of its two nearest competitors in business with furniture manufacturers.

The Construction Elements Solutions business unit addresses the wood construction industry with a portfolio including machines for the production of windows, doors and stairs as well as plants for largely automated manufacturing of prefabricated house components and room modules. With the acquisition of the Danish mechanical engineering companies System TM (2020) and Kallesoe (2021), HOMAG has expanded its coverage of the value chain. System TM offers machines for solid wood optimization; Kallesoe specializes in high-frequency presses for the production of cross laminated timber boards. For further information on the activities of the acquired companies, please refer to the "Portfolio changes" section.

DIGITALIZATION/INDUSTRIAL INTERNET OF THINGS (IIOT)

Software solutions are a growing part of our product range. This enables us to keep pace with the ongoing digitalization of production processes. Important components of our digital product range include, for example, manufacturing execution systems (MES) for centralized factory control and analytics applications for individual machines and production stages. **Analytics applications** → **page 250** often work with artificial intelligence. Their areas of application include quality control, root cause analysis and predictive maintenance. To develop our digital solutions, we have digital factories at Dürr Systems, Schenck and the HOMAG Group, which work closely with one another. We also cooperate with other mechanical engineering companies via the ADAMOS **IIoT platform** → **page 250**. For further information on ADAMOS and digitalization, please refer to the "Strategy" → **page 30** and "Research and development" → **page 37** chapters.

COMPREHENSIVE RANGE OF SERVICES

Each machine and system we sell adds to our installed base – and thus to our potential to generate business from services throughout the product life cycle. Our range of services includes plant modernization and optimization, audits of plant productivity and energy efficiency, software updates as well as training, maintenance, repair and spare parts supply. Digital services such as remote analysis, maintenance assistance and performance checks are becoming increasingly important. In 2021, services accounted for 32.0% of sales. By the end of the year, we had 2,904 employees, representing 16.3% of the Group workforce in service positions.

TECHNOLOGIE- UND INDUSTRIEPARK GMBH (TIP): PROPERTY SERVICES COMPANY, DARMSTADT

Schenck Technologie- und Industriepark GmbH (TIP), part of the Measuring and Process Systems division, markets and operates offices as well as production and logistics spaces at Schenck's Darmstadt location. In all, TIP rents 109,900 sqm of floor space on a 105,000 sqm lot; office space accounts for 46%.

2.2 — ACTIVITIES AND SALES MARKETS

PAINT AND FINAL ASSEMBLY SYSTEMS DIVISION

Business type	Activities	Customer groups
• Plant engineering	<ul style="list-style-type: none"> • Paint shops • Individual painting process stations • Products and systems for final vehicle assembly (incl. filling and testing technology) • Testing technology for electric drives • Production technology for battery modules and packs • Production facilities for medical devices • Service 	<ul style="list-style-type: none"> • Automotive manufacturers • Automotive suppliers • General industry (e.g. construction equipment and farm machinery) • Manufacturers of medical devices
• Consulting	<ul style="list-style-type: none"> • Consultancy 	<ul style="list-style-type: none"> • Automotive manufacturers • Automotive suppliers • General industry

APPLICATION TECHNOLOGY DIVISION

Business type	Activities	Customer groups
• Mechanical engineering and component business	<ul style="list-style-type: none"> • Products for automated spray painting • Sealing technology • Glueing technology • Service 	<ul style="list-style-type: none"> • Automotive manufacturers • Automotive suppliers • General industry (e.g. plastics, ceramics, timber, shipbuilding)

CLEAN TECHNOLOGY SYSTEMS DIVISION

Business type	Activities	Customer groups
• Plant engineering and component business	<ul style="list-style-type: none"> • Exhaust-air purification systems • Battery electrode coating systems • Noise abatement systems • ORC technology • Service 	<ul style="list-style-type: none"> • Chemical industry • Pharmaceutical industry • Carbon fiber production • Printing/coating • Automotive manufacturers (paint shops) • Automotive suppliers (paint shops) • Woodworking • Lithium-ion battery manufacturers • Mining • Energy industry • Oil and gas industry • Packaging industry • Operators of decentralized power plants

MEASURING AND PROCESS SYSTEMS DIVISION

Business type	Activities	Customer groups
• Mechanical engineering	<ul style="list-style-type: none"> • Balancing and diagnostic systems • Filling technology for air conditioning systems and household appliances • Service 	<ul style="list-style-type: none"> • Automotive manufacturers • Automotive suppliers • Electrical industry • Turbines/power plants • Mechanical engineering • Aerospace industry • Household appliance industry

WOODWORKING MACHINERY AND SYSTEMS DIVISION

Business type	Activities	Customer groups
• Mechanical and plant engineering	<ul style="list-style-type: none"> • Machines and complete production lines for woodworking • Service 	<ul style="list-style-type: none"> • Furniture industry • Kitchen manufacturers • Manufacturers of windows, doors, laminate flooring • Woodworking trade • Timber house construction

LEGAL STRUCTURE

Dürr AG owns 100% of the shares in the following companies: Dürr Systems AG, Dürr International GmbH, Dürr Technologies GmbH, Carl Schenck AG and Dürr IT Service GmbH. The first four of these companies have entered into domination and profit and loss transfer agreements with Dürr AG. After an existing profit and loss transfer agreement with Dürr IT Service GmbH was terminated as of January 31, 2021, the annual general meeting of Dürr AG voted on May 7, 2021 in favor of concluding a new domination and profit and loss transfer agreement. We hold 64.89% of the shares in HOMAG Group AG and the associated voting rights via Dürr Technologies GmbH. We contributed 11% of the shares in HOMAG Group AG to a share pool between Dürr Technologies GmbH and the Schuler/Klessmann shareholder group. The Schuler/Klessmann shareholder group owns 14.05% of the shares in HOMAG Group AG. Members of this shareholder group are the Schuler family, who founded HOMAG, and the Erich and Hanna Klessmann Foundation. The pool agreement, in place since 2014, was replaced by a new agreement effective October 1, 2021, which includes extensive reciprocal options and runs until December 31, 2029. A domination and profit and loss transfer agreement has been in place between Dürr Technologies GmbH and HOMAG Group AG since 2015. Dürr Systems AG, Dürr Technologies GmbH, Dürr International GmbH and Carl Schenck AG hold direct or indirect stakes, mainly 100% holdings, in all other Group companies.

PORTFOLIO CHANGES

- Effective February 5, 2021, we acquired 75% of the shares in the Teamtechnik Group, strengthening our position in automation technology. Our investment in Teamtechnik has given us access to new business areas in the fields of electromobility and medical technology. Teamtechnik achieved sales of around €140 million in 2020 and is one of the leading suppliers of test systems for electric and hybrid drives. The second focus is on production systems for medical devices, such as injection systems or inhalers.
- On February 15, 2021, we acquired 100% of the shares in Canada's Cogiscan Inc., an IT company specializing in connectivity solutions for digitally connecting machines, that generates sales in the mid-single-digit million range. This acquisition further expands our manufacturing execution systems (MES) business and improves our position in the North American market for digital solutions.
- As of April 28, 2021, we acquired 70.6% of the shares of Denmark's Kallesoe Machinery A/S via the HOMAG Group. Kallesoe

specializes in high-frequency presses for the production of cross laminated timber boards, used for applications such as the construction of walls for timber houses. This acquisition has enabled HOMAG to expand its range of products and services in the solid wood sector. In this business area, HOMAG aims to establish itself as a leading systems supplier of plants that manufacture construction elements for sustainable timber houses. Kallesoe generated approximately €20 million in sales in 2019. In 2020, sales decreased temporarily as a result of the coronavirus pandemic.

- As of June 25, 2021, we increased our stake in the Italian company Olpidürr S.p.A. by 35 percentage points to 100%. The company has been part of the Dürr Group since 1977 and operates mainly in painting and exhaust-air purification technology.
- Effective July 30, 2021, Teamtechnik Maschinen und Anlagen GmbH acquired 100% of the shares in the German mechanical engineering company Hekuma GmbH, accelerating the expansion of its automation business in the medical technology sector. Systems from Hekuma remove freshly produced plastic parts, such as vials and sleeves, from injection molding machines. They add further plastic parts to these in an automated assembly process to form products or precursors. Through the combination of Teamtechnik and Hekuma, we now cover a significant part of the automation value chain in medical device production. Hekuma achieved sales of approximately €40 million in 2020.
- As of August 13, 2021, we acquired just under 80% of the shares in the Austrian company Roomle GmbH via the HOMAG Group. Roomle specializes in software solutions for the configuration, visualization and production of complex products, particularly in the furniture sector. With this acquisition, the HOMAG Group is expanding its digital online sales offering and is positioned to further optimize production processes and facilities. Roomle generates sales in the low single-digit million range.
- As of November 19, 2021, we sold our 15% interest in SBS Ecoclean GmbH. In 2017, we had already sold the complete industrial cleaning equipment business bundled in the Dürr Ecoclean Group to Shenyang Blue Silver Industry Automation Equipment Co., Ltd. and in return received the minority interest in the new holding company SBS Ecoclean GmbH.

Further information on the transactions listed can be found in → **Notes 4 and 18** to the consolidated financial statements. There, you will also find information on mergers and other changes at Group companies in the 2021 fiscal year.

2.3 — SIGNIFICANT ACQUISITIONS AND NEW SHAREHOLDINGS

Transaction	Shareholding	Consolidation type	Included in the consolidated financial statements since	Purchase price	Employees (Dec. 31, 2021)	Division
Teamtechnik Group	75%	Fully consolidated	02/5/2021	€27.6 million	668	Paint and Final Assembly Systems
Cogiscan Inc.	100%	Fully consolidated	02/15/2021	€10.6 million	57	Paint and Final Assembly Systems
Kallesoe Machinery A/S	70.6%	Fully consolidated	04/28/2021	€6.8 million	90	Woodworking Machinery and Systems
Olpidürr S.p.A.	100% (previously 65%)	Fully consolidated	already included before	€1.4 million	38	Paint and Final Assembly Systems
Hekuma GmbH	100%	Fully consolidated	07/30/2021	€9.7 million	203	Paint and Final Assembly Systems
Roomle GmbH	78.5% (since increased to 80%)	Fully consolidated	08/13/2021	€5.7 million	19	Woodworking Machinery and Systems

BUSINESS MODEL

Our core competence is the **engineering** → page 250 of efficient production technology. We offer our customers a full range of options from individual machines to turnkey manufacturing systems. As part of **Industry 4.0** → page 250, we are expanding our offering in digital networking and control of production systems.

Our technologies and services are designed to help our customers achieve efficient and sustainable production through:

- digitalization and technological innovation
- development of material-efficient and energy-saving products
- planning, engineering and order processing know-how
- a comprehensive range of services over the entire life cycle of our products
- global presence, proximity to customers in all market regions

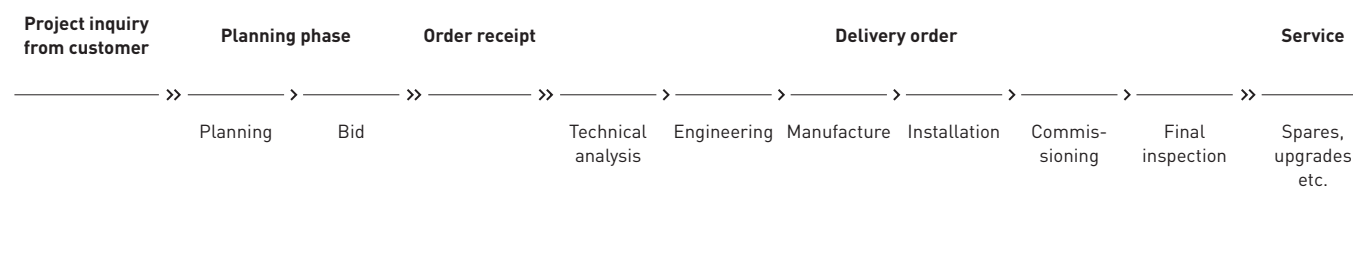
We operate globally in niche markets, where we are either the market leader or among the largest suppliers, with market shares ranging from 20% to 50%. 58% of Group sales come from mechanical engineering and 42% from plant engineering. In mechanical engineering, we aim for EBIT margins of 10% to 12%; in plant engineering, the target margin is 6% to 7%. In terms of return

on capital employed (ROCE), we target a figure of over 25% in the medium term. In the plant engineering business, we usually have a very low rate of **capital employed** → page 251 – and therefore an ROCE that is significantly above average. In principle, our business model allows us to achieve high operating and free cash flows.

Financial importance of individual products, services and sales markets

The financial importance of individual products and services is limited in view of our broad-based portfolio. A key success factor in paint and final assembly technology and at the HOMAG Group is our systems expertise, i.e. the ability to plan and build turnkey systems. Digital technologies for the control and analysis of systems and machines play an increasingly important role. The service business generates an above-average contribution to earnings. Thanks to our international presence, we have a balanced regional sales breakdown. In 2021, 16% of sales came from Germany, 28% from other European countries, 26% from North and South America and 30% from Asia, Africa and Australia. The distribution of the result among the individual regions is approximately in line with the regional breakdown of sales. In regions of strong growth, we tend to achieve slightly higher margins.

2.4 — PROCESSES IN PLANT ENGINEERING



Business processes/process advantages

Planning, engineering, order execution and services make up our most important business processes. At around 40%, our real net output ratio is lower than that of typical industrial manufacturing companies. Professional project management is critical to success, especially in large plant engineering projects. A major project usually takes 15 to 24 months to complete, while orders in mechanical engineering take between 3 and 12 months. Smaller remodeling, upgrade and service projects take less time.

Large projects require efficient collaboration between various departments and sites, which is why we employ standardized processes in planning, order execution, service and administration. As part of our digital@DÜRR strategy, these processes are increasingly supported by digital tools or – especially for administrative processes – automated with the help of **robotic process automation (RPA)** → page 250. This prevents interface problems, increases speed and process reliability and improves international cooperation and capacity management.

Customer relations

Business with automotive manufacturers and suppliers is technically complex and long-term. We therefore maintain constant communication with these customers as planner, consultant and systems supplier. When it comes to major investment projects, we are consulted up to two years before an order is placed. As a service partner, we support our customers with plant operation and modernization. Customers often inform us in advance of new models in development to ensure that we can supply the required production technology in time.

The mechanical engineering divisions – Measuring and Process Systems and Woodworking Machinery and Systems – have a broad market base with tens of thousands of customers. Sales-related

costs are therefore higher than for the plant engineering business with the automotive industry. However, the mechanical engineering sector also features larger-scale projects with extended lead times, in addition to business supplying individual machines.

Supplier relations

We source goods, raw materials and services from several thousand suppliers. In addition to part and component suppliers, we also often engage contract manufacturers, engineering service providers and logistics companies. In the case of crucial commodities, we have worldwide framework agreements in place with preferred suppliers. This enables us to pool the requirements of several companies and divisions and leverage economies of scale. For further information, please refer to the **“Procurement”** → page 35 chapter.

Further features of our business model

The real net output ratio of the Group is relatively low (around 40%), though there are differences between the divisions. While the real net output ratio in Measuring and Process Systems (mechanical engineering) is around 47%, it is significantly lower in Paint and Final Assembly Systems (plant engineering), at 35%.

Due to the low real net output ratio, asset intensity and capital commitment are also relatively low. The prepayments received from customers generally cover the receivables and inventories in current assets to a significant level. Consequently, the net working capital (NWC) in plant engineering is usually low. Also in relation to fixed costs, we benefit from the low real net output ratio and asset intensity in plant engineering. This makes us more flexible in the event of cyclical order fluctuations. It also proved advantageous in view of the significant decline in sales from the coronavirus pandemic.

Days working capital at the end of 2021 came to 43.6 days, the target corridor being 40 to 50 days. Measured by sales, our need for capital investment (excluding acquisitions but including rights of use for leased assets) is low. This is due in particular to the low demand for tangible assets in plant engineering. The normal annual level amounts to 2.5% to 3.5% of sales.

Most divisions have local production plants and procurement structures in major foreign markets. This reduces their need to import, and thus transaction risks. More important are translation risks resulting from the conversion of foreign currency positions into euros.

Many of our projects have long lead times. This allows us a clear picture in terms of the future order intake. We can therefore make a fairly accurate assessment of our future sales, capacity utilization and income for a majority of the business.

BUSINESS LOCATIONS AND DIVISION OF LABOR WITHIN THE GROUP

We have 120 locations in 33 countries. At year-end 2021, 33.7% of the workforce was employed in the emerging markets. Almost 2,250 employees work in Shanghai alone, including around 250 external employees.

Our lead sites in Germany control the Group's global operations. The Dürr Campus in Bietigheim-Bissingen (approx. 2,300 employees) is the Group's corporate headquarters and also the head office of Paint and Final Assembly Systems, Application Technology and Clean Technology Systems. The Darmstadt location (around 550 employees) coordinates the operations of Measuring and Process Systems. The HOMAG Group head office in Schopf-loch (approx. 1,700 employees) manages the business activities of Woodworking Machinery and Systems.

There are guidelines in place to define how Group companies collaborate on cross-border systems projects in plant engineering. Project management for major orders of Paint and Final Assembly Systems is usually handled by the system centers in Bietigheim-Bissingen or Shanghai. There are also business centers responsible for smaller upgrades, parts of systems projects and local sales and service. In mechanical engineering, the German lead locations act as the hub for international projects.

Company-specific leading indicators

In order to be able to respond to a changed cyclical and demand situation at short notice, we follow leading indicators. We classify them into four categories:

- Important economic leading indicators are money supply, commodity and energy prices as well as purchase manager and business climate indices. Research reports and macroeconomic statistics also assist us in recognizing cyclical changes at an early stage. Moreover, we pay close attention to the development of interest rates. Business trends within our main customer industries (automotive and woodworking) correlate strongly with the development of the global economy.
- More specific indicators to assess future business potential are customers' investment plans as well as statistics and forecasts on production and sales. In addition, we follow the expectations of analysts regarding our customers' cash flows and investments.
- The third indicator relates to specific investment projects pursued by our customers. We collect the respective information in our customer relationship management system, along with an assessment of our chances of being awarded a contract. In the product business, the quote time period for offers serves as an indicator. If customers require more time for investment decisions, the average quote time period increases. This indicates weaker demand.
- The fourth group of indicators comprises incoming orders and order backlog. Since many projects have a long lead time, both key figures are suitable for assessing capacity utilization and sales for the coming quarters.

Strategy

The current mid-term strategy was adopted in late 2019. It provides the roadmap for profitable growth and for our evolution as a mechanical and plant engineering group that seizes opportunities in different market niches and customer segments. Our strategy is linked to four medium-term performance targets:

- **Sales growth:** In 2019, we committed ourselves to increasing sales organically by 2% to 3% p.a. in the following years and generating further sales growth through acquisitions on the

level recorded in 2019. We are currently reviewing this target in two respects:

1. In 2020, the coronavirus crisis resulted in a sharp decline in sales (–15.2%). Due to the low baseline, sales growth in 2021 (+6.4%) significantly exceeded the target rate defined in the strategy. We likewise anticipate substantially stronger growth in 2022.
2. In some business areas, market volumes and sales potential have increased significantly since 2019, due in part to acquisitions. This particularly applies to sustainable production technologies, **battery coating technology** → page 250 and the solid wood sector (production technology for timber construction elements) as well as the recently added medical technology business. The additional growth opportunities in these areas have not yet been factored into the definition of our strategic sales target as either they were not sufficiently concrete or we were not yet active in the relevant business areas.

In the current revision of our multi-year organic sales growth target, we are examining how the additional growth potential can be realistically taken into account. On this basis, we are expecting to announce a new target for multi-year organic sales growth from 2023 onward in the second half of 2022.

- **High profitability:** We intend the EBIT margin to reach the target of at least 8% in 2023, or 2024 at the latest. A longer-term profitability target is currently being calculated and is expected to be announced together with the new sales target in the second half of 2022.
- **Attractive return on capital:** We are aiming for an ROCE of at least 25%, underpinned by high EBIT contributions from mechanical engineering and low capital employed in plant engineering.
- **Increased share of service business:** With its wider margins, service business is to consistently contribute at least 30% to Group sales.

In order to achieve our goals and expand our leading position in the world market, we continue to push ahead with digitalization as the central field of our strategy. In addition, we have identified four more strategic fields: global presence, innovation, efficiency and life cycle services. We have also defined four enablers, i.e. supporting functions that are particularly important for

the successful implementation of our strategy: sustainability, mergers & acquisitions, finance management and people development.

DIGITALIZATION

We are ready for the transformation in mechanical and plant engineering – thanks to our extensive digital expertise. Our digital solutions enable customers to reduce their costs and increase plant availability through predictive maintenance. Digitalization impacts all four strategic fields: It is an important pacemaker for innovation management, with a growing impact on our service offerings. In addition, digital processes and tools are the key to efficient collaboration and global networking within the Group.

Market leader in the digital era

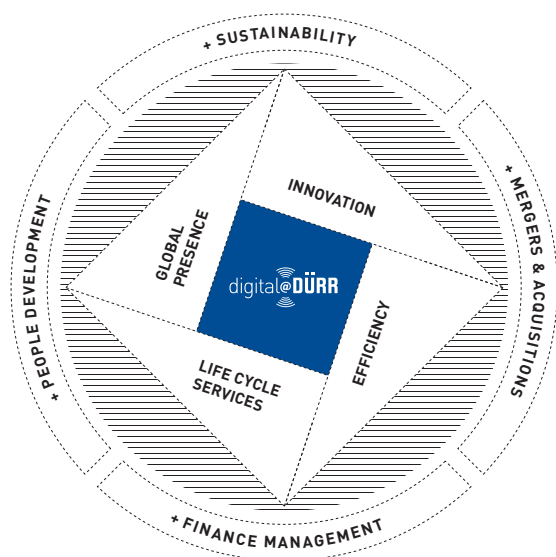
To protect our leading market position in the digital era, we need to offer our customers the best solutions for the digital optimization of their production activities. We are accordingly expanding our range of data-based applications, intelligent products and digital services. In this way, we are tapping into new sales potential and shielding our business from software competitors. We have a crucial advantage over them in that we combine expert knowledge of production processes (“shop floor competence”) with digital know-how.

digital@DÜRR: Specific approaches

The strategic concept with which we want to successfully shape the digital transformation is called digital@DÜRR. It encompasses several thrusts:

- **Comprehensive range of software:** We offer a broad range of software for digitalization – from MES solutions to smart analytics and smart maintenance applications with artificial intelligence. One important innovation project is our manufacturing operations management (MOM). This integrated software system coordinates and optimizes factory processes. It marks the next step for our manufacturing execution systems, which have been installed in over 500 factories worldwide. The MOM is to be completed in full in 2022, with individual functions already in use.
- **Intelligent products and services:** We develop intelligent, adaptive products fitted with sensors and connectors to collect data and to provide it for smart applications. This data also forms the basis for digital services.

2.5 — THE DÜRR GROUP'S MID-TERM STRATEGY



**+2–3% p.a.
organic**

SALES

≥8%

EBIT MARGIN

≥25%

ROCE

≥30%

SERVICE SHARE

GLOBAL PRESENCE

- Global business with local supply chain
- Strong regional set-up (North America, Asia, Europe)
- Expand in Southeast Asia

INNOVATION

- Technology leader with software as differentiator
- Enter new business fields supported by trends
- Efficient & sustainable products

EFFICIENCY

- Drive synergies, esp. scale, processes, standardization, costs
- Lean and agile organization
- Optimize global footprint

LIFE CYCLE SERVICES

- Leverage vast installed base
- Strengthen brownfield business
- Optimize life cycle by using asset data intelligence

- **Expansion of software expertise:** We are specifically recruiting software experts and encouraging employees to acquire digital skills. We are also expanding our range of digital products and services through acquisitions.
- **Customer centricity:** Our applications are guided by practical customer requirements, such as quality assurance in the painting process. They entail low **customizing effort** → [page 250](#) and ensure easy **connectivity** → [page 250](#). Pilot projects in the automotive industry have demonstrated our applications' ability to achieve rapid production optimization.

- **New business models:** We develop the business models required to market our applications, such as subscription models for software purchases or **pay-per-use models** → [page 250](#). To sell applications, we rely on digital market places such as tapio for the woodworking industry.
- **Partnerships and collaborations:** In view of the complexity of the digital transformation, we rely on partnerships. One example is the ADAMOS network consisting of Software AG, PwC and more than 20 mechanical engineering companies. ADAMOS allows the partners to reduce their resource requirements by harnessing synergistic benefits and sharing development results and experience.

- **Internal transformation:** We are also driving digital transformation inside the Dürr Group. Examples include the use of digital tools in order processing as well as our digital factories, which bundle the subgroups' software development activities. The digital factories work together to leverage synergistic effects and to offer new digital products more swiftly. Agile working methods and short decision paths serve the same purpose. We are also intensifying the use of tools for virtual internal collaboration.

GLOBAL PRESENCE AS A STRATEGIC FIELD

Our business is very international. A high degree of localization allows us to take advantage of regional opportunities and support customers close to their relevant market. In connection with global presence as a strategic field, we have defined ways of making the best possible use of our worldwide Group network.

Localization and global network

The localization of our products is particularly important. This means systematically adapting our products to meet the specific requirements of regional markets and manufacturing them locally. This is accompanied by a global strategy for **engineering** → [page 250](#), R&D and supply chain management. These activities are distributed within our Group network in such a way that each location can contribute its individual edge and strengths, no matter whether these take the form of cost advantages, technological skills or customer proximity. We are increasingly locating competence centers for specific technologies in emerging market nations. In production, we rely on specialized production hubs that manufacture products for the global market on a cost-efficient basis.

Focus on Asia

The Asian market continues to offer us the greatest growth potential. For this reason, we are aligning our organizational structures and product strategy to meet the needs of this market. We have already established a particularly strong footprint in China and India and are now expanding our position in the growth markets of Southeast Asia.

INNOVATION AS A STRATEGIC FIELD

Our market leadership is based on continuous innovation. The R&D agenda focuses on two overarching requirements: We want our innovations to enable sustainable production processes and add value by means of production efficiency. Consequently, our product development activities seek to lower energy and resource consumption, emissions and unit costs. A further aspect is making our customers' factories more flexible and modular. To this end, we are developing scalable production systems that can easily be expanded.

The proportion of digital technologies is widening across virtually all innovations. We are constantly making our machines and systems smarter and networking them so that they provide greater benefits for users. Further information on our innovation strategy and current examples can be found in the chapter entitled **"Research and development"** → [page 37](#).

EFFICIENCY AS A STRATEGIC FIELD

Efficiency as a strategic field includes continuous portfolio analysis in which we assess the performance of our activities and identify the areas where adjustments are necessary.

OneDürrGroup

The strategic field encompasses all initiatives aimed at improving processes and structures. The goal is to achieve an efficient organization that constantly adapts to market changes. This is being conducted through the OneDürrGroup program, with which we are reducing the proportion of non-productive activities so that more time is available for core tasks. The main priorities are cross-divisional collaboration and the universal use of shared processes, IT systems and internal digitalization platforms. This enables us to automate and accelerate processes and also leverage synergistic effects, for example by setting up shared service centers. OneDürrGroup also entails efficiency gains through the merger of smaller national companies and the bundling of local activities at larger locations.

Performance-enhancing environment

Efficiency as a strategic field is all about creating a performance-enhancing work environment. We want to enable our employees to achieve better results with less effort. To this end, we teach efficient methods such as lean management and agile working, improve processes and communications, strengthen autonomy and the transfer of knowledge, and promote the use of knowledge platforms in learning.

LIFE CYCLE SERVICES AS A STRATEGIC FIELD

The service business has strategic relevance in two respects: It generates above-average margins, and it contributes greatly to customer loyalty. In pursuit of our goal – a sales share for the service business of at least 30% – we align our service activities along the entire life cycle of our machinery and systems, pursuing three thrusts:

- **Leveraging the installed base:** Our broad installed base offers great potential for service business growth. We want to make the best possible use of this potential.
- **Digitalization:** In order to generate more service business, we are increasingly focusing on **connectivity** → [page 250](#) and machine data analytics. On this basis, we can provide customers with individual suggestions for increasing their overall equipment effectiveness.
- **Brownfield expansion:** We are expanding our plant modernization activities known as “brownfield” business. Digital retrofits in particular are growing in importance.

FOUR CENTRAL ENABLERS

Operating business is being flanked by four central enablers, i.e. supporting functions that are relevant for the successful implementation of our strategy.

Mergers and acquisitions

The acquisition of companies and technologies is an integral part of our strategy as it allows us to tap growth potential, enter new areas of business and secure our leading positions. We distinguish between three types of acquisitions:

- **Bolt-on:** acquisitions for reinforcing existing business
- **Cross-divisional:** acquisition of cross-sectional technologies benefiting multiple divisions within the Group (e.g. software and digital technologies)
- **Complementary:** acquisitions to expand the portfolio or to establish new, high-growth business areas or divisions

The largest acquisitions are complementary in nature. They target mechanical and plant engineering companies that are leaders in niche markets and show potential for growth in earnings and harnessing synergies. In 2021, we strengthened our Company

through five transactions in areas offering good potential for the future, as well as in high-growth business areas:

- **Automation (complementary):** Automation is one of our core competencies and a growth business in which we are systematically investing. With the acquisition of a majority stake in **Teamtechnik** and the takeover of **Hekuma**, we have entered new markets in automation technology. Teamtechnik is a leading provider of testing systems for electric and hybrid drivetrains – a business area offering strong potential in the electromobility era. Teamtechnik’s other main focus is on production systems for medical devices, such as injection systems or inhalers. Hekuma is also active in the medtech market with complementary automation solutions. Under the Dürr Group’s umbrella, both companies are harnessing synergistic effects and form a center of competence for medtech automation, which we intend to expand through further acquisitions. In this area, the relevant market is exhibiting high single-digit growth rates.
- **Construction elements for timber houses (bolt-on):** The trend toward sustainable construction with timber is one of our most important growth sectors. The market for technology for the production of solid wood construction elements is expected to expand by 6% to 7% p.a. between 2021 and 2025. Against this backdrop, the HOMAG Group has widened its range of solid wood systems by acquiring a majority stake in **Kallesoe**. This Danish mechanical engineering company specializes in high-frequency presses for the production of cross-laminated timber boards. With this acquisition, we are addressing a large part of the value chain in the production of timber construction elements. This makes us an important partner for the industrialization and automation of production processes for timber construction. The trend favoring use of timber in construction is being driven by several advantages, including, for example, climate-friendliness, rapid regrowth of the raw material and the swifter completion of buildings.
- **Digitalization (cross-divisional):** With the acquisition of **Cogiscan**, we have expanded our position in MES systems for higher-level production control. Cogiscan’s connectivity solutions facilitate the digital integration of customer machinery with the MES systems we offer. The acquisition of **Roomle** has reinforced HOMAG’s digital competence. Roomle’s software offers furniture manufacturers a tool for configuring and distributing their products online.

Sustainability

Partner for sustainable production processes

Our customers are increasingly investing in making their production processes sustainable. We are an important partner for this goal, developing low-consumption and low-emission products that can be used to significantly reduce the ecological footprint of automotive plants and other factories. There is growing potential for marketing these products – especially as customers looking to make a purchasing decision are increasingly paying attention to the contribution new technologies make to their sustainability agenda. This offers opportunities that we will be utilizing. Further details can be found in the chapter entitled “**Research and development**” → [page 37](#) and the section entitled “EU taxonomy” in the chapter on “**Sustainability**” → [page 41](#).

Production technology for climate-friendly products:

Opportunities in battery coating

In addition, we are expanding in business areas that help our customers to manufacture sustainable products. Examples include production technology for timber house construction elements and our range of products for the manufacture of electric vehicles. The business of systems for [coating battery cells](#) → [page 250](#) holds a prominent position in the context of electromobility – additional factories are required, particularly in Europe, to produce enough batteries for the growing number of electric vehicles.

Sustainability in the Dürr Group:

New climate strategy adopted

With sustainability becoming a leitmotif in our own activities, we have made it a core component of our strategy.

More and more customers and business partners are asking for evidence as to the sustainability of our activities and actions before they sign contracts with us. Our credibility as an employer, an issuer in the capital market and as a participant in public life requires us to adopt a responsible approach to the use of resources and the interests of our stakeholders, and to observe the principles of corporate citizenship, compliance and good corporate governance.

Our willingness to take responsibility for climate protection is reflected in the climate strategy announced in 2021. With this strategy, we have made a pledge to contribute to the target under the Paris Climate Agreement – limiting global warming to 1.5 degrees Celsius – by reducing greenhouse gas emissions accordingly by 2030. Detailed information on the climate strategy and other CSR activities at the Dürr Group can be found in the chapter entitled “**Sustainability**” → [page 41](#).

Finance management

Our profitable growth is accompanied by efficient finance management, tasked with providing funding on favorable terms and ensuring that it is used efficiently. Our borrowed funds usually contain a sustainability-linked component. The Group-wide OneFinance program aims to support the management of the Company effectively and to enhance the efficiency of internal processes. Specific measures entail the prompt provision of transparent and forward-looking information, the Group-wide standardization and digitalization of financial processes and the expansion of shared services.

People development

As an [engineering company](#) → [page 250](#), we depend on highly qualified employees – this is truer than ever before in the digital era. We therefore see personnel development as a strategic task and pursue four specific thrusts:

- Dürr Group Academy: worldwide training for specialists and managers
- Talent management: attractive career paths, successor planning for key positions
- HR development: providing a motivational work culture; preparation for new challenges; modern leadership that encourages personal responsibility
- Employer branding: highlighting our attraction as an employer, to retain employees and appeal to external applicants

Procurement

THE ROLE OF PROCUREMENT AT THE DÜRR GROUP

In 2021, the cost of materials decreased slightly by 1.8% to €1,315.2 million despite the prevailing supply chain bottlenecks. The sales mix was pivotal in achieving this reduction: We were able to increase sales at a lower cost of materials because it was the higher-margin service business whose share in the sales mix expanded. In addition, sales increased strongly in the Woodworking Machinery and Systems division, which is less cost-intensive in terms of materials, while sales in the Paint and Final Assembly Systems division – with its generally higher cost of materials ratio – were lower than in the previous year.

In plant engineering, aside from raw materials and semi-finished products, we primarily purchase installation and engineering services, along with complete units, modules, and assemblies. In mechanical engineering, we purchase many finished parts and pre-assembled modules. Other important procurement groups are mechanical and electrical bought-in parts, such as drives and sensors. Measured against sales, the proportion of bought-in goods and services in the Dürr Systems subgroup (Paint and Final Assembly Systems, Application Technology, and Clean Technology Systems) is higher than in the Schenck and HOMAG subgroups, both of which have a higher proportion of in-house production.

We have a broad procurement base, consisting of over 30,000 suppliers, and we purchase goods and raw materials globally. In addition, we rely on local suppliers, who primarily provide manufacturing components and installation services. When it comes to important commodity groups, we have worldwide framework agreements in place to achieve better terms through economies of scale. In Asia, we are increasingly buying manufacturing products and components for projects and plants in other markets. We exclusively manufacture certain core products ourselves, thus protecting our know-how and ensuring quality and on-time deliveries. To ensure supplier availability, we forecast our needs in the sales stage, we set store by long-term capacity planning, and we closely monitor deadlines when dealing with suppliers.

As of December 31, 2021, 691 employees were working for the Dürr Group's purchasing organization, compared to 583 on the previous year's reporting date. The strong increase has resulted from acquisitions, the growing volume of business, and the evolution of our purchasing organization. The Global Sourcing Board coordinates our worldwide purchasing activities and is made up of the divisions' purchasing heads. The international Sourcing Committee of the Dürr Systems subgroup takes advantage of pooling opportunities and liaises on large contract awards and framework agreements. Our global lead buyers have global purchasing responsibility for individual commodity groups and pool the requirements of multiple companies and divisions.

PROCUREMENT MARKET DEVELOPMENT

In 2021, supply chains had difficulty coping with the sharp recovery of the global economy. Aside from a lack of raw materials and upstream products, logistics problems had a negative impact on their timely availability. The main reasons for this were a shortage of containers, port closures due to the pandemic, and the obstruction of the Suez Canal. Procurement prices increased across the board, particularly in the second half of 2021, especially

for the raw materials relevant for us: aluminum, copper and steel. In plant engineering, it must be borne in mind that we mainly source steel that has already been processed, or complete assemblies such as dip tank containers for paint shops.

To ensure prompt and cost-optimized supply, we have taken numerous measures. These include the temporary increase of our stock levels, the integration of new suppliers, price escalation clauses in contracts, the close coordination of delivery dates, and the timely escalation of problems. Together with the R&D departments, it was possible, in the case of particularly critical goods, to identify alternative materials and upstream products that were less costly and more readily available. Thanks to these efforts and the close contact with our customers, we were mostly able to complete our projects successfully. Nevertheless, the price increases and logistics problems had an adverse impact on our procurement costs and material supply.

FURTHER ORGANIZATIONAL EVOLUTION

To further evolve our purchasing organization, we have, for example, continued preparing the introduction of a Group-wide supplier relationship management system and defined a new, standardized Group-wide commodity group structure. This will improve our worldwide transparency in terms of suppliers and purchasing volumes. We are stepping up the use of smart software to make our processes more efficient, for instance through automated order confirmations. In addition, we are preparing a [bot](#) → [page 250](#) for online price comparison. Throughout the Group, we have pooled our procurement activities for materials not destined for production, such as office supplies, in order to realize synergies.

With the update of the Group-wide Supplier Code in 2021, we are placing even more emphasis on compliance with sustainability criteria in our supply chain. The new risk management for suppliers is creating additional transparency. More information is available in the ["Sustainability"](#) → [page 41](#) chapter.

In the Dürr Systems subgroup, we have initiated the "High Performance Procurement" purchasing project. This has resulted in a new organizational structure, which largely centralizes purchasing activities within this subgroup, for example in project purchasing, commodity group management, or in terms of methods, processes, and systems. The divisions each have their own purchasing units responsible for operational purchasing processes. The new structure aims to substantially improve processes and procurement costs.

At HOMAG, we have restructured the purchasing activities and aligned them with the business units. This creates flexibility and enables synergies. The companies we have acquired, Kallesoe and System TM, have been integrated into the purchasing structure. We have further advanced the digitalization of our purchasing activities. Order confirmations and supplier auctions, for instance, are increasingly occurring in digital format.

Research and development

R&D GOALS

Our R&D work focuses on the development of efficient production processes that conserve resources and support the transformation to a climate-neutral society. Through innovation, we wish to set ourselves apart from the competition and safeguard our market leadership. Digital competence is more important than ever – it is the key to incorporating decades of experience with our customers' production processes into software solutions that provide real added value. Our products should be globally applicable, practice-oriented and modular – and offer a clear advantage for the customer. Close collaboration with purchasing and sales plays an important role in successful R&D work.

R&D KEY FIGURES AND EMPLOYEES

Following temporarily lower R&D expenses in the previous year, these increased by 15.0% to €123.9 million in 2021 – in part due to acquisitions. This corresponds to an R&D ratio of 3.5% (2020: 3.2%). Order-related development costs were included in the cost of sales rather than the direct R&D costs. Capitalized development costs and their amortization totaled €21.5 million and €10.7 million (previous year: €18.1 million and €10.0 million). Measured against the direct R&D costs, a capitalization rate of 17.3% was achieved (previous year: 16.8%).

Following acquisitions in the year under review, the number of employees in the R&D departments increased to 922 as of December 31, 2021 (Dec. 31, 2020: 795). This corresponds to 5.2% of the total workforce (Dec. 31, 2020: 4.8%). Additional employees are also working on new solutions pertaining to specific customer orders.

Responsibility for R&D lies with the divisions. The cross-functional team "R&D/Technology/Digital" coordinates cross-functional R&D activities and promotes the use of best-practice solutions in the divisions, and it reports to the CEO. Processes and detailed issues relating to R&D work are governed by guidelines within the divisions. The development of new solutions represents around 70% of our R&D expenditure, with around 30% going toward maintaining existing products. Our R&D activities are aimed at concrete solutions. Basic research is inherently of minor importance in our business.

2.6 — R&D KEY FIGURES

		2021	2020	2019
R&D expenditure	€ million	-123.9	-107.7	-110.8
Group R&D ratio	%	3.5	3.2	2.8
Paint and Final Assembly Systems	%	2.5	1.9	1.6
Application Technology	%	5.3	6.0	4.6
Clean Technology Systems	%	1.6	1.2	1.2
Measuring and Process Systems	%	2.5	2.9	2.6
Woodworking Machinery and Systems	%	4.3	4.3	3.9
Capitalized development costs	€ million	21.5	18.1	19.0
Amortization of capitalized development costs	€ million	-10.7	-10.0	-9.1
R&D employees (Dec. 31)		922	795	789
R&D personnel costs	€ million	-82.6	-71.8	-79.3

2.7 — R&D EMPLOYEES 2021

	Group	Paint and Final Assembly Systems	Application Technology	Clean Technology Systems	Measuring and Process Systems	Woodworking Machinery and Systems
Total	922	198	163	25	65	471
% of the number of employees	5.2	3.8	8.0	1.8	4.9	6.3

NEW DEVELOPMENTS AND PATENTS

In 2021, our R&D work resulted in 95 product innovations. As of December 31, 2021, we had 7,341 individual patents divided among 1,403 patent families (Dec. 31, 2020: 6,946 and 1,323). As in previous years, the Application Technology division accounted for the largest number of patents. The costs for protecting our intellectual property amounted to €10.0 million (previous year: €8.6 million).

COLLABORATIVE RESEARCH AND BOUGHT-IN R&D SERVICES

Collaborations with scientific institutes and development partners contribute to R&D work based on the latest scientific knowledge. We spent €54.5 million on external R&D services in 2021 (previous year: €45.9 million). Public research funding amounted to €1.9 million; this represents 1.6% of the total R&D costs.

R&D FOCUS

Our innovation work is based on customer requirements and on superordinate technology and manufacturing trends. The following are currently of particular importance:

- **Digitalization:** Digitalization and the use of artificial intelligence are the dominant trends in manufacturing technology. Virtual reality technology and simulations facilitate the efficient commissioning and ongoing operation of the plants. In step with the further development of our software portfolio, we are creating new business models.
- **Increased flexibility:** In order to be able to offer a wide diversity of models and variants, our customers need flexible production lines. Therefore, we work on solutions that bypass rigid process chains and can be easily expanded.
- **Sustainability:** Energy and resource efficiency is not only a cost issue for our customers. Many companies have set targets for when they plan on achieving CO₂ neutral production. To that end, they are seeking the support of equipment manufacturers. Our development work therefore focuses on the resource-saving operation of our plants, the industrial processing of sustainable materials, and exhaust air purification.
- **Customization/batch size 1:** Increasing prosperity and social change are leading to rising demand for individually configured end products. With our equipment, these can be manufactured efficiently on automated lines.
- **Optimization of per-unit cost:** Reducing per-unit manufacturing costs is an important goal for our customers. Accordingly, we are developing products and processes with reduced demand for materials, energy, maintenance and human resources. In doing so, we also take into account different technical and regional requirements for our products.
- **Automation:** Automation is the key to reproducible top quality and efficiency in production. In addition to the automation potential in our traditional business, we see great opportunities with solutions for the production and testing of batteries, electric motors and medical technology.
- **Electromobility:** There are differences between the final assembly of battery-powered vehicles and that of conventional cars – for example when connecting the power train and the car body, or during performance testing at the end of the assembly line. We are therefore developing assembly and **testing technology** → [page 250](#) specifically for electric vehicles. We are also adapting our painting solutions to the special requirements of the electric vehicle industry. In particular, we offer modular and scalable production technology to the up-and-coming new entrants in the e-mobility market. Another focus of innovation is battery production technology.

- **Autonomous driving:** Modern vehicles are equipped with numerous driver assistance systems; the automotive industry is also working nonstop on concepts for autonomous driving. Highly sensitive, automated test systems are crucial for testing and calibrating the required safety-relevant technology, such as sensors, during mass production.
- **Overall equipment effectiveness:** For our customers, it is increasingly important how efficient the operation of their plants is on the bottom line – considering not only the pure unit costs, but also aspects such as timely service or smart software solutions that make operations more efficient.

R&D RESULTS

Paint and Final Assembly Systems

Paint and Final Assembly Systems has developed software for intelligent energy management in paint shops. **DXQ**energy management monitors consumption values in combination with production data, and enables uncomplicated analysis of energy requirements for any period of time. Using this information, operators have the opportunity to investigate deviations, find their causes and optimize energy requirements. The software can also be retrofitted in existing paint shops.

Thanks to a new approach from the area of **NEXT.assembly**, vehicle tests in final assembly can be moved from the end of the line into the assembly line and automated. To date, factory employees have driven the vehicles to separate test stands and carried out most of the tests there manually. With the new concept, automakers save on transportation and working time as well as on construction requirements. Since vehicles in the line are transported by overhead conveyors anyway, not only the separate test stands but also the pits that were previously necessary are no longer required.

Our subsidiary Hekuma has developed the **Qtelligence Automation Suite**. This app family offers various software solutions, for example to visualize the machine status, for tracking the process steps or for quality assurance of the manufactured products. With the help of artificial intelligence, production problems can be detected and reported at an early stage. The flexibly configurable apps are designed to help operate the machines and systems even more efficiently.

Application Technology

Application Technology has developed a solution that can be used to integrate older Dürr painting robots, third-party robots and, for example, robot systems for seam sealing into the digital process data analysis. Using this new option, operators are able to read out the available data from their existing equipment, as well as to evaluate and improve various areas of the paint shop using the analysis software **DXQequipment.analytics**. The know-how of connectivity specialist Techno-Step, which was acquired in 2020, played an important role in this development.

With the new **EcoSealJet Pro** robotic system, **sealing processes** → [page 250](#) are further automated. This reduces material and resource consumption as well as costs. Previously, robots applied the sealing compound from a nozzle shaped according to the purpose. The newly developed applicator, on the other hand, is equipped with a nozzle plate that has several individually controllable nozzles. This enables precise, flexible, and razor-sharp application even in poorly accessible places where automation had previously reached its limits. It was often necessary to mask some areas of the car body before application – this time-consuming and waste-intensive step can now be eliminated.

Clean Technology Systems

A new development from Clean Technology Systems is the recuperative thermal oxidizer **Oxi.X TR.Com**, with the heat exchanger relocated to the burner. The simplified combustion chamber can be easily adapted in size and design to new operational requirements. A modular design allows several burners to be combined and used as needed. Flameless exhaust-air purification with **Oxi.X TR.Com** reduces nitrogen oxide emissions to one fifth compared to the predecessor system. Operators also benefit from greater flexibility and lower costs.

We have developed automatic slot dies for applying the coating compound to electrodes of lithium-ion batteries. Previously, the distance between the nozzle and the copper electrode foil had to be set manually. Thanks to automatic and micrometer-precise adjustment, battery manufacturers can save hundreds of working hours per year and produce at consistently high quality.

Measuring and Process Systems

With CAST2, Measuring and Process Systems has further developed its software for stress testing of components in spin test systems. Via an intuitive user interface, customers can define test sequences and access test plans that have already been created. During these tests in the spin test system, the software records and analyzes a wide range of measurement data such as speed, vibration and temperature. The results can be conveniently visualized and exported for further analysis.

Woodworking Machinery and Systems

With digital value stream optimization from Woodworking Machinery and Systems, customers can easily collect and evaluate production data from complex manufacturing processes. Small Bluetooth transmitters ("beacons") and smartphone technology capture machine and material flow data – irrespective of machine type, manufacturer or application area. Software visualizes these so-called value streams in production and points out possibilities for optimization. Customers can also easily check the benefits of process optimizations that have already been implemented. Previously, complex manual measurements were taken for the value stream analysis, which, however, only represented a snapshot.

Thanks to a newly developed production process, pieces of furniture can be assembled with a click system and thus without tools, screws, dowels or other appliances. Dismantling the furniture is also very easy. This makes the solution especially interesting for users who have to set up and dismantle their furniture frequently, such as exhibition stand constructors. The click system approach – adopted from the flooring sector – is already incorporated in new machines. The technology can also be integrated into existing production lines.

DÜRR TECHNOLOGY COUNCIL

The Dürr Technology Council advises the Board of Management on questions of technology strategy. The Council brings together scientific expertise, consultancy skills and senior management experience in the automotive engineering, automation and IT sectors. Its members in 2021 were:

- Prof. Holger Hanselka (Chairman), President of the Karlsruhe Institute of Technology (KIT)
- Ulrich Dietz, Chairman of the Administrative Board of GFT Technologies SE
- Jonathan Guenak, Senior Consultant, Roland Berger GmbH
- Dr. Eberhard Veit, former CEO of Festo AG
- Prof. Hubert Wlatl, former member of the Board of Management of AUDI AG
- Prof. Thomas Weber, former member of the Board of Management of Daimler AG

The Dürr Technology Council sees its role as a think tank and sparring partner for the Board of Management. It balances our innovation strategy against current trends in production and provides advice on the potential of future technologies. The Dürr Technology Council maintains constant contact with the Board of Management and, if necessary, exchanges information with the heads of divisions and managers from R&D, software and corporate development departments.

The first meeting of the Dürr Technology Council in 2021 was held at Teamtechnik in Freiberg in February. The focus was on automation technology, in particular medical technology, and the expansion of activities in the solid wood sector. Other items on the agenda included topics such as digitalization within the Company, capacity for innovation, and the European Union's Green Deal.

July's meeting was held at the Stuttgart-based software company GFT, where the activities of innovation incubator 1886Ventures were presented to the Council. The Council members then proceeded to discuss the Hekuma acquisition in the field of medical technology. Other topics included battery technology research and coating technology, hydrogen strategies, e-mobility and the monetization of digital products. Further sustainability topics were on the agenda, namely the CO₂ neutrality of companies and the Circular Economy initiative.

SUSTAINABILITY

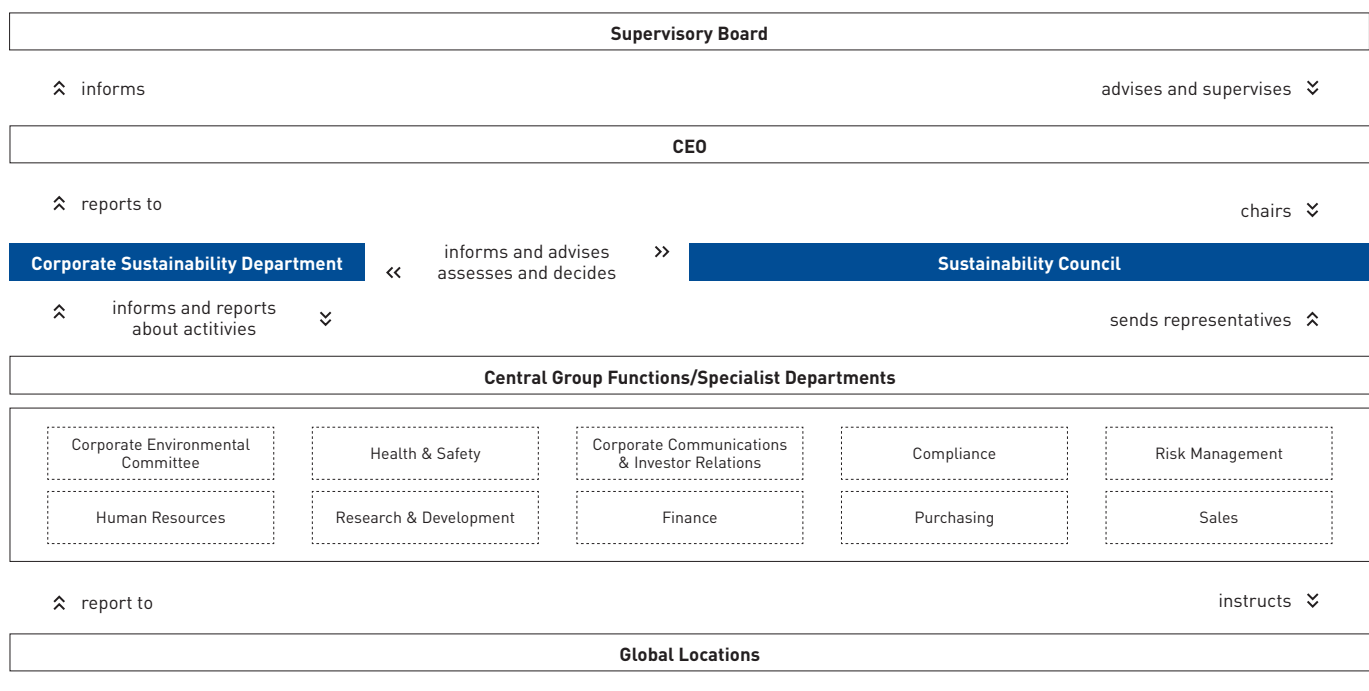
Our aim is to give equal consideration to the economic, environmental and social aspects of our business activities. As a partner of the United Nations Global Compact, we are committed to responsible corporate governance and the ten principles of sustainability in the areas of human rights, labor, environment and anti-corruption.

In 2021, we intensified the dialog with our stakeholders. We continued to improve our sustainability reporting and published our first sustainability report in line with the "Core" option of the Global Reporting Initiative (GRI). In the upcoming Sustainability Report, which will be published in the summer of 2022, we also plan to provide climate-related information in accordance with the

recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Moreover, we regularly provide information on our actions and progress in the area of sustainability, for example at investor meetings, on our website or in social media. And we deliver comprehensive data to ESG rating agencies such as CDP and EcoVadis. As a rule, we include a sustainability component in all major financing instruments, for instance the Schuldschein loan issued in January 2021.

The topic of sustainability is firmly embedded as an enabler in the Group strategy. The Sustainability Council, the central decision-making body for sustainability issues in the Dürr Group, met once in 2021. Its members adopt sustainability strategies and objectives

2.8 — RESPONSIBILITY AND ORGANIZATION IN THE AREA OF SUSTAINABILITY



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and track the Group's progress toward meeting them. Dr. Jochen Weyrauch chairs the Sustainability Council and has overall responsibility for Corporate Sustainability.

Materiality analysis

In order to determine which sustainability topics are particularly relevant for the Dürr Group and its stakeholders, we carried out a materiality analysis in the year 2020. The business criticality of various non-financial matters was determined on the basis of discussions with specialized departments, interviews with managers and a management workshop. At the same time, we assessed the economic, environmental and social impacts of our business activities and had them validated by external sustainability experts.

In 2021, we further specified our materiality analysis and have since then considered the climate impact of our operations to be material for the Dürr Group in keeping with the German CSR Directive Implementation Act (CSR-RUG). The change comes as environmental protection – in particular climate protection – has continued to grow in importance in politics, business and society, and in the perception of our stakeholders. For the first time, we are reporting on the contribution of our sustainable products and solutions to climate protection in line with the EU Taxonomy. We continue to classify the aspect of social affairs as not material for us. We have thus identified seven material non-financial matters in accordance with the CSR-RUG:

- EU Taxonomy: taxonomy-eligible and taxonomy-aligned economic activities
- Compliance and anti-corruption
- Human rights (and responsible supply chain)
- Employee satisfaction and retention
- People development and further training
- Occupational safety
- Climate protection

In addition, we report on other non-financial matters that we classify as important for the Dürr Group but not material in the sense of the CSR-RUG. These include, for example, workplace health promotion and social commitment.

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NON-FINANCIAL STATEMENT

The Group non-financial statement in accordance with Section 315b (1) of the German Commercial Code (HGB) is an integral part of the financial report and is spread over several of its chapters. The following index (table 2.9) shows which chapters contain information on the non-financial matters that are material to our Group. The content of the Group non-financial statement is marked in the relevant chapters with a line in the margin and the abbreviation NFS. The Group non-financial statement did not form part of the audit of the annual and consolidated financial statements by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft. The latter, however, did perform an audit to obtain a limited assurance with respect to the Group non-financial statement in accordance with the ISAE 3000 (revised) auditing standard.

2.9 — INDEX OF DISCLOSURES ON MATERIAL NON-FINANCIAL MATTERS IN ACCORDANCE WITH CSR-RUG¹ (SECTION 315C HGB)

Disclosures pursuant to CSR-RUG	Chapter/subchapter/section
Business model	<ul style="list-style-type: none"> • Fundamentals/The Group at a glance/Profile • Fundamentals/The Group at a glance/Group organizational structure • Fundamentals/The Group at a glance/Business model
Risks in relation to material non-financial matters	<ul style="list-style-type: none"> • Report on risks, opportunities and expected future development/Risks/Risks in relation to material non-financial matters

MATERIAL NON-FINANCIAL MATTERS

Environmental matters	<ul style="list-style-type: none"> • Sustainability/EU Taxonomy: taxonomy-eligible and taxonomy-aligned economic activities • Sustainability/Environment and climate protection/Environmental footprint of our products (Topic: climate protection) • Sustainability/Environment and climate protection/Environmental footprint in the supply chain (Topic: climate protection) • Sustainability/Environment and climate protection/Operational environmental footprint (Topic: climate protection)
Anti-corruption and anti-bribery	<ul style="list-style-type: none"> • Sustainability/Integrity/Compliance and anti-corruption
Respect for human rights	<ul style="list-style-type: none"> • Sustainability/Integrity/Human rights (and responsible supply chain)
Employee matters	<ul style="list-style-type: none"> • Sustainability/Employees/Employee satisfaction and retention • Sustainability/Employees/People development and further training • Sustainability/Employees/Occupational health and safety (Topic: occupational safety)

¹ CSR Directive Implementation Act

NFS EU Taxonomy: taxonomy-eligible and taxonomy-aligned economic activities

The European Union (EU) has set itself the goal of becoming climate neutral by 2050. With the Action Plan on Financing Sustainable Growth, the European Commission aims to make the economic and financial system in the EU more sustainable. The core element of this action plan is the EU Taxonomy Regulation, a classification system for environmentally sustainable economic activities, which defines six environmental objectives: (1) climate change mitigation, (2) climate change adaptation, (3) sustainable use and protection of water and marine resources, (4) transition to a **circular economy** → page 250, (5) pollution prevention and control, and (6) protection and restoration of biodiversity and ecosystems.

According to the taxonomy specifications, economic activities are “environmentally sustainable” if they

- substantially contribute to the achievement of one or more of the six environmental objectives listed (Substantial Contribution)
- do not significantly harm the achievement of the five other EU environmental objectives (Do No Significant Harm, DNSH)
- comply with minimum social safeguards (Minimum Safeguards)

Technical screening criteria must be used to verify that an economic activity makes a substantial contribution to one of the objectives and does no significant harm to the achievement of the five other objectives. At present, the EU only has criteria for the first two environmental objectives so that information must only be provided on these two objectives for fiscal year 2021.

Economic activities are “taxonomy-eligible” if they comply with the activity description as set out in Annexes I and II to the Delegated Act of June 4, 2021. Activities are “taxonomy-aligned” if the taxonomy-eligible economic activities also meet the technical screening criteria. Furthermore, compliance with minimum social safeguards must be ensured as part of the activities.

Against the backdrop of the EU Taxonomy Regulation, the Dürr Group will report for the first time for the 2021 fiscal year on the proportions of sales revenues, capital expenditures (CapEx) and operational expenditures (OpEx) attributable to taxonomy-eligible and non-taxonomy-eligible economic activities. In addition, we will make voluntary disclosures on taxonomy-aligned sales, CapEx and OpEx for the 2021 fiscal year.

NFS The following information is based on the Taxonomy Regulation (EU) 2020/852, which entered into force in July 2020. We have also taken into account the Delegated Regulation on Articles 10 and 11 (technical screening criteria) of June 2021 and the Delegated Regulation on reportable ratios under Article 8 of the Taxonomy Regulation of July 2021. It should be noted here that, at the time of publication of this report, the EU Taxonomy Regulation and the Delegated Acts adopted in this context still contain terms and wordings that are subject to considerable uncertainty in terms of interpretation and for which clarifications have not been published in every case. In such cases, we have identified and explained the assumptions made in this report.

DESCRIPTION OF THE PROJECT PROCEDURE

For the Group-wide implementation of the taxonomy requirements, we have set up a project team with the participation of experts from the areas of controlling, communications and sustainability in 2021. Reports on the procedure and interim results were provided to the Board of Management on a regular basis.

First, an initial mapping was conducted to assign the economic activities of the Dürr Group to the relevant activity descriptions of the EU Taxonomy. Then, interviews and workshops were held with experts from relevant departments (including project planning, sales, product management, research and development, engineering, environmental management, patent management, controlling) from all five divisions of the Dürr Group. The aim of the discussions was to analyze the identified economic activities and verify whether they indeed fulfill the corresponding technical screening criteria. The experts’ assessments were documented and supporting evidence and documentation were compiled.

In addition to the revenue-generating business activities, further activities related to CapEx and OpEx were identified following consultation with the relevant departments. These are activities in the area of transportation, which include, for example, the Dürr Group’s vehicle fleet and charging infrastructure, as well as the buildings at our locations and other related activities. Large portions of the Dürr Group’s business activities are not directly covered by the taxonomy requirements, as the current version of the EU Taxonomy Regulation is not directly aimed at the mechanical engineering industry. According to the German Engineering Federation (VDMA), this puts mechanical and plant engineering products and technologies at a disadvantage, as they are not explicitly listed in the screening criteria but still make a significant contribution to the green transformation of European industry.

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Against this backdrop, the activity description “3.6 Manufacture of other low carbon technologies” and the associated technical screening criteria are of particular relevance to us because the Dürr Group’s business activities are in part aimed at developing and manufacturing machinery and equipment that significantly reduce greenhouse gas emissions in the automotive industry as well as in sectors such as woodworking, mechanical engineering, chemicals, pharmaceuticals and electrical engineering. In order to identify taxonomy-eligible technologies, we have therefore filtered the Dürr Group’s portfolio for low carbon technologies and classified as taxonomy-eligible those technologies that contribute to a significant reduction in greenhouse gas emissions and achieve significantly lower emission levels compared to the most efficient reference technology predominantly available on the market. For the identified taxonomy-eligible business activities from activity 3.6, we also regularly determined compliance with the remaining technical screening criteria. In view of this, the Dürr Group’s taxonomy-eligible and taxonomy-aligned sales revenues, CapEx and OpEx correspond to each other in these business activities. In other business activities, taxonomy-eligible and taxonomy-aligned sales revenues, CapEx and OpEx may not correspond.

We have classified taxonomy-eligible activities as taxonomy-aligned if they meet the three conditions below:

- “Substantial Contribution”: Compliance with the criteria for a substantial contribution to the two environmental objectives (1) climate change mitigation and (2) climate change adaptation was assessed individually for each taxonomy-eligible economic activity of the Dürr Group. In the analysis conducted, no economic activity was identified that makes a substantial contribution to the second EU environmental objective.
- “Do No Significant Harm”: The DNSH criteria relate primarily to compliance with legal requirements. Consequently, a regular assessment of DNSH compliance at the level of the business activity or the relevant locations of the Dürr Group was appropriate.
- “Minimum Safeguards”: Here, a Group-wide approach was taken to review compliance with the minimum safeguards requirements.

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ASSIGNMENT OF ECONOMIC ACTIVITIES TO RELEVANT TAXONOMY CRITERIA

The following activities defined by the EU Taxonomy have been identified for the recognition and assignment of sales revenues, CapEx and OpEx of the Dürr Group:

- 3.1 Manufacture of renewable energy technologies
- 3.2 Manufacture of equipment for the production and use of hydrogen
- 3.6 Manufacture of other low carbon technologies
- 4.11 Storage of thermal energy

Due to the generic description of activity “3.6 Manufacture of other low carbon technologies” and the associated “substantial contribution” criteria, it is necessary to describe in greater detail the interpretation by the Dürr Group. The activity includes economic activities within which technologies are produced that aim at and demonstrably achieve substantial reductions in greenhouse gas emissions over the product lifecycle compared to the best performing alternative technology available on the market. In this regard, the description of the technical screening criteria does not specify a concrete target or minimum value for a substantial reduction. From the Dürr Group’s perspective, a substantial reduction means a decrease in greenhouse gas emissions of at least 20% during the use phase. Such a substantial reduction can only be achieved by a technological leap and not by continuous improvements. The Dürr Group has therefore set the value of 20% as the minimum level for a substantial reduction in CO₂ emissions. With regard to the reference standard, we base it on the technology commonly used in the market today. The reference technology is thus the most powerful alternative technology predominantly available on the market.

The technical screening criteria for activity “3.6 Manufacture of other low carbon technologies” also describe requirements for the quantification of lifecycle greenhouse gas emissions for business activities. The quantifications must be calculated on the basis of defined standards and audited by an independent third party.

In the Dürr Group’s view, it does not make sense to carry out the lifecycle analysis required by the Taxonomy Regulation because, as a plant and mechanical engineering specialist, we generally offer individualized technological solutions. The manufacturing and use phases of these solutions can differ significantly, as they are designed on the basis of location-specific or customer-specific characteristics. If we were to determine lifecycle greenhouse gas emissions at product level, we would therefore have to prepare a separate greenhouse gas balance sheet for each location-specific and customer-specific project.

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In this context, a Group-wide lifecycle greenhouse gas assessment from 2021 revealed that the use phase of our individual machines and systems in particular has a substantial impact on the lifecycle emissions of our business activities. By contrast, upstream emissions relating, for instance, to logistics processes and the manufacture of purchased parts, as well as emissions from our internal value chain, have only a minor impact on the Dürr Group's lifecycle emissions.

Thus, for the purpose of the present reporting on taxonomy-aligned activities for some of our machines and systems, we rely on our internal calculations of greenhouse gas emissions in the use phase, which also frequently serve as part of product warranties at the conclusion of customer projects. These internal calculations were not subject to external review. For the remaining share of our machines and systems, we focused on the potential savings of greenhouse gas emissions in the use phase of the goods manufactured with our machinery and equipment. We relied on official analyses of scientifically recognized organizations in this context.

The following activities were additionally identified in relation to the recognition and assignment of CapEx and OpEx for the Dürr Group:

- 6.5 Transport by motorbikes, passenger cars and light commercial vehicles
- 7.2 Renovation of existing buildings
- 7.3 Installation, maintenance and repair of energy efficiency equipment
- 7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)
- 7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings
- 7.6 Installation, maintenance and repair of renewable energy technologies
- 7.7 Acquisition and ownership of buildings

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SELECTION OF TAXONOMY-ELIGIBLE AND TAXONOMY-ALIGNED ECONOMIC ACTIVITIES

Within the framework of the analysis, the following taxonomy-eligible and taxonomy-aligned revenue-generating economic activities were identified:

1. Painting technology

Despite considerable technological leaps in recent years, modern paint shops continue to be among the biggest energy consumers in the production of automobiles. In particular, paint application and drying of the car bodies are responsible for the majority of energy and resource consumption in the paint shop. In addition to machines and systems that meet current market standards, the Dürr Group also sells solutions with above-average energy-efficiency and resource-savings that we classify as taxonomy-eligible or taxonomy-aligned due to the significant savings of emissions. In the following, only those machines and systems are identified as taxonomy-eligible or taxonomy-aligned that result in significant reductions in greenhouse gas emissions compared to the market standard. These include, in particular, selected solutions for dry separation of paint overspray and our latest **EcoProBooth** paint booth concept. With the help of these technologies, energy consumption during paint application in the paint booth can be reduced by up to 60% compared to conventional wet separation. In the field of car body curing, the **EcoInCure** oven and the **EcoSmart VEC** fresh and exhaust air control system can achieve a reduction in electrical energy consumption of more than 20% compared to conventional drying systems. These solutions are complemented in particular by energy and resource-saving technologies for paint application, including the **EcoPaintJet** overspray-free application system, the **EcoBell3** atomizer product line, the **EcoLCC** color changer generation and the **EcoSupplyP** special paint supply system. By using these technologies, greenhouse gas emissions from paint application in a typical paint shop can be reduced by over 70%. The economic activities considered in painting technology are assigned to activity 3.6.

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2. Battery manufacturing technology

The Dürr Group manufactures specific technologies for the production of rechargeable battery packs and accumulators for the transportation sector as well as stationary or decentralized energy storage systems. Only technologies for such a purpose are covered below. It would not make economic sense for customers to use these technologies for other purposes, as this would require extensive and correspondingly complex technical adjustments to the technologies. The Dürr Group offers technical solutions for process steps in the battery production value chain. This primarily includes machines and systems for the coating and drying of battery electrodes as well as assembly and testing technology for lithium-ion cells and for battery modules and packs. Furthermore, we provide glueing application technologies for battery systems.

The battery types mentioned above are manufactured directly with technologies from the Dürr Group and then installed in electric vehicles or energy storage systems. The batteries produced on our machines and systems are thus either part of the electric power train, which is essential for the emission reduction potential of electric cars, or form the central storage unit in stationary or decentralized energy storage systems. These Dürr Group business activities thus aim to significantly reduce lifecycle emissions in the transportation and energy sectors, so that our technologies support the EU's key objectives with regard to accelerated introduction of low-emission modes of transport and decarbonizing the energy sector. The economic activities considered in battery manufacturing technology are assigned to activity 3.6.

3. Technology for electromobility

The Dürr Group manufactures technologies specifically used in the production of electric motors for the transportation sector. Only technologies for this purpose are covered below. It would not make economic sense for customers to use these technologies elsewhere, as this would require extensive and correspondingly complex technical adjustments to the technologies. Specifically, the Dürr Group develops and supplies equipment for filling electric vehicles with highly specific refrigerants, balancing and

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spin-testing systems for rotors in electric drives, and modular end-of-line test stands for electric drives. The electric motors manufactured and tested with our machines and systems form the central element of the electric power train, which is essential for the emission reduction potential of electric cars. The Dürr Group's business activities in the area of technology for electromobility thus aim to considerably reduce lifecycle emissions in the transportation sector and are therefore assigned to activity 3.6.

4. Renewable energy technology

The Dürr Group manufactures technologies for renewable energies. These include, in particular, technologies for the production of solar cell strings, cleaning systems for biogas purification and technologies for generating electricity from thermal energy from the combustion of renewable fuels or from geothermal or solar thermal energy. The renewable energy production technologies considered are assigned to activity 3.1.

5. Environmental technology

The Dürr Group makes a significant contribution to reducing emissions in various industrial sectors through environmental technology systems. We develop and supply modern plant technologies that enable efficient disposal of waste gases and residues and reduce energy consumption in the use phase. These include, above all, specific regenerative thermal oxidation processes, which are characterized in particular by complex technologies for storing heat and are therefore assigned to activity 4.11. In addition, other Dürr environmental technology systems ensure substantial savings in greenhouse gas emissions, which regularly exceed 20%. Compared to competitor solutions, our systems significantly increase overall efficiency with the help of specially developed system components or patented processes. Our range of technologies includes systems for flameless regenerative thermal oxidation and recuperative thermal oxidation, catalytic filter element systems, high-pressure catalytic systems as well as selected sorptive processes and plants for VOC concentration. These technologies considered in the field of environmental engineering are assigned to activity 3.6.

6. Woodworking technology

The Dürr Group produces technologies for the solid wood manufacturing sector that are specifically used for the industrial production of wooden construction elements and wooden windows and doors. These include machines and systems for the manufacturing of solid wood boards (cross laminated timber), fully automated production and insulation of wall and ceiling elements of timber houses, and for the production of wooden windows and doors. In the following, only technologies for such a purpose are covered. For economic reasons, it would not make sense for customers to use these technologies for other purposes, as this is impossible to achieve without extensive and complex technical modifications. The wooden construction elements and wooden windows and doors are manufactured directly with Dürr Group technologies. According to the German Federal Environment Agency, around 60% of emissions in the building sector are attributable to the construction and demolition of existing buildings, as the building materials (e.g. steel, cement, aluminum) predominantly used in the building sector to date are highly energy-intensive. In addition, expert analysis shows that the production of windows and doors made of materials such as PVC and aluminum, for example, has an energy intensity eight times higher than the production of doors and windows made of wood. Thus, the Dürr Group's business activities are aimed at significantly reducing lifecycle emissions in the building sector. They also support the EU's core objective of improving the energy efficiency of buildings. The economic activities considered in woodworking technology are therefore assigned to activity 3.6.

NO SIGNIFICANT HARM TO OTHER ENVIRONMENTAL OBJECTIVES

Furthermore, we analyzed whether the achievement of the five other environmental objectives is significantly harmed by the economic activities listed above (DNSH). For this purpose, the activities were first allocated to the locations of the Dürr Group. The locations assessed as relevant were those where significant value-adding processes for the taxonomy-eligible economic activities take place. Subsequently, a comparison was made with the DNSH criteria for the selected locations. As a result, we have not identified any significant harm to the achievement of the five other environmental objectives at any location.

COMPLIANCE WITH MINIMUM SOCIAL SAFEGUARDS

For the companies' compliance with minimum social safeguards, the Taxonomy Regulation refers to compliance with the OECD Guidelines, the United Nations Guiding Principles and the ILO Core Labor Standards. We have reviewed compliance with these guiding principles and standards in our business activities across the Group, focusing on respect for human and employee rights (including health and safety, freedom of association, prohibition of child labor and forced labor) and on combating bribery and corruption. The result showed that our Group-wide processes and systems are suited to reliably identify potential risks or violations of minimum social safeguards. Further information on respect for human rights in the Dürr Group and in the supply chain is provided in the relevant sections of the Group non-financial statement. There, you will also find information on compliance with minimum requirements regarding occupational safety.

ENVIRONMENTALLY SUSTAINABLE SALES REVENUE, OPEX, CAPEX

The values presented in table 2.10 are based on the analysis of our business activities.

2.10 — TAXONOMY-ELIGIBLE AND TAXONOMY-ALIGNED SALES REVENUES, CAPEX, OPEX IN FISCAL YEAR 2021

	Absolute (€ million)	Taxonomy- eligible (%)	Non-taxonomy- eligible (%)	Taxonomy- eligible and taxonomy- aligned (%)
Sales revenues	3,537	15.1	84.9	15.1
CapEx	226	29.4	70.6	25.5
OpEx	123	8.1	91.9	8.1

In accordance with the EU Taxonomy, sales revenues are generally defined as they are reported in the consolidated income statement. The Dürr Group generates most of its sales revenues from the production and delivery of customer-specific plant and machinery and from the resulting service business. The corresponding sales revenues over time are recognized using

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the percentage-of-completion method (POC method). Taxonomy-eligible or taxonomy-aligned sales revenues are determined analogously on the basis of the costs incurred in relation to the total expected costs of a contract. If only individual components of an overall project generate taxonomy-eligible or taxonomy-aligned revenues, only these components are taken into account. Sales revenues that are not recognized over time can be derived directly from financial accounting. In addition, certain revenues generated in the service business are reported as taxonomy-eligible or taxonomy-aligned sales revenues. Depending on the business area, such service revenues are determined from separately identifiable service projects or on the basis of appropriate allocation keys as a subset of total service business. Only taxonomy-eligible or taxonomy-aligned sales revenues of fully consolidated subsidiaries were taken into account.

In accordance with the EU Taxonomy, CapEx includes investments in intangible assets (excluding goodwill) and property, plant and equipment, including rights to use leased assets. This also includes additions to non-current assets resulting from company acquisitions which were consolidated for the first time in the fiscal year. The amount can be reconciled to the disclosures in → Notes 18 and 43 to the consolidated financial statements. CapEx is calculated on a gross basis, i.e. without taking into account revaluations or amortization, depreciation and impairment. In the 2021 fiscal year, taxonomy-aligned CapEx comprised investments in non-current intangible assets with a share of 33% and tangible assets with a share of 67%. Non-current assets from business acquisitions accounted for 52% of taxonomy-aligned CapEx in fiscal year 2021 and resulted largely from the acquisition of the Teamtechnik Group. CapEx amounts attributable only partially to taxonomy-aligned or taxonomy-eligible business areas are allocated on a pro rata basis using expected shares of sales.

OpEx as defined by the EU Taxonomy takes into account non-capitalizable expenses for research and development, building refurbishment measures, short-term leasing, maintenance and repair, and all other direct expenses for the upkeep of property, plant and equipment to ensure that the taxonomy-eligible or taxonomy-aligned assets are ready for operation. The corresponding values can be clearly derived from our internal reporting systems. OpEx is not directly reconcilable to the presentation in the consolidated income statement.

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Integrity

Our actions are guided by the principles of integrity and legality. According to our Code of Conduct, all employees have the right to be treated fairly, politely and respectfully – regardless of nationality, gender, sexual orientation, religion, culture and age.

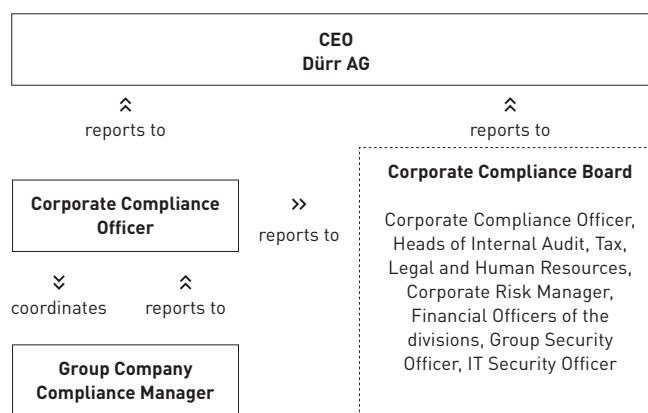
COMPLIANCE AND ANTI-CORRUPTION

Compliance and integrity play a vital role in our business success, so it is essential that all employees comply with applicable law and ethical standards in their daily business activities. Our aim is to avoid any violation of compliance rules in our company.

Responsibility and organization

The central body of our compliance organization is the Corporate Compliance Board, whose responsibilities include defining and further developing the compliance management system. The board was expanded in 2021 to include one person each responsible for Group Security and IT Security. Local Compliance Managers in the Group companies support the employees in meeting compliance requirements. The Corporate Compliance Officer coordinates all operational compliance issues at Group level. He is the contact person in the event of potential compliance violations and notifies the CEO and the Corporate Compliance Board of any concrete grounds for suspicion. The board examines the need for further steps on a case-by-case basis.

2.11 — COMPLIANCE MANAGEMENT STRUCTURE



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Guidelines

Our Group-wide Code of Conduct forms the ethical foundation of our relationships with employees, customers, partners and shareholders and is available in ten languages. It is part of our mandatory onboarding training for all new employees.

Our Compliance Management System (CMS) provides the framework for action so that all activities in business operations can be carried out in accordance with the law and internal requirements. The three elements of prevention, early detection, and response are core components of the CMS. A Group-wide company directive on compliance defines responsibilities, communication channels and measures. A Group-wide anti-corruption directive provides our employees with rules of conduct for their dealings with business partners and in the event of conflicts of interest. The risk of corruption is also addressed by regulations such as the separation of functions, approval procedures and the four-eyes principle. The selection and commissioning of business partners for sales-related services and the handling of donations are further compliance-relevant topics that are regulated in Group-wide company directives.

Processes and measures

Employees, business partners and third parties who have justified suspicions of legal violations, for example corruption or money laundering, or violations of the Dürr Code of Conduct, can contact us through various channels – anonymously, if they wish. One option is the Dürr Group Integrity Line, our whistleblowing hotline. Reports are reviewed by the Corporate Compliance Officer, who initiates further steps in justified cases and coordinates measures in consultation with the various departments.

In 2021, the Corporate Compliance Officer received 38 tips (previous year: 35). There were no confirmed violations of anti-corruption regulations (previous year: one confirmed case of corruption).

Our training courses are designed to substantially contribute to the avoidance of compliance violations. They include onboarding events for new employees, online compliance training courses, and training on data privacy. These trainings are mandatory for all employees, and refresher courses must be completed every two

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years. In 2021, we trained nearly 5,800 employees on compliance and data privacy (previous year: nearly 12,800). The decrease is the result of the two-year training cycle as well as the postponement of some training courses to 2022 due to the revision of the online compliance training program. All managers and particularly exposed functional areas, such as sales, must complete in-depth training, which includes the advanced modules “Protection against corruption” and “Fair competition”, to be completed every three years starting from 2022.

HUMAN RIGHTS (AND RESPONSIBLE SUPPLY CHAIN)

Our aim is to respect and protect human rights. In doing so, we relate our corporate due diligence not only to our own business activities, but also to the supply chain. And we have committed ourselves to this aim by signing the United Nations Global Compact.

Responsibility and organization

Responsibility for ensuring compliance with employee rights and human rights lies with the Human Resources Managers of the subgroups. Across the Group, human rights issues are coordinated by the Group Human Resources Director in consultation with the Compliance and Corporate Sustainability departments. Our approach to human rights compliance in the supply chain is steered by the Head of the Dürr Group’s Global Sourcing Board. He defines the strategy for sustainable procurement, which is implemented operationally by the purchasing managers in the subgroups.

Guidelines

In our Group-wide Code of Conduct, we commit ourselves to observing human rights. At the beginning of 2021, we adopted a policy statement on respect for human rights and fair working conditions. A binding component of the contracts with suppliers is our globally applicable Supplier Code, available in eleven languages, which was fundamentally revised in 2021 and explicitly requires respect for and observance of human rights.

Processes and measures

In the Dürr Systems subgroup, we take social criteria into account early in the supplier selection process by means of a general self-assessment questionnaire. In 2021, we also tested the use of a sustainability-specific self-assessment questionnaire with selected Dürr Systems suppliers in China and India. In the case of new and existing suppliers, the Dürr Systems and Schenck subgroups review the observance of human rights and employee rights as part of audits using checklists. In the event of a failure to respect these rights, we reserve the right to terminate the collaboration.

In 2021, we used eight country-specific indexes to rank the sustainability risk of our global direct suppliers taking into account various criteria from the areas of labor laws and human rights as well as environmental protection. The risk rating will serve as the basis for appropriate supplier monitoring in the future. For high-risk suppliers, we have developed an e-learning module on the topic of sustainability, which will be introduced in 2022. It is designed to make suppliers aware of sustainability issues, highlight the importance of our Supplier Code and inform them about the Dürr Group Integrity Line.

Goals and next steps

2.12 — GOALS AND NEXT STEPS: HUMAN RIGHTS (AND RESPONSIBLE SUPPLY CHAIN)

	Target year	Degree of target achievement (as of: Dec. 31, 2021)
Comprehensive revision of the globally applicable Supplier Code	2021	■■■■
Development, implementation and execution of sustainability-specific supplier trainings	2022	■□□□
Definition of minimum criteria for high-risk suppliers as a prerequisite for the future awarding of contracts	2022	□□□□
Signing of our Supplier Code by 75% of active high-risk suppliers	2022	□□□□
Obtaining self-declarations from 50% of active high-risk suppliers	2022	□□□□
Development of an incentive system for suppliers to increase (social) sustainability in the supply chain	2023	□□□□

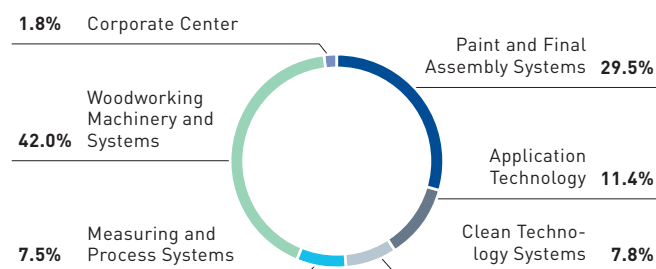
■■■■ = fully met
 ■□□□/■■□□/■■■■ = in progress
 □□□□ = in planning

Employees

As of December 31, 2021, the Group had 17,802 employees. This represents an increase of 1,277 employees, or 7.7% more than at the end of 2020. As much as 80% of the increase resulted from the majority acquisition of Teamtechnik, Kallesoe and Roomle, as well as the acquisition of Cogiscan and Hekuma. In addition, we have moderately increased the workforce in some divisions, particularly Woodworking Machinery and Systems, in view of the growing volume of business. By contrast, we reduced overcapacities in Western European automotive business. This was part of a restructuring initiated in 2020 and affected the Paint and Final Assembly Systems, Application Technology and Measuring and Process Systems divisions.

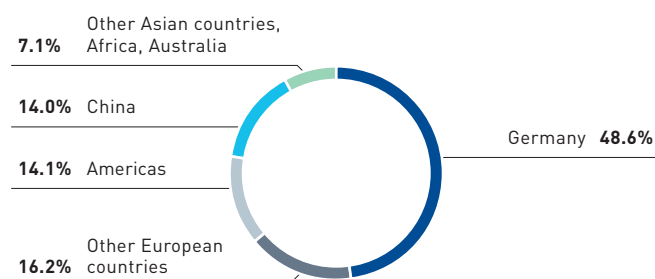
The increase in staffing numbers was mainly attributable to Germany, where most Teamtechnik and Hekuma employees are based. At the end of the year, 8,643 persons were employed at the German locations, representing 48.6% of the Group workforce. The countries with the largest number of employees after Germany are China (2,488), the USA (1,398) and Poland (1,338).

2.13 — EMPLOYEES BY DIVISION (DECEMBER 31)



	2021	2020	2019
Paint and Final Assembly Systems	5,258	4,383	4,412
Application Technology	2,026	2,162	2,306
Clean Technology Systems	1,381	1,348	1,418
Measuring and Process Systems	1,339	1,407	1,515
Woodworking Machinery and Systems	7,477	6,942	6,569
Corporate Center	321	283	273
Total	17,802	16,525	16,493

2.14 — EMPLOYEES BY REGION (DECEMBER 31)



	2021	2020	2019
Germany	8,643	7,931	8,181
Other European countries	2,888	2,638	2,617
Americas	2,511	2,229	2,382
China	2,488	2,434	2,064
Other Asian countries, Africa, Australia	1,272	1,293	1,249
Total	17,802	16,525	16,493

2.15 — KEY FIGURES FOR EMPLOYEES

	2021	2020	2019
Number of employees (Dec. 31)	17,802	16,525	16,493
of whom apprentices and students at universities offering work-study programs (Dec. 31)	505	425	450
Proportion of female employees (Dec. 31) [%]	17	16	16
Employees working part-time (Dec. 31)	633	573	598
Employees with fixed-term contracts (Dec. 31)	203	166	309
Number of external employees (temporary work) (Dec. 31)	856	724	1,250
Average length of service (years)	11	12	11
Employee turnover [%]	9.7	9.5	8.2

OUR WORKFORCE

As an internationally operating Company, open-mindedness and diversity are key components of our corporate culture. The average age of our employees is 42. Across the Group, 31% of employees are under 35 years of age; the proportion of this age group is particularly high in China, at 42%. Germany has the oldest workforce with an average age of 44 years. 47% of our employees have a university degree, while 50% have chosen non-academic vocational training. Most of our employees – namely 28% – work in assembly and manufacturing. More than 2,900 (16%) are employed in service worldwide. 9% of our employees take care of administrative tasks and our IT infrastructure. Further personnel figures can be found in table 2.15.

EMPLOYEE SATISFACTION AND RETENTION

Satisfied and motivated employees are an important basis of the Company's success. We therefore regularly assess the satisfaction of our employees and implement improvement measures if required.

Responsibility and organization

The central Corporate Human Resources department is responsible for the Group-wide recording of employee satisfaction levels. Employees' needs and suggestions are discussed locally between the senior management, the HR department, the respective employees and, if necessary, the works councils' representatives.

Processes and measures

We measure the satisfaction of our employees every three years with the help of global surveys. If strikingly negative results occur in certain organizational units, we use them to derive improvement measures and review the implementation and success of the measures through follow-up surveys.

We also conduct random pulse surveys on various focus topics at least once a year. A pulse survey conducted in 2020 and evaluated in 2021 confirmed that, from the employees' point of view, we are well on our way to shaping the best possible future of work in the Dürr Group. Three-quarters of the approximately 1,500 interviewees see the Dürr Group as particularly well positioned in the area of digitalization.

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The most recent global survey of our employees was conducted in 2019. The subsequent follow-up process focused on improvement measures in the key topics of processes/cross-functional cooperation, performance-related development opportunities, and knowledge of strategy. Among other things, we launched a strategy communication campaign on the Company intranet in 2021. Furthermore, the follow-up process addressed the organizational units with strikingly negative results. The revealed weaknesses were analyzed and, in 2021, almost two-thirds of these units achieved improvements.

We promote the satisfaction and retention of our employees through performance-related remuneration, advanced training and career opportunities, as well as flexible working hours and remote work arrangements, which aim at meeting the needs of our employees. Activities in the areas of work-life balance, sports, health and culture are intended to contribute additionally to employee satisfaction.

Performance indicators

We map the overall satisfaction of our employees with an approval indicator that takes into account several criteria. In the last Group-wide survey, the indicator showed an approval rating of 70%. Compared with a peer group of other industrial companies, we achieved better results on the majority of questions. In the fourth global workforce survey due in 2022, we aim to improve our good results from 2019 and once again outperform the industry average.

Goals and next steps

2.16 — GOALS AND NEXT STEPS: EMPLOYEE SATISFACTION AND RETENTION

	Target year	Degree of target achievement (as of: Dec. 31, 2021)
Continuation of ongoing improvement measures as a follow-up process to the most recent employee survey in 2019	2021	■■■■
Conduct a Group-wide survey of our employees with the goal of improving our 2019 results and outperform the industry average	2022	□□□□

■■■■ = fully met
 ■□□□/■■□□/■■■■ = in progress
 □□□□ = in planning

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PEOPLE DEVELOPMENT AND FURTHER TRAINING

The success of our Company depends to a large extent on qualified personnel and prudent management. That is why a comprehensive range of advanced training and development opportunities is very important to us. Our people development and further training programs are designed to prepare our employees properly for new tasks, to ensure the availability of well-qualified managers and promote the development of young, skilled personnel from the Company's own ranks.

Responsibility and organization

The Corporate People Development department is responsible for the Group-wide management and coordination of employee development and further training. It is part of the Corporate Human Resources unit.

Guidelines, processes and measures

Structures and processes of people development are regulated by a Company directive. Our software-supported personnel development process "People Development" helps us identify and develop potential managers within the Company and make the best possible use of young talents. At annual people development conferences, staff responsible for people development and managers communicate about the advancement of high-potential employees and about succession planning. In 2021, we fundamentally revised and significantly expanded succession planning for the Dürr Group to ensure that key positions can be filled quickly and adequately.

The Dürr Group Academy (DGA) is our Group-wide platform for further training. It pools all further training offers and is available in 12 languages. Internally organized training programs on topics such as leadership, working methods, collaboration, as well as IT and digitalization can be accessed online by most employees. By training new course administrators from Europe and the USA, we were able to expand our range of international courses within the DGA.

Most of our further training events in 2021 took place virtually. We recorded just under 42,000 attendances in online training sessions (previous year: approximately 46,000). Training courses that focused on communication, the exchange of experience, and team development were held in a hybrid format, combining

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the advantages of e-learning and in-person events. With over 3,500 participants, the attendance at in-person training sessions increased (previous year: 1,778). Overall, the participation rate was 2.5 training sessions per employee (previous year: 2.9). Training events to further build on specialized qualifications accounted for almost one-third of all attendances (previous year: around 20%).

We have also complemented our training spectrum with new digital offerings. With the introduction of the online learning platform LinkedIn Learning, all employees have access to several thousand online courses at any time and can independently acquire knowledge in business, technical and creative areas. Within the first 8 weeks, 4,657 employees registered on LinkedIn Learning, and we measured a total learning time of 3,292 hours. In addition, we hosted our first-ever digital training week. In various online courses, our employees could find out how to integrate collaborative applications from Microsoft into their daily work routines and use them to work together. We also promote collaboration, networking and knowledge sharing with the Working Out Loud (WOL) project, which was successfully continued in 2021 – mostly virtually, thus enabling exchange across locations and countries.

We continued our internationally staffed corporate training events. 1,188 employees (previous year: 1,225) attended best-practice training courses on project management, sales, and leadership. Our corporate training also includes special qualification programs for (prospective) managers. The Fit for Leadership Program was redesigned in 2021 and now combines online sessions in international, virtual working groups with local in-person events. In 2021, 179 future executives attended (previous year: 132). The Advanced Leadership Program was used by 41 experienced managers (previous year: 28). For the first time, a change simulation game was also conducted to prepare managers for dealing with change.

The Dürr Group Graduate Program is open to university graduates who want to join the Company as trainees in four specialized fields: technology & innovation, software engineering & data science, finance, and sales & service. The finance specialization was added in 2021 and is offered in Germany, Poland and Mexico. The HOMAG Group recruited sales & service trainees for the first time.

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Goals and next steps

2.17 — GOALS AND NEXT STEPS: PEOPLE DEVELOPMENT AND FURTHER TRAINING

	Target year	Degree of target achievement (as of: Dec. 31, 2021)
Expansion of courses offered by the Group-wide learning platform Dürr Group Academy (DGA) in Europe and the USA	2021	■■■■
Redesign of the global management training program	2021	■■■■
Internationalization of the Dürr Group Graduate trainee program in Finance	2021	■■■■
Intensification of use of the online learning platform LinkedIn Learning	2022	■□□□
Redesign and globalization of the performance management process, which includes competency assessment and development dialog between manager and employee	2022	□□□□
Revision of the Group-wide talent management process (e.g. categories for high-potential employees, definition of talent pools)	2022	□□□□

■■■■ = fully met
■□□□/■■■■/■■■■ = in progress
□□□□ = in planning

RECRUITING OF EMPLOYEES

We require a large number of highly qualified employees. Filling vacancies is becoming increasingly challenging, due to the competition for well-trained staff as well as for demographic reasons. It is thus all the more important for us to position ourselves as an attractive employer. While we were very restrictive concerning new hires in 2020 (779) as a result of the coronavirus crisis, we were able to hire 1,815 new employees in 2021 (up 133%) on the back of the significant recovery in the market.

In order to stand out in the competition for qualified staff, we use our attractive employer profile as well as our image as an innovative and digitally oriented Company. We approach potential candidates at university and graduate fairs, through our careers page on the internet, and through online job boards. We continue to expand our employer presence in social media such as Twitter, Instagram, Facebook and LinkedIn. For the year 2022, we are planning to revise the Dürr Group's brand presence as an employer, in the course of which an Instagram channel on the subject of careers will be launched. HOMAG already operates

an apprentice channel on Instagram and an apprentice podcast. For 2022, we are also planning to introduce an integrated human resources platform with overarching recruitment processes for all subgroups.

Students who are about to enter the job market can gain practical experience in our Company in the form of internships, work experience and opportunities for students to complete their theses. In 2021, we hosted 313 young people (previous year: 296) and introduced a talent pool for students, which allows us to keep in touch with young talents and hire them at a later date.

Our reputation as an attractive employer is underscored by independent awards and rankings:

- **Kununu Top & Open Company:** We have achieved average scores of 4.0 (Dürr Systems), 4.1 (Schenck), and 3.4 (HOMAG) on the Kununu evaluation platform. The industry average is 3.5 (possible top score: 5).
- **FOCUS Best Employers:** In the employer ranking published by German magazine FOCUS, Dürr Systems was ranked 20th out of a total of 49 mechanical and plant engineering firms rated in 2021.
- **Stern Germany's Best Employers:** In the employer ranking published by German magazine Stern, Dürr Systems and HOMAG achieved the 6th and 30th place in the mechanical and plant engineering sector.
- **Fair Company:** This quality seal confirms that we do not hire graduates for internships and that internships are paid appropriately.

VOCATIONAL TRAINING

We offer young people a wide range of opportunities to start their careers. In 2021, we expanded our offering to include apprenticeships and work-study programs in the digital field, bringing the number of professions covered by our vocational training program to 19 and the number of work-study programs to 13. We employed – mainly in Germany – 505 apprentices and students in work-study programs (previous year: 425); of these, around 57% were employed by HOMAG companies. The training rate in the Dürr Group rose slightly to 2.8% (previous year: 2.6%). We also rely on the model of in-company training abroad: At our US site in Southfield, we are a cooperation partner of the work-study program Michigan Advanced Technician Training (MAT²).

According to a study conducted by the business magazine Capital, the subsidiaries Dürr Systems, Schenck Rotec, HOMAG and Teamtechnik once again ranked among Germany's best trainers in 2021. On Kununu, we achieved an average rating of 4.5 out of a maximum of 5 points across all training locations.

HEALTH AND SAFETY

Our aim is to preserve and promote the safety and health of all persons affected by our business activities. Irrespective of national laws, the Dürr Group's goal is to achieve a minimum standard of health protection and occupational safety that meets the needs of offices, production and construction sites worldwide.

Responsibility and organization

A cross-functional team is responsible for the Group-wide implementation of the health and safety strategy "Striving for Excellence in Safety", the Head of which reports to the CEO of Dürr AG. The team is supported by local health and safety managers who implement our standards and processes on site. Furthermore, all managers are in charge of conducting a proper risk assessment and implementing appropriate measures to prevent injuries and occupational illness. It is equally important that all employees assume responsibility for safety at work – for their own safety and that of their colleagues.

Guidelines

The principles of the health and safety strategy are set out in a Group-wide policy, which was fundamentally revised in 2021. It encompasses general principles and values as well as concrete specifications for eight practical focus topics, such as emergency management and fire protection. Processes and instructions pertaining to the policy are described in Group-wide and subgroup-specific health and safety guidelines. The guidelines define responsibilities and mandatory minimum standards. In 2021, the guideline of the Dürr Systems subgroup was adapted to the requirements of the ISO 45001 occupational safety standard. Such a revision is also in progress at the Schenck and HOMAG subgroups.

Processes and measures

Through occupational health and safety management systems, we aim to minimize the risk of damage to health and accidents in the workplace. At Dürr Systems, 11 companies have an occupational safety management system certified in accordance with ISO 45001, at Schenck it is 2 companies. For the German HOMAG companies, ISO 45001 certifications are planned for the beginning of 2023. Regular internal audits, which take place at least once a year,

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are designed to ensure that health and safety guidelines and processes are being adhered to at construction sites as well as at our plants and offices.

An important element of accident prevention is the mandatory online safety training for all employees. The training sessions consist of a basic part for new employees and an annual refresher course. In 2021, over 97% of all eligible employees completed our health and safety training, which also included our coronavirus protection measures (previous year: over 95%). Employees in particularly high-risk work areas, such as warehouses, logistics, assembly or technical centers, receive activity-specific in-depth training. By providing information on the Company intranet, we aim to raise awareness of occupational safety and health issues. In the event of emergencies while traveling, our employees are supported by a professional emergency management service.

For health and safety managers, protecting the employees from coronavirus infections remained the dominant issue in 2021. Through mobile working, social distancing, virtual meetings and hygiene plans, we were able to prevent uncontrolled outbreaks of infection. A COVID-19 task force has been established at management level to make Group-wide decisions on how to deal with the coronavirus. Employees were informed about the Company's protective measures on the intranet. As part of a pilot project at the Bietigheim-Bissingen location, employees were able to receive a vaccination against the virus as early as May 2021. Starting from June, the Company vaccination campaign was extended to other German locations and was resumed in December in view of the renewed wave of coronavirus infections. We were also able to provide in-company vaccination offers at several locations in the US and India.

We usually organize health days and fitness offers for employees, especially at our German locations. In 2021, however, many of these offerings had to be canceled due to the pandemic or were converted to online formats. Only in some cases did in-person courses take place under strict hygiene rules. The Group-wide sick leave rate was 2.7% in 2021 (previous year: 3.1%).

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Performance indicators

2.18 — KEY FIGURES FOR HEALTH AND SAFETY

	2021	2020	2019
Number of work-related accidents ¹ per thousand employees (including external staff, excluding commuting accidents)	10.3	9.2	14.1
Work-related accidents ¹ per 1 million hours worked (including external staff, excluding commuting accidents)	5.3	4.7	7.0
Work-related accidents ¹ resulting in death – internal staff	0	0	0
Work-related accidents ¹ resulting in death – external staff	1	1	0

¹ A work-related accident is an incident which requires at least medical treatment.

In 2021, an employee of a subcontractor suffered a fatal accident at one of our construction sites. We deeply regret this accident and have investigated it carefully. The results of the investigation demonstrate that only a limited influence can be exerted on individual actions in hazardous areas. Nevertheless, we will continue to intensively review which additional possibilities exist to increase occupational health and safety.

Goals and next steps

2.19 — GOALS AND NEXT STEPS: HEALTH AND SAFETY

	Target year	Degree of target achievement (as of: Dec. 31, 2021)
Comprehensive revision of the Group-wide Health and Safety Policy	2021	■■■■
ISO 45001 certification of all major ² companies in the Dürr Systems and Schenck subgroups	2021	■■■□
Group-wide maximum of 12 work-related accidents per 1,000 employees per year	ongoing ¹	■■■■
Recording, thorough analysis and global communication of at least 10 serious near misses	ongoing ¹	■■■■
Performance and documentation of at least 400 global safety audits	ongoing ¹	■■■■
ISO 45001 certification of all major ² German companies in the HOMAG subgroup	2023	□□□□

■■■■ = fully met

■■■■/■■■■/■■■■ = in progress

□□□□ = in planning

¹ The degree of target achievement is given for the year 2021.

² Units with operational value creation and sales >€10 million per year

The certification of all major companies of the Dürr Systems and Schenck subgroups according to the occupational safety standard ISO 45001 was delayed due to the coronavirus pandemic and will be continued in 2022. The HOMAG Group also plans on having its German companies certified at the beginning of 2023.

Environment and climate protection

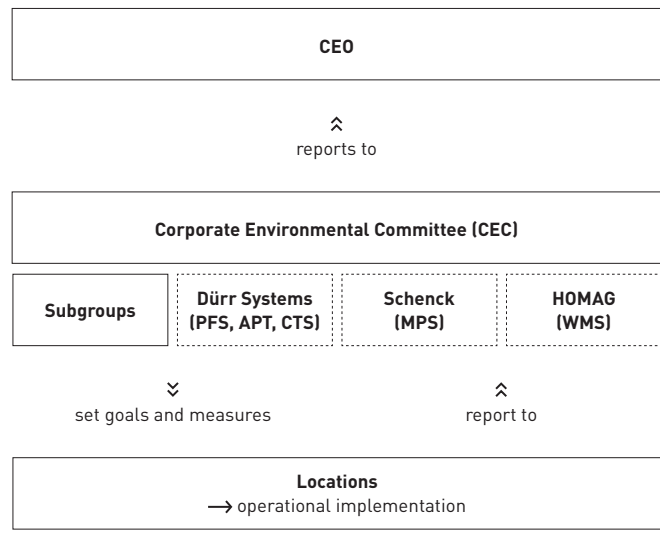
We have set ourselves the overarching objective of reducing environmental and climate impacts arising from our business activities. Depending on the segment of our value chain, there are differences in the impacts of our business activities on the environment and the climate. We strive to improve our environmental and climate footprint not only at our own production sites, but also along our entire value chain. To this end, we aim to continuously reduce the consumption of raw materials and energy, the volume of waste generated, and the amount of greenhouse gas emissions in relation to sales.

In 2021, we put climate protection at the center of our environmental activities and have classified the matter of climate protection as material as defined by the German CSR-RUG. We have announced a climate strategy in line with the 1.5-degree target of the Paris Climate Agreement, which includes concrete measures and targets to reduce greenhouse gases. These targets have been scientifically validated by the Science Based Targets initiative (SBTi). The basis of our climate strategy is a Group-wide greenhouse gas balance drawn up in 2021 in accordance with the Greenhouse Gas Protocol.

Responsibility and organization

In the Dürr Group, the Corporate Environmental Committee (CEC) is responsible for the strategic direction and management of all environmental and climate protection activities. It consists of the persons responsible for management and environmental management systems in the three subgroups and reports to the CEO of Dürr AG. The CEC provides recommendations on environmental and climate issues to the Sustainability Council, defines targets and derives fields for action from them. The main responsibility for environmental issues lies with the management of the local entities, which are subject to site-specific environmental action plans.

2.20 — RESPONSIBILITY AND ORGANIZATION IN THE AREA OF ENVIRONMENT



Guidelines

A Group-wide environmental policy describes our understanding of environmentally sustainable management and provides a framework for action. In addition, it defines three concrete approaches for ecological improvements along our entire value chain: The focus is on further improving the environmental properties of our products, particularly in the use phase, designing an environmentally sustainable supply chain, and reducing our own environmental footprint.

Processes and measures

We have set ourselves the goal of having the environmental management systems of our production and assembly sites as well as all sites with technology centers certified according to ISO 14001. Almost 40% of our production sites are already certified according to this international standard for environmental management systems. 11 HOMAG Group sites have a certified energy management system according to ISO 50001. A number of sites carry out energy and quality audits. An overview of certifications held can be found at www.durr-group.com under Sustainability/Documents, Ratings, Certificates.

2.21 — CERTIFICATION

	2021	2020	2019
Sites with quality management certified to ISO 9001 ¹	52	51	46
Sites with environmental management certified to ISO 14001 ¹	21	18	16
Sites with energy management certified to ISO 50001 ¹	11	11	11

¹ Sites used by several companies of the Dürr Group sometimes hold multiple certificates.

ENVIRONMENTAL FOOTPRINT OF OUR PRODUCTS

We aim to reduce the environmental impact caused by the use of our products. We are therefore particularly focused on the climate effect of our products. In the section “EU Taxonomy: taxonomy-eligible and taxonomy-aligned economic activities”, we provide information on the extent to which our activities have an impact on the environmental objectives of the European Union.

As a machine and plant manufacturer, our greatest leverage for reducing greenhouse gas emissions lies in optimizing the energy consumption of our machines and systems. According to our greenhouse gas balance, the use phase of our products accounted for by far the largest share of our total greenhouse gas emissions in 2019. In our climate strategy, we set the target of reducing emissions from the upstream and downstream value chain by at least 15% by 2030 compared to 2019. This depends to a large extent on the willingness of customers to use the resource-conserving, energy-efficient and low-emission technologies we offer. It is important to note that emissions from our machines and systems can be reduced considerably if green electricity is used for operation instead of gas and conventional electricity. Therefore, the conversion of our products to green power operation is one focus of our R&D agenda.

ENVIRONMENTAL FOOTPRINT IN THE SUPPLY CHAIN

We are working on a Group-wide concept to take the environmental impact of our suppliers' work into account in our purchasing processes. In the Dürr Systems subgroup, we use corresponding self-assessment and evaluation questionnaires that include, among other things, information on environmental management certification. In addition, all suppliers of the Dürr Group are contractually obliged to comply with environmental laws and standards, based on our Supplier Code.

Climate aspects in the supply chain are a material issue for us. For the greenhouse gas balance prepared in accordance with the Greenhouse Gas Protocol, we also determined the upstream emissions in our supply chain. Their share of greenhouse gas emissions is significantly lower than the share attributable to the use phase of our machines and systems. Nevertheless, there is also potential for reducing upstream emissions. In the future, we intend to increasingly work toward climate protection with our suppliers and are developing a program that offers financial incentives for suppliers with climate-friendly processes. In logistics, more goods transports are to be shifted from road to rail, and transports by air freight are to be avoided wherever possible. Additionally, the carbon footprint of logistics partners is to play a role when awarding contracts.

NFS OPERATIONAL ENVIRONMENTAL FOOTPRINT

We record our consumption of energy and resources as well as our emissions throughout the Group and implement measures for reduction following an economic efficiency audit. As an **engineering company** → page 250, our consumption of energy, materials and resources is lower than that of other automotive industry suppliers and, with a vertical depth of production of around 40%, we have a smaller environmental footprint.

Greenhouse gas emissions directly attributable to the Dürr Group amounted to approximately 48,000 tons in 2021 (previous year: approximately 49,000 tons of CO₂e emissions). These so-called Scope 1 and 2 emissions result mainly from site operations and the purchase of energy. In our climate strategy, we have set ourselves the target of reducing the environmental footprint of our own locations by 70% by 2030 compared to the 2019 base-year level. This is to be achieved primarily by investing in climate-friendly technologies and buildings, by switching to electricity from fully renewable energy sources, and by generating our own renewable energies. For example, we commissioned a photovoltaic system at our Shanghai site in 2021 and have been purchasing green electricity at our German locations since the beginning of 2022. Further emission reductions are to be achieved through the gradual conversion of the entire company vehicle fleet in Germany to alternative power trains by 2030 at the latest.

Performance indicators

Within the scope of our climate strategy, we recalculated our greenhouse gas emissions in accordance with the Greenhouse Gas Protocol and made an adjustment to the figures for 2019 and 2020. The Scope 2 emissions published here are based on specific information from our energy providers (market-based).

NFS 2.22 — KEY FIGURES FOR ENERGY CONSUMPTION AND ENERGY INTENSITY

	2021	2020 ¹	2019 ¹
Energy consumption (in MWh)			
Heating oil and gas	67,926	66,148	66,310
Electricity from conventional sources	49,974	50,956	57,976
Electricity from renewable energies	4,656	3,235	3,768
District heating	5,108	3,986	3,772
Total	127,665	124,326	131,825
Energy intensity (consumption in MWh per €1 million in sales)			
Heating oil and gas	19.2	19.9	16.9
Electricity from conventional sources	14.1	15.3	14.8
Electricity from renewable energies	1.3	1.0	1.0
District heating	1.4	1.2	1.0
Total	36.1	37.4	33.6
Energy consumption indexed (in relation to sales; base year: 2019 = 100)			
Heating oil and gas	114	118	100
Electricity from conventional sources	96	104	100
Electricity from renewable energies	137	101	100
District heating	150	125	100
Total	107	111	100

¹ Adjustments due to recalculation on the basis of the Greenhouse Gas Protocol

2.23 — KEY FIGURES FOR CO₂e EMISSIONS AND CO₂e INTENSITY

	2021	2020 ²	2019 ²
CO₂e emissions (in t)			
Scope 1: Direct emissions (heating oil, gas and vehicle fleet)	25,553	25,260	28,034
Scope 2: Indirect emissions ¹ (electricity, district heating)	22,819	24,099	28,649
Total Scope 1 and 2 emissions	48,372	49,359	56,683
Scope 3: Other indirect emissions (business flights)	5,151	5,024	15,158
CO₂e intensity (in t per €1 million in sales)			
Scope 1: Direct emissions (heating oil, gas and vehicle fleet)	7.23	7.60	7.15
Scope 2: Indirect emissions ¹ (electricity, district heating)	6.45	7.25	7.31
Scope 3: Other indirect emissions (business flights)	1.46	1.51	3.87
CO₂e emissions indexed (in relation to sales; base year: 2019 = 100)			
Scope 1: Direct emissions (heating oil, gas and vehicle fleet)	101	106	100
Scope 2: Indirect emissions ¹ (electricity, district heating)	88	99	100
Scope 3: Other indirect emissions (business flights)	38	39	100

¹ Market-based: Calculation based on specific information from our energy providers

² Adjustments due to recalculation on the basis of the Greenhouse Gas Protocol

Compared to 2020, we consumed more energy in total in the year under review. However, our sales increased disproportionately to energy consumption, resulting in a reduction in energy intensity. Our Scope 1 emissions remained virtually constant. By contrast, Scope 2 emissions fell by around 5%, since we reduced the consumption of conventional electricity.

2.24 — OTHER ENVIRONMENTAL INDICATORS

	2021	2020	2019
Water, waste water and waste absolute			
Water consumption (m ³)	175,587	166,998	201,979
Waste water output (m ³)	142,388	156,316	191,388
Waste volume (t)	10,556	9,725	12,235
of which recycled (t)	5,199	6,685	8,838
Water, waste water and waste intensity			
Water consumption (m ³ /€1 million)	49.6	50.2	51.5
Waste water output (m ³ /€1 million)	40.3	47.0	48.8
Waste volume (t/€1 million)	3.0	2.9	3.1
of which recycled (t/€1 million)	1.5	2.0	2.3
Water, waste water and waste indexed (in relation to sales; base year: 2019 = 100)			
Water consumption	96	98	100
Waste water output	82	96	100
Waste volume	96	94	100
of which recycled	65	89	100

Water consumption increased by around 5% compared with the previous year. This was caused by the expansion of production in the course of the business recovery and the acquisition of companies with a high degree of vertical depth. The higher water consumption is also due in part to pipe damage at one site. This explains the relatively large difference between water consumption and waste water output. The main reason for the decline in waste recycling was a more differentiated definition of recycling than in previous years.

Goals and next steps

2.25 — GOALS AND NEXT STEPS: ENVIRONMENT AND CLIMATE PROTECTION

	Target year	Degree of target achievement (as of: Dec. 31, 2021)
Preparation of a holistic greenhouse gas balance for the Dürr Group in accordance with the requirements of the Greenhouse Gas Protocol and publication of a Group-wide climate strategy with concrete reduction targets in line with the Paris Climate Agreement	2021	■■■■
Revision of the Group-wide environmental policy	2022	□□□□
Revision of the Group-wide company vehicle policy	2022	□□□□
Reduction of scope 1 and 2 emissions by at least 70% (compared to 2019 base-year level)	2030	□□□□

■■■■ = fully met
 ■□□□/■■□□/■■■■ = in progress
 □□□□ = in planning

We have set ourselves a clear target for our upstream and downstream value chain (Scope 3): By 2030, we aim to reduce greenhouse gas emissions in this area by at least 15% compared to the 2019 base-year level. We will publish detailed information on our Scope 3 emissions in our 2021 Sustainability Report, which will be released in mid-2022.

Social commitment

Our social commitment is multifaceted and primarily takes place in the neighborhoods around our sites. Our four priorities are education, sports, culture and social affairs. In July 2021, the Dürr Group and the Group works council of the HOMAG Group supported people in the German flood zones with a donation of €200,000. We continued our cooperation with UNICEF in 2021. As part of the Christmas campaign "Donations instead of presents", the Dürr Group donated €50,000 to the United Nations Children's Fund. A further donation of €50,000 went to the Ludwigsburg District Road Safety Organization for the construction of a traffic safety center. And we donated €25,000 for the purchase of tablet computers for secondary schools in Bietigheim-Bissingen.

2.26 — SOCIAL COMMITMENT OF THE DÜRR GROUP

Amount in €k	2021	2020	2019
Donations	740	360	435
Sponsorships	127	138	308
Total	867	498	743

CORPORATE GOVERNANCE

The German Corporate Governance Code contains rules and recommendations for the reliable management and supervision of listed companies. Our Declaration of Compliance dated September 29, 2021, is based on the version of the Code dated March 20, 2020. We comply with all recommendations, except for the matter of the "long-term incentives in remuneration". The full texts of our Declarations of Compliance are available at www.durr-group.com under Investors/Corporate Governance/Declaration on Corporate Governance.

Other information on corporate governance

The full Declaration on Corporate Governance is available at www.durr-group.com under Investors/Corporate Governance. The management report only covers those aspects from the Declaration on Corporate Governance which, in our experience, are the most relevant ones. This is to avoid duplication.

BOARD OF MANAGEMENT

The Board of Management's responsibilities shown in Table 2.27 were applicable throughout the 2021 fiscal year. On September 29, the Supervisory Board appointed the then Deputy CEO, Dr. Jochen Weyrauch, to the position of CEO of Dürr AG with effect from January 1, 2022. Dr. Weyrauch's new service contract has a term expiring on December 31, 2026. The appointment became necessary after Ralf W. Dieter had taken the decision, in the interests of an orderly succession path, to hand over his role as CEO after 16 very successful years. The Supervisory Board approved the early termination of Mr. Dieter's contract, which was to expire in mid-2023. The change at the helm of the Board of Management resulted in a change to the responsibilities with effect from January 1, 2022 (Table 2.28).

2.27 — RESPONSIBILITIES WITHIN THE BOARD OF MANAGEMENT IN 2021

	Ralf W. Dieter (CEO)	Dr. Jochen Weyrauch (Deputy CEO)	Dietmar Heinrich (CFO)
Divisions	<ul style="list-style-type: none"> • Woodworking Machinery and Systems 	<ul style="list-style-type: none"> • Paint and Final Assembly Systems • Application Technology • Clean Technology Systems 	<ul style="list-style-type: none"> • Measuring and Process Systems
Corporate functions	<ul style="list-style-type: none"> • Corporate Communications • Human Resources (Employee Affairs Director) • Internal Auditing • Corporate Compliance • Global IT • digital@DÜRR 	<ul style="list-style-type: none"> • Corporate Development • Corporate Sustainability • Purchasing 	<ul style="list-style-type: none"> • Finance/Controlling/Internal Control System • Investor Relations • Treasury • Taxes • Risk Management • Legal Affairs/Patents/Insurance

2.28 — RESPONSIBILITIES WITHIN THE BOARD OF MANAGEMENT SINCE JANUARY 1, 2022

	Dr. Jochen Weyrauch (CEO)	Dietmar Heinrich (CFO)
Divisional/operational responsibility	<ul style="list-style-type: none"> • Paint and Final Assembly Systems • Application Technology • Clean Technology Systems • Woodworking Machinery and Systems 	<ul style="list-style-type: none"> • Measuring and Process Systems • OneDürrGroup programs (programs to harmonize and digitalize processes within the Group)
Corporate functions	<ul style="list-style-type: none"> • Corporate Human Resources (Employee Affairs Director) • Internal Auditing • Corporate Compliance • Corporate Communications • Corporate Development • Corporate Sustainability • Purchasing 	<ul style="list-style-type: none"> • Finance/Controlling/Internal Control System • Legal Affairs/Patents/Insurance • Treasury • Taxes • Risk Management • Investor Relations • Global IT

SHAREHOLDINGS AND MANAGERS' TRANSACTIONS

We publish managers' transactions, i.e. securities transactions that have to be reported pursuant to Article 19 of the Market Abuse Regulation (MAR), as soon as we are notified of them. An overview is available at www.durr-group.com under Investors/Corporate Governance.

As of December 31, 2021, the members of the Supervisory Board held 0.1% of Dürr AG's shares. As of the same date, the members of the Board of Management held 0.3% of the shares; the composition of the shareholdings, however, changed slightly due to purchases by individual members of the Board of Management. Following Mr. Dieter's departure, shareholdings of the current members of the Board of Management decreased to 0.04% as of January 1, 2022.

WOMEN IN EXECUTIVE POSITIONS: TARGETS AND TARGET IMPLEMENTATION

We have fulfilled the legal requirements as follows:

- Since the 2016 elections, the Supervisory Board of Dürr AG has four female members. This corresponds to a proportion of 33%, which fulfills the 30% minimum quota required by law.
- The percentage of women on Dürr AG's Board of Management is 0%. In 2017, the Supervisory Board resolved not to formulate a target for increasing the share of women on the Board of Management. This was based on the assumption at the time

that no new appointments to the Board of Management were envisaged in the medium term and the fact that the service contracts of the members of the Board of Management had relatively long terms. The resolution adopted in 2017 will cease to be effective on June 30, 2022. As a result, the Supervisory Board will pass a new resolution on its target for the share of women on the Board of Management at one of its next meetings. It is already clear, however, that the Supervisory Board will continue to be strictly guided by the relevant requirements when selecting members for the Board of Management. As before, crucial factors for the appointment to the Board of Management will therefore not be the gender but rather the qualification and personality of the candidates. Since Mr. Dieter's departure, the Board of Management has only consisted of two members. In coordination with the current members of the Board of Management, the Supervisory Board regularly checks whether there is a need to expand the Board of Management. If the Supervisory Board decides to expand the Board of Management, it will favor the appointment of a woman provided that – and this is essential – the requirements of the skills profile are fully met.

- At the first and second senior management levels below Dürr AG's Board of Management, the share of women was 0% as of December 31, 2021. Following a resolution adopted in 2017, the targets have been set at 0% for the first senior management level below the Board of Management and at 20% for the second level. The deadline for achieving these two targets is also June 30, 2022. As a result, the Supervisory Board will pass a new resolution on its target for the proportion of women in senior management positions at one of its next meetings.

Since Dürr AG is purely a management holding company, it has a relatively low number of employees and senior managers. Consequently, a single personnel change can be equivalent to a change of over 10 percentage points. In fact, the career change of one female manager in 2021 explains the drop in our percentage of women at the second senior management level compared to the previous year (2020: 13%). Despite our planning, we have not yet managed to increase the share of women at the second senior management level as of the 2021 reporting date. Although we searched intensively for suitable female candidates for our open positions in 2021, the profiles that were most relevant according to our assessment were those of male candidates. However, a woman joined our second senior management level on January 1, 2022, and another woman did on March 1, 2022. This brought the share of women at the second senior management level to 18% as of the latter date, falling only slightly short of our 20% target.

DIVERSITY

Diversity is one of the five core values of our leadership skills model. No form of discrimination is tolerated at the Dürr Group, be it on grounds of gender, age, religion, disease, background, skin color, sexual orientation, or for any other reason. We consider diversity and equal opportunities when hiring staff. Flexible working time models which meet individual needs promote equal opportunities. Given the international nature of our business, intercultural diversity and tolerance are important values at the Dürr Group.

When appointing members to the Board of Management, the Supervisory Board pays particular attention to professional and social skills as well as to long-term experience in similar positions, in our industry and in an international environment. Added to that are character suitability and an appropriate educational background. Neither gender, nationality, nor age at the time of employment are decisive in hiring candidates. To ensure a balanced age structure, the general age limit for members of the Board of Management is 63.

DISCLOSURES PURSUANT TO SECTIONS 289a AND 315a OF THE GERMAN COMMERCIAL CODE (HGB)

• Structure of subscribed capital

Dürr AG's subscribed capital is divided into 69,202,080 no-par value bearer shares with full voting rights. The rights and obligations associated with the shares are regulated by the German Stock Corporation Act (AktG). In September 2020 Dürr AG issued an unsubordinated, unsecured convertible bond with a volume of €150 million, maturing on January 15, 2026. Under certain conditions, this convertible bond can be converted into 4,383,401 new no-par value ordinary shares in Dürr AG.

• Restrictions on voting rights/transfer of shares and related agreements

The Board of Management is not aware of any agreements by shareholders of Dürr AG which contain restrictions relating to voting rights or the transfer of shares. Legal voting right limitations exist, for example, pursuant to Section 44 (1) (breach of disclosure obligations) of the German Securities Trading Act (WpHG) as well as Section 71b (rights attaching to treasury shares of stock) and Section 136 (1) (exclusion of voting rights in the event of certain conflicts of interest) of the German Stock Corporation Act (AktG).

• Shareholdings exceeding 10%

Heinz Dürr GmbH, Berlin, holds 25.7% of Dürr AG's capital stock (as of December 31, 2021).

• Shares conferring special rights

There are no shares in Dürr AG that confer special rights.

• Control of voting rights if employees hold stock ownership plans and control rights are not directly exercised

There are no employee stock ownership plans where the control rights are not directly exercised by the employees.

▪ **Rules governing the appointment and replacement of members of the Board of Management**

The applicable statutory rules are set out in Sections 84 and 85 of the German Stock Corporation Act (AktG) and in Section 31 of the German Co-determination Act (MitbestG). Dürr AG's Articles of Incorporation do not contain any provisions that diverge from the statutory rules. Article 6 (1) of the Articles of Incorporation states additionally that the Board of Management consists of at least two members and that the appointment of deputy members of the Board of Management is admissible. Article 6 (2) states that the Supervisory Board may appoint one member of the Board of Management to be the Chair of the Board of Management and another member of the Board of Management to be the Deputy Chair.

▪ **Rules governing amendment of the Articles of Incorporation**

Any changes in the Articles of Incorporation are adopted by way of resolution at the annual general meeting. Unless otherwise mandatorily specified in the German Stock Corporation Act, the resolution is passed in accordance with Article 20 (1) of the Articles of Incorporation by a simple majority of the votes cast and – where a majority of the capital represented in the voting is required – by a simple majority of the capital stock represented in the voting. In accordance with Article 14 (4) of the Articles of Incorporation, the Supervisory Board is authorized to carry out amendments to the Articles of Incorporation which relate only to the wording. Pursuant to Article 4 (4) and Article 5 of the Articles of Incorporation, the Supervisory Board is authorized upon utilization of the conditional or authorized capital to amend the wording of the Articles of Incorporation to reflect the extent of the utilization.

▪ **Powers of the Board of Management to issue or buy back shares**

Information on this point may be found in → [note 27](#) in the notes to the consolidated financial statements.

▪ **Agreements in the event of a change of control following a takeover bid**

Schuldschein loan: In the event of a change of control, the lenders have the right, according to the terms of our Schuldschein loan agreement, to demand redemption of the Schuldschein loan. A change of control occurs if one person (or a majority of persons acting in concert) hold more than 50% of the shares, can control more than 50% of the voting rights

and/or the Company's course of business, and/or has the power to appoint more than 50% of the members of the Board of Management. The lender of the Schuldschein loan has the right to demand redemption within 30 days of the notification of the change of control by the borrower. Redemption shall be due by the next interest payment date.

Syndicated loan: In accordance with the terms of our syndicated loan agreement, no additional cash drawings or applications for guarantees may be made in the event of a change of control. In addition, any lender has the right to terminate its credit commitments, which could result in the syndicated loan having to be repaid in part or even in full. The agent representing the interests of the banking syndicate must be informed about a change of control immediately after it becomes known. A change of control occurs if in total, directly or indirectly, more than 50% of the voting rights in Dürr AG are held or controlled by one or more persons who have come to an accord on the exercise of voting rights or who collaborate in some other manner with the aim of achieving a permanent and substantial change in the business focus of Dürr AG.

Convertible bond: In the event of a takeover bid or a change of control, the terms of the convertible bond entitle bondholders to exercise their conversion right at the adjusted conversion price (as defined in the terms of the convertible bond) within a certain period of time. A change of control occurs if an acquisition of control takes place or a mandatory offer is published in accordance with Section 35 (2) (1), Section 14 (2) (1) of the German Securities Acquisition and Takeover Act (WpÜG). An acquisition of control has occurred if one or several specific persons acquire the direct or indirect, legal and/or economic ownership of ordinary shares (Section 29 (2), Section 30 of the German Securities Acquisition and Takeover Act (WpÜG)) in Dürr AG, which together grant 30% or more of the voting rights. Furthermore, in the event of an acquisition of control or a transferring merger (Section 2 or Section 122a of the German Reorganization Act (UmwG)), the bond can be terminated (early) by a bondholder in accordance with the terms defined in more detail in the terms of the convertible bond.

▪ **Agreements providing for compensation in the event of takeover bids**

There are no agreements providing for compensation in the event of takeover bids.

BUSINESS REPORT

Economic and sector environment

REBOUND IN THE GLOBAL ECONOMY IN 2021

The 2020 pandemic-induced recession was followed by a year of economic recovery spurred by fiscal and monetary stimulus. Measures taken eased the economic impact of the pandemic but, by the same token, exerted pressure on national budgets. Supply chain problems, however, impeded the upswing: While companies' order books were increasingly filling up, the shortage of raw materials and intermediate products placed a damper on output. Global gross domestic product rose by 5.9% in 2021 after contracting by 3.1% in 2020. China's economic growth reached 8.1%.

2.29 — GROSS DOMESTIC PRODUCT

Year-on-year change, %	2021	2020	2019
Global	5.9	-3.1	2.8
Germany	2.7	-4.6	1.1
Eurozone	5.2	-6.3	1.5
Russia	4.5	-3.0	2.0
United States	5.6	-3.4	2.3
China	8.1	2.3	6.0
India	9.0	-7.3	4.0
Japan	1.6	-4.6	0.0
Brazil	4.7	-4.1	1.4

Source: International Monetary Fund 01/2022

Reflecting the political situation in the United States, the euro started off very strongly against the US dollar in 2021. In the further course of the year, the European single currency lost ground, hitting its lowest level against the US dollar in December. At 1.1813, the average exchange rate was up on the previous year.

2.30 — AVERAGE EXCHANGE RATES

€1 equals	2021	2020	2019
USD	1.1813	1.1468	1.1197
GBP	0.8585	0.8894	0.8757
JPY	130.2933	121.8217	121.9792
CNY	7.6165	7.8985	7.7175

Source: Commerzbank

STILL NO MOVE AWAY FROM LOW INTEREST RATE POLICY

At -0.1% (2020: -0.3%), the current yield on fixed income securities remained in negative territory in Germany. According to Deutsche Bank calculations, the inflation rate increased significantly over the year, reaching 2.5% in the Eurozone and 3.7% in the United States in the year as a whole. The European Central Bank kept its key interest rate at 0% but tapered the bond-purchasing program. The US Federal Reserve also retained its low interest rate policy into December.

After a stable performance during the first few months of the year, the capital markets became very upbeat, driven by the progress made with vaccinations among other things. The DAX hit a new all-time high of 16,290 points in mid-November, closing the year with a gain of 15.8%.

GROWTH IN AUTOMOTIVE PRODUCTION DAMPENED BY SEMICONDUCTOR SHORTAGE

After recovering from the pandemic-related production interruptions and subdued demand in the previous year, the automotive industry experienced a damper on production output due to supply chain constraints in 2021. In particular, the shortage of semiconductors and logistics problems prompted LMC Automotive to scale back its forecast for global light vehicle production several times over the course of the year. Whereas growth of 18% to 87.8 million units had been projected at the beginning of the year, the most recent forecast was for only 76.9 million units (up 3%). Capital spending in the automotive industry on machinery and plant grew encouragingly, with rising demand for production technology for electric cars remaining a key driver.

2.31 — PRODUCTION OF LIGHT VEHICLES

Million units	2021	2020	2019
Global	76.9	74.6	88.7
Western Europe	9.6	10.0	13.5
Germany	3.3	3.7	4.9
Eastern Europe	6.5	6.6	7.8
Russia	1.5	1.4	1.6
North America (incl. Mexico)	13.0	13.0	16.2
United States	8.9	8.6	10.6
South America	2.6	2.2	3.3
Brazil	2.1	1.9	2.8
Asia	43.4	41.0	46.2
China	24.5	23.3	24.3
Japan	7.4	7.8	9.2
India	4.1	3.2	4.2

Source: LMC 02/2022

UPSWING IN MECHANICAL AND PLANT ENGINEERING

German producers of capital goods had an exceptionally good year in 2021. Equipment spending in Germany rose by around 5%; according to the German Mechanical and Plant Engineering Association (VDMA) order intake in the German mechanical engineering sector increased by 32%. After falling by 12% in the previous year, machine production in Germany climbed by 7% in 2021. Pressure came from supply chain constraints and increases in the price of materials.

STRONG DEMAND FOR WOODWORKING MACHINERY

According to VDMA, the previous year's decline of 17% was followed by an increase of 21% in sales of secondary woodworking machinery in 2021, with orders up by as much as 54%. Many people had decided during the pandemic to modernize their home interiors, investing in new kitchens and furniture as they were spending more time at home. At the same time, sustainable construction using timber is a high priority for many builders.

Explanatory notes on the figures

The charts and tables in this management report generally contain IFRS figures for the years from 2019 through 2021.

EBIT

EBIT is defined as earnings before interest, income taxes and income from investments. The items eliminated from EBIT before extraordinary effects are shown in Table 2.44.

REPORTING CONVENTIONS

Amendments to the IFRSs had only a minor impact on the presentation of the Company's economic position in 2021. Relatively few reporting options are available under the IFRSs and their utilization barely impacts our net assets, financial position and results of operations. In the case of important balance-sheet items, we exercise options in such a way that the greatest possible measurement continuity is preserved. We made use of all reporting options in unchanged form in 2021. The use of specific accounting policies exerted at most only a minor influence on the presentation of the results of operations. Moreover, it is inconsistent in many cases with our commitment to continuity and cross-period transparency.

As of 2021, we recognize impairments and derecognitions of trade receivables and contract assets within the cost of sales. They were previously included in selling expenses. For the sake of comparability, we have restated the corresponding figures for 2020 compared to the previous year's figures. However, the comparison figures for 2019 have not been restated.

HOMAG GROUP AG: DOMINATION AND PROFIT AND LOSS TRANSFER AGREEMENT

Under the terms of the domination and profit and loss transfer agreement entered into between Dürr Technologies GmbH and HOMAG Group AG, all of the net profit earned by the HOMAG Group AG accrues to the Dürr Group. HOMAG Group AG's non-controlling shareholders (35.11% of the capital) are not entitled to a variable dividend. Instead, they receive a guaranteed dividend of €1.01 per share (net) for the duration of the domination and profit and loss transfer agreement. In addition, we have submitted a cash settlement offer of €31.56 per share to them. A pooling agreement with the Schuler/Klessmann shareholder group, which had been in place since 2014, was replaced by a new agreement effective October 1, 2021. The interest expense arising from the domination and profit and loss transfer agreement with HOMAG Group AG is recognized within the Dürr Group's financial result. In 2021, it amounted to €22.2 million, of which €17.0 million is attributable to the revised pool agreement.

In valuation proceedings, the non-controlling shareholders of HOMAG Group AG are having the amount of the guaranteed dividend and cash settlement reviewed in court. Under a ruling by the Stuttgart Regional Court in August 2019, the cash settlement was to be increased to €31.58 and the guaranteed dividend to €1.03 per share (net). However, the ruling is not final as HOMAG Group AG shareholders filed an appeal against it in October 2019. Pending a decision by that court, the amounts originally set for the cash settlement and the guaranteed dividend (€31.56 and €1.01 net, respectively) continue to apply.

EFFECTS OF ACQUISITIONS

The companies fully consolidated for the first time contributed the following sales (total €126.7 million) in 2021 from their date of initial consolidation:

- Teamtechnik Group (from February 5, 2021): €93.7 million
- Hekuma GmbH (from July 30, 2021) and Cogiscan Inc. (from February 15, 2021): €18.0 million
- Kallesoe Machinery A/S (from April 28, 2021) and Roomle GmbH (from August 13, 2021): €15.1 million

The aggregated EBIT contribution of these companies from their respective date of initial consolidation amounted to €1.3 million, or €2.7 million before purchase price allocation effects.

Impact of the coronavirus pandemic

BUSINESS PERFORMANCE

In 2021, the coronavirus pandemic had significantly less impact on the Group's business performance than in the previous year. In fact, the recovery in demand, which had already emerged in the second half of 2020, continued. One contributing factor was the growing availability of coronavirus vaccines, together with the fact that businesses were generally able to adapt to the pandemic conditions more effectively than they had been in the year before. Against this backdrop, we experienced record order intake of €4,291.0 million in 2021. A fairly small proportion of the large volume of new orders was attributable to customers catching up on orders they had postponed in 2020 due to the pandemic. A further positive effect for the Woodworking Machinery and Systems division arose from the fact that demand for furniture increased during the lockdowns and some furniture manufacturers received government support for investments during the pandemic.

In contrast to order intake, sales were still affected by the fallout from the coronavirus pandemic over much of the year. This was mainly due to the delayed effect of the muted order intake in 2020 together with recurring travel restrictions, quarantines and delays at customers' construction sites. In addition, the supply chain constraints that arose as a result of the pandemic put a damper on sales generation, particularly in the second half of the year. Despite this, we were able to improve sales from quarter to quarter. Service business, which had contracted sharply in the first wave of the coronavirus pandemic in 2020, recovered and accounted for a very high proportion of total sales (32.0%).

In line with the low sales, we sustained persistent capacity utilization deficits in Europe and the Americas throughout the first quarter. For this reason, we initially made use of the option of short-time working in Germany to a greater extent but the number of recipients of short-time work allowances decreased significantly over the course of the year. The business recovery has permitted us to ease up on the strict cost cuts implemented the previous year in response to the pandemic-induced loss of business. Following the previous year's sharp decline, the rise in EBIT outstripped sales growth despite higher material and logistics prices.

ANTI-INFECTION MEASURES

Unlike the situation during the first wave of the pandemic, no temporary site closures were required, nor were there any major outbreaks of the pandemic in the workforce in 2021. This was aided by hygiene and anti-infection measures in the buildings, lengthy phases in which employees worked from their own homes and vaccinations. In Germany, employees were able to receive vaccinations in an uncomplicated process at several of the Group's locations. A total of around 4,500 vaccine doses were administered in the early summer and during the fourth quarter of 2021. A central crisis team coordinated the Group-wide anti-coronavirus measures; furthermore COVID-19 working groups were set up at larger locations.

FINANCING AND RISK SITUATION

Our financing position was not affected by the coronavirus pandemic in 2021; no pandemic-related financing transactions were necessary. The high **free cash flow** → [page 251](#) had a positive impact on liquidity and **net financial status** → [page 251](#).

The **"Risk report"** → [page 95](#) chapter provides information on our risk situation in the wake of the coronavirus pandemic. The Dürr Group received government grants of €4.2 million in connection with the coronavirus pandemic in 2021 (previous year: €4.9 million). In Germany, these primarily entailed the reimbursement of social security contributions in connection with short-time work. Government grants received in other countries were also largely related to the use of instruments for temporarily reducing working hours.

General statement by the Board of Management and target achievement

2021 saw strong recovery in demand following the previous year's pandemic-induced shock. We seized this opportunity and increased order intake to a new record. At the same time, we laid the strategic foundations for improving our position in new, high-growth business areas. Among the most important steps taken were the acquisition of majority interests in automation specialists Teamtechnik and Hekuma, the expansion of the battery coating technology business and expansion in the solid wood segment, for which we offer production systems for sustainable timber houses.

The record order intake of €4,291.0 million exceeded both the original February 2021 forecast (€3,600 million to €3,900 million) and the revised target range announced in July (€4,000 million to €4,200 million). This strong order growth was driven by all five divisions. Woodworking Machinery and Systems recorded the strongest growth (up 59.4%), handily beating the previous record with orders worth €1,742.4 million.

The recovery in demand was opposed by the supply chain problems that increasingly emerged in the course of the year. Although we had no difficulty reaching the upwardly revised earnings targets from July, material and logistics bottlenecks repeatedly resulted in project delays and lost sales. As a result, Group sales grew at a more moderate pace than order intake, rising by 6.4% to €3,536.7 million, falling slightly short of the target range of €3,600 million to €3,800 million, which had also been revised upward in July. Encouragingly, improvements in sales were consistent over the course of the year, exceeding the €1 billion mark in the final quarter for the first time since the outbreak of the pandemic.

Remarkably, service sales recovered sharply, hitting a new record high of €1,131.9 million. The main reasons for this were catch-up effects as well as additional spare parts orders to avert logistical problems.

In addition to the high proportion of sales from service business (32.0%), earnings also benefited from planned savings of around €60 million from the efficiency and capacity improvements implemented in 2020 and 2019 at HOMAG and in European

automotive business. The EBIT margin before extraordinary effects widened from 3.0% to 5.6%. Consequently, it was higher than initially expected (4.2% to 5.2%) and easily reached the target range of 5.0% to 6.0% announced in July. Considering the circumstances in 2021, the margin before extraordinary effects must be regarded as positive. However, we see this only as a preliminary milestone on a path toward sustained profitable growth. An EBIT margin before extraordinary effects of 6.5% to 7.5% is targeted for 2022. The medium-term target for an EBIT margin of at least 8% should be achieved in 2023, or in 2024 at the latest.

The extraordinary expenses included in EBIT comprised mainly purchase price allocation effects, and were significantly lower year-on-year. On balance, the extraordinary effects of €-23.5 million were lower than planned at the beginning of the year, as non-recurring income of €7.6 million was generated in the fourth quarter in connection with the disposal of the remaining shares in SBS Ecoclean GmbH.

At €84.9 million, earnings after tax reached the target corridor despite the fact that the financial result included non-recurring non-cash expenses of €17.0 million in connection with the revised pooling agreement with the Schuler/Klessmann shareholder group, which holds 14.05% of the shares in HOMAG Group AG.

ROCE climbed to 15.5% carried by the substantial increase in earnings, while **capital employed** → [page 251](#) rose by only 14.3% to €1,132.8 million. This was due to the fact that net working capital increased by only 11.8% over the end of 2020 solely as a result of first-time consolidation effects. Higher customer prepayments as a result of the strong order intake had a positive impact on net working capital. At the same time, working capital in the operating business remained generally low due to muted sales, despite a slight increase in inventories in view of the supply chain problems. As planned, we increased capital expenditure due in large part to comprehensive investment for plant expansion in Woodworking Machinery and Systems. Despite this, **free cash flow** → [page 251](#) reached its highest level since 2016, at €120.8 million, exceeding the forecast range of €50 million to €100 million announced in July. It benefited from the modest increase in **net working capital** → [page 251](#) and the significant improvement in earnings. Driven by the good free cash flow position, the net financial status of €-99.5 million at the end of 2021 was better than expected, even with the purchase price outflows and the absorption of financial liabilities in connection with the acquisitions.

2.32 — GROUP TARGET ACHIEVEMENT IN 2021

		2020 act.	2021 act.	2021 target (February 2021 forecast)	2021 target (July 2021 forecast)
Order intake	€ million	3,283.2	4,291.0	3,600 to 3,900	4,000 to 4,200
Sales	€ million	3,324.8	3,536.7	3,450 to 3,650	3,600 to 3,800
EBIT margin	%	0.3	5.0	3.3 to 4.3	4.1 to 5.1
EBIT margin before extraordinary effects	%	3.0	5.6	4.2 to 5.2	5.0 to 6.0
ROCE	%	1.1	15.5	9 to 13	12 to 16
Earnings after tax	€ million	-13.9	84.9	40 to 90	70 to 120
Free cash flow	€ million	110.7	120.8	-50 to 0	50 to 100
Net financial status (Dec. 31)	€ million	-49.0	-99.5	-225 to -175	-175 to -125
Capital expenditure ¹	€ million	76.4	107.8		
	% of sales	2.3	3.0	2.5 to 3.5	2.5 to 3.5

¹ on property, plant and equipment, intangible assets and right-of-use assets under leases (net of acquisitions)

DIVISION TARGETS

Together with the initial Group forecast, we also published the full-year targets for the five divisions at the end of February 2021. In late July, we raised our targets for Woodworking Machinery and Systems in view of this division's extremely favorable business performance and also increased the margin target for Measuring and Process Systems. None of the targets for the other divisions were altered.

Paint and Final Assembly Systems posted by far the largest order intake of the year in the fourth quarter (€443.7 million), reaching the upper end of the full-year target range. Sales also increased significantly in the final quarter, but did not quite reach the target level for the full year due to muted order intake in the previous year, sporadic supply chain problems and pandemic-related project delays. Even so, at 3.8%, the EBIT margin before extraordinary effects was slightly above the middle of the target range.

Order intake in Application Technology was also within the target corridor, while sales only barely reached the lower edge as order delays retarded sales to some degree in the fourth quarter. The EBIT margin before extraordinary effects more than doubled to 8.8%, approaching the pre-crisis level as expected. The good earnings performance was significantly underpinned by the recovery in service business.

Clean Technology Systems exhibited a pattern similar to Paint and Final Assembly Systems and Application Technology in terms of target achievement: Order intake reached well into the target corridor, while sales grew more modestly than planned. On an encouraging note, sales increased sharply in the fourth quarter, as expected. The EBIT margin before extraordinary effects fell short of the target in 2021, mainly as a result of project delays and higher material and production costs.

Order intake and sales increased at a nearly identical rate in the Measuring and Process Systems division, easily reaching the respective target corridors. In line with sales, the EBIT margin before extraordinary effects also improved from quarter to quarter. At 8.6%, it was significantly above the target range for the year as a whole. In the fourth quarter, the EBIT margin before extraordinary effects reached 9.6%, coming close to matching the full-year figure for 2019 (9.8%).

Woodworking Machinery and Systems achieved an exceptionally strong business performance in 2021. The division benefited from the emergence of a new investment cycle, strong demand for furniture during the pandemic, and the trend toward sustainable timber construction. Against this backdrop, order intake exceeded the top end of the July forecast revision. Sales also rose sharply, coming in at the high end of the target corridor. At 6.6%, the EBIT margin before extraordinary effects was securely within the expected range.

2.33 — TARGET ACHIEVEMENT OF THE DIVISIONS 2021

	Order intake (€ million)			2021 act.	Sales (€ million)		2021 act.	EBIT margin before extraordinary effects (%)	
	2021 act.	2021 target (February 2021 forecast)	Revised 2021 target (July 2021 forecast)		2021 target (February 2021 forecast)	Revised 2021 target (July 2021 forecast)		2021 target (February 2021 forecast)	Revised 2021 target (July 2021 forecast)
Paint and Final Assembly Systems	1,356.7	1,250 to 1,400	1,250 to 1,400	1,083.2	1,170 to 1,270	1,170 to 1,270	3.8	3.2 to 4.2	3.2 to 4.2
Application Technology	534.3	525 to 575	525 to 575	470.1	480 to 520	480 to 520	8.8	8.5 to 9.5	8.5 to 9.5
Clean Technology Systems	448.4	410 to 450	410 to 450	387.2	410 to 450	410 to 450	4.3	5.5 to 6.5	5.5 to 6.5
Measuring and Process Systems	209.3	190 to 210	190 to 210	207.4	200 to 220	200 to 220	8.6	4.8 to 5.8	7.0 to 8.0
Woodworking Machinery and Systems	1,742.4	1,170 to 1,270	1,550 to 1,650	1,388.8	1,120 to 1,220	1,250 to 1,400	6.6	4.0 to 5.0	6.0 to 7.0

GROUP MANAGEMENT PARAMETERS

The main financial performance indicators for Group management are order intake, sales, EBIT and EBIT margin as well as **ROCE** → [page 251](#). We also attach great importance to free cash flow, especially at the Group level. An analysis of these items can be found in the “Operating performance indicators” section in the chapter entitled “**Financial development**” → [page 86](#), which also contains information on the non-financial performance indicators. For non-financial disclosures and performance indicators, please also refer to the Group non-financial statement.

MAIN EVENTS DRIVING BUSINESS PERFORMANCE

The main external determinants in 2021 were the recovery of demand in our markets and the global supply chain problems. Muted production output in the automotive industry as a result of the semiconductor shortage had only a minor impact on our business. This is due to the industry’s long-term planning horizon: As a rule, automotive OEMs base big-ticket equipment investments on their long-term needs, while temporary declines in production volumes play at most only a secondary role.

Business performance

ORDER INTAKE: NEW RECORD OF €4.3 BILLION

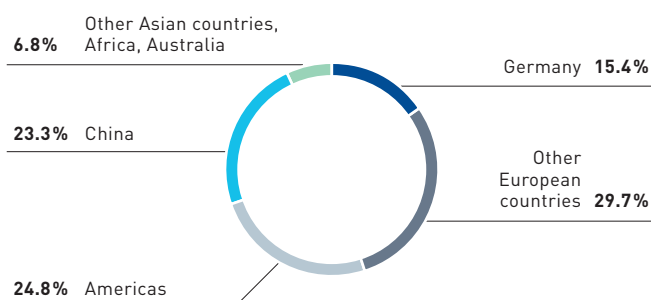
Order intake benefited from a strong recovery in demand in 2021 following the previous year’s pandemic-induced slump. With an increase of a good €1 billion or 30.7%, it reached a new record of €4,291.0 million. This growth was driven by all five divisions, with Woodworking Machinery and Systems accounting for by far the largest share. The acquisitions completed since the beginning of 2020 also had a positive effect; without them, order growth would have been €249.4 million lower in 2021. On the basis of like-for-like exchange rates, order intake would have been 31.2% higher in 2021.

Woodworking Machinery and Systems experienced an unexpectedly strong boom in demand. At €1,742.4 million, order intake for production systems for furniture and timber construction elements was not only substantially higher than in the previous year (up 59.4%) but also exceeded pre-crisis levels and the previous record achieved in 2017 (up 27.5%). Automotive business also expanded considerably again, as seen in the growth rates of 18.8% for Paint and Final Assembly Systems and 13.5% for

Application Technology. However, new orders in both divisions did not quite reach the pre-crisis levels. Order intake in the Clean Technology Systems division climbed by 13.0% in 2021 and, at €448.4 million, climbed back to the record level achieved in 2019. In addition to environmental technology, this was underpinned by growing business in coating systems for lithium-ion batteries, which is becoming increasingly important. With orders up 16.0%, Measuring and Process Systems was also on a growth trajectory in 2021 but fell somewhat short of pre-pandemic levels. At €776.4 million, business in production technology for electric vehicles was consistently positive, exceeding the previous year's high figure by 19.5%.

The high order intake was driven by growth in all regions. In the emerging markets, orders climbed by 27.9% to €1,891.5 million, accounting for 44.1% of the Group figure. With a share of 23.3%, the largest national market was China, where order intake grew by 31.5% to €1,000.7 million, thus exceeding the €1 billion mark for the first time. In Europe, we recorded an increase of 21.2% and a new order volume of €1,932.9 million, while orders in the Americas saw the sharpest rise (up 60.1%), reaching €1,065.4 million after the muted previous year.

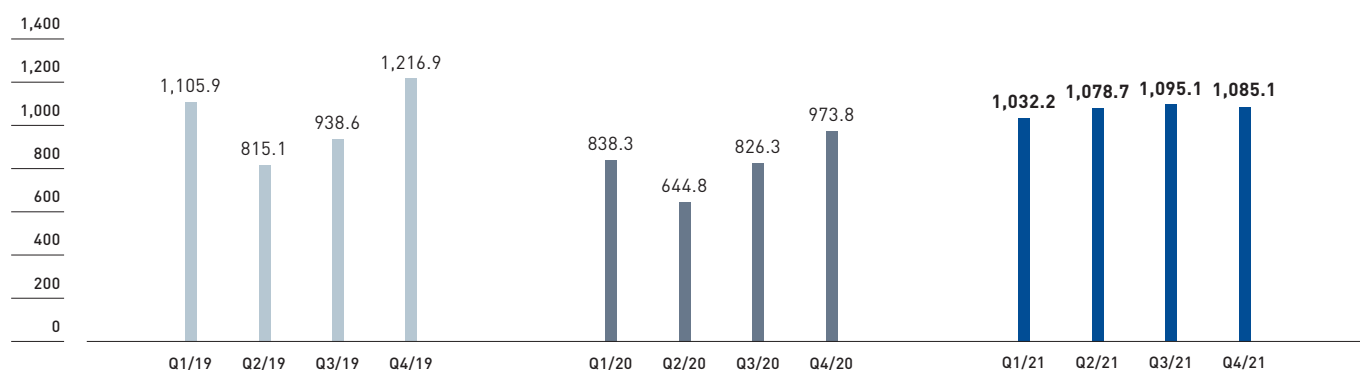
2.34 — CONSOLIDATED ORDER INTAKE BY SALES REGION



€ million	2021	2020	2019
Germany	658.8	616.2	548.8
Other European countries	1,274.0	978.2	1,016.0
Americas	1,065.4	665.4	1,321.7
China	1,000.7	761.0	704.3
Other Asian countries, Africa, Australia	292.0	262.4	485.6
Total	4,291.0	3,283.2	4,076.5

2.35 — CONSOLIDATED ORDER INTAKE BY QUARTER

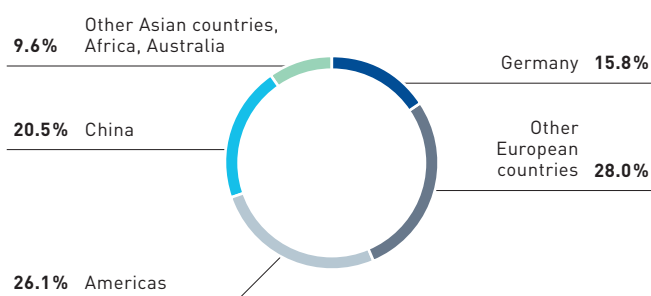
€ million



SALES UP 6.4%

Sales rose by 6.4% to €3,536.7 million in 2021. This was driven mainly by the 24.9% increase in Woodworking Machinery and Systems, the volume-heaviest division. With growth reaching 7.2%, Measuring and Process Systems also outpaced the Group as a whole. Sales in the other divisions were muted: Application Technology and Clean Technology Systems recorded slight increases, while Paint and Final Assembly Systems sustained a decline of 7.7%. This was due largely to the delayed impact of the previous year's low order intake on plant engineering sales. Other reasons for the Group's moderate sales growth were supply chain problems and pandemic-related project delays. However, sales momentum picked up across all five divisions in the second half of the year. At the Group level, sales were 16.6% higher in the second half of the year than in the first half. In the fourth quarter, they exceeded the €1 billion threshold again for the first time, increasing by 12.1% over the same period of the previous year. On the basis of like-for-like exchange rates, sales would have been 6.7% higher in 2021. The companies acquired since the beginning of 2020 contributed €198.7 million to sales in 2021.

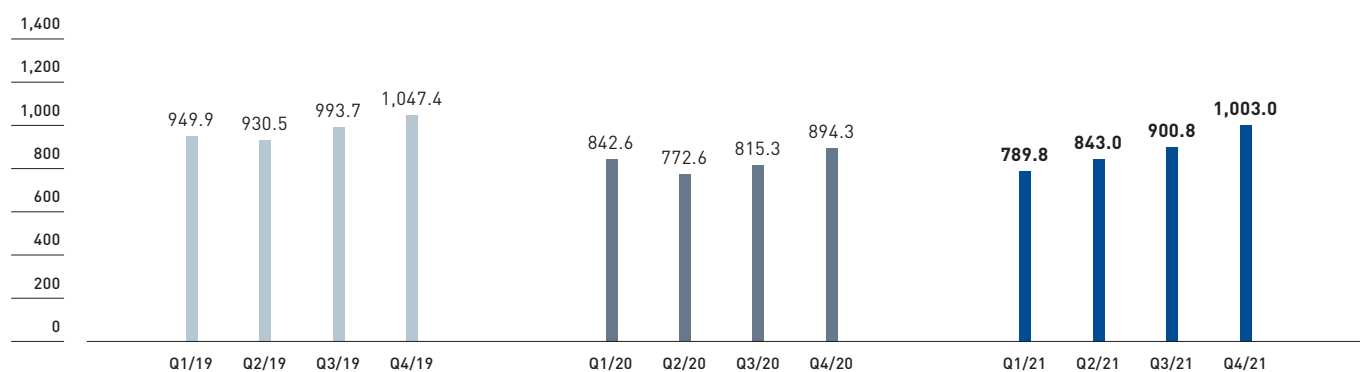
2.36 — CONSOLIDATED SALES BY SALES REGION



€ million	2021	2020	2019
Germany	557.5	562.6	668.7
Other European countries	989.8	760.8	1,074.0
Americas	924.7	914.2	1,053.9
China	726.0	695.5	726.3
Other Asian countries, Africa, Australia	338.8	391.7	398.7
Total	3,536.7	3,324.8	3,921.5

2.37 — CONSOLIDATED SALES BY QUARTER

€ million



Most of the sales growth was accounted for by the other European countries. There were also slight gains in America and China, while sales in Germany were virtually flat. The contribution to sales by the emerging markets improved from 39.7% to 42.6%.

With an increase of 20.0%, service sales grew significantly more quickly than total sales, reaching a new record of €1,131.9 million. At 32.0%, the proportion of service business as a share of total sales also achieved a new high. This good sales performance in service business was underpinned by growth across all five divisions. At the same time, we were able to widen the gross margin on service business over 2020 and 2019. In addition to catch-up effects, the strong service business was underpinned by increased stockpiling by many customers in an effort to avoid supply chain problems. Many HOMAG customers also needed more spare parts because of their high production capacity utilization.

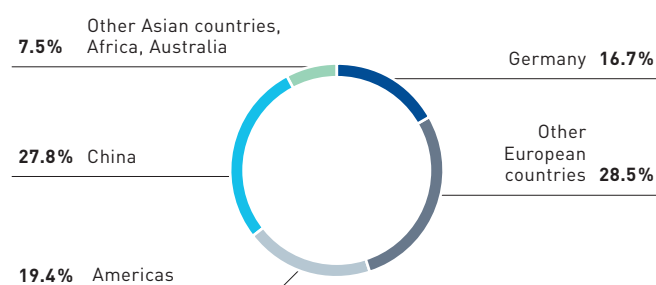
ORDERS ON HAND AT A RECORD HIGH

As order intake exceeded sales by €754.3 million, the book-to-bill ratio reached a high figure of 1.21. This also applies to orders on hand, which recorded a new high of €3,361.0 million at the end of 2021, an increase of 31.5% over the previous year.

In September 2021, we eliminated orders worth €190 million from the order backlog as a precautionary measure. These concerned projects for two Chinese e-mobility start-ups and was done at our own initiative as it was doubtful whether the projects would actually be executed. This affected almost exclusively Paint and Final Assembly Systems and related primarily to contracts awarded in 2020. One order valued at roughly €30 million had been received in

the first quarter of 2021 and was removed from the order backlog in September. This correspondingly reduced order intake for the third quarter. The derecognition did not have any negative impact on earnings. There was likewise no significant impact on earnings from projects that we had previously executed with the customers concerned, as our project expenses were covered by corresponding customer payments.

2.38 — CONSOLIDATED ORDER BACKLOG (DECEMBER 31) BY SALES REGION



€ million	2021	2020	2019
Germany	561.7	391.6	371.6
Other European countries	958.6	671.4	520.4
Americas	652.3	453.7	759.0
China	934.8	758.8	666.5
Other Asian countries, Africa, Australia	253.6	281.1	425.4
Total	3,361.0	2,556.7	2,742.8

2.39 — INCOME STATEMENT AND PROFITABILITY RATIOS

		2021	2020	2019
Sales	€ million	3,536.7	3,324.8	3,921.5
Cost of sales ¹	€ million	-2,717.2	-2,728.6	-3,083.3
of which cost of materials	€ million	-1,315.2	-1,338.7	-1,681.4
of which personnel expense	€ million	-717.3	-663.4	-713.8
of which depreciation and amortization	€ million	-85.7	-79.0	-78.7
Gross profit ¹	€ million	819.4	596.3	838.2
Overhead costs ^{1,2}	€ million	-657.6	-585.9	-639.0
EBITDA	€ million	299.4	125.3	308.5
EBIT	€ million	175.7	11.1	195.9
EBIT before extraordinary effects ³	€ million	199.1	99.5	263.1
Financial result	€ million	-43.1	-29.7	-21.2
EBT	€ million	132.6	-18.5	174.7
Income taxes	€ million	-47.6	4.7	-44.9
Earnings after tax	€ million	84.9	-13.9	129.8
Earnings per share (basic)	€	1.20	-0.23	1.79
Earnings per share (diluted)	€	1.16	-0.23	1.79
Gross margin ¹	%	23.2	17.9	21.4
EBITDA margin	%	8.5	3.8	7.9
EBIT margin	%	5.0	0.3	5.0
EBIT margin before extraordinary effects ³	%	5.6	3.0	6.7
EBT margin	%	3.7	-0.6	4.5
Return on sales after taxes	%	2.4	-0.4	3.3
Interest coverage		4.1	0.5	7.3
Net financial liabilities to EBITDA		0.3	0.4	0.3
Tax rate	%	35.9	25.2	25.7
Return on equity	%	8.4	-1.5	12.4
Return on investment	%	3.3	0.7	4.2
ROCE	%	15.5	1.1	16.9

¹ As of 2021, we include impairments and the derecognition of trade receivables and contract assets within the cost of sales. They were previously included in selling expenses. The corresponding figures for the previous year have been adjusted slightly.

² Selling, administration and R&D expenses

³ Extraordinary effects in 2021: €-23.5 million [2020: €-88.4 million]

LARGE GROSS MARGIN

In 2020 and 2019, we carried out extensive efficiency and capacity adjustment measures in European automotive business and at the

HOMAG Group, realizing planned savings of roughly €60 million in 2021. Together with strong service business, good project execution and lower extraordinary expenses, this was the main reason for the 37.4% increase in gross profit, which was significantly higher than the growth in sales. The gross margin widened by more than 5 percentage points, reaching 23.2%, the best figure since 2016. Total costs (cost of sales, distribution, administrative and R&D costs plus other operating expenses) increased only marginally, by 0.8%, and hence a good deal more slowly than sales. We were able to reduce the cost of sales by 0.4%.

COST OF MATERIALS AND OVERHEAD COSTS

The cost of materials decreased slightly to €1,315.2 million (down 1.8%) in 2021 despite the supply chain disruptions. The main reason for this was the sales mix: The large share of higher-margin service business led to an increase in sales in tandem with lower costs of materials. Moreover, sales in the Woodworking Machinery and Systems division, which is characterized by lower cost of materials, increased sharply; at the same time, sales were down in the Paint and Final Assembly Systems division, which usually has a higher cost of materials ratio.

Overhead costs rose by 12.2%. However, this was largely due to first-time consolidation of the newly acquired companies. Adjusted for this effect, the increase would have been only 3.6%. Within overhead costs, the highest increase (up 15.0%) was in research and development costs, while the increase in administrative costs was lowest (up 10.9%). The increase in selling expenses (up 12.1%) was moderate compared to the increase in order intake (up 30.7%).

2.40 — OVERHEAD COSTS AND EMPLOYEES IN 2021

	Employees (Dec. 31)	Costs ¹ (€ million)	Personnel expense (€ million)	Depreciation and amortization (€ million)	Other costs ¹ (€ million)
Selling	2,031	-332.0	-238.2	-11.0	-82.8
[2020] ¹	1,936	-296.3	-204.6	-11.0	-80.7
Administrative	1,689	-201.7	-132.2	-15.7	-53.9
[2020]	1,573	-181.9	-112.2	-15.2	-54.5
R&D	922	-123.9	-82.6	-11.3	-29.9
[2020]	795	-107.7	-71.8	-9.0	-27.0

¹ As of 2021, we include impairment and the derecognition of trade receivables and contract assets within the cost of sales. They were previously included in selling expenses. The corresponding figures for the previous year have been adjusted slightly.

INCREASE IN GROUP WORKFORCE PRIMARILY DRIVEN BY ACQUISITIONS

Since the end of 2020, the workforce has grown by 7.7% or 1,277 employees. Most of this increase (1,037 persons) was due to the inclusion of the newly acquired companies. Some divisions, particularly Woodworking Machinery and Systems, also recruited new staff in response to growing business. At the same time, we completed the capacity reduction measures initiated in 2020 in Western European automotive business. Personnel expense rose by 11.3% compared with 2020. It should be noted that, in addition to acquisition-related effects, the previous year's figure had been extremely low, as we increasingly made use of instruments such as short-time work and paid leave under collective bargaining arrangements in response to the pandemic; variable remuneration payments were also lower. Compared with the pre-crisis year 2019, personnel expense rose by only 3.0%, while the average annual number of employees increased by 4.3%. Personnel expense per employee dropped by 1.3% compared to 2019.

2.41 — KEY EMPLOYEE FIGURES

	2021	2020	2019
Employees (Dec. 31)	17,802	16,525	16,493
Employees (annual average)	17,173	16,334	16,463
Personnel expense (€ million)	-1,170.4	-1,051.9	-1,136.9
Personnel expense ratio (%)	33.1	31.6	29.0
Personnel expense per employee (annual average) (€)	-68,154	-64,399	-69,055
Sales per employee (annual average) (€)	205,943	203,552	238,201

As other operating expenses declined significantly more quickly than other operating income, a relatively high positive balance of €13.8 million was recorded. Currency translation gains and losses were a primary determinant, at a net €0.1 million (previous year: €-2.2 million). In the fourth quarter, non-recurring income of €7.6 million was recognized within other operating income. It resulted from the sale of the remaining shares in SBS Ecoclean GmbH and the settlement of a legal dispute with the buyer.

EBIT BEFORE EXTRAORDINARY EFFECTS DOUBLED

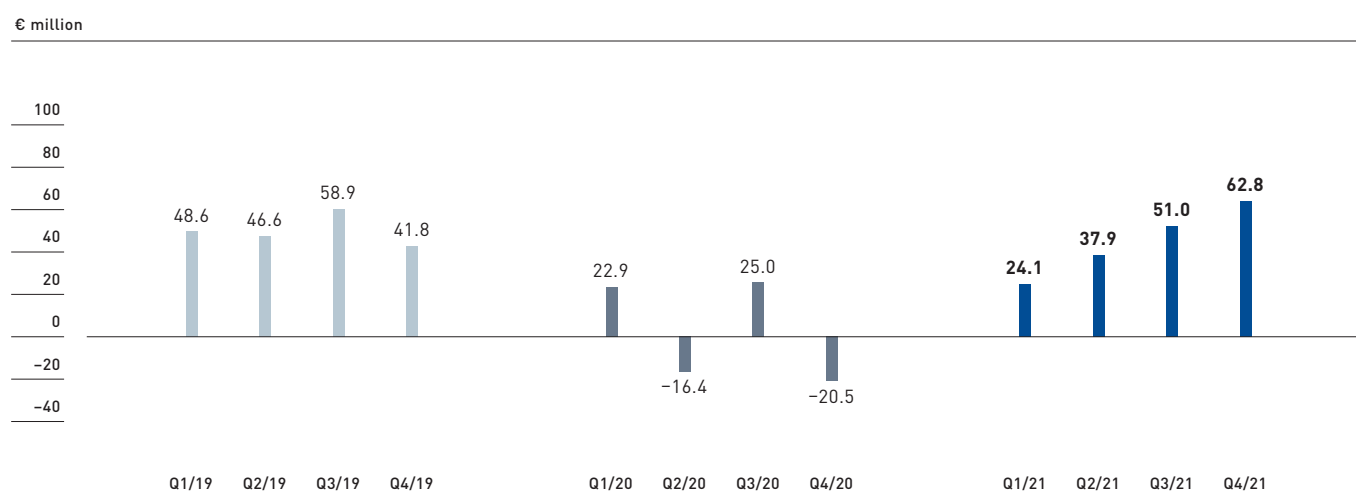
At €199.1 million, EBIT before extraordinary effects doubled over the previous year. The main driver here was the significantly higher gross profit, which arose mainly as a result of the strong service business and the efficiency gains derived from the capacity adjustments made in 2020 and 2019. The subdued sales performance caused by project delays and pandemic-related restrictions stood in the way of an even greater increase in EBIT before extraordinary effects.

As planned, we were able to gradually increase EBIT before extraordinary effects over the course of the year, with the second half of the year accounting for €120.3 million, or a share of 60.4%. The EBIT margin before extraordinary effects widened by 2.6 percentage points over the previous year to 5.6%. At €92.1 million, Woodworking Machinery and Systems achieved the best earnings of any of the divisions, contributing almost half of Group EBIT before extraordinary effects. Application Technology and Measuring and Process Systems also posted substantial increases. Paint and Final Assembly Systems achieved an improvement in EBIT before extraordinary effects thanks to a strong final quarter despite the 7.7% decline in sales.

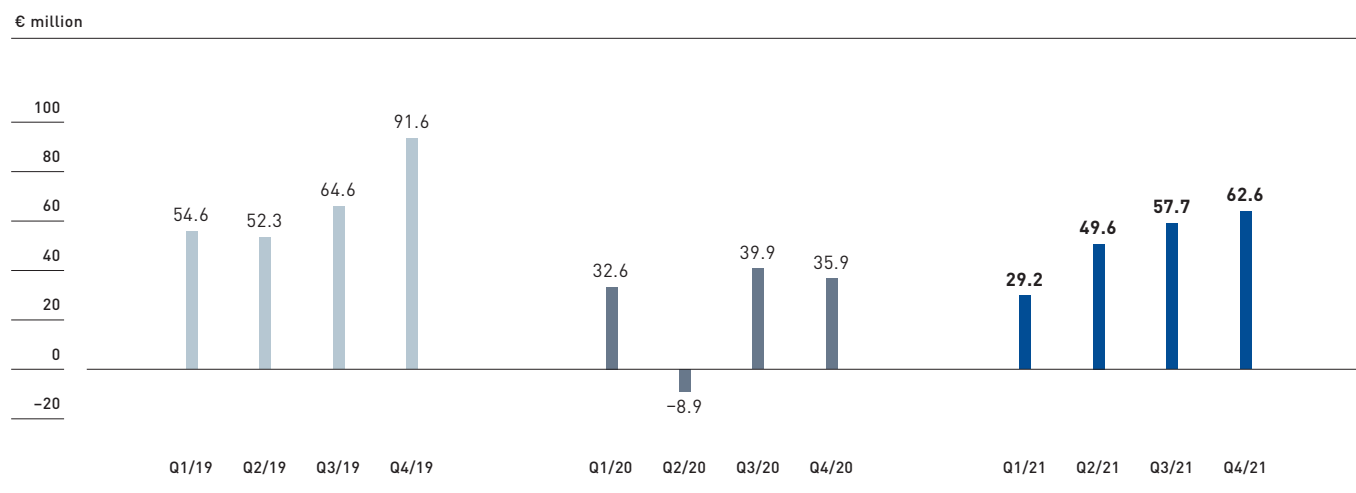
After extraordinary effects, EBIT rose by €164.6 million to €175.7 million, with the EBIT margin widening from 0.3 to 5.0%. The substantial improvements are due to growth in operating business as well as the decline in net extraordinary expenses from €88.4 million to €23.5 million. Whereas high non-recurring expenses of €63.1 million had arisen in the previous year due to capacity adjustments and other measures for safeguarding the Company's future viability, purchase price allocation effects

of €-22.2 million were the largest item within extraordinary effects in 2021. Moreover, we received extraordinary income of €9.4 million in the fourth quarter in connection with the SBS Ecoclean transaction and the acquisition of Hekuma. An overview of the extraordinary effects can be seen in table 2.44. Changes in exchange rates had only a marginal impact on EBIT. On the basis of like-for-like exchange-rates, EBIT would have been just €0.2 million higher.

2.42 — EBIT BY QUARTER



2.43 — EBIT BEFORE EXTRAORDINARY EFFECTS BY QUARTER



2.44 — EXTRAORDINARY EFFECTS WITHIN EBIT

€ million	2021	2020	2019
Paint and Final Assembly Systems	–6.2 • Purchase price allocation expense/income • Expense/income from measures to secure future viability/capacity adjustments in Europe	–30.5 • Purchase price allocation expense • Expense for measures to secure future viability/capacity adjustment Europe	–2.6 • Purchase price allocation expense • Capacity adjustment expense
Application Technology	–0.1 • Purchase price allocation expense • Expense/income from measures to secure future viability/capacity adjustments in Europe	–24.8 • Purchase price allocation expense • Expense for measures to secure future viability/capacity adjustment Europe • Income from legal dispute	–6.2 • Purchase price allocation expense • Expense for legal dispute
Clean Technology Systems	–7.3 • Purchase price allocation expense • Closure of US plant • Integration expense for Megtec/Universal • Income from sale of buildings	–6.9 • Purchase price allocation expense • Expense for measures to secure future viability/capacity adjustment • Integration expense for Megtec/Universal • Income from sale of building	–11.2 • Purchase price allocation expense • Trailing extraordinary expenses for the acquisition of Megtec/Universal
Measuring and Process Systems	–0.4 • Purchase price allocation expense • Expense/income from measures to secure future viability/capacity adjustments in Europe	–3.0 • Purchase price allocation expense • Expense for measures to secure future viability/capacity adjustment Europe	–1.6 • Purchase price allocation expense • Expense for closing subsidiary in China
Woodworking Machinery and Systems	–15.7 • Purchase price allocation expense • Expense/income from capacity adjustments • Transaction costs and personnel expense from acquisitions • Impairments • Income from the sale of a building	–17.1 • Purchase price allocation expense • Acquisition transaction costs • Capacity adjustment expense • Impairments	–45.3 • Purchase price allocation expense • Expense for measures to secure future viability/optimization
Corporate Center	6.3 • Income from legal dispute • Personnel expense from acquisitions	–6.2 • Expense for legal dispute • Capacity adjustment expense • Acquisition transaction costs	–0.3 • Various minor effects
Total	–23.5	–88.4	–67.2

FINANCIAL RESULT IMPACTED BY HEAVY NON-RECURRING EFFECT

The financial result stood at €–43.1 million, compared with €–29.7 million in the previous year. The main reason for this negative change was a non-recurring effect arising in connection with the revised pooling agreement between Dürr Technologies GmbH and

the Schuler/Klessmann shareholder group, which holds around 14.05% of the shares in HOMAG Group AG. The new agreement grants us a call option as well as a right of first refusal on all the shares held by the shareholder group at an exercise price of €31.56 per share. The previous pooling agreement had provided for a right of first refusal subject to an exercise price of €25.00 per share. This exercise price of €25.00 previously furnished the basis

for measuring the value of the HOMAG shares held by the Schuler/Klessmann shareholder group for the purposes of calculating the liability for the purchase price for the HOMAG shares not held by us. Under the new pooling agreement, we have now valued the shares held by the Schuler/Klessmann shareholder group on the basis of the exercise price of €31.56, resulting in an increase in the value of the liability. This necessitated recognition of a non-cash expense of €17.0 million within the financial result. The exercise price of €31.56 corresponds to the cash settlement offer that we made to the non-controlling HOMAG shareholders and may change if the Stuttgart Higher Regional Court sets an alternative amount.

In addition to this non-recurring effect, the interest result was impacted by two additional factors: the interest expense due for the first time on new financing instruments (Schuldschein loan, convertible bond) and the redemption of long-dated financing instruments, particularly in the case of Teamtechnik and Hekuma, subject to early repayment penalties. However, no interest expense arose from April in connection with the redeemed bond. Details of the changes in financing instruments can be found in the "Funding structure" section in ["Financial development" → page 86](#). With regard to net investment income, it should be noted that no income arose from HOMAG China Golden Field, which had previously been accounted for at equity but was fully consolidated from November 24, 2020.

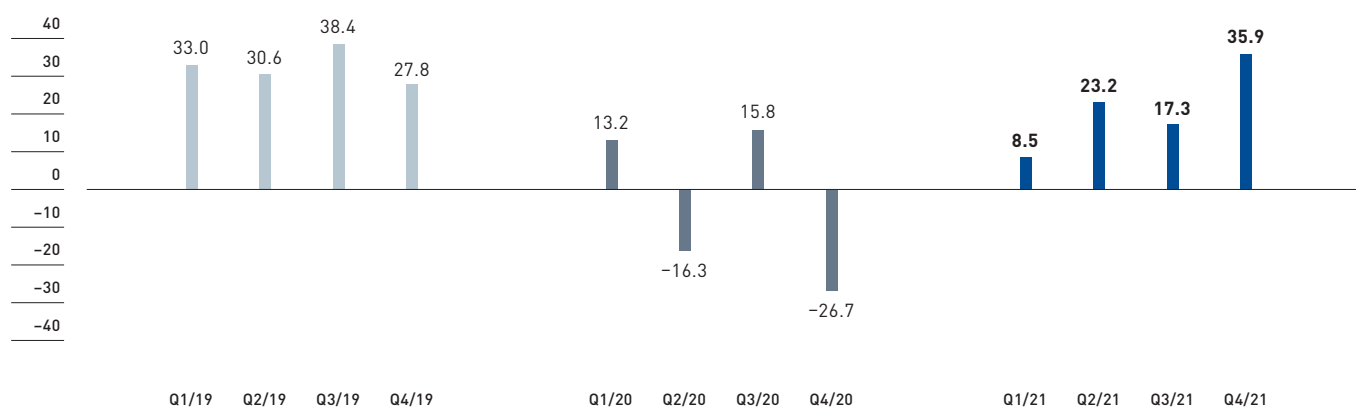
SUBSTANTIAL IMPROVEMENT IN EARNINGS AFTER TAXES

Remeasurement of the liability arising from the pooling agreement with the Schuler/Klessmann shareholder group led to an above-average tax rate of 35.9%. Despite this increase and the high non-recurring expense recognized within the financial result, earnings after tax rose by just under €100 million after the previous year's loss. At €84.9 million, they matched expectations. The high net profit of €35.9 million in the fourth quarter was due to the Group's good operating performance as well as extraordinary income in connection with the SBS Ecoclean transaction and the acquisition of Hekuma. Basic earnings per share rose to €1.20 in 2021.

Given our improved earnings and high cash flow, we will be proposing a 66.7% increase in the dividend per share to €0.50 (previous year: €0.30). This is equivalent to a total distribution of €34.6 million and a share of 40.7% of earnings after tax for 2021. Accordingly, the payout ratio is slightly higher than the range of 30 to 40% of earnings after tax underlying our dividend policy. The dividend proposal leaves Dürr AG with a remaining net retained profit of €580.2 million, which will be carried forward.

2.45 — EARNINGS AFTER TAX BY QUARTER

€ million



SEGMENT REPORT: DIVISIONS

2.46 — EBIT BY DIVISION

€ million	2021	2020	2019
Paint and Final Assembly Systems	35.2	6.4	78.7
Application Technology	41.2	-5.8	57.1
Clean Technology Systems	9.2	13.7	12.1
Measuring and Process Systems	17.4	-2.9	21.8
Woodworking Machinery and Systems	76.5	9.9	37.4
Corporate Center/consolidation	-3.8	-10.3	-11.2
Total	175.7	11.1	195.9

Paint and Final Assembly Systems

Following the decline in the previous year, order intake in the Paint and Final Assembly Systems division rose by 18.8% in 2021. In addition to the market recovery, this performance was underpinned by first-time consolidation of Teamtechnik and Hekuma and – to a lesser extent – Cogiscan. We experienced regionally balanced demand in the automotive industry and strong demand for painting and assembly technology for electric vehicles. At €443.7 million, order intake was by far the highest in the fourth quarter. In connection with the low order intake in the third quarter (€255.0 million), it should be noted that an order received in the

first quarter for roughly €30 million was derecognized again in September as a precautionary measure. This measure formed part of the derecognitions described in the section entitled “Orders on hand at a record high”.

Sales fell short of the previous year (down 7.7%), the main reason for this being the lower order intake in the first half of 2020, which fed through to capacity utilization and sales with some delay over much of 2021. In addition, some big-ticket orders received in 2020 will not have any significant impact on sales until 2022. Moreover, supply chain problems and the coronavirus pandemic caused delays with some projects. On an encouraging note, the sales of €337.5 million in the final quarter of the year were substantially higher.

The capacity adjustments in Europe in 2020 yielded the planned savings. At the same time, we were able to boost sales from service business with its wider margins. Both factors contributed to a sharp increase in gross profit (up 32.3%) – despite the decline in sales and the fact that we had to execute a number of lower-margin orders accepted in the previous year in the face of heightened competition. Driven by the strong gross profit, EBIT before extraordinary effects increased by 12.3%, causing the EBIT margin before extraordinary effects to widen from 3.1 to 3.8%. At 5.3%, it reached its highest figure since the outbreak of the pandemic in the fourth quarter with its strong sales. The

2.47 — KEY FIGURES FOR PAINT AND FINAL ASSEMBLY SYSTEMS^{1, 2, 3}

€ million	2021	2020	2019	Q1 2021	Q2 2021	Q3 2021	Q4 2021
Order intake	1,356.7	1,142.3	1,515.0	301.1	356.9	255.0	443.7
Sales	1,083.2	1,173.8	1,415.5	247.2	241.1	257.4	337.5
Gross profit ²	172.0	130.1	206.7	35.4	40.7	42.8	53.2
EBITDA	65.3	31.5	103.5	11.5	11.4	15.7	26.6
EBIT	35.2	6.4	78.7	4.6	4.0	8.3	18.4
EBIT before extraordinary effects	41.4	36.9	81.3	5.7	9.1	9.0	17.8
EBIT margin	3.3%	0.5%	5.6%	1.8%	1.7%	3.2%	5.5%
EBIT margin before extraordinary effects	3.8%	3.1%	5.7%	2.3%	3.8%	3.5%	5.3%
Cash flow from operating activities	33.2	17.4	-30.3	34.1	-20.4	-17.8	37.3
Capital expenditure	26.4	18.3	28.1	3.3	7.5	5.5	10.2
Capital employed	345.6	173.7	132.5	269	293.7	354.8	345.6
ROCE	10.2%	3.7%	46.7%	6.8%	5.4%	9.3%	21.3%
Employees	5,258	4,383	4,412	4,936	4,923	5,173	5,258

¹ Teamtechnik consolidated from February 5, 2021, Cogiscan from February 15, 2021, Hekuma from July 30, 2021

² As of 2021, impairments and the derecognition of trade receivables and contract assets are recognized within the cost of sales (previously selling expenses). The figures for the previous year have been adjusted slightly.

³ Testing technology, assembly products and automotive filling technology were transferred from Measuring and Process Systems to Paint and Final Assembly Systems effective January 1, 2020. With the exception of ROCE, the figures for 2019 have been adjusted.

extraordinary effects of €-6.2 million included in EBIT arose chiefly from purchase price allocation effects and restructuring measures in Italy. Extraordinary income (€1.9 million) arose in the fourth quarter in connection with the acquisition of Hekuma.

After the previous year's low level, we increased capital spending significantly (up 44.2%). Key measures include a building investment in Italy, the expansion of production facilities in Radom (Poland) and increased spending on new IT products. Cash flow from operating activities continued to improve, benefiting from substantial customer prepayments as well as the higher earnings. ROCE was higher as EBIT increased more quickly than **capital employed** → [page 251](#) but still has considerable potential for improvement.

Application Technology

Order intake in the Application Technology division improved by 13.5% in 2021. This was mainly driven by very strong demand for painting robots in China, where there are ample projects in the pipeline. Major orders were also received in Germany and Turkey. Overall, however, the market in Europe – like that in North America – has not yet returned to pre-crisis levels; rather, we expect to see a further recovery in 2022 and 2023.

At 2.3%, sales grew less quickly than order intake. One important reason for this muted performance was the weak order intake

in the wake of the pandemic in the previous year in addition to delays caused by pandemic-related restrictions and supply chain problems. Encouragingly, sales generation accelerated in the second half of the year and service business grew sharply, accounting for an above-average proportion of sales. The latter was due to catch-up effects after the previous year's slump. In addition, some customers increased their inventories of spare parts due to global supply chain constraints.

EBIT before extraordinary effects improved from quarter to quarter, underpinned by significant growth in gross profit. In addition to strong service business, it was also spurred by good order execution and significant savings as a result of the capacity adjustments initiated in the previous year. At 8.8%, the EBIT margin before extraordinary effects approached its pre-pandemic level and actually exceeded it in the fourth quarter, at 12.4%. After extraordinary effects, the EBIT margin stood at 12.6% as restructuring provisions were reversed.

At €9.9 million, capital expenditure remained at the previous year's relatively low level and mainly entailed replacement spending and capitalized development costs. **Capital employed** → [page 251](#) rose as a result of higher inventories among other things, but still fell substantially short of the pre-crisis level. ROCE also recovered, coming in at 14.1%.

2.48 — KEY FIGURES FOR APPLICATION TECHNOLOGY¹

€ million	2021	2020	2019	Q1 2021	Q2 2021	Q3 2021	Q4 2021
Order intake	534.3	470.7	640.8	129.1	122.1	152.9	130.3
Sales	470.1	459.4	592.8	106.4	111.8	132.9	119.0
Gross profit ¹	116.6	75.6	143.7	25.5	26.3	30.0	34.7
EBITDA	54.0	8.1	70.6	9.7	10.7	15.5	18.1
EBIT	41.2	-5.8	57.1	6.3	7.6	12.3	15.0
EBIT before extraordinary effects	41.3	19.0	63.3	6.5	7.6	12.5	14.7
EBIT margin	8.8%	-1.3%	9.6%	5.9%	6.8%	9.3%	12.6%
EBIT margin before extraordinary effects	8.8%	4.1%	10.7%	6.1%	6.8%	9.4%	12.4%
Cash flow from operating activities	13.6	53.8	21.4	-3.5	24.7	-2.8	-4.9
Capital expenditure	9.9	10.0	12.3	2.1	1.9	2.3	3.7
Capital employed	291.3	263.5	320.9	274.1	256.5	269.6	291.3
ROCE	14.1%	-2.2%	17.8%	9.2%	11.9%	18.3%	20.5%
Employees	2,026	2,162	2,306	2,070	2,025	2,024	2,026

¹ As of 2021, impairments and the derecognition of trade receivables and contract assets are recognized within the cost of sales (previously selling expenses). The figures for the previous year have been adjusted slightly.

Clean Technology Systems

Clean Technology Systems posted a 13.0% increase in order intake over the previous year and, at €448.4 million, reached the record level achieved in 2019. Demand was strong in Europe and North America in particular. By contrast, it temporarily flattened out in China after extensive capital spending in the previous year. In the strategically important battery coating business, we were able to increase orders to just under €50 million. This was largely borne by two projects involving delivery of a special process for the simultaneous coating of both electrode sides. The customers were German battery cell producer Cellforce and a European automotive OEM. We are currently seeking further large-volume coating technology orders with our partner Techno Smart. The market holds much promise given that, especially in Europe, additional capacities are required for the production of battery cells for electric cars.

Sales rose only slightly over the previous year as the lead times of some projects were extended due to material and capacity bottlenecks, pandemic-related restrictions and customer-related

delays. However, sales increased successively over the course of the year, reaching €116.3 million in the fourth quarter, the second highest figure since the acquisition of Megtec/Universal (October 2018).

At 4.3%, the EBIT margin before extraordinary effects was down on the previous year, one of the reasons for this being increased material and production costs, which were felt during the second half of the year in particular. In addition, modernization business made a smaller contribution, while R&D expenditure was stepped up to strengthen our position in battery coating technology. At €7.3 million, extraordinary expenses were somewhat higher than in the previous year (€6.9 million). In addition to purchase price allocation effects, they included mainly non-recurring costs in connection with the closure of a US plant.

Capital expenditure doubled over the previous year's low level due to the expansion of a plant in Mexico, among other things. Whereas **capital employed** → [page 251](#) remained almost unchanged, **ROCE** → [page 251](#) temporarily dropped as a result of the decline in EBIT.

2.49 — KEY FIGURES FOR CLEAN TECHNOLOGY SYSTEMS¹

€ million	2021	2020	2019	Q1 2021	Q2 2021	Q3 2021	Q4 2021
Order intake	448.4	396.9	449.1	101.5	105.6	133.4	107.8
Sales	387.2	386.2	395.3	81.1	91.2	98.6	116.3
Gross profit ¹	65.6	66.1	75.3	15.7	15.6	17.0	17.3
EBITDA	18.6	25.5	25.2	3.9	4.9	4.8	5.0
EBIT	9.2	13.7	12.1	1.5	2.6	2.5	2.7
EBIT before extraordinary effects	16.5	20.6	23.3	2.7	4.7	4.7	4.4
EBIT margin	2.4%	3.5%	3.1%	1.8%	2.8%	2.5%	2.3%
EBIT margin before extraordinary effects	4.3%	5.3%	5.9%	3.4%	5.2%	4.7%	3.8%
Cash flow from operating activities	14.7	25.0	18.8	-7.0	17.3	15.6	-11.2
Capital expenditure	4.6	2.3	3.7	1.0	1.9	0.8	0.8
Capital employed	139.0	132.7	156.5	147.9	133.3	121.7	139.0
ROCE	6.6%	10.3%	7.7%	4.0%	7.7%	8.2%	7.7%
Employees	1,381	1,348	1,418	1,355	1,373	1,355	1,381

¹ As of 2021, impairments and the derecognition of trade receivables and contract assets are recognized within the cost of sales (previously selling expenses). The figures for the previous year have been adjusted slightly.

Measuring and Process Systems

Order intake in the Measuring and Process Systems division rose by 16.0% in 2021 and does not exhibit any major variation from quarter to quarter. The growth was mainly driven by rising demand for **balancing technology** → [page 250](#) in North America and Asia, while the European market was more subdued.

Sales improved from quarter to quarter, reaching €57.9 million in the fourth quarter, the highest figure since the outbreak of the pandemic. The proportion of automotive business in sales contracted to roughly one-third, as the automotive industry is spending less on balancing technology for internal combustion engine components. However, opportunities are arising in the e-mobility sector and in aircraft business in China, where new aircraft and jet engine programs are generating growing demand for balancing equipment.

The higher volume of business, together with the previous year's reductions in surplus capacities, resulted in good capacity utilization. At the same time, the division benefited from a reduced

share of overhead costs, improvements in project execution and good margins on orders, causing the EBIT margin before extraordinary effects to widen from 0.1% in the previous year to 8.6% in 2021. As a result, profitability before extraordinary effects was slightly above expectations (7.0% to 8.0%) and approached the pre-pandemic figure of 9.8%.

Capital expenditure rose to €14.6 million following the previous year's reduction. Key measures were the capitalization of development costs and the acquisition of a real estate asset in the United States. **ROCE** → [page 251](#) improved to 10.7% in tandem with a decline in **capital employed** → [page 251](#).

Woodworking Machinery and Systems

Woodworking Machinery and Systems recorded an exceptionally strong year, in which order intake increased by 59.4% to a record €1,742.4 million. As a result, the division exceeded the previous record set in 2017 by 27.5%. The lower volume of orders in the final quarter is not evidence of any weakening of the market but is merely due to the start of the vacation period, during which ordering declines.

2.50 — KEY FIGURES FOR MEASURING AND PROCESS SYSTEMS^{1,2}

€ million	2021	2020	2019	Q1 2021	Q2 2021	Q3 2021	Q4 2021
Order intake	209.3	180.4	251.9	52.5	55.4	50.6	50.8
Sales	207.4	193.5	238.6	46.1	50.4	53.0	57.9
Gross profit ¹	74.1	56.0	85.2	17.8	18.0	18.4	19.9
EBITDA	26.6	6.7	31.2	5.2	6.0	7.0	8.3
EBIT	17.4	-2.9	21.8	3.1	3.9	4.9	5.6
EBIT before extraordinary effects	17.8	0.2	23.4	3.3	4.1	4.8	5.6
EBIT margin	8.4%	-1.5%	9.1%	6.7%	7.6%	9.2%	9.6%
EBIT margin before extraordinary effects	8.6%	0.1%	9.8%	7.2%	8.1%	9.0%	9.6%
Cash flow from operating activities	22.2	82.7	56.1	14.5	-2.2	8.0	1.8
Capital expenditure	14.6	7.8	13.6	5.2	2.1	3.3	3.9
Capital employed	161.9	167.9	313.7	160.3	166.4	166.5	161.9
ROCE	10.7%	-1.7%	12.3%	7.7%	9.3%	11.7%	13.8%
Employees	1,339	1,407	1,515	1,394	1,394	1,392	1,339

¹ As of 2021, impairments and the derecognition of trade receivables and contract assets are recognized within the cost of sales (previously selling expenses). The figures for the previous year have been adjusted slightly.

² Testing technology, assembly products and automotive filling technology were transferred from Measuring and Process Systems to Paint and Final Assembly Systems effective January 1, 2020. With the exception of ROCE, the figures for 2019 have been adjusted.

2.51 — KEY FIGURES FOR WOODWORKING MACHINERY AND SYSTEMS^{1, 2}

€ million	2021	2020	2019	Q1 2021	Q2 2021	Q3 2021	Q4 2021
Order intake	1,742.4	1,092.8	1,219.6	448.1	438.6	503.2	352.5
Sales	1,388.8	1,111.9	1,279.1	309.0	348.5	359.0	372.3
Gross profit ¹	373.8	256.0	312.7	80.8	98.4	96.9	97.8
EBITDA	136.3	60.8	85.8	25.2	35.9	38.5	36.9
EBIT	76.5	9.9	37.4	11.2	21.8	23.4	20.1
EBIT before extraordinary effects	92.1	27.0	82.7	13.5	26.1	27.1	25.5
EBIT margin	5.5%	0.9%	2.9%	3.6%	6.3%	6.5%	5.4%
EBIT margin before extraordinary effects	6.6%	2.4%	6.5%	4.4%	7.5%	7.5%	6.8%
Cash flow from operating activities	159.6	48.6	131.5	46.8	42.5	47.9	22.5
Capital expenditure	50.5	35.8	41.8	7.6	11.0	11.4	20.5
Capital employed	381.5	403.6	411.6	370.5	366.4	345.1	381.5
ROCE	20.1%	2.5%	9.1%	12.1%	23.8%	27.1%	21.1%
Employees	7,477	6,942	6,569	6,948	7,113	7,315	7,477

¹ Kallesøe consolidated from April 28, 2021, Roomle from August 13, 2021

² As of 2021, impairments and the derecognition of trade receivables and contract assets are recognized within the cost of sales (previously selling expenses). The figures for the previous year have been adjusted slightly.

The strong demand in 2021 was driven by several factors: the commencement of a new capital spending cycle after the subdued years of 2019 and 2020, increased furniture buying during the pandemic and government investment aid for customers in some countries. In addition, the trend toward the construction of climate-friendly wooden houses boosted demand for production systems for timber construction elements immensely. As a result, new orders in Construction Elements Solutions, the business unit responsible for the timber construction business, rose by more than 100% to around €185 million. In the third quarter, we received the largest order to date (over €40 million) in this segment.

After the previous year's significant decline, sales increased from quarter to quarter, reaching a historic high of €372.3 million in the fourth quarter. Over the year as a whole, sales climbed by 24.9%, marking a new record of €1,388.8 million. Given the high order backlog, this figure should be exceeded again in 2022.

The high sales, combined with the expansion of service business, left positive traces on earnings. In addition, the process, structural and capacity optimization implemented in previous years led to efficiency gains. At the same time, the strains resulting from supply chain constraints intensified over the course of the year and we responded to these by increasing our prices in September.

EBIT before extraordinary effects recovered from the previous year's pandemic-induced slump and, at €92.1 million, came close to the record figure achieved in 2018 (€94.9 million). At 6.6%, the EBIT margin before extraordinary effects returned to the 2019 level. Due to supply chain constraints, it was slightly lower in the fourth quarter than in the previous two quarters. Looking ahead, we see potential for further earnings growth; the EBIT margin should reach the provisional target of at least 9% by 2023. The extraordinary effects of €-15.7 million mainly included purchase price allocation effects.

As part of its expansion plans, the HOMAG Group launched the largest capital spending program in its history in 2021. Valued at €150 million to €200 million, it is expected to be completed in 2024. The aim is to boost efficiency and capacity at several locations. Against this backdrop, capital spending rose by 41.1% in 2021. **ROCE → page 251** reached a high level of 20.1%, underpinned by the strong earnings and extensive customer prepayments.

Corporate Center

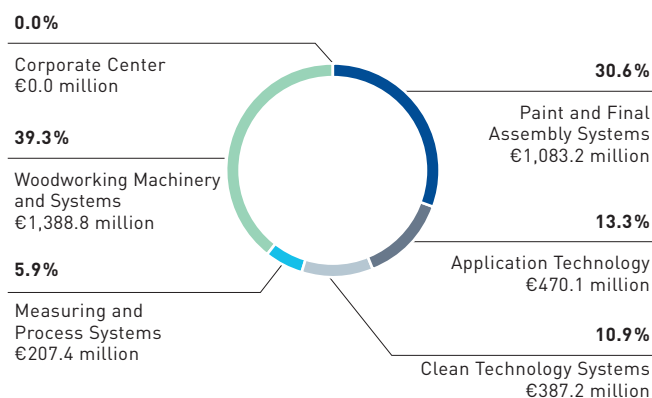
In 2021, Corporate Center EBIT improved to €-3.8 million (previous year: €-10.3 million). This was attributable to the extraordinary income from the SBS Ecoclean transaction recognized in the fourth quarter as well as positive consolidation effects. The costs of the Corporate Center are essentially covered by allocations from the Group companies. In return, the Corporate Center provides intra-Group services, for example in the areas of law, tax and finance.

2.52 — SALES, ORDER INTAKE AND EMPLOYEES (DECEMBER 31, 2021) BY DIVISION

3,536.7

SALES (€ MILLION)

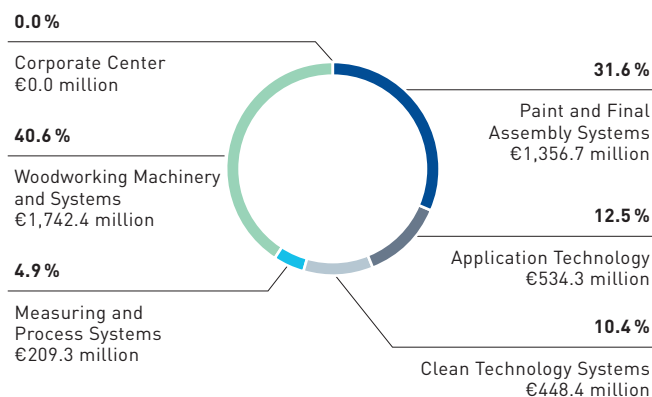
SALES



4,291.0

ORDER INTAKE (€ MILLION)

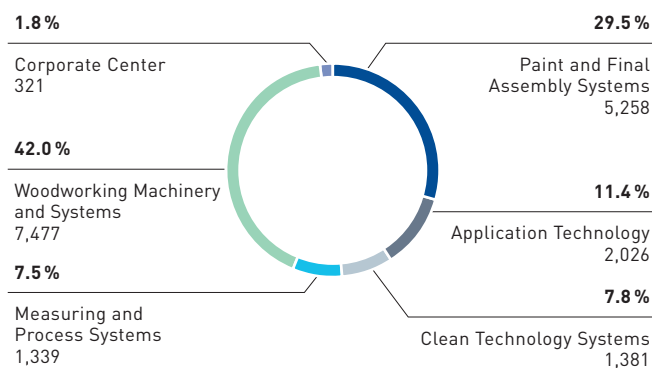
ORDER INTAKE



17,802

EMPLOYEES

EMPLOYEES



Financial development

FUNDING AND LIQUIDITY MANAGEMENT

Our central funding and liquidity management is aimed at covering financing and liquidity requirements, optimizing earnings and financing costs as well as mitigating financial risks. The principle of our liquidity management is to always have an adequate volume of cash and cash equivalents available in order to meet payment obligations at any time.

The cash flow from operating activities is the principal source of funding. As a rule, debt financing is raised by Dürr AG and made available as required to the Group companies. Liquidity management is another task of Dürr AG. Its cash pooling system serves to consolidate most of the Group's cash and cash equivalents, unless capital flows are restricted by the rules and regulations of individual states. In countries where this is the case (China, for example), our national companies largely obtain their funding locally.

Group Treasury invests surplus funds in compliance with our financial asset management policy. At €837.9 million, cash and cash equivalents (including term deposits) were down 17.8% from the previous year's level (€1,019.0 million), owing to early refinancing measures, and reached a share of total assets equivalent to 20.2% (Dec. 31, 2020: 26.3%).

Our net working capital management system is tasked with reinforcing the Group's internal funding capabilities and reducing the volume of capital employed. This has a beneficial effect on such key figures as **ROCE** → [page 251](#). For information on the deployment of financial instruments, please refer to the section "Currency, interest and liquidity risks as well as financial instruments for risk mitigation purposes" in the **"Risk report"** → [page 95](#).

FUNDING STRUCTURE

In 2021, we repaid €349.0 million in financial liabilities due. These concerned the corporate bond in the amount of €300 million issued in 2014 and a tranche of the 2016 Schuldschein loan of €49 million. We had already finalized the refinancing at an early stage in 2020 to optimize the maturity profile of our funding structure. The next major liability does not fall due until 2023, so that we can focus fully on the expansion of our operating business.

No new financing instruments were placed in 2021. However, in January 2021, we registered €200 million in proceeds from a sustainability-linked Schuldschein loan issued in December 2020.

Our funding structure comprised the following elements as of December 31, 2021:

- **Sustainability-linked convertible bond:** The convertible bond with a value of €150 million was placed in September 2020 and has a maturity of approximately 5.3 years. The coupon is 0.75%, the conversion price currently stands at €33.93 per share; it was originally €34.22 per share, reflecting a premium of 40%. The convertible bond is linked to a sustainability component in the form of a separate interest rate derivative. If our sustainability rating as determined by EcoVadis does not improve to a certain level, we pay a fixed amount to UniCredit Bank, which will use it to support sustainable projects.
- **Four Schuldschein loans, three of which are sustainability-linked:** In 2019, we were the first company worldwide to place a sustainability-linked Schuldschein loan worth €200 million. As with its counterparts placed in the subsequent year, the coupon is linked to our sustainability rating. The tranches have maximum maturities of ten years; the average interest rate is 0.84%. The sustainability-linked Schuldschein loan issued in March 2020 had a volume of €115 million at an average interest rate of 0.9%. We secured a further €200 million by placing another sustainability-linked Schuldschein loan in December 2020. The interest rate currently averages 2.0% and the proceeds were received in January 2021. Both Schuldschein loans issued in 2020 consist of tranches with maturities of up to ten years. Their interest is linked to our sustainability rating from EcoVadis. A further €150 million is still available from a Schuldschein loan placed in 2016 without a sustainability component (average interest rate 1.6% on placement, maturing no later than 2026).
- **Syndicated loan:** A syndicated loan amounting to €750 million has been available to us since the end of July 2019. As in the case of the 2019 and 2020 Schuldschein loans, its interest rate is linked to our sustainability rating. The loan is divided into a cash line of €500 million and a guarantee line of €250 million. In 2021, with the approval of the banks, the maturity was extended by two years and is scheduled to end in 2026 (previously: 2024).
- **Leases:** At the end of 2021, leasing liabilities in accordance with IFRS 16 amounted to €95.7 million (Dec. 31, 2020: €98.4 million).

- **Bilateral credit facilities:** The nominal value of bilateral credit facilities came to €34.1 million at the end of 2021 (Dec. 31, 2020: €6.4 million).
- **Other:** We make use of money market and capital market instruments. In addition, off-balance sheet financing instruments in the form of factoring sales (in particular, forfaiting) reached a volume of €0.2 million at the end of 2021.

2.53 — FINANCIAL LIABILITIES (DECEMBER 31)

€ million	2021	2020	2019
Convertible bond/Schuldschein loan/corporate bond ¹	803.7	951.9	798.2
Liabilities to banks	27.0	0.0	0.4
Leasing liabilities	95.7	98.4	107.1
Other interest-bearing financial liabilities	1.8	7.1	7.3
Interest deferral	9.2	10.6	10.1
Total	937.4	1,068.0	923.1
of which due within one year	39.6	394.2	38.0

¹ Corporate bond included only 2020 and 2019, repaid in 2021

The 12.2% decline in financial liabilities to €937.4 million as of December 31, 2021, largely resulted from the redemption of the corporate bond and one tranche of the Schuldschein loan placed in 2016, totaling €349.0 million. This was offset by the proceeds received in January 2021 from the placement of the sustainability-linked Schuldschein loan amounting to €200 million. No major maturities are scheduled in 2022. At the end of 2021, the total volume of all available credit and guarantee lines came to €1,751.4 million, of which €539.1 million were utilized. The cash lines from the syndicated loan remained unutilized in 2021. Apart from the guarantee line under the syndicated loan, there are additional guarantee lines amounting to €967.4 million.

RISING CASH FLOW

2.54 — CASH FLOWS

€ million	2021	2020	2019
Cash flow from operating activities	257.0	215.0	171.9
Cash flow from investing activities	-121.9	-119.2	-231.8
Cash flow from financing activities	-334.2	27.4	60.8

2.55 — CALCULATION OF CASH FLOW FROM OPERATING ACTIVITIES AND FREE CASH FLOW¹

€ million	2021	2020	2019
Earnings before income taxes	132.6	-18.5	174.7
Depreciation and amortization	123.7	114.2	112.6
Interest result	42.9	35.3	27.6
Income tax payments	-45.5	-32.7	-64.2
Change in provisions	-18.0	40.6	18.8
Change in net working capital	19.9	113.5	-64.8
Other	1.5	-37.3	-32.7
Cash flow from operating activities	257.0	215.0	171.9
Interest payments (net)	-22.8	-22.4	-20.2
Repayment of leasing liabilities	-34.3	-29.7	-27.4
Investment in property, plant and equipment and intangible assets	-79.0	-52.1	-79.4
Free cash flow	120.8	110.7	44.9
Dividend payment	-23.8	-56.5	-74.3
Payment for acquisitions	-77.7	-9.4	-10.8
Other cash flows	-69.8	5.4	15.3
Change in net financial status	-50.5	50.3	-24.9

¹ Exchange rate effects were eliminated in the cash flow statement. Accordingly, the changes in balance sheet line items indicated there cannot be fully reflected in the balance sheet.

Cash flow from operating activities improved by €42.0 million in 2021, to €257.0 million. This was due chiefly to the positive earnings development, whereas in the previous year the reduction in **net working capital (NWC)** → [page 251](#) had been decisive. At the end of 2021, NWC increased to €427.9 million, up by €45.3 million compared to the level of December 31, 2020. However, the increase resulted predominantly from the consolidation of acquisitions, notably Teamtechnik. Before initial consolidation effects of approx. €60 million, NWC declined by approx. €10 million, with a positive impact on cash flow. At the end of 2021, the number of days that funds were tied up in NWC (days working capital) came to 43.6 days, in the lower half of the target corridor of 40 to 50 days. The development of NWC before consolidation effects was shaped

by the increase in inventories, finished products and receivables as part of the recovery cycle. This was offset by rising prepayments from robust growth in incoming orders and the planned receipt of progress payments and project completion payments.

Cash flow from investing activities, at €-121.9 million, nearly matched the previous year's level of €-119.2 million. However, the prior-year value included €89.9 million in term deposit investments, whereas term deposits in 2021 were reduced by €14.6 million. Adjusted for term deposit effects, cash outflow was up by €107.2 million, essentially due to acquisitions and higher investment spending. Disbursements for property, plant and equipment as well as intangible assets amounted to €79.0 million, up by €26.9 million year-on-year. The disposal of assets held for sale resulted in an inflow of cash and cash equivalents totaling €7.9 million.

Cash flow from financing activities, amounting to €-334.2 million, was principally influenced by the redemption in April of €349.0 million in financing instruments due. Other factors included cash outflows for repayment of debts assumed through acquisitions, especially of Teamtechnik and Hekuma, and the disbursement of dividends. This was offset by a cash inflow of approx. €200 million from the Schuldschein loan agreed in December 2020 and disbursed in January 2021.

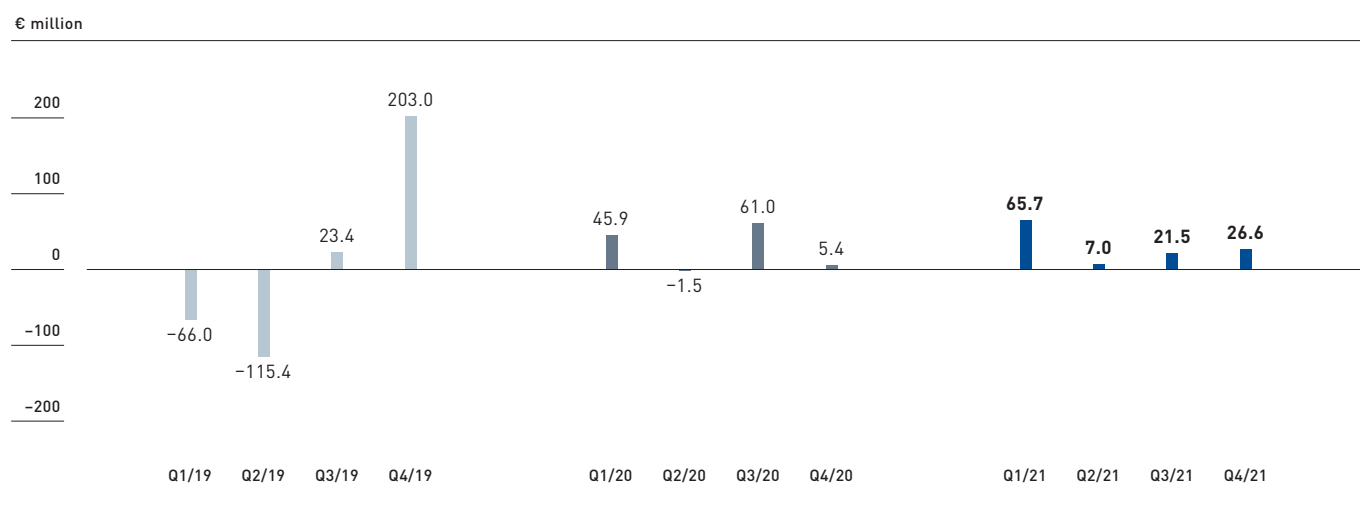
Free cash flow increased in 2021, to €120.8 million (previous year: €110.7 million). Cash flow from operating activities was the chief contributor to this rise, substantially outstripping investments.

Free cash flow → [page 251](#) reflects the volume of funds freely available after all expenses in a given period in order to pay dividends, make acquisitions and/or lower the level of debt.

2.57 — NET FINANCIAL STATUS (DECEMBER 31)

€ million	2021	2020	2019
Checks, cash in hand and credit balances with banks	583.1	769.2	662.0
+ Receivables from associated companies based on financial activities	0.0	0.0	1.9
+ Securities and term deposits	254.8	249.8	159.9
- Corporate bond and convertible bond	140.2	437.8	299.2
- Liabilities to banks	27.0	0.0	0.4
- Schuldschein loans	663.5	514.1	499.1
- Accrued/deferred interest on financial liabilities	9.2	10.6	10.1
- Leasing liabilities	95.7	98.4	107.1
- Other loans	1.8	7.1	7.3
= Net financial status	-99.5	-49.0	-99.3

2.56 — FREE CASH FLOW BY QUARTER



Net financial debt was up by €50.5 million year-on-year and reached €99.5 million. Key factors were acquisitions, especially the majority holding in Teamtechnik in February, which led to an outflow for the purchase price payment as well as the assumption of additional debts. Moreover, in May the dividend of €20.8 million was disbursed to the Dürr AG shareholders. This was met by a positive free cash flow of €120.8 million. Net financial debt included €95.7 million in leasing liabilities.

OPERATING PERFORMANCE INDICATORS: UNCHANGED INCOMING ORDERS, SALES, EBIT AND ROCE

2.58 — PERFORMANCE INDICATORS

		2021	2020	2019
Incoming orders	€ million	4,291.0	3,283.2	4,076.5
Sales	€ million	3,536.7	3,324.8	3,921.5
EBIT	€ million	175.7	11.1	195.9
EBIT margin	%	5.0	0.3	5.0
ROCE	%	15.5	1.1	16.9
Free cash flow	€ million	120.8	110.7	44.9

Our key performance indicators are order intake, sales, EBIT/EBIT margin, **ROCE** → [page 251](#) and, in particular at Group level, **free cash flow** → [page 251](#). At the divisional level, an additional focus is on order margins and **net working capital** → [page 251](#). Net working capital, in turn, has a decisive influence on cash flow development.

We also work with non-financial performance indicators that assist us in management and the Company's strategic orientation. Examples are key figures on employee and customer satisfaction, advanced training, ecology/sustainability and R&D/innovation. While the non-financial performance indicators are becoming increasingly important, they do not serve a primary role in steering the Company. Instead, they facilitate extended findings on the situation prevailing within the Group, providing information for decision making on that basis. A detailed analysis of non-financial topics and performance indicators is contained in the Group non-financial statement.

The analysis of incoming orders and of the resulting sales revenues enables us to engage in forward-looking capacity planning. As a rule, sales generation lags six to twelve months behind order intake in systems business; for large paint equipment orders, the lag time is up to 24 months. Incoming orders for the year

2021 (€4,291.0 million) were above the target corridor (€4,000 to €4,200 million), giving us a high degree of visibility with respect to the realization of sales in 2022. The analysis of margins in order intake for 2021 enables us to estimate the earnings trend in 2022 relatively well. However, both sales and earnings in 2022 will depend to a certain degree on the development of supply chain bottlenecks and material costs.

We use EBIT and EBIT margin to measure our profitability. In 2021, EBIT rose substantially, reaching €175.7 million (previous year: €11.1 million) on the recovery in sales, growing service business and capacity adjustments. The EBIT margin, at 5.0%, was at the upper end of the target corridor of 4.1% to 5.1%, which had been adjusted upward in July 2021. For more information on the adjustment to the earnings forecast, please refer to the chapter entitled "**General statement by the Board of Management and target achievement**" → [page 69](#).

ROCE → [page 251](#) shows whether we generate an appropriate return on our capital employed, and thus provides the basis for efficient capital allocation. **Capital employed** → [page 251](#) takes account of all assets except cash and cash equivalents and financial assets, less non-interest-bearing liabilities. Owing to the substantial EBIT increase, ROCE in 2021 also grew to 15.5% (previous year: 1.1%), thus exceeding the cost of capital.

2.59 — VALUE ADDED

		2021	2020	2019
Capital employed (Dec. 31)	€ million	1,132.8	991.5	1,160.6
ROCE	%	15.5	1.1	16.9
NOPAT	€ million	123.0	7.8	137.1
Weighted average cost of capital (WACC)	%	7.43	7.44	8.42
EVA	€ million	38.8	-66.0	39.4

ROCE (in %) is calculated as follows:

$$\frac{\text{EBIT}}{\text{Capital employed}} \times 100$$

Economic value added (EVA) reflects the value added that a company generates in a fiscal year. From 2011 through 2019, we managed to achieve a high level of value added. The decline in value added in the year 2020 was due to the pandemic, and we managed to resume the generation of value added as early as 2021. We determine capital costs as the weighted average cost

rate of equity and borrowing costs before taxes (weighted average cost of capital: WACC). In calculating the cost of equity, a beta factor is considered, derived from capital market data and the capital structure of peer group companies. The borrowing costs comprise a basic – virtually risk-free – interest rate for bonds and a surcharge determined from the credit rating of comparable peer group companies. In 2021, due to ongoing low interest rates, the cost of capital was roughly at the previous year's level.

EVA is calculated as follows:

EVA = NOPAT – (WACC × capital employed)

- NOPAT = Net Operating Profit After Taxes/EBIT after fictitious taxes
- WACC = Weighted Average Cost of Capital

In the context of the performance indicator ROCE, added value is generated when the return on capital employed exceeds the average cost of capital by at least the fictitious tax rate. In 2021, this was the case in three of five divisions, namely Application Technology, Measuring and Process Systems and Woodworking Machinery and Systems. Paint and Final Assembly Systems was roughly on par with the cost of capital. Only the Clean Technology Systems division failed to earn its cost of capital due to declining EBIT. We expect an improvement in ROCE for all divisions in 2022 in the course of the profitable growth targeted.

2.60 — ROCE OF THE DIVISIONS

%	2021	2020	2019
Paint and Final Assembly Systems ¹	10.2	3.7	46.7
Application Technology	14.1	–2.2	17.8
Clean Technology Systems	6.6	10.3	7.7
Measuring and Process Systems ¹	10.7	–1.7	12.3
Woodworking Machinery and Systems	20.1	2.5	9.1

¹ The testing technology, assembly products and automotive filling technology businesses were transferred from Measuring and Process Systems to Paint and Final Assembly Systems as of January 1, 2020. For both divisions, the ROCE disclosures for 2019 were not adjusted.

TOTAL ASSETS INCREASED

2.61 — KEY BALANCE SHEET FIGURES

		2021	2020	2019
Net financial status (Dec. 31)	€ million	–99.5	–49.0	–99.3
Net financial liabilities in relation to EBITDA		0.3	0.4	0.3
Gearing (Dec. 31)	%	9.0	5.1	8.7
Net working capital (NWC) (Dec. 31)	€ million	427.9	382.6	502.7
Days working capital	days	43.6	41.4	46.1
Inventory turnover	days	70.1	55.1	46.7
Days sales outstanding	days	59.8	55.2	53.8
Equity assets ratio (Dec. 31)	%	68.7	69.0	78.9
Asset coverage (Dec. 31)	%	140.8	131.1	158.8
Asset intensity (Dec. 31)	%	35.3	33.9	34.1
Current assets to total assets (Dec. 31)	%	64.7	66.1	65.9
Degree of asset depreciation	%	47.6	48.3	45.1
Depreciation expense ratio	%	7.0	7.7	7.6
Cash ratio (Dec. 31)	%	27.9	35.7	37.1
Quick ratio (Dec. 31)	%	54.6	58.2	69.1
Equity ratio (Dec. 31)	%	24.2	23.4	26.9
Total assets (Dec. 31)	€ million	4,153.6	3,878.8	3,882.3

Total assets at the end of 2021 amounted to €4,153.6 million, an increase of 7.1% year-on-year. Non-current assets increased, essentially due to the acquisition of the majority stake in Teamtechnik. Current assets as a whole likewise saw an increase, largely as a result of higher inventories, contract assets and trade receivables in the context of the business recovery. By contrast, cash and cash equivalents declined on account of the repayment of €349.0 million in maturities, which was partly refinanced by a cash inflow from the Schuldschein loan of €200 million in January. Total liquidity, which includes term deposits, amounted to €837.9 million as of December 31, 2021.

2.62 — NON-CURRENT AND CURRENT ASSETS (DECEMBER 31)

€ million	2021	% of total assets	2020	2019
Intangible assets	730.8	17.6	661.3	644.0
Property, plant and equipment	568.0	13.7	488.4	525.4
Other non-current assets	165.9	4.0	165.8	153.0
Non-current assets	1,464.7	35.3	1,315.6	1,322.4
Inventories	688.8	16.6	508.6	509.2
Contract assets	457.0	11.0	393.4	519.1
Trade receivables	558.6	13.4	483.8	570.3
Cash and cash equivalents	583.1	14.0	769.2	662.0
Other current assets	401.5	9.7	408.1	299.4
Current assets	2,689.0	64.7	2,563.2	2,560.0

2.63 — EQUITY (DECEMBER 31)

€ million	2021	% of total assets	2020	2019
Subscribed capital	177.2	4.3	177.2	177.2
Other equity	823.0	19.8	726.5	853.5
Equity attributable to shareholders	1,000.1	24.1	903.7	1,030.6
Non-controlling interest	5.5	0.1	4.5	12.7
Total equity	1,005.6	24.2	908.1	1,043.4

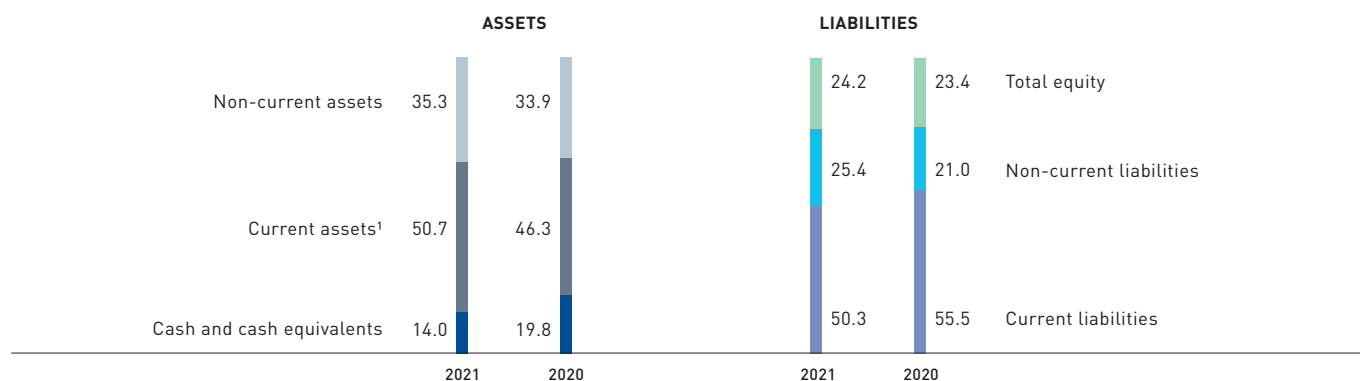
Equity as of December 31, 2021, was up by 10.7%, to €1,005.6 million. The main reason for this was after-tax profit amounting to €84.9 million. The outflow of the dividend for 2020 was more than offset by positive currency translation effects. The equity ratio was 24.2%, an increase of 0.8 percentage points year-on-year (23.4%). Our target remains unchanged at 30%.

Current and non-current liabilities since year-end 2020 were up by 6.0%, or €177.4 million. Whereas financial liabilities declined by €130.6 million due to the redemption of financing instruments (corporate bond, one tranche of a Schuldschein loan), we registered substantially higher contractual liabilities based on the business recovery. These resulted, for instance, from project payments by customers. Trade payables, by contrast, remained roughly at their previous year's level. The increase in other liabilities resulted, among other things, from a normalization of liabilities for leave and overtime pay as well as bonuses following the pandemic-related declines in the previous year and higher liabilities relating to options in connection with acquisitions. Pension provisions declined slightly, to €50.9 million (Dec. 31, 2020: €58.1 million), accounting for only 1.2% of total assets.

2.64 — CURRENT AND NON-CURRENT LIABILITIES (DECEMBER 31)

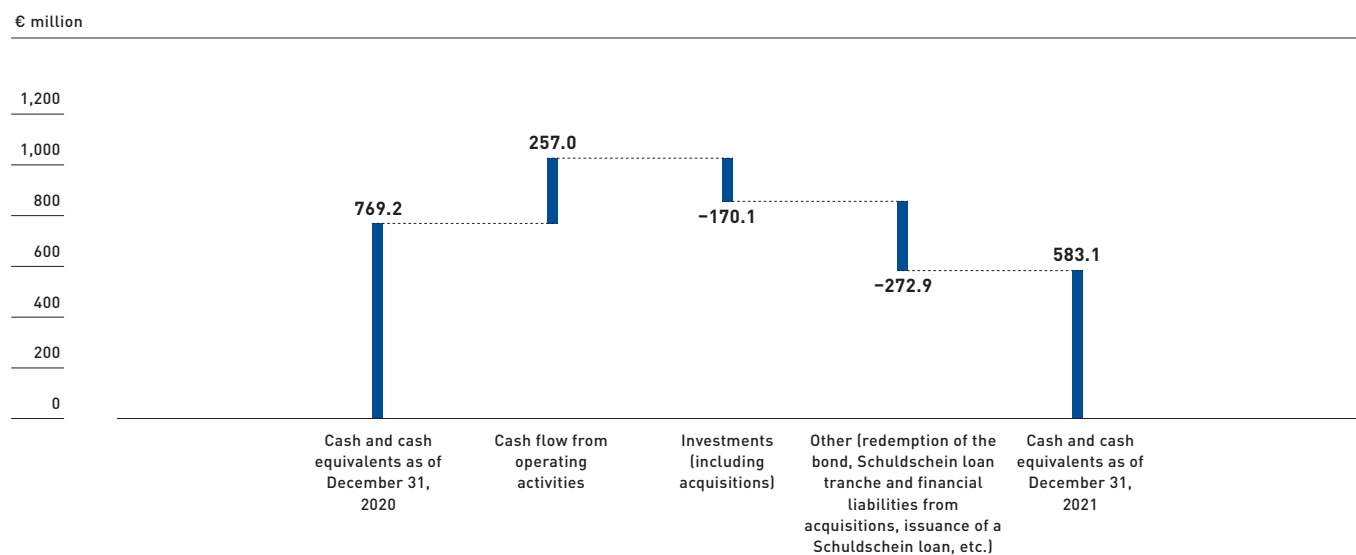
€ million	2021	% of total assets	2020	2019
Financial liabilities (incl. bond, convertible bond, Schuldschein loan(s))	937.4	22.6	1,068.0	923.1
Provisions (incl. pensions)	269.4	6.5	271.8	229.4
Contract liabilities	932.8	22.5	652.1	632.7
Trade payables	373.0	9.0	377.5	479.0
Deferred tax liabilities and income tax liabilities	104.0	2.5	105.5	129.6
Other liabilities	531.4	12.8	495.6	445.2
Total	3,148.0	75.8	2,970.6	2,838.9

%

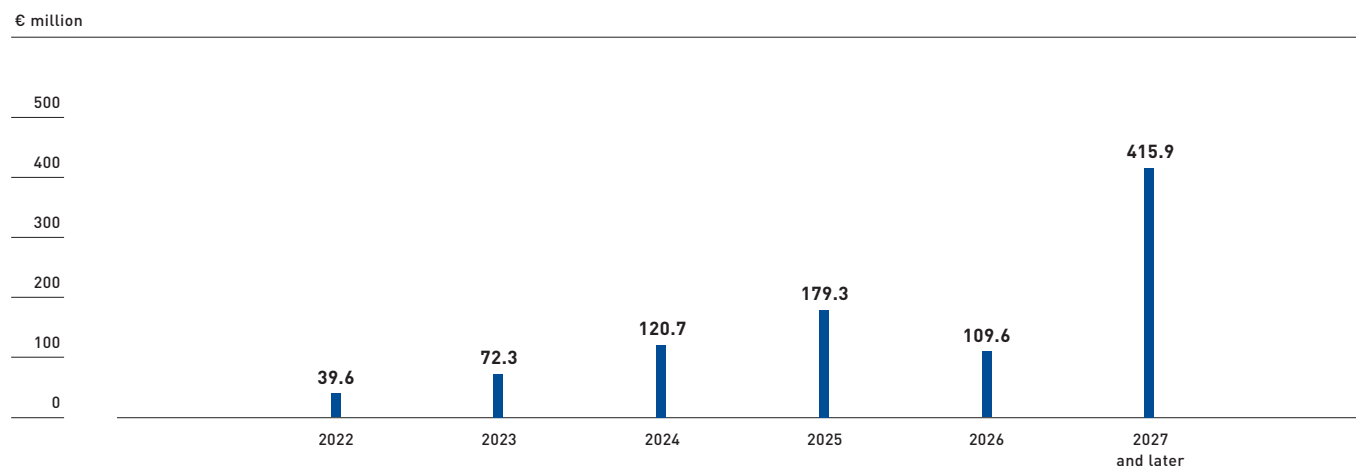


¹ Excluding cash and cash equivalents

2.68 — LIQUIDITY DEVELOPMENT



2.69 — MATURITY STRUCTURE OF FINANCIAL LIABILITIES



No major financial debt instruments will fall due in 2022. Obligations from the acquisition of property, plant and equipment exist in the amount of €5.1 million.

OFF-BALANCE SHEET FINANCING INSTRUMENTS AND OBLIGATIONS

Off-balance sheet financing instruments and obligations (excluding liabilities from procurement contracts) accounted for less than 1% of total assets in 2021 and are therefore of lesser importance. Sales of receivables (forfeiting, premature performance under documentary credits) continued to decrease at the end of 2021 to €0.2 million (Dec. 31, 2020: €3.6 million).

EVENTS AFTER THE REPORTING PERIOD

Effective as of January 1, 2022, Dr. Jochen Weyrauch was appointed Chairman of the Board of Management of Dürr AG. He succeeded Ralf W. Dieter, who had made his offices in the Dürr Group available to facilitate an orderly succession path. Please refer to the [“Corporate governance report” → page 61](#) for further particulars.

Also effective as of January 1, 2022, we assigned the business activities of Benz GmbH Werkzeugsysteme, which was previously part of the Woodworking Machinery and Systems division, to the Measuring and Process Systems division. Benz is one of the world’s leading providers of components and systems deployed in the field of tool and machinery technology. The product portfolio comprises metal, wood and compound processing tool systems for lathes, processing centers and transfer lines. The company has a workforce of roughly 300 employees and generated approximately €50 million in sales in 2021. The aim of the reallocation is the further extension of the industry and automotive business of Benz outside the woodworking industry.

As things currently stand, we assume that the Russian-Ukrainian conflict will have a minor direct impact on our business. Both countries are minor markets for the Dürr Group: Russia’s share of order intake and sales in 2021 amounted to 1.6% in each case, while Ukraine’s shares were well below 1%. The combined assets of our two Russian Group companies and current projects in Russia accounted for less than 1% of total assets as of December 31, 2021. The indirect and longer-term impact of the conflict on the economic situation in Europe and the rest of the world is currently not yet clearly foreseeable. Risks might arise, for instance, due to rising energy prices and additional delivery bottlenecks or a possible reluctance of customers to invest in view of the tense political situation. In light of what we currently know about the Russian-Ukrainian conflict, we assume that we will achieve our business forecast for 2022. We will be closely monitoring the further development of the conflict and its consequences. Please read the relevant statements in the [“Forecast” → page 107](#) section as well.

REPORT ON RISKS, OPPORTUNITIES AND EXPECTED FUTURE DEVELOPMENT

Risks

Our strategy is to manage the risks associated with our entrepreneurial actions so as to achieve a balanced ratio to the opportunities. To this end, we make use of an effective risk management system.

RISK MANAGEMENT SYSTEM OF THE DÜRR GROUP

Scope of application

Our risk management system is deployed throughout the Group. It has existed in its fundamental structure since 2008, and is continually adapted to new requirements. Since 2021, our risk management system has taken account of material aspects and requirements of the IDW Audit Standard 340 in its new version (revised IDW PS 340).

Objectives

Our risk management system is designed to meet the needs of the mechanical and plant engineering business. It allows for a systematic, consistent risk recording, analysis and – to the extent possible – assessment, and for effective countermeasures to be initiated at an early stage. We document all specific risks, provided that they are identifiable and sufficiently concrete. Non-quantifiable strategic risks as well as general risks with a low probability of occurring are not taken into account, unless they are risks with very high damage potential (referred to as extreme risks). We also document and evaluate our opportunities; the relevant information is contained in the [“Opportunities” → page 104](#) chapter.

Methods and processes

The risk management system covers all essential business and decision-making processes. We maintain open dealings with risks

and encourage employees to report any misdirected developments at an early stage. The risk management process takes account of all risks of the participating companies. The central risk management team at Dürr AG initiates the nine-stage process every six months. The centerpiece of this standard risk cycle is the risk inventory of the Group's companies. In the risk inventory, individual risks are identified, assessed and consolidated, i.e. classified into 16 specific risk fields (chart 2.70). The risk fields cover management, core and supporting processes as well as external risk areas. In comparison to the previous year, the new risk field “Corporate/Information Security” was added to the previously existing 15 risk fields due to the growing importance of these topics. At the same time, a corporate security team was established within the Corporate Management System Assurance department. Risks within this field already contained in other risk fields in the past were reclassified.

The risk managers of the operating units and Dürr AG are responsible for assessing individual risks. They use the risk management manual as well as risk structure spreadsheets to do so. The assessment process consists of three stages: First of all, the damage potential is calculated, i.e. the maximum impact on EBIT, or equity respectively, that can result from a risk in the following 24 months. Next, we assess the probability of occurrence of a specific risk. In a third step, the effectiveness of possible countermeasures is examined and assessed using a risk-reducing factor.

The bottom line is the net risk potential, i.e. the net equity risk that remains after taking the probability of occurrence and the effectiveness of countermeasures into account. The lower the probability of occurrence and the higher the effectiveness of countermeasures, the more sharply the net risk declines. The net risks of the 16 risk fields correspond to the sum total of net risks of all individual risks assigned. Depending on the extent of the

net risk, each risk field is assigned to one of the four following categories:

- Very low (\leq €5 million)
- Low ($>$ €5 million to \leq €20 million)
- Medium ($>$ €20 million to \leq €40 million)
- High ($>$ €40 million)

The net risks of all 16 risk fields are totaled to produce the Group's entire potential risk exposure (aggregate net equity risk). Interdependencies between material individual risks as well as between net risks of the 16 risk fields are analyzed and included in the overall risk potential. The overall risk potential is subsequently compared to the risk-bearing capacity. The risk-bearing capacity is based on the liquidity expected for the following two years. If the overall risk potential exceeds a certain threshold, the Board of Management is informed in order to initiate risk-reducing measures without delay. Should the overall risk potential exceed the risk-bearing capacity, the Company's continued existence is assumed to be in danger.

The Group companies and divisions prepare their risk reports after the risk inventory has been completed. These reports constitute the basis for the Group Risk Report of Dürr AG, containing information on individual risks and overall risk. Following an analysis by the Board of Management and the Dürr Management

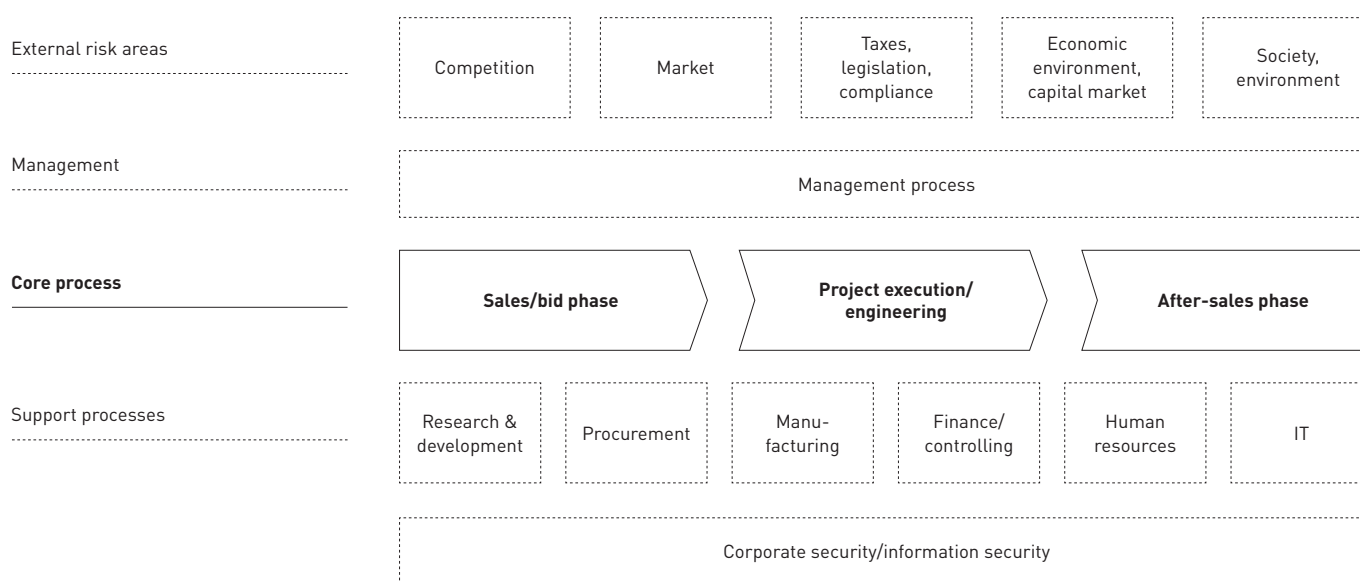
Board, the Group Risk Report is forwarded to the Supervisory Board and then discussed at length by the Audit Committee. Next, the Audit Committee Chairman reports to the Supervisory Board.

Acute risks are reported without delay to the Board of Management and the Heads of the relevant divisions. The risk managers of the Group, divisions and Group companies are responsible for the process of identifying, assessing, managing and monitoring risks as well as for reporting; in most cases, these are the CFOs of the Group companies or the Heads of the controlling departments. The Internal Audit department is also involved and verifies compliance with the defined processes on a regular basis.

RISKS IN RELATION TO MATERIAL NON-FINANCIAL MATTERS

In accordance with the German CSR Directive Implementation Act (CSR-RUG), our risk management system also takes into account risks that may arise from our business activities in general or specifically from our products and services and may have an impact on non-financial matters that we classify as material within the meaning of the Act. Essentially, a negative influence on material non-financial matters cannot be ruled out. However, we do not perceive any risks that could very probably lead to serious negative impacts.

2.70 — RISK FIELDS OF THE DÜRR GROUP



KEY FEATURES OF THE INTERNAL CONTROL SYSTEM/RISK MANAGEMENT SYSTEM FOR THE ACCOUNTING PROCESS

The internal control system (ICS) and the risk management system (RMS) for the accounting process are elements of the Dürr Group's risk management system. Our risk management system comprises all rules, measures and procedures that guarantee the reliability of financial reporting with reasonable assurance and ensure that the financial statements of the Group and its companies are prepared in conformity with the IFRS. The Board of Management bears overall responsibility for the ICS/RMS and has set up an appropriate managerial and reporting organization, covering all organizational and legal units of the Group. Monitoring of the ICS/RMS is the task of the Internal Audit department. The internal control system takes account of the specific features of Group accounting. The key instruments as well as control and backup routines for the accounting process are as follows:

- Dürr AG's Accounting Guideline defines the accounting process at the Group companies. It is updated on a regular basis by Group Accounting and covers all IFRS rules and regulations of relevance. Supplementary internal accounting standards describe, for example, the processes of intercompany reconciliation of transactions for goods and services.
- In a multi-stage validation process, we carry out random sampling, plausibility checks and other accounting controls. The operating companies, divisions as well as Group Controlling, Group Accounting and Internal Audit are involved. The checks relate to various areas, such as reliability and appropriateness of IT systems, completeness of provisions or evaluation of customer orders where revenue recognition over time is applied. The results of all material control measures are systematically documented, recorded by Dürr AG's Compliance and Internal Controls department, and sent to the Audit Committee of the Supervisory Board. The Audit Committee Chairman reports to the Supervisory Board following an in-depth analysis of the documentation of findings.
- All material Group companies document their own internal controls with which they ensure reliable and factual financial reporting. Documentation created within the scope of the ICS/RMS is stored and forwarded to the Compliance and Internal Controls department. The Internal Audit department verifies the existence and effectiveness of the documented measures and instruments.
- Our ERP system and the consolidation system automatically verify booking processes and ensure that individual business

transactions are duly assigned to the correct balance sheet line items. In addition, we carry out manual audits.

- Only a select group of employees has access to the consolidation system. Access to all data is reserved for only a few employees from Group Accounting and Group Controlling. For all other users, access is confined to the data relevant to their specific activities. Data entered at the level of the Group companies must be checked in a two-stage process – initially by the controlling department of the division responsible and then by Group Accounting.
- Commercial processes that trigger booking entries in the consolidation system are subject to the four-eyes principle. Invoices must be signed off by the Division Head, the Managing Director or the responsible Board of Management member, depending on the invoice amount.

In order to avoid risks and ensure unobjectionable financial statements, we carefully examine key regulations and new developments in the field of accounting and reporting. Particular weight is assigned to accounting for customer orders for which revenue recognition over time is applied, the impairment test of goodwill, the reliability of qualitative statements in the management report and in the corporate governance report as well as the implementation of new IFRS standards.

Within the scope of the ICS/RMS, we provide regular training sessions for employees of our finance departments, for instance, in the application of accounting standards, accounting rules as well as IT systems. In the case of corporate acquisitions, we quickly adjust the accounting processes and familiarize new employees with all the relevant processes, content and systems.

OVERALL RISK SITUATION

The overall risk potential at the end of 2021 amounted to approximately €438 million, equivalent to a decrease of approximately €11 million, or approximately 2% year-on-year. The risks in connection with the coronavirus pandemic declined considerably compared to the previous year. In contrast, there were higher risks due to supply bottlenecks and price hikes in procurement, as well as increased IT security risks due to a general rise in ransomware attacks. In addition, there is a risk of the earnings effects of our increasing investments in process improvements turning out lower than assumed. In absolute terms, "Finance/controlling", "Economic environment/capital market and "Taxes/legislation/compliance" were the main risk fields, followed by the "Procurement" and "Market" fields.

The net risk potentials of 262 individual risks assessed were included in the overall risk potential, i.e. one more than in the previous year. The overall risk potential reflects the challenging framework conditions of our business during a time in which numerous companies have adjusted better to the conditions of the pandemic but with a surge in economic growth still being impeded by supply bottlenecks. As the overall risk potential only accounts for about one third of risk-bearing capacity, we do not consider its level alarming but still controllable, as in the past. Risks that might endanger the Group's ability to continue as a going concern, whether separately or in combination with other risks, are not discernible from today's perspective.

2.71 — RISK FIELDS AND NET RISKS

Risk field	Net risk			
	Very low (≤ €5 million)	Low (> €5 million to ≤ €20 million)	Medium (> €20 million to ≤ €40 million)	High (> €40 million)
Economic environment/ capital market				■
Sales/bid phase		■		
Project execution/ engineering			■	
Taxes/legislation/ compliance				■
Market				■
Research and development	■			
Competition		■		
Procurement				■
Human resources		■		
IT		■		
Corporate/ information security			■	
Manufacturing		■		
Society/environment	■			
After-sales phase			■	
Finance/controlling				■
Management process	■			

RISK FIELDS AND SIGNIFICANT INDIVIDUAL RISKS

Economic environment

The risks arising from the economic environment declined in 2021 thanks to the progress made in combating the coronavirus pandemic. The current risk assessment reflects the pandemic's possible future economic impact, to the extent that it is capable of being estimated at this time. It also takes into account the fact that society and the economy are now better prepared for coping with the pandemic.

The assessment of other risks in the economic environment has not changed essentially year-on-year. Trade disputes, unilateralism and political conflicts as well as a high level of public debt and the problems surrounding Brexit continue to pose uncertainties regarding further economic and global trade developments. The consequences, among others, include supply chain problems and increasing risks of inflation.

The impact of the coronavirus pandemic on our business development in 2021 was less severe than in the previous year. While the volume of incoming orders saw a substantial recovery, sales were still adversely affected. This applied in particular to Paint and Final Assembly Systems, with the low order intake in the year 2020 resulting in subdued sales development due to long project lead times. Postponements by customers, in tandem with scarcity of materials, resulted in project delays. Subdued automotive production owing to chip scarcity did not result in any serious risks for our business. Investment decisions by automotive manufacturers were not impacted by this either, since such decisions are driven by medium to long-term trends such as the changeover to e-mobility and more sustainable production.

Demand for furniture increased during the pandemic as many consumers invested in better furnishings for their private living spaces. The volume of incoming orders from the furniture industry reached a new all-time high in 2021. In addition, there were catch-up effects from 2020 as well as pull-forward effects, as small and medium-sized enterprises in the woodworking industry received investment support in some EU countries. The unexpectedly high order intake may raise the risk of inadequate availability of materials and capacities for executing orders, leading to delays in delivery and increased costs.

We are not materially impacted by international trade conflicts since no punitive tariffs were imposed on our products.

China, our biggest single market, was the first country to be massively impacted by the coronavirus pandemic but soon managed to resume its growth. There is medium- and long-term growth potential for the automotive and furniture industries in China, since market saturation is far from being reached and per-capita incomes are rising. If an economic slump were to occur in China, this would substantially impair the Dürr Group's sales and earnings.

Brexit has led to trade impediments, as expected. The immediate effects on our business are manageable since the United Kingdom only accounts for 3% of our sales and 2% of our assets.

We can bridge cyclical weaknesses relatively well in smaller-scale markets since the distribution of our business is balanced on an international level. Cyclical fluctuations are discernible at a comparatively late stage within the Dürr Group since our plant engineering business is shaped by long-term investment decisions of the automotive industry. In the early-cycle mechanical engineering business, macroeconomic changes tend to take effect faster.

Capital market

Economic crises and political conflicts may shock the capital markets, making new financing transactions more expensive and restricting credit availability. On the other hand, this is alleviated by the European Central Bank's hitherto ongoing policy of low interest rates.

We classify the risk of a hostile takeover of Dürr AG as relatively low since the Dürr family owns about 25.7% of the Company's shares. A further stake of 3.5% is held by the Heinz und Heide Dürr Stiftung, a foundation. On account of the domination and profit and loss transfer agreement with HOMAG Group AG, external shareholders of HOMAG Group AG receive a guaranteed dividend of €1.01; in addition, we have made them a cash compensation offer amounting to €31.56 per share. External shareholders of HOMAG Group AG have valuation proceedings underway to have the amount of the guaranteed dividend and cash compensation appraised by a court of law. According to a ruling handed down by the Regional Court of Stuttgart in August 2019, the cash compensation was to be raised to €31.58 and the guaranteed dividend to €1.03 per share. The ruling is not yet final and binding, since shareholders of HOMAG Group AG filed an appeal in October 2019. If the Higher Regional Court of Stuttgart, which will rule at the next level, holds higher amounts to be appropriate, this would give rise to additional expenditure.

It cannot be ruled out altogether that information of a confidential nature and/or of relevance to the capital market may prematurely be leaked outside the organization. We protect ourselves from this by substantially restricting the number of persons with access to such information and by instructing the relevant persons with regard to their duties. In addition, we set up project-related insider lists and use secure communication technologies.

Operating risks: Sales/bid phase

One risk during the bid phase is that we may not be able to assert margin targets during contract award negotiations in a phase of high competitive intensity. When performing order calculations, there is potential for incorrect cost assessments. To prevent this, we always obtain current market prices on the procurement side and have our calculation assumptions reviewed internally.

Operating risks: Project execution/engineering

The key risk in project execution is any failure to meet deadlines or other commitments. This can lead to additional expenses or to customer payments being postponed. Although project lifetimes are tending to shorten, we assess this risk as controllable. Especially in the paint shop business, thanks to largely standardized products and professional processes, we are able to handle numerous large-scale projects safely in parallel. Due to the coronavirus pandemic, travel was limited and some of our customers' plants were shut down at certain times, leading to delays in project execution. Most recently, supply bottlenecks led to delays in providing our production units with materials, resulting in late completion of machinery and system orders. We try to compensate for delays in the project schedule where possible and communicate openly with our customers regarding the progress of projects.

Operating risks: After-sales phase

The spare parts business depends on capacity utilization at our customers' plants, among other factors. If the level of capacity utilization decreases, then the level of demand for spare parts usually declines. In the year 2020, this was felt in the Application Technology division, particularly in the second quarter. Due to the coronavirus pandemic, our customers temporarily shut down plants and stopped production. This resulted in lower demand for spare parts. In contrast, in 2021 we registered good demand for spare parts, although automobile production did not grow as planned, due to scarce chip supplies. Should the automotive manufacturers' level of production continue to be impaired by supply bottlenecks, this may create the risk of weakening demand for spare parts. A further risk in the spare parts business is that inventories in stock may age and need to be written off.

Taxes, legislation, compliance and compliance management system

The net risk in the field "Taxes/legislation/compliance" declined slightly year-on-year.

We must observe different national legal norms. To avoid violations, we cooperate with local legal experts and train our employees accordingly. New trade barriers and legislation may increase our costs and reduce our sales opportunities. Changes under tax law may lead to higher tax payments and affect our tax assets and liabilities; in addition there is the risk of uncertainties in interpreting the underlying tax legislation. In large system projects, tax and customs risks may occur in cases of complex international delivery processes.

Material legal risks usually arise from warranty claims, claims for damages in cases of production failures or patent litigation. If we fail to meet our contractual obligations in performing our work, we may be liable to contractual penalties. Before making any contractual representations, we study what liability-related consequences we may face. As a principle, we rule out any commitments that we cannot fulfill. In most cases, contractual risks in the project business are higher than in the single machine business. The extension of the software and **IIoT business** → [page 250](#) results in increasing risks under VAT law as well as risks relating to violations of third party property rights. A further risk is that of third parties possibly using technical documents in particular for their own purposes if such documents are not appropriately labeled.

Compliance violations, for instance in the field of competition or product liability law, may lead to criminal prosecution, liability risks and image loss. We are not aware of any serious violations at this time. We protect ourselves by means of a compliance management system, the basic features of which are described at www.durr-group.com in the section on Investors/Corporate Governance. The system is monitored on a regular basis and comprises all activities with the objective of ensuring that all employees in daily operations behave in conformity with the relevant rules and ethical requirements. It governs responsibilities, communication channels and measures in three central fields of activity synchronized with one another: preventing, detecting promptly, and responding to compliance violations. In this way, the compliance management system supports employees in avoiding contraventions and resulting risks of liability and criminal convictions. In addition, we take targeted action against corruption risks. Key instruments include internal policies, online training sessions, the four-eyes principle, a whistleblowing system that employees and third parties can use to report misconduct, and the work carried out by the Internal Audit department.

Market

Thanks to progress made in combating the coronavirus pandemic, the risks in the "Market" field have declined substantially. In general, there is still a risk that contract awards or projects will be delayed, for instance because customers that are start-ups postpone planned investments due to a lack of or delays in financing. In 2021, start-up projects in the Chinese e-mobility sector with a volume of approximately €190 million were removed from the order backlog as it was questionable whether the projects would actually be executed. The lower volume of demand in the year 2020 had temporary negative impacts on sales and margins in 2021. There is a general risk that demand will not develop as expected and the competitive situation will deteriorate, with a corresponding negative impact on order intake, sales and margins. On the other hand, there are also opportunities stemming from new start-ups in the field of electromobility, increasing localization of automobile production in the wake of trade conflicts and the trend in the automotive industry to retool production facilities to adopt processes that use less resources. Please refer to the **"Opportunities"** → [page 104](#) chapter for further particulars.

In the automotive business, we cannot rule out dependency risks, as there is a limited number of carmakers worldwide. However, their number has recently grown as new manufacturers of electric vehicles have entered the market. In 2021, 26% of our sales were generated by business with the ten largest customers (previous year: 33%). Outside the automotive industry, the dependency risks are considerably lower as our customer base is very broad.

In our markets, we are confronted with price pressure; as a rule, this is most pronounced in paint shop construction for the automotive industry. We react to price pressure with innovation, process optimization, localization and cost management.

In business with the automotive industry there is a risk of customers asserting payment terms that are unfavorable to us. The willingness to make higher prepayments for large projects can vary, depending on our customers' access to liquidity. We currently register a good inflow of funds from prepayments. Chinese customers in particular prefer acceptance drafts – a kind of bill of exchange – to conventional prepayments. In corresponding projects, payments by customers tend to be made later and/or less evenly across the project duration. Defaults in payment have not increased substantially, and uncollectible claims are rare in business with the automotive industry.

For projects with new producers of electric vehicles, we prevent credit rating risks by conducting a thorough solvency check in advance. We carefully monitor receivables from customers without an investment grade rating. In the execution of our projects, we make sure there is a positive balance of cash inflows and outflows. To this end, we align the progress of project execution with the relevant progress payments received.

We do not perceive any concrete risks to our market leadership at present. New products and business models that could endanger our position are not discernible. Disruptive technologies such as electromobility have not led to lower demand for paint, assembly and **testing technology** → **page 250** in the automotive industry, either. Instead, the level of demand for final assembly technology is likely to rise since the assembly of electric vehicles partly calls for new processes to be deployed. In the field of painting technology, there are no serious substitution risks as there are no alternatives to aluminum, steel and plastics in large-scale serial car body production. Composite materials deployed in lightweight construction are also painted by conventional means. In furniture production, where wood and chipboard dominate, there are no major substitution risks.

In the course of digitalization, we need to offer our customers top-performing software and IT solutions. Otherwise, competitors from the software industry could come between us and our customers with offers of their own. With our manufacturing execution systems (MES) and a rising number of software and smart products, however, we are well placed to defend our market position. Moreover, we know our customers' production processes very well.

Corporate strategic risks in the emerging markets

The high business share of emerging markets (43% of sales) entails specific risks:

- Cultural and language barriers, insufficient knowledge of suppliers, customers and market customs, and specific legal and general political parameters may give rise to disadvantages.
- The level of staff turnover in the emerging markets is higher than in Germany. Attractive remuneration, our status as world market leader, and targeted career planning help us retain top-performing employees.

- Product and brand piracy is more prolific in the emerging economies than in the established markets. However, due to their complexity, many of our products can hardly be copied in the same quality. Moreover, we protect ourselves through patents.
- Our local product development ensures that regional customer requirements are taken into account. This reduces the acceptance risks for new solutions.
- We protect ourselves against cost pressure of local competitors by means of a high degree of localization.

Corporate strategic risks: Acquisitions/ new fields of activity

As regards corporate acquisitions, sales, earnings and synergies may turn out lower than planned. We hedge this risk by means of due diligence audits and integration plans. When entering into new fields of business, misjudgments cannot be ruled out with regard to resources deployed, customer requirements and price targets, as well as developments in demand, the market and competition. Moreover, problems may arise in the field of technological development. Such misjudgments and problems may increase the risk of impairment on investments, goodwill, book values of equity interests and capitalized development costs.

R&D and product liability risks

With regard to innovations, there is a risk that we may not be able to adequately absorb our development costs through product pricing. Technical problems may also occur in the development of new products, resulting in delays or additional costs. To avoid market acceptance risks, we analyze demand, engage pilot customers and develop products with a high return on investment. This also reduces the risk of unexpected impairment on capitalized development costs. We review the patent situation to ensure that new products do not violate any property rights of third parties. To prevent product liability cases, we ensure that our products meet health and safety regulations, and we take out appropriate insurance policies.

Competition

In view of our extensive market shares, some customers choose to cooperate with smaller-sized competitors. This may make our price targets difficult to achieve. Local competitors sometimes undercut our prices. We counter this by increasing value added locally and by protecting our technology lead through innovation.

We perceive no substantial change in our competitive situation in the wake of the insolvency of Eisenmann, our competitor in the German painting technology business, in 2019. Following the sale of large parts of the company, Eisenmann has downsized immensely and still remains active on the market, but no longer operates as a general contractor for new plant construction projects. Parts of Eisenmann's business and customer relations have been transferred to the Dürr Group and various competitors. Some former Eisenmann employees joined us or our competitors.

We are not aware of any competitors' products that could endanger our market position. In certain countries, the level of competitive intensity is unusually high. We have noticed that competitors from the emerging markets are also starting to operate outside their home markets.

Procurement and manufacturing

The risks in the field of "Procurement" increased substantially year-on-year due to supply chain problems and rising prices of materials. This may lead to delays in completion and delivery of our machinery and systems and have a negative impact on sales. Moreover, earnings may be impaired by additional costs. To mitigate availability and price risks, we enter into framework contracts with preferred suppliers and pool our purchasing volumes. Dependency risks may occur in a few cases; we reduce these by broadening our supplier base. For standard bought-in parts, a change in suppliers may make it necessary for us to amend certain designs and contend with corresponding costs. At some manufacturing locations, fluctuations in orders placed may lead to under-utilization. Inventory risks are possible in particular when model changes occur within the product program.

We select and monitor suppliers carefully as a precaution against quality deficiencies or delayed deadlines, which may occur particularly among suppliers in the emerging markets. Moreover, we have reduced our dependency on suppliers in some divisions by extending our in-house manufacturing. We are often unable to pass rising supplier prices on to our customers in full. The insolvency risk of suppliers has increased in the course of the coronavirus pandemic.

Risks in the field of "Manufacturing" have risen only slightly. As a result of higher inventory levels maintained due to the tense supply chain situation, the risk of inventory devaluations has increased.

Human resources

We hire external employees to avoid risks of capacity bottlenecks or overcapacity. As we have numerous highly-qualified employees, know-how losses may be incurred when they leave our Company. This is why we distribute specialist expertise across a number of persons and promote knowledge transfer. Bottlenecks in personnel procurement are possible, especially in the fields of information technology, digitalization and electrical engineering. To counteract this, we rely on long-term career planning for experts, personnel and university marketing as well as vocational training and so-called "dual study programs" combining academic studies with practical training. Salary hikes during the lifetime of large, long-term projects can result in an additional cost factor; this risk exists above all in the emerging markets. We also cannot rule out violations of labor law and tariff-based arrangements.

We have outsourced pension obligations to external pension funds in which other enterprises also participate. Should one of these companies file for insolvency, this would give rise to the risk of co-liability for its retirement benefit commitments. Accordingly, we regularly monitor the financing status of the pension funds and the economic development of the participating companies.

Our pension risks are manageable. The discount factor used for calculating pension obligations in Germany was 0.9% as of December 31, 2021 (Dec. 31, 2020: 0.6%). Pension provisions amounted to €50.9 million.

Finance and controlling

This risk field comprises, among others, exchange-rate and credit rating risks, the risks that investments made do not generate the desired return, as well as risks regarding the value of tangible and intangible assets.

The risks in this field have increased year-on-year. Higher investment risks are the main reason. In the coming years, we will increasingly invest in property, plant and equipment as well as in process improvements, especially within the scope of OneDürrGroup programs. It cannot be ruled out that these investments will yield lower returns than planned. We operate a consistent investment and project controlling system to ensure the success of the relevant investments.

Corporate and information security, IT and management processes

IT risks, such as data loss, hacking and virus attacks or availability shortfalls, are increasing in the wake of ongoing digitalization. We protect ourselves by means of a Group-wide IT security organization and a robust IT infrastructure equipped with state-of-the-art firewalls and antivirus programs. We use back-up servers and redundant data lines to avoid any outages. We rate the risk of hacker attacks and data theft to which we are exposed as normal for the industry in which we operate.

We adapted our organization and established the corporate security team, mainly in response to the increase in cybercrime. Relevant risks have since been reported in the new risk field "Corporate and information security". Because of the increased use of ransomware against businesses, we have intensified our risk assessment in this field. To avoid loss or damage, we use enhanced authentication standards in electronic payments, security certificates for email messages, secure smartphones and verified bank connections. In addition, we regularly draw our employees' attention to typical fraud practices. We regularly review the effectiveness of our IT measures for protection against cyberattacks.

Incorrect assignment of IT access privileges gives rise to the risk of data being read or altered by unauthorized persons. We protect ourselves by restrictive assignment of privileges. Reading and editing rights regarding sensitive data are assigned only to employees who absolutely depend on them to perform their work.

The EU General Data Protection Regulation, in force since 2018, has tightened the requirements for processing personal data. In order to lower the risk of violations, we have informed our employees of the rules and regulations and prepared instructions for action.

Environment, health and safety

We counter the risk of accidents at work by carrying out regular safety instruction, compulsory online training and comprehensive safety standards described in our Health & Safety Policy. In addition, we cooperate with our customers in order to guarantee occupational safety on construction sites. To comply reliably with environmental conditions imposed, we have appointed Environmental Protection Officers; we also rely on environmental management certifications and policies. Substances that are harmful to health or the environment are only used to a limited extent.

CURRENCY, INTEREST AND LIQUIDITY RISKS AS WELL AS FINANCIAL INSTRUMENTS FOR RISK MITIGATION PURPOSES

An exact description of currency, interest rate and liquidity risks is provided in the notes to the consolidated financial statements (→ [note 41](#)). A Group policy governs management of these risks. The central corporate body is the Financial Risk Committee consisting of the CFO, the Heads of Group Controlling and Group Treasury as well as the Financial Officers of the divisions. This committee discusses strategic financial issues and prepares resolutions for the Board of Management.

Hedging foreign currency risks

We use financial derivatives for hedging purposes. In most cases these are forward exchange contracts used as currency hedges. Their nominal value came to €496.5 million at the end of 2021 (Dec. 31, 2020: €442.6 million). In particular, payment flows were hedged in the key currencies listed under → [note 41](#) of the notes to the consolidated financial statements. The use of financial derivatives can entail risks, such as less favorable deposit conditions and higher financing costs. Moreover, the market value of financial derivatives may decrease if credit risk spreads increase due to changes on the financial markets.

In most cases, we hedge foreign currency risks of orders placed immediately following the relevant contract awards. In principle, we agree a separate (micro) hedge for each larger individual project. In the standard machinery and spare parts business, we also use macro hedges for several bundled orders.

All financial derivatives and their underlying transactions are checked and valued on a regular basis. Financial derivatives are exclusively used to hedge loans and operating business.

The risks involved in currency translation into euros in 2021 remained almost constant year-on-year. Our export-related transaction risks are relatively moderate as we produce numerous products locally or purchase them in local currency.

Hedging interest rate risks

We pursue a conservative interest rate and financing strategy comprising three core elements: long-term interest rate and financing certainty, matching maturities and a prohibition of speculation. Our financial debt consists mainly of the 2020, 2019 and 2016 Schuldschein loans, the convertible bond issued in 2020, and leasing liabilities. The risk of interest rate fluctuations of our Group financing arrangement is limited.

Interest rate risk management covers all interest-bearing and interest-sensitive balance sheet line items. Regular interest analyses enable risks to be identified at an early stage. Group Treasury is chiefly responsible for borrowing, investment and interest rate hedges; from a defined scale upward, exceptions must be submitted to the CFO for approval.

Hedging liquidity risks

We largely cover our liquidity needs from our cash flow. At times of temporary negative cash flows, we are able to use cash and cash equivalents and the cash line of the syndicated loan. This again was not necessary in 2021. Please also refer to the chapter on “Financial development” → page 86 in this regard. Our cash pooling enables us to make use of liquidity surpluses of individual Group companies for other subsidiaries, provided that national capital transfer regulations permit this practice. This enables us to avoid taking out loans and paying interest expenditure.

Financing risks

No risks relating to borrowing exist at this time. The terms of our Schuldschein loans and the convertible bond contain the usual restrictions and obligations. In the event of a breach of material contractual obligations, insolvency or a change of control, these debt instruments could be called for payment immediately. Our syndicated loan contains no financial covenants.

Hedging investment risks

Our Financial Asset Management Policy governs how to deal with investment risks and defines the eligible asset classes and credit rating requirements. As we do not hold any government or corporate bonds, we are not subject to corresponding repayment and impairment risks.

RATINGS

We do not have any ratings carried out to assess our creditworthiness.

Opportunities

OPPORTUNITY MANAGEMENT SYSTEM

We identify and evaluate new business opportunities using a Group-wide opportunity management system. The divisions play a central role in this: Through contacts with customers, suppliers and partners, they collect information on new trends and market requirements. This information is aggregated to identify opportunity complexes, which are then evaluated. Opportunity complexes offering sustained economic potential are analyzed by the Board of Management and the Division Heads as part of the strategy process. The divisions then integrate the approved opportunity complexes into their strategies and define goals, measures, responsibilities and schedules.

Identifying and evaluating business opportunities is an ongoing process, coordinated by the Division Heads. The Board of Management and the Corporate Development department are responsible at the level of Dürr AG. If opportunities are found to be of major strategic significance, we form multidisciplinary teams to conduct potential analyses and devise a plan.

Opportunity management also entails collaborations with universities, research institutes and the Dürr Technology Council. These contacts help us to determine the extent to which new scientific findings may yield opportunities for the Dürr Group. Opportunities can also arise from new legislation, for instance relating to emission protection or international trade. Our opportunities management system encompasses global and regional business opportunities as well as the potential offered by specific products, customers and business models.

POTENTIAL OFFERED BY OPPORTUNITIES

In this section, we describe the material opportunities for the Group and the divisions. The 2022 business plan and the strategic plan through 2025 incorporate the earnings potential that these opportunities can realistically be expected to generate. If we are able to make greater use of these opportunities than assumed, EBIT may substantially exceed the figures budgeted for 2022. However, this additional EBIT potential is achievable only in a best-case scenario.

STRATEGIC OPPORTUNITIES

Digitalization/Industrial Internet of Things: The digital transformation is opening up new business opportunities. Examples include sales growth in the software segment and the establishment of new business and pricing models that are based, for example, on the value of a digital service to track plant availability, intensity of use or number of connected machines. Digitalization allows us to stand apart from our peers.

Sustainability: We are benefiting from the trend toward low-consumption and energy-efficient production systems. Many customers increasingly see sustainability as a priority and want to achieve carbon-neutral production in the foreseeable future. Our high-efficiency solutions can help them to achieve this goal. Moreover, we offer technologies for manufacturing products that play an important role in the transition to a carbon-neutral society. Examples include production systems for electric vehicles or timber house construction elements.

Electromobility: Electromobility offers opportunities for the Dürr Group. New producers of electric vehicles are entering the market, which is broadening our customer base. And we expect the automotive incumbents to significantly step up plant conversion spending and investments in special production technologies for electric vehicles. We offer e-mobility start-ups turnkey assembly and painting systems as well as testing equipment for electric drives – activities newly added through the acquisition of our majority stake in Teamtechnik.

Timber construction: The goal of reducing the carbon footprint of the construction industry has reinforced the trend toward the use of wood as a sustainable building material. This is an opportunity for HOMAG's Construction Elements Solutions business unit, which covers a large part of the value chain for the production of construction components with its woodworking machines. Order intake in this area grew significantly in 2021, and the first investors have already showed interest in implementing industrial-scale concepts for the prefabrication of timber construction elements. To address the growing demand and to utilize the arising opportunities, we are investing in the expansion of our capacities.

Battery coating: Business in systems for **coating battery cells** → [page 250](#) holds a prominent position in the context of electromobility. The market is growing dynamically, with large

investments being made in the expansion of production capacities to provide enough batteries for the growing number of electric vehicles. In Europe alone, production capacity for 800 gigawatt/hours of battery power is to be built by 2030, a massive increase over 2020 (roughly 30 gigawatt/hours). Our integrated solutions for coating and drying electrode foils as well as for recovering the used solvents put us in a good position to expand our activities in this area. In view of the numerous investment initiatives in the European battery cell sector, if we can secure the right projects, annual sales well into the three-digit range are possible with coating technologies.

Medtech: With the acquisition of a majority stake in Teamtechnik, we have entered into the business of automated systems for the assembly of medical technology products (e.g. inhalers and injection systems). This market is exhibiting high single-digit growth rates as health care business expands on the back of demographic growth and rising prosperity. A first step in our continued expansion of this business area was the acquisition of automation specialist Hekuma.

Service: Our production technologies are used in numerous factories worldwide. This broad installed base offers growth opportunities for us in higher-margin service business. We are tapping this potential within the framework of our strategic field of lifecycle services.

Process excellence: The quality and efficiency of our processes form a key pillar of our current mid-term strategy and are addressed primarily via our OneDürrGroup programs. Harnessing potentials for cost and earnings optimization through methodical and structural process excellence and the rollout of the latest IT systems – this is what the strategic field of efficiency is all about.

Localization/Local products: By expanding our local capacities in key markets, we are improving cost structures and customer proximity. Localizing product development allows us to better respond to regional market requirements.

Southeast Asia: Driven by rising per-capita income, Southeast Asia is an attractive growth market where we will be broadening our footprint. In local automotive business, we intend to intensify our relations with the Japanese automotive industry, which holds a strong market position in Southeast Asia.

OPPORTUNITIES IN THE DIVISIONS

Paint and Final Assembly Systems will be taking further measures to improve its margins, such as the introduction of smart-sourcing principles, following the completion of the capacity adjustments in Germany and Europe. The e-mobility transformation and our customers' goal of reducing the carbon footprint of their activities offer opportunities for paint and final assembly technologies. In addition to the modernization of existing systems, there is an opportunity for assembling modern capacities – not only for start-ups but also for established automotive manufacturers. As a result of combining our business with final assembly systems within the Paint and Final Assembly Systems division, we have already substantially improved customer access and cost structures. The division now has the opportunity to position itself with innovative concepts as a final assembly specialist and to leverage the existing sales and service network – particularly in emerging markets – to harness additional growth. The innovative “paint shop of the future” concept is expected to generate impetus for growth in paint shop technology. It replaces the previous line production with several flexible painting boxes and driverless transport systems. It also enables rapid plant expansion. The majority stake in Teamtechnik is opening up two opportunities: First, Teamtechnik as a part of the Dürr Group can offer its testing technologies for electric and hybrid drivetrains to a wider customer base. And second, order volumes for production facilities for medical devices are to be increased.

Application Technology is benefiting from various contemporary trends, such as automation, **IIoT** → [page 250](#), individualization and sustainability. Among other things, there are opportunities for expanding service and digitalization business beyond the installed base. With the **EcoPaintJet** robot system for two-tone painting, Application Technology has a disruptive technology that opens up new possibilities for customer product individualization. There are also growth opportunities in business with general industry, in **glueing technology** → [page 250](#) and application technology solutions for insulating and bonding battery cells for electric vehicles. In addition, we have opportunities for widening market share with individual customers.

Clean Technology Systems is benefiting from stricter emission limits, especially in China. In the medium term, additional potential will also appear in other emerging markets. Further growth opportunities are arising from the accelerated expansion of lithium-ion battery production, especially in Europe. The division is well positioned to leverage this trend with systems for double-sided **coating of battery electrodes** → [page 250](#) and the partnership forged in 2020 with Japanese machine manufacturer Techno Smart. Given the large installed base, we also see business opportunities in the areas of service, conversion and spare parts.

Measuring and Process Systems sees increased opportunities for **balancing technology** → [page 250](#) and spin testing systems for e-mobility components. The airlines segment (balancing technology for aircraft turbines) also offers potential for growth, particularly via new programs for local turbine construction in China. Moreover, the division is benefiting from increasing automation of the balancing process and heightened requirements in measuring and correcting imbalances. Other opportunities can be leveraged by capitalizing on the cost advantages at our locations in China and India, for example in assembly and balancing systems for complete wheels.

Woodworking Machinery and Systems is on track to realize the planned efficiency gains from optimization measures. This includes, for example, introduction of the new production system and a fully integrated value-chain process with the corresponding software environment. The EBIT margin should reach the target of at least 9% by 2023. Further opportunities can be found in timber construction due to the trend toward the use of wood as a sustainable building material. As a technology leader, the HOMAG Group is also benefiting from the growing digitalization and automation of furniture production.

Forecast

CONTINUED STRONG GROWTH IN THE GLOBAL ECONOMY EXPECTED FOR 2022

Experts are expecting the global economy to continue on its upward trajectory in 2022, with growth of 4.4%. Against the backdrop of the ongoing pandemic, supply chain constraints and the war in Ukraine, this estimate is subject to uncertainty. Heavy spending by many governments to ease the fallout from the pandemic is increasing national debt. Consumer prices in Europe are set to climb by a further 2.9% in 2022 according to Deutsche Bank's estimates and thus significantly exceed the ECB's target of 2.0%. The ECB has announced that it will be phasing out the bond-purchasing program launched during the pandemic while keeping key interest rates at 0%, and the United States Federal Reserve will be scaling back its asset-purchasing operations more quickly than previously planned. The Fed has also indicated that it will implement several small interest rate hikes this year.

2.72 — FORECAST GROWTH IN GROSS DOMESTIC PRODUCT

Year-on-year change, %	2021	2022	2023
Global	5.9	4.4	3.8
Germany	2.7	3.8	2.5
Eurozone	5.2	3.9	2.5
Russia	4.5	2.8	2.1
United States	5.6	4.0	2.6
China	8.1	4.8	5.2
India	9.0	9.0	7.1
Japan	1.6	3.3	1.8
Brazil	4.7	0.3	1.6

Source: International Monetary Fund 01/2022

DEVELOPMENTS IN THE MAIN INDUSTRIES IN WHICH OUR CUSTOMERS OPERATE

The main sectors in which our customers operate are the automotive and furniture industries. Business in environmental technology, battery production and timber house construction is gaining in importance. Expectations for these sectors are generally very favorable. The German Mechanical Engineering Association (VDMA) projects an increase of just under 6% in equipment spending for 2022, accompanied by 7% growth in production.

Automotive industry

With global automotive production rising only marginally in 2021 due to constrained supply chains, LMC Automotive forecasts an increase of 12% to 85.8 million units in 2022, underpinned by all regions. In particular, supplies of semiconductors should improve over the course of the year. Average annual growth of 5% in production output is projected for the period from 2021 to 2028, supported especially by improved consumer confidence and prosperity gains in the emerging markets.

As the accessible market volume in automotive business should continue to widen, we expect automotive order intake to increase. Key drivers of capital spending are the strong demand for production systems for electric vehicles and batteries, the reduction in unit costs and production flexibilization for various models. The reduction of the carbon footprint of automotive plants through the use of sustainable technologies is also growing in importance. Moreover, we expect our customers to increase their spending on the digitalization of production processes. Investment will be directed at both the construction of new production lines and the modernization of existing plants.

2.73 — PRODUCTION OF PASSENGER VEHICLES AND LIGHT TRUCKS

Million units	2021	2022 p	2023 p
Global	76.9	85.8	93.5
Western Europe	9.6	12.2	13.5
Germany	3.3	4.8	5.5
Eastern Europe	6.5	7.0	7.8
Russia	1.5	1.6	1.8
North America (incl. Mexico)	13.0	15.3	16.5
United States	8.9	10.4	11.1
South America	2.6	2.8	3.2
Brazil	2.1	2.3	2.6
Asia	43.4	46.4	50.0
China	24.5	25.8	27.5
Japan	7.4	8.0	8.8
India	4.1	4.5	5.0

p = projection
Source: LMC 02/2022

Woodworking

Following the previous year's rapid growth, we expect business with the furniture industry to return to normal in 2022. Whereas the industry primarily sought stand-alone machinery in 2021, demand has recently risen for system projects as well. Automation, digitalization and product individualization are key trends in furniture production. As we are well positioned in all three areas thanks to HOMAG's integrated production solutions, we see great opportunities for widening market share in the medium term. The Centre for Industrial Studies (CSIL) forecasts growth in the furniture market of around 4% worldwide in 2022. After the strong order intake in 2021, the VDMA Woodworking Machinery Association projects a 5% increase in sales for German companies operating in this segment in 2022.

In addition to products and services for the furniture industry, our business in production technology for wooden houses is likely to continue gaining ground. According to our calculations, relevant market value will grow by an annual average of over 6% in the period from 2021 to 2025. We are well prepared to benefit from this as we have expanded our range of solid wood processing products and increased our capacities through the acquisition of System TM and Kallesoe.

Environmental technology

Our environmental technology business is benefiting from heightened air pollution control requirements, especially in the emerging markets. Accordingly, we expect to see demand increase in the various regional markets.

Coating technology for battery producers

We see good opportunities in [coating technology for battery electrodes](#) → [page 250](#), as indicated by the strong growth of the electromobility market. In Europe alone, it is expected that battery production capacity will widen from just under 30 gigawatt/hours to over 800 gigawatt/hours between 2021 and 2030. We are currently in bids to supply coating technology for several new battery factories. If we succeed in entering the market, we will be able to tap into a great deal of additional business potential for the Dürr Group.

HIGH ORDER BACKLOG DRIVING SALES GROWTH IN 2022

The outlook assumes that growth in the global economy will not fall short of expectations, that there are no further macroeconomic dislocations and that supply chain constraints recede significantly in the second half of the year. Other assumptions are that political uncertainties do not increase any further and that the impact of the Russian-Ukrainian conflict on political stability and economic activity in Europe and the rest of the world remains limited. In light of what we currently know about the Russian-Ukrainian conflict, we assume that we will achieve our business forecast for 2022. The two countries — Russia and Ukraine — account for less than 2% of the Group's sales and order intake. We will be closely monitoring the further development of the conflict and its consequences. Please also refer to statements contained under ["Events after the reporting period"](#) → [page 94](#) with regard to the conflict in Ukraine. As far as possible, our outlook factors in the impact of the coronavirus pandemic, supply chain bottlenecks and rising inflation. Current risks are described in the ["Risk report"](#) → [page 95](#).

For 2022, we expect that, particularly in the first half of the year, sales and earnings will be impacted by supply chain shortfalls and the increase in prices for raw materials, components and logistics throughout the second half of 2021. Accordingly, we initially expect fairly muted sales and EBIT but assume that an improvement will emerge in the second half of the year in particular. Overall, however, we expect the profitable growth to remain intact in 2022. Our goal is for sales and EBIT margin to exceed the pre-crisis figures of 2019.

Order intake should consolidate at a high level in 2022, coming within a corridor of €4,100 million to €4,400 million. It should be borne in mind that 2021 was an absolutely exceptional year for the HOMAG Group with regard to order intake. In addition to catch-up effects from the first year of the pandemic in 2020, investment incentive programs in individual European countries also contributed to significantly higher order volumes from our customers. We expect order intake at HOMAG to normalize in 2022. At the same time, we expect an increase in all other divisions. On the basis of the high order backlog, we have defined a target range of €3,900 million to €4,200 million for sales, so that the order backlog is likely to remain high.

Total costs (cost of sales and overheads, other operating expenses) will climb due to acquisition, volume and inflation-related costs in 2022. The largest cost items will continue to be the cost of materials and personnel expense. We expect a substantial improvement in gross profit, with the gross margin also set to widen slightly.

FURTHER IMPROVEMENT IN EBIT MARGIN EXPECTED

We anticipate a further increase in the EBIT margin before and after extraordinary effects in 2022. The key drivers will be the significant growth in sales and the planned implementation of further process improvements, particularly at the HOMAG Group. However, the increase in the prices of raw materials, logistics and components in the second half of 2021 will put a damper on margin growth.

The EBIT margin before extraordinary effects is expected to reach 6.5% to 7.5% (2021: 5.6%). As things currently stand, extraordinary expenses should come to around €25 million (2021: €23.5 million) and primarily comprise purchase price allocation effects. This will result in a target corridor for the EBIT margin of 5.9% to 6.9% (2021: 5.0%).

INCREASED EARNINGS AFTER TAX TARGETED

Earnings after taxes are expected to rise to between €130 million and €180 million in 2022. **ROCE → page 251** should also improve once again, reaching a range of 17% to 21% (2021: 15.5%).

DIVIDEND POLICY TO BE CONTINUED

We will be proposing a dividend of €0.50 per share for the 2021 fiscal year. Looking ahead over the coming years, we expect a distribution ratio of between 30% and 40% of Group net profit after tax.

CASH FLOW BENEFITING FROM EARNINGS PERFORMANCE

Cash flow will be influenced by two opposing factors in 2022. While the projected earnings improvement should make a positive contribution, we also expect net working capital to climb in line with the increase in sales. Our goal is to minimize the increase in **net working capital → page 251** as far as possible. Accordingly, we aim to stabilize days working capital within our target range of 40 to 50 days. In addition, we anticipate an increase in capital spending, which will be explained in more detail in the following section. In all, we expect the increase in net working capital and greater capital spending on property, plant and equipment to exceed the effect of the improved earnings. Reflecting this, **free cash flow → page 251** should be moderately weaker in 2022. A range of €50 million to €100 million has been budgeted. Given the favorable cash flow, low net debt and good liquidity situation in 2021, we have sufficient financial flexibility to cover operational funding requirements, the financial resources required for acquisitions and the proposed dividend payout.

CAPITAL EXPENDITURE AND ACQUISITIONS

We anticipate a substantial increase in capital expenditure on property, plant and equipment and intangible assets in 2022. In April 2021, we launched the most comprehensive investment program in the history of the HOMAG Group. HOMAG is to spend between €150 million and €200 million by 2024 on expanding capacity, improving efficiency and creating a modern, performance-enhancing work environment. Accordingly, we expect capital expenditure to rise from our normal level of 2.5% to 3.5% of sales to 4.0% to 5.0% in 2022 and 2023. In addition, we want to continue our acquisition strategy and strengthen our business activities through targeted corporate and technology acquisitions. Sufficient liquidity is available to fund possible transactions.

NET FINANCIAL POSITION, LIQUIDITY AND FUNDING

As things currently stand, we project a **net financial position** → **page 251** of €–75 million to €–125 million for the end of 2022. Once again, we do not expect to draw on the cash facility under our syndicated loan in 2022. We currently have no intention of raising any fresh capital; this would only be an option in an exceptional case in the event of a large acquisition. We have a stable funding position; the next main expiry date is not until 2023, while the syndicated loan facility will remain in place until mid-2026.

EXPECTATIONS BEYOND 2022

Overall we expect to see a continuation of the profitable growth in 2023. Our medium-term target of an EBIT margin of at least 8% should be achieved by 2023 or by 2024 at the latest.

2.74 — OUTLOOK FOR GROUP

		2021	2022 target
Order intake	€ million	4,291.0	4,100 to 4,400
Sales	€ million	3,536.7	3,900 to 4,200
EBIT margin before extraordinary effects	%	5.6	6.5 to 7.5
EBIT margin	%	5.0	5.9 to 6.9
Earnings after taxes	€ million	84.9	130 to 180
ROCE	%	15.5	17 to 21
Free cash flow	€ million	120.8	50 to 100
Net financial status (Dec. 31)	€ million	–99.5	–75 to –125
Capital expenditure ¹	€ million	107.8	
	% of sales	3.0	4.0 to 5.0

¹ Net of acquisitions

CHANGES IN THE COMPOSITION OF THE DIVISIONS

Since January 1, 2022, the subsidiary Benz GmbH Werkzeugsysteme has been assigned to the Measuring and Process Systems division. Previously, this business had been part of Woodworking Machinery and Systems. The outlook for the divisions takes account of this change, which translates into sales growth of around €50 million for Measuring and Process Systems. Roughly half of these sales are achieved internally with the Woodworking Machinery and Systems division. Looking forward, the divisions' sales and order intake will include internal sales and order intake; they will be adjusted in the course of reconciliation to Group sales. Other than Benz's business, there are no significant internal sales between the divisions.

BOARD OF MANAGEMENT'S OVERALL STATEMENT ON THE ANTICIPATED DEVELOPMENT OF THE GROUP

After the gratifying performance and record order intake in 2021, we expect our profitable growth to continue in 2022. Our goal is for sales and EBIT margin to exceed the pre-crisis figures of 2019. This assumes that the coronavirus pandemic does not significantly restrict business activities and that the supply chain constraints do not worsen and are overcome in the course of the year. Automotive production is expected to grow significantly. We continue to anticipate extensive capital spending on e-mobility production systems and on the modernization of automotive plants in order to reduce the carbon footprint. In the woodworking industry, we expect demand to consolidate at a high level after the record year in 2021.

Automation, digitalization and sustainability are the Dürr Group's main growth drivers. Thanks to the resource efficiency of our products, the high software and shop floor expertise of our digital

2.75 — OUTLOOK FOR DIVISIONS

	Order intake (€ million)		Sales (€ million)		EBIT margin before extraordinary effects (%)	
	2021	2022 target	2021	2022 target	2021	2022 target
Paint and Final Assembly Systems	1,356.7	1,350 to 1,500	1,083.2	1,300 to 1,400	3.8	4.3 to 5.3
Application Technology	534.3	530 to 570	470.1	510 to 550	8.8	9.7 to 10.7
Clean Technology Systems	448.4	440 to 480	387.2	390 to 420	4.3	5.7 to 6.7
Measuring and Process Systems	209.3	280 to 300	207.4	290 to 310	8.6	8.5 to 9.5
Woodworking Machinery and Systems	1,742.4	1,450 to 1,600	1,388.8	1,450 to 1,550	6.6	8.0 to 9.0

factories and the previous years' acquisitions, we are very well positioned to benefit from the market opportunities that are emerging.

Driven by an ongoing market recovery and the acquisitions that have been completed, Group sales are expected to grow by a low double-digit percentage in 2022 and reach €3,900 million to €4,200 million. The EBIT margin before extraordinary effects should continue to widen to between 6.5% and 7.5%; a target corridor of between 5.9% and 6.9% has been defined for the EBIT margin on the basis of largely unchanged extraordinary expenses of around €25 million. Earnings after taxes are expected to rise to between €130 million and €180 million. We anticipate **free cash flow → page 251** of €50 million to €100 million as the sales growth will cause **net working capital → page 251** to rise and there will be an increase in the growth-related capital spending plans at the HOMAG Group. Given high total available liquidity of over €1 billion (including a cash facility under the syndicated loan) and relatively low net debt of just under €100.0 million at the end of 2021, we consider ourselves to be financially very well positioned to cover operational funding requirements, to complete acquisitions and to distribute a dividend. We are using this flexibility judiciously and with foresight and project a net financial status of between €-75 million and €-125 million at the end of 2022.

We want to continue growing profitably in 2023, with earnings growth underpinned by all divisions. We expect to see a substantial increase in earnings for the Woodworking Machinery and Systems division (HOMAG Group) as it continues to implement its optimization strategy in 2022 with further measures whose full effects should be seen in 2023. Accordingly, we assume that the HOMAG Group will reach its target EBIT margin of over 9% in 2023. Our medium-term target EBIT margin of at least 8% for the Dürr Group should be achieved by 2023 or by 2024 at the latest.

DÜRR AG (IN ACCORDANCE WITH THE GERMAN COMMERCIAL CODE, HGB)

Dürr AG's annual financial statements are prepared in accordance with the provisions of the German Commercial Code (HGB), whereas the consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS). As the holding company, Dürr AG comprises the Group's central functions and does not engage in any operating business of its own. Its economic condition hinges mainly on the business performance of the Group's operating companies. Dürr AG holds shares – directly or indirectly – in 137 companies. The economic environment in which Dürr AG operates is essentially the same as the Group's and is described in the chapter entitled “[Economic and sector environment](#)” → [page 65](#).

Results of operations

At €31.7 million, Dürr AG's sales, which are primarily derived from internal Group transfer payments, remained virtually unchanged in 2021. Both currency-translation gains and currency-translation losses decreased substantially, contributing significantly to a €23.2 million decline in both other operating income and other operating expenses. Within other operating expenses, travel expenses remained low due to the ongoing pandemic, while we increased spending on optimization projects under the OneDürrGroup program. The increase in personnel expenses (up 24.0%) was due mainly to higher performance-related remuneration as a result of the improved economic situation.

After the loss recorded in the previous year, net investment income returned firmly to positive territory as the Group companies' improved operating earnings resulted in correspondingly large profit transfers. At €-14.4 million, the financial result was on a par with the previous year and mainly included the costs of financing instruments. Despite the significant improvement in earnings

before tax (€166.8 million), income taxes were low, at €2.2 million. This was attributable to persistently low domestic operating income, due not least to the pandemic situation.

On the basis of the significant improvement in net investment income, we generated net profit for the year of €164.6 million. After addition of €450.2 million in profit carried forward from the previous year, we achieved a net retained profit of €614.8 million. We will therefore be proposing a dividend distribution of €34.6 million, or €0.50 per share, for the 2021 fiscal year, an increase of 66.7% over the previous year.

2.76 — DÜRR AG INDIVIDUAL FINANCIAL STATEMENTS – INCOME STATEMENT (HGB)

€ million	2021	2020
Sales	31.7	31.5
Other operating income	20.9	44.0
Cost of materials	-1.6	-2.0
Personnel expense	-20.5	-16.5
Depreciation and amortization	-1.6	-1.0
Other operating expenses	-35.5	-58.6
Investment income	187.8	-26.4
Financial result	-14.4	-14.2
Income taxes	-2.2	-0.4
Net profit for the year (previous year: net loss for the year)	164.6	-43.5
Profit carried forward from the previous year	450.2	514.5
Net retained profit	614.8	471.0

Net assets and financial condition

Dürr AG's total assets declined by 8.4% to €2,125.0 million as of December 31, 2021. While fixed assets remained constant, current assets dropped by 16.8%, primarily as a result of lower cash and cash equivalents. This resulted, on the one hand, from the purchase price payments made for acquisitions and, on the other, from the redemption of a corporate bond in the amount of €300 million compared to only €200 million raised in new debt via a Schuldschein loan. Another reason for the decline in current assets was that the receivables and other assets included smaller loans to affiliated companies.

Equity increased by 20.1% to €859.6 million as of December 31, 2021, as a result of the higher net retained profit. We increased the provisions for bonus and tax payments in view of the improved

earnings situation. Liabilities fell by 21.7% to €1,243.9 million. The main reason for this was the above-mentioned corporate bond redemption. At the same time, liabilities to affiliated companies declined as we received fewer funds from the Group companies for investment purposes.

Opportunities and risks

Dürr AG is exposed to the opportunities and risks of its subsidiaries. The extent of such exposure depends on the size of its share in the respective company. Please refer to the [“Report on risks, opportunities and expected future development”](#) → page 95 for further details. Contingent liabilities between Dürr AG and its subsidiaries may also result in certain risks.

Forecast

Dürr AG's future economic performance is closely linked to the Group's operating performance. Details of the outlook and our plans for our operating business can be found in the [“Report on risks, opportunities and expected future development”](#) → page 95. Dürr AG's full individual financial statements can be found under Investors/Financial Publications/Presentations on our website www.durr-group.com.

Bietigheim-Bissingen, March 15, 2022

Dürr Aktiengesellschaft
The Board of Management



Dr. Jochen Weyrauch



Dietmar Heinrich

2.77 — DÜRR AG INDIVIDUAL FINANCIAL STATEMENTS – BALANCE SHEET (HGB)

€ million	Dec. 31, 2021	Dec. 31, 2020
ASSETS		
Non-current assets		
Intangible assets	5.1	6.6
Tangible assets	0.2	0.3
Financial assets	1,131.1	1,125.7
	1,136.3	1,132.6
Current assets		
Receivables and other assets	719.8	748.2
Cash and cash equivalents	267.3	438.5
	987.1	1,186.7
Prepaid expenses, miscellaneous	1.5	1.7
	988.6	1,188.4
Total assets	2,125.0	2,321.0
EQUITY AND LIABILITIES		
Equity		
Subscribed capital	177.2	177.2
Capital reserve	67.6	67.6
Net retained profit	614.8	471.0
	859.6	715.7
Debt capital		
Provisions	21.6	16.9
Liabilities	1,243.9	1,588.4
	1,265.4	1,605.3
Total equity and liabilities	2,125.0	2,321.0

REMUNERATION REPORT

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Content of the remuneration report

The remuneration report has been prepared in accordance with the provisions of Section 162 of the German Stock Corporation Act (AktG), which are to be applied for the first time in 2021, and is based in particular on the statutory requirements set forth in this Act. It is a separate report setting out the basic principles of the remuneration systems for the Board of Management and the Supervisory Board as well as the amount and structure of the remuneration.

Remuneration system for the members of the Board of Management

CHANGES TO THE REMUNERATION SYSTEM IN 2021

A new remuneration system was implemented for the Board of Management of Dürr AG effective January 1, 2021. It was prepared under the guidance of the Supervisory Board's Personnel Committee and adopted by the Supervisory Board on September 30, 2020. The new remuneration system for the members of the Board of Management was approved at the annual general meeting on May 7, 2021 in accordance with Section 120a (1) of the German Stock Corporation Act by a majority of 89.57% of the votes cast. The three members of the Board of Management holding office at the time agreed to an amendment to their service contracts to ensure that the new remuneration system could be applied from the beginning of 2021. The remuneration report will be submitted

to the shareholders for the first time for a non-binding vote on approval at the annual general meeting on May 13, 2022.

The new remuneration system implements the applicable new provisions of the German Stock Corporation Act (Sections 87 and 87a) resulting from the Act on the Transposition of the Second Shareholder Rights Directive (ARUG II). It also takes account of the German Corporate Governance Code as amended. Among other things, the system includes variable criteria to measure the Group's sustainable performance, a clawback clause, a target bonus system and new provisions concerning termination benefits. Other constituent elements that were already included in the previous system include the distinction between short-term and long-term incentives (one-year and multi-year variable remuneration), remuneration caps and a deductible for D&O insurance.

In devising the new remuneration system, the Personnel Committee and the Supervisory Board paid close attention to the appropriateness of the remuneration for the Board of Management and reviewed appropriateness on the basis of several criteria. These included the tasks of the Board of Management as a whole and of its individual members, the members' personal performance, the economic situation as well as the Company's long-term success and outlook. In addition, the Supervisory Board compared the development of the Board of Management's remuneration with peer companies as well as with the Group's senior managers and workforce.

The remuneration system has been applicable to all members of the Board of Management of Dürr AG since January 1, 2021, as well as to all new and renewed service contracts entered into with members of the Board of Management. In particular, the changes to the new remuneration system compared with the old system, which are shown in → [table 3.1](#), should be noted.

3.1 — CHANGES TO THE REMUNERATION SYSTEM FOR THE MEMBERS OF THE BOARD OF MANAGEMENT

Requirements	Remuneration system until December 31, 2020	Remuneration system from January 1, 2021
Section 87 (1) Sentence 2 of the German Stock Corporation Act [...] The remuneration structure of listed companies shall be geared towards sustainable and long-term development of the company. [...]	The old remuneration system did not take account of environmental, social and governance (ESG) targets.	The new remuneration system includes ESG targets in the short-term incentive plan (STI).
G.2 of the German Corporate Governance Code 1. [...] The Supervisory Board [shall] set the specific target total remuneration for each management board member, [...]	The old remuneration system did not define any targets for variable remuneration.	The new remuneration system defines targets for variable remuneration and a target total remuneration.
G.11 of the German Corporate Governance Code [...]. It shall be permitted to retain or reclaim variable remuneration, if justified.	The old remuneration system did not contain any clawback or penalty arrangements.	The new remuneration system includes clawback arrangements.
G.12 of the German Corporate Governance Code If a management board member's contract is terminated, the disbursement of any remaining variable remuneration components attributable to the period up until contract termination shall be based on [...] the due dates or holding periods stipulated in the contract.	Under the old remuneration system, payment of the long-term incentive (LTI) was possible in the event of early termination at the end of the contract.	Under the new remuneration system, payment of the LTI must not be effectuated before expiry of the respective tranche.
G.14 of the German Corporate Governance Code Change of control clauses that commit to benefits in the case of early termination of a management board member's contract due to a change of control should not be agreed upon.	The old remuneration system provided for benefits in the event of a change of control in the CEO's service contract.	Commitments to benefits in the event of a change of control have been deleted from the service contracts.
Market/investor/proxy advisor requirement The members of the Board of Management should invest significantly in the Company's shares.	The old remuneration system included permanent share ownership guidelines as a prerequisite for participation in the LTI plan.	The new remuneration system requires the members of the Board of Management to hold a fixed number of shares in Dürr AG (subject to an accumulation phase of three years).

REMUNERATION SYSTEM FOR THE MEMBERS OF THE BOARD OF MANAGEMENT IN 2021

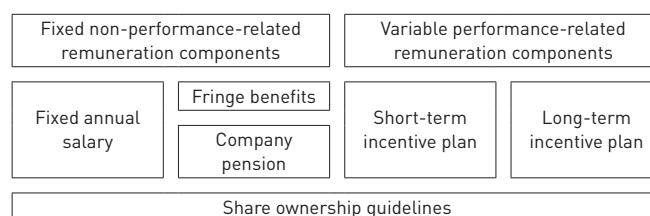
The system for the remuneration of the members of the Board of Management was reviewed and approved by the Supervisory Board in accordance with the requirements of Sections 87 and 87a of the German Stock Corporation Act. In the process, the Supervisory Board engaged an independent external consultant. The Personnel Committee is responsible for preparing the Supervisory Board's resolution and for providing it on a regular basis with all the information required to review the remuneration system. The Supervisory Board performs a review of the remuneration system at its own due discretion, however no later than every four years. The remuneration system is structured clearly and comprehensibly and aimed at promoting sustainable and long-term added value, the implementation of the Company's business strategy, and the growth of the divisions.

Components of the remuneration for the Board of Management

The revised remuneration system for the members of the Board of Management consists of fixed and variable remuneration

components. The fixed remuneration, which is not related to performance, comprises a fixed annual salary, a company pension and fringe benefits. The variable performance-related remuneration comprises the short-term incentive and the long-term incentive (→ [figure 3.2](#)).

3.2 — REMUNERATION SYSTEM AND COMPONENTS OF THE REMUNERATION FOR THE BOARD OF MANAGEMENT



Fixed non-performance-related remuneration components

The fixed, non-performance-related remuneration is made up of a fixed annual salary, a company pension, and fringe benefits.

Fixed annual salary: The fixed annual salary is paid in twelve equal installments. Its amount is based on the tasks and strategic and operational responsibility of the individual member of the Board of Management.

Company pension: Under the Dürr Group's pension scheme ("Dürr pension plan"), the members of the Board of Management receive an employer-funded pension contribution of 24% of the fixed annual salary in the case of the Chief Executive Officer and 25% of the fixed annual salary in the case of the other members of the Board of Management.

Fringe benefits: A company car is made available to the members of the Board of Management. In addition, Dürr AG takes out D&O insurance with an appropriate amount of coverage and the statutory deductible for the benefit of the members of the Board of Management as well as life insurance or accident insurance for individual members.

Variable performance-related remuneration components

The variable, performance-related remuneration is made up of a short-term (STI) and a long-term component (LTI), resulting in an appropriate incentive system for the implementation of the corporate strategy and for the creation of and growth in sustainable added value. The remuneration model seeks to provide a high degree of transparency by linking the performance parameters with clearly defined indicators of earnings, liquidity, added value, and sustainable development. Dürr AG's sustainable business orientation and its social and ecological responsibility are also reflected in its annual ESG targets.

The variable remuneration depends on the tasks as well as the strategic and operational responsibility the members of the Board of Management are entrusted with, as well as on the Dürr Group's short- and long-term results. Remuneration under the LTI exceeds that under the STI with respect to both target remuneration and maximum remuneration. The financial and non-financial performance criteria contribute to the furtherance of Dürr AG's corporate strategy and long-term performance. The method for measuring target achievement is described below.

The Supervisory Board may only make temporary adjustments to the conditions for variable remuneration components and only in response to exceptional events or developments, e.g. the acquisition or disposal of a business. The Supervisory Board did not make use of this right for the 2021 remuneration. General

unfavorable market conditions do not constitute exceptional events or developments. The same applies if changes to the accounting rules applicable to the Company have a material impact on the parameters relevant for the calculation of the STI and LTI variable remuneration components or in the event that a fiscal year comprises less than twelve months (short fiscal year). If exceptional events or developments lead to changes in the payment of the variable remuneration, the reasons for this are described in detail and in a readily understandable manner. No use may be made of any discretionary adjustment options. No special bonuses are paid.

The Supervisory Board may temporarily depart from the remuneration system and its individual components or introduce new remuneration components if this is necessary to safeguard the Company's long-term interests. The Supervisory Board reserves the right to make such modifications in exceptional circumstances, such as an economic or corporate crisis and, in doing so, takes account of the proportionality of the remuneration relative to other measures taken in these circumstances and the interest of the shareholders.

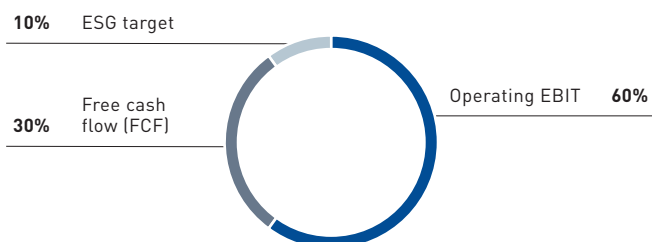
Short-term incentive: The short-term incentive is a performance-related bonus based on the financial and non-financial results of the respective fiscal year. For 2021, it broke down into 60% operating earnings before interest and taxes (EBIT), 30% free cash flow (FCF) and 10% ESG targets (→ figure 3.3). ESG targets can be set for the Board of Management in its entirety or individually for each Board member.

EBIT is defined as earnings before interest, income taxes and income from investments. Operating EBIT is adjusted for unplanned extraordinary effects such as the effects of acquisitions. The extraordinary effects to be eliminated are determined by the Supervisory Board in the course of approving target achievement. The application of the Dürr Group's operating EBIT ensures that the Company's profitability is duly taken into account in the remuneration of the Board of Management, and as such is one of the main strategic objectives.

Free cash flow is the freely available cash flow. It shows what funds remain available for dividend distribution, acquisitions and debt reduction. Free cash flow is calculated by deducting the investments, the balance of interest paid and received, and the repayment of lease liabilities from the cash flow from operating activities.

ESG goals are defined as environmental, social and responsible corporate governance goals. Before the beginning of the fiscal year, the Supervisory Board determines the ESG performance criteria and the methods for measuring performance for each member of the Board of Management or the Board of Management in its entirety. Possible performance criteria include ESG ratings, customer satisfaction, employee satisfaction and occupational health and safety. For ESG, total target achievement is calculated on the basis of average target achievement for the individual performance criteria.

3.3 — SHORT-TERM INCENTIVE – TARGET WEIGHTING



Before the beginning of a fiscal year, the Supervisory Board determines the individual targets as well as minimum and maximum target achievement ("threshold" and "maximum"). Target achievement is 0% if it is below the threshold, 150% if it is above the maximum, and 100% if the target is reached. Target achievement is interpolated on a straight-line basis between the minimum and the target as well as between the target and the maximum. Target achievement is determined by the Supervisory Board after the end of the corresponding fiscal year. STI target achievement is calculated on the basis of the EBIT, FCF and ESG target achievement and by applying the weighting defined for these targets. The target achievement amount equals the target amount multiplied by the target achievement (→ figure 3.4). The target achievement amount accruing under the short-term incentive is paid out in May (net of statutory deductions) and capped at 150% of the target amount (payout cap).

3.4 — SHORT-TERM INCENTIVE – CALCULATION OF THE TARGET ACHIEVEMENT AMOUNT



If the service contract begins or ends during a given fiscal year, the target achievement amount is reduced on a time-proportionate basis. All claims under the STI arising in a given fiscal year lapse without any compensation or remuneration if the service contract with the member of the Board of Management is terminated by the Company for good cause in accordance with Section 626 of the German Civil Code (BGB).

Long-term incentive: The long-term incentive for the members of the Board of Management takes the form of a performance share plan and is geared toward the Company's sustainable growth. It is determined based on the performance of Dürr shares and its operating EBIT margin. The relevant performance indicators for calculating the amount accruing under the LTI are the performance of the Dürr share price between LTI award and LTI payment as well as the average operating EBIT margin for the three fiscal years from the year of award. The inclusion of the share price emphasizes the focus on the long-term and sustainable creation of added value by the Company. The operating EBIT margin is defined as the ratio of operating EBIT (see section on "Short-term incentive") to the correspondingly adjusted sales of the Dürr Group. The operating EBIT margin is a measure of the Company's long-term profitability and thus supports the long-term implementation of the corporate strategy.

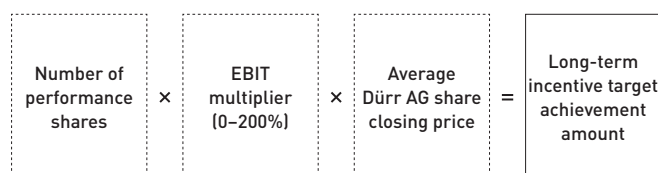
At the time the annual LTI tranches are awarded, the target amount for the LTI per member of the Board of Management is converted into virtual shares in the Company (performance shares) on the basis of the initial reference price of the Dürr share. These are then allocated to the respective members of the Board of Management as a calculation variable. The initial reference price is determined on the basis of the average closing price of the Dürr share over the last 30 trading days before December 31 of a given fiscal year.

The LTI is paid out in cash after the expiry of the three-year period and the subsequent annual general meeting at which Dürr AG's consolidated financial statements for the previous fiscal year are presented. To calculate the target achievement amount, the number of performance shares is multiplied by the EBIT multiple and the average calculated closing price of the Dürr share over the 30 days before the annual general meeting (→ figure 3.5).

Prior to the beginning of a tranche, the Supervisory Board determines the average operating EBIT margin ("target") as well as the minimum and maximum target achievement ("threshold" and "maximum"). The EBIT multiple equals 0% if target achievement is below the threshold, 200% if target achievement is above the maximum and 100% if the target is reached. Target achievement and the EBIT multiple are interpolated on a straight-line basis between the minimum and the target as well as between the target and the maximum. The EBIT multiple is capped at 200%. The target achievement amount for the LTI is capped at 150% of the LTI target (payout cap). For further information, please refer to figure 3.12.

All rights accruing under the LTI expire without compensation if the service contract with the respective member of the Board of Management is validly terminated without notice for good cause prior to the LTI payout, the member's appointment to the Board of Management is validly revoked due to a gross breach of duty as defined in Section 84 (3) Sentence 2 of the German Stock Corporation Act for good cause prior to the LTI payout, upon expiry the appointment is not renewed for good cause in accordance with Section 626 (1) of the German Civil Code (BGB), with such cause being attributable to the relevant member of the Board of Management, prior to the LTI payout, or the member of the Board of Management resigns or gives notice of termination of the service contract before the LTI payout, unless the member of the Board of Management resigns and/or gives notice of termination of the service contract for good cause.

3.5 — LONG-TERM INCENTIVE – CALCULATION OF THE TARGET ACHIEVEMENT AMOUNT



Previous long-term incentive: In the 2021 fiscal year, the long-term variable remuneration was paid out under the system in force until December 31, 2020. This system is described below.

Under the previous remuneration system, LTI remuneration was based on the performance of Dürr's share price and the Group's average EBIT margin over a three-year period (LTI period). Each year, a specified number of virtual Dürr shares ("performance share units") was issued. The amount payable at the end of the three-year LTI period was calculated by multiplying the number of performance share units by a share price multiple and an EBIT multiple. The share price multiple corresponded to the average closing price of the Dürr share in euros over the last 20 trading days prior to the first annual general meeting after the three-year LTI period. The EBIT multiple was calculated on the basis of the average EBIT margin achieved by the Group during the term of the LTI tranche. The overall LTI payment and the EBIT multiple were subject to caps. The EBIT multiple was capped at two if an average EBIT margin of at least 8% had been achieved. If the average EBIT margin was 4% or lower, the EBIT multiple was zero, meaning that no LTI payment was made.

Company's scope for reclaiming remuneration components

The Company may, at its own due discretion, adjust and recover the payments made under the variable remuneration if the audited consolidated financial statements and/or any other basis for determining other targets must be subsequently corrected because they prove to be objectively erroneous and the error has led to a miscalculation of the variable remuneration. The recovery claim equals the difference between the amounts actually paid by the Company and the amounts which would have had to be paid under the rules on variable remuneration as per the corrected calculation bases.

In the event of any grossly negligent or intentional breach by a member of the Board of Management of any of his or her material duties of care under Section 93 of the German Stock Corporation Act or any material principles in any internal guidelines issued by the Company and the resulting threat to the business success or reputation of Dürr AG or any of its companies, the Supervisory Board may reduce the variable remuneration components in whole (down to zero) or in part.

If the correction to the bases for calculating variable remuneration or the breach of the duties of care or of material principles affect several variable remuneration components that have already been paid, the payments may be reclaimed for all variable remuneration components. The recovery claim will lapse three years after payment of the variable remuneration component concerned.

During the 2021 fiscal year, the Supervisory Board did not make any use of the option to withhold or reclaim variable remuneration components.

Maximum remuneration

The total remuneration for each member of the Board of Management for a fiscal year is capped at an absolute amount ("maximum remuneration"). The maximum remuneration relates to the fixed annual salary paid in the fiscal year, the fringe benefits paid in the fiscal year, including costs of the company pension scheme, the short-term incentive earned in the fiscal year, and the tranche of the long-term incentive commencing in the relevant fiscal year. The maximum remuneration is capped at €3,890,000 for the Chief Executive Officer, €2,735,000 for the Deputy Chief Executive Officer, and €2,055,000 for ordinary members of the Board of Management.

If the total remuneration calculated for a fiscal year exceeds the maximum remuneration, the amount accruing under the long-term incentive (LTI) is reduced by the surplus amount. If necessary, the Supervisory Board may at its own due discretion reduce any other remuneration components. Irrespective of the maximum remuneration determined, the amount of the individual variable remuneration components is also limited as shown in → [table 3.6](#).

3.6 — MAXIMUM AMOUNTS OF VARIABLE REMUNERATION COMPONENTS

Position	Maximum amount under the short-term incentive (€)	Maximum amount under the long-term incentive (€)
Chief Executive Officer	1,250,000	1,350,000
Deputy Chief Executive Officer	825,000	937,500
Member of the Board of Management	600,000	675,000

Obligation to hold shares ("share ownership guidelines")

The members of the Board of Management are subject to a contractual obligation to permanently hold a significant fixed number of shares in Dürr AG during the term of their office after the end of a three-year accumulation phase. These are 21,250 shares for the Chief Executive Officer, 16,250 shares for the Deputy Chief Executive Officer, and 12,500 shares for the ordinary members of the Board of Management. Alongside the LTI, the obligation to hold shares in the Company entails an additional share-based component that provides an incentive to work towards increasing the Company's enterprise value over the long term beyond the current term of the LTI. Compliance with this obligation must be demonstrated for the first time after the three-year accumulation phase and thereafter annually. The accumulation phase begins upon the member of the Board of Management commencing his or her duties or upon the new remuneration system taking effect on January 1, 2021, whichever is the later. Accordingly, all active members of the Board of Management are still in the accumulation phase. The number of shares held as of December 31, 2021 is shown in → [table 3.7](#).

3.7 — NUMBER OF SHARES HELD BY THE MEMBERS OF THE BOARD OF MANAGEMENT ACTIVE AS OF DECEMBER 31, 2021

Member of the Board of Management	Necessary number	End of the accumulation phase	Number of shares as of December 31, 2021
Ralf W. Dieter	21,250	–	160,000
Dr. Jochen Weyrauch	16,250	Dec. 31, 2023	13,000
Dietmar Heinrich	12,500	Dec. 31, 2023	12,600

Benefits granted at contract termination**Benefits granted in the event of ordinary expiry of the appointment**

In the event of ordinary expiry of the appointment, no severance payments, special pension contributions, or other additional payments will be made.

Benefits granted in the event of the withdrawal of a member of the Board of Management

If the service contract is terminated without good cause, any potential severance payment, including fringe benefits, to the relevant member of the Board of Management will be limited to a maximum of two annual remuneration amounts and may not exceed the contractual remuneration for the remaining term if the service contract has a remaining term of less than two years ("severance cap"). The calculation of the severance cap is based on the total remuneration received during the previous fiscal year and, if applicable, also the expected total remuneration for the current fiscal year. No severance payment will be made if the service contract is terminated by the member of the Board of Management himself/herself or for good cause attributable to the member of the Board of Management.

Post-contractual non-compete agreement

If a post-contractual non-compete clause is agreed upon, any severance payment will count towards the remuneration paid for the acceptance of such non-compete obligation.

Benefits granted in connection with a change of control

There are no deviating severance payment commitments in the event of the termination of the service contract due to a change of control.

Compliance with the remuneration system and determination of target achievement

FURTHERANCE OF THE COMPANY'S SUSTAINABLE PERFORMANCE

The remuneration system promotes the furtherance of Dürr AG's business strategy and its long-term interests, thus contributing to the Company's long-term performance. The remuneration system is structured toward strengthening profitable and sustainable growth in all divisions. The sustainable success of the business strategy is supported by variable, performance-related remuneration components. To this end, different targets geared to profitability, liquidity, enterprise value and environmental and social sustainability are applied. The financial and non-financial parameters cover different, frequently multi-year, periods in order to sustainably support the Company's strategic success. Special attention is paid to ensuring that the interests and expectations of the shareholders match the remuneration of the Board of Management as closely as possible.

COMPLIANCE WITH THE REMUNERATION SYSTEM

The remuneration system applicable to the members of the Board of Management was implemented without any modifications in the 2021 fiscal year.

TARGET ACHIEVEMENT

Short-term incentive**Performance criteria for 2021**

The target achievement for the short-term incentive for the 2021 fiscal year was weighted as follows: 60% operating EBIT target, 30% free cash flow target and 10% ESG targets (→ table 3.8). Operating EBIT amounted to €171.1 million in 2021. It is derived from the EBIT of €175.7 million less unplanned extraordinary effects of €-4.6 million. Unplanned extraordinary effects arose from the acquisitions executed in 2021 and also include other operating

income from the sale of the remaining shares in SBS Ecoclean GmbH and the settlement of a legal dispute with the buyer. Free cash flow amounted to €120.8 million in 2021. The EcoVadis rating for 2021 was published at the beginning of March 2022 and shows an increase from 58 to 66 points.

3.8 — SHORT-TERM INCENTIVE – DETERMINATION OF TARGET ACHIEVEMENT IN 2021

			Information on performance criteria						Remuneration	
Name	Description of the performance criterion	Relative weighting of the performance criterion	a) Minimum target		a) Target for 100% target achievement		a) Maximum target		a) Target achievement	
			b) Minimum target remuneration		b) Target remuneration for 100% target achievement		b) Maximum target remuneration		b) Remuneration for this target	
Ralf W. Dieter Chief Executive Officer	Operating earnings before interest and taxes (EBIT)	60%	a) €73,000,000		a) €113,000,000		a) €133,000,000		a) 150%	
			b) €0		b) €500,000		b) €750,000		b) €750,000	
	Free cash flow (FCF)	30%	a) €-250,000,000		a) €-50,000,000		a) €50,000,000		a) 150%	
			b) €0		b) €250,000		b) €375,000		b) €375,000	
	ESG target (EcoVadis rating)	10%	a) 55		a) 62		a) 64		a) 150%	
			b) €0		b) €83,333		b) €125,000		b) €125,000	
Dr. Jochen Weyrauch Deputy Chief Executive Officer	Operating earnings before interest and taxes (EBIT)	60%	a) €73,000,000		a) €113,000,000		a) €133,000,000		a) 150%	
			b) €0		b) €330,000		b) €495,000		b) €495,000	
	Free cash flow (FCF)	30%	a) €-250,000,000		a) €-50,000,000		a) €50,000,000		a) 150%	
			b) €0		b) €165,000		b) €247,500		b) €247,500	
	ESG target (EcoVadis rating)	10%	a) 55		a) 62		a) 64		a) 150%	
			b) €0		b) €55,000		b) €82,500		b) €82,500	
Dietmar Heinrich Chief Financial Officer	Operating earnings before interest and taxes (EBIT)	60%	a) €73,000,000		a) 113,000,000		a) €133,000,000		a) 150%	
			b) €0		b) €240,000		b) €360,000		b) €360,000	
	Free cash flow (FCF)	30%	a) €-250,000,000		a) €-50,000,000		a) €50,000,000		a) 150%	
			b) €0		b) €120,000		b) €180,000		b) €180,000	
	ESG target (EcoVadis rating)	10%	a) 55		a) 62		a) 64		a) 150%	
			b) €0		b) €40,000		b) €60,000		b) €60,000	

Long-term incentive

→ **Table 3.9** shows the target achievement levels of the 2019–2021 tranche. Since Mr. Heinrich did not join the Board of Management until August 1, 2020, he did not participate in this tranche. Target achievement under the long-term incentive relates to the EBIT multiple. The payment is derived from the EBIT multiple and the share price multiple (→ **for more information on the system, see “Previous long-term incentive”**).

3.9 — LONG-TERM INCENTIVE – DETERMINATION OF TARGET ACHIEVEMENT IN 2021

Name	Description of the performance criterion	Information on performance criteria						EBIT multiple		Share price multiple	
		a) Minimum target b) Minimum target for EBIT multiple		a) Target for 100% target achievement b) Target for 100% target achievement of EBIT multiple		a) Maximum target b) Maximum target for EBIT multiple		a) EBIT margin achieved b) EBIT multiple		a) Share price multiple ¹ b) Remuneration per performance share unit	
Ralf W. Dieter Chief Executive Officer	Average margin on earnings before interest and taxes (EBIT) in 2019–2021	a)	4.0%	a)	6.0%	a)	8.0%	a)	3.55%	a)	38.89
		b)	0.0	b)	1.0	b)	2.0	b)	0	b)	€0
Dr. Jochen Weyrauch Deputy Chief Executive Officer	Average margin on earnings before interest and taxes (EBIT) in 2019–2021	a)	4.0%	a)	6.0%	a)	8.0%	a)	3.55%	a)	38.89
		b)	0.0	b)	1.0	b)	2.0	b)	0	b)	€0

¹ The average price over the last 20 trading days prior to the 2022 annual general meeting is applied to calculate the final amount. As this information was not yet available at the time the financial statements were prepared, the average price over the last 20 days of the 2021 calendar year is used here as a reference.

Benefits in 2021

REMUNERATION GRANTED AND OWED AS DEFINED IN SECTION 162 OF THE GERMAN STOCK CORPORATION ACT

Under Section 162 (1) Sentence 1, Sentence 2, No. 1 of the German Stock Corporation Act, all fixed and variable remuneration components that were “granted and owed” to the individual members of the Board of Management in the 2020 and 2021 fiscal years must be disclosed.

The short-term incentive for the fiscal years 2020 and 2021 is deemed to be “remuneration owed”, as the underlying service was rendered before the respective reporting date (December 31). Accordingly, the bonus payment amounts for the reporting year

are disclosed notwithstanding the fact that payment will not be made until after the end of the respective reporting year. This affords clear and transparent reporting and preserves the link between performance and remuneration during the reporting period.

The tranches under the long-term incentive due for payment in the respective fiscal year are structured as multi-year variable remuneration and therefore count as “remuneration granted.”

In the 2020 fiscal year, the Supervisory Board made a temporary adjustment to the variable remuneration of the Board of Management. This was due to the economic effects that the coronavirus pandemic had on the Dürr Group and the great importance of sufficient liquid funds for overcoming the crisis. Specifically, the Supervisory Board decided on May 28, 2020 to add a one-off liquidity-related target to the variable remuneration

payable to the Board of Management. The key performance indicator (KPI) defined for this purpose provided for a one-off payment to the members of the Board of Management, provided that total liquidity (cash and cash equivalents plus time deposits) exceeded a minimum threshold of €300 million as of December 31, 2020. The cash KPI is shown in → tables 3.10 and 3.11 as a performance-related component for the 2020 fiscal year.

Moreover, miscellaneous variable remuneration was granted in addition to the regular variable remuneration during the 2020 fiscal year. It is also shown in → tables 3.10 and 3.11 as a performance-related component for the 2020 fiscal year. The following explanation was published in the 2020 Remuneration Report regarding this miscellaneous variable remuneration:

In July 2020, the Board of Management decided to bring forward the necessary capacity adjustments to the European automotive business and to initiate them in the second half of 2020. The main

reason for this was the muted outlook for this market over the medium to long term. The provisions recognized in this connection resulted in a net loss before tax for 2020. For this reason, the members of the Board of Management (with the exception of Mr. Crosetto) did not receive any STI remuneration despite the modifications made to the STI system described in the section entitled “Temporary adjustments in 2020.” Consequently, the Supervisory Board decided to grant Mr. Dieter, Dr. Weyrauch, and Mr. Heinrich a special bonus for 2020 within the scope of the remuneration system. This bonus served to reward them for their extensive and successful endeavors to mitigate the consequences of the pandemic and in recognition of the fact that the Board of Management had driven the Group’s further development forward through efficiency gains, funding measures, and acquisitions without any delays during 2020. In determining the amount of the special bonus, the Supervisory Board was guided by the performance of the operating business during 2020.

3.10 — “REMUNERATION GRANTED AND OWED” IN THE 2020 AND 2021 FISCAL YEARS

REMUNERATION GRANTED AND OWED (1)

€		RALF W. DIETER Chief Executive Officer Date of appointment: January 1, 2005		DR. JOCHEN WEYRAUCH Deputy Chief Executive Officer Date of appointment: January 1, 2017					
		2020	2020 (%)	2021	2021 (%)	2020	2020 (%)	2021	2021 (%)
Non-performance-related components	Basic remuneration (fixed remuneration)	1,000,000	45	1,000,000	39	700,000	59	750,000	42
	Fringe benefits (benefits in kind, advances towards insurance, etc.)	44,362	2	58,986	2	25,928	2	25,596	1
	Total	1,044,362	47	1,058,986	42	725,928	61	775,596	43
Performance-related components	One-year variable remuneration (STI)	0	0	1,250,000	49	0	0	825,000	46
	Multi-year variable remuneration (LTI) LTI 2018 – 2020	0	0	–	–	0	0	–	–
	LTI 2019 – 2021	–	–	0	0	–	–	0	0
	Cash KPI as supplementary variable remuneration for 2020	300,000	14	–	–	200,000	17	–	–
	Miscellaneous variable remuneration	300,000	14	–	–	150,000	13	–	–
	Total	600,000	27	1,250,000	49	350,000	30	825,000	46
Miscellaneous		–	–	–	–	–	–	–	–
Amounts reclaimed under Section 162 (1) Sentence 2 Number 4 of the German Stock Corporation Act		–	–	–	–	–	–	–	–
Total		1,644,362	74	2,308,986	91	1,075,928	91	1,600,596	90
Pension expense		574,718	26	240,000	9	107,359	9	187,500	10
Total remuneration		2,219,080	100	2,548,986	100	1,183,287	100	1,788,096	100
Ratio of fixed to variable remuneration		270%		104%		238%		117%	

3.10 — REMUNERATION GRANTED AND OWED (2)

		DIETMAR HEINRICH Chief Financial Officer Date of appointment: August 1, 2020				PEKKA PAASIVAARA Member of the Board of Management Date of appointment: January 1, 2019 Date of withdrawal: December 31, 2020			
€		2020	2020 (%)	2021	2021 (%)	2020 ¹	2020 (%)	2021	2021 (%)
Non-performance-related components	Basic remuneration (fixed remuneration)	229,167	62	600,000	44	525,000	13	–	–
	Fringe benefits (benefits in kind, advances towards insurance, etc.)	6,500	2	15,996	1	18,214	0	–	–
	Total	235,667	64	615,996	45	543,214	14	–	–
Performance-related components	One-year variable remuneration (STI)	0	0	600,000	44	0	0	–	–
	Multi-year variable remuneration (LTI)	LTI 2018–2020	–	–	–	–	–	–	–
		LTI 2019–2021	–	–	–	–	–	–	–
	Cash KPI as supplementary variable remuneration for 2020	62,500	17	–	–	150,000	4	–	–
	Miscellaneous variable remuneration	50,000	13	–	–	3,125,000	79	–	–
	Total	112,500	30	600,000	44	3,275,000	83	–	–
Miscellaneous		–	–	–	–	–	–	–	–
Amounts reclaimed under Section 162 (1) Sentence 2 Number 4 of the German Stock Corporation Act		–	–	–	–	–	–	–	–
Total		348,167	94	1,215,996	89	3,818,214	97	–	–
Pension expense		22,917	6	150,000	11	116,109	3	–	–
Total remuneration		371,084	100	1,365,996	100	3,934,323	100	–	–
Ratio of fixed to variable remuneration		230%		128%		20%			

¹ The miscellaneous variable remuneration paid to Mr. Paasivaara includes termination benefits under his service contracts with Dürr AG and HOMAG Group AG, which were terminated effective December 31, 2020.

3.10 — REMUNERATION GRANTED AND OWED (3)

		CARLO CROSETTO Chief Financial Officer Date of appointment: March 1, 2017 Date of withdrawal: February 29, 2020			
€		2020	2020 (%)	2021	2021 (%)
Non-performance-related components	Basic remuneration (fixed remuneration)	83,333	56	–	–
	Fringe benefits (benefits in kind, advances towards insurance, etc.)	2,600	2	–	–
	Total	85,933	57	–	–
Performance-related components	One-year variable remuneration (STI)	50,458	34	–	–
	Multi-year variable remuneration (LTI) LTI 2018 – 2020	0	0	–	–
	Multi-year variable remuneration (LTI) LTI 2019 – 2021	–	–	–	–
	Cash KPI as supplementary variable remuneration for 2020	0	0	–	–
	Miscellaneous variable remuneration	0	0	–	–
	Total	50,458	34	–	–
Miscellaneous		–	–	–	–
Amounts reclaimed under Section 162 (1) Sentence 2 Number 4 of the German Stock Corporation Act		–	–	–	–
Total		136,391	91	–	–
Pension expense		13,315	9	–	–
Total remuneration		149,706	100	–	–
Ratio of fixed to variable remuneration		197%			

BENEFITS AS DEFINED IN THE REPEALED VERSION OF THE GERMAN CORPORATE GOVERNANCE CODE

In view of the new statutory requirements for disclosing the remuneration of the Board of Management, Dürr AG attaches great importance to fully preserving its customary transparency regarding the remuneration of the Board of Management. Dürr AG therefore voluntarily uses the table regarding benefits as defined in the German Corporate Governance Code, No. 4.2.5, annex table 1, as amended on February 7, 2017, in addition to the disclosures in section "Remuneration granted and owed within the meaning of Section 162 of the German Stock Corporation Act". The table of "Benefits" as defined in the repealed version of the German Corporate Governance Code shows the amounts allocated to the individual remuneration elements in 2021, i.e. the fixed remuneration and the targets for the variable remuneration components for 2021 and their relative shares (→ [table 3.11](#)).

3.11 — BENEFITS IN THE 2020 AND 2021 FISCAL YEARS BENEFITS AS DEFINED IN THE REPEALED VERSION OF THE GERMAN CORPORATE GOVERNANCE CODE (1)

€		RALF W. DIETER Chief Executive Officer Date of appointment: January 1, 2005				DR. JOCHEN WEYRAUCH Deputy Chief Executive Officer Date of appointment: January 1, 2017			
		2020	2020 (%)	2021	2021 (%)	2020	2020 (%)	2021	2021 (%)
Non-performance-related components	Basic remuneration (fixed remuneration)	1,000,000	45	1,000,000	33	700,000	59	750,000	35
	Fringe benefits (benefits in kind, advances towards insurance, etc.)	44,362	2	58,986	2	25,928	2	25,596	1
	Total	1,044,362	47	1,058,986	35	725,928	61	775,596	36
Performance-related components	One-year variable remuneration (STI)	0	0	833,333	27	0	0	550,000	26
	Multi-year variable remuneration (LTI)								
	LTI 2020 – 2022	0	0	–	–	0	0	–	–
	LTI 2021 – 2023	–	–	900,000	30	–	–	625,000	29
	Cash KPI as supplementary variable remuneration for 2020	300,000	14	–	–	200,000	17	–	–
	Miscellaneous variable remuneration	300,000	14	–	–	150,000	13	–	–
	Total	600,000	27	1,733,333	57	350,000	30	1,175,000	55
Total		1,644,362	74	2,792,319	92	1,075,928	91	1,950,596	91
Pension expense		574,718	26	240,000	8	107,359	9	187,500	9
Total remuneration		2,219,080	100	3,032,319	100	1,183,287	100	2,138,096	100
Ratio of fixed to variable remuneration		270%		75%		238%		82%	

3.11 — BENEFITS AS DEFINED IN THE REPEALED VERSION OF THE GERMAN CORPORATE GOVERNANCE CODE (2)

		DIETMAR HEINRICH Chief Financial Officer Date of appointment: August 1, 2020				PEKKA PAASIVAARA Member of the Board of Management Date of appointment: January 1, 2019 Date of retirement: December 31, 2020			
€		2020	2020 (%)	2021	2021 (%)	2020 ¹	2020 (%)	2021	2021 (%)
Non-performance-related components	Basic remuneration (fixed remuneration)	229,167	62	600,000	37	525,000	13	–	–
	Fringe benefits (benefits in kind, advances towards insurance, etc.)	6,500	2	15,996	1	18,214	0	–	–
	Total	235,667	64	615,996	38	543,214	14	–	–
Performance-related components	One-year variable remuneration (STI)	–	–	400,000	25	0	0	–	–
	Multi-year variable remuneration (LTI) LTI 2020 – 2022	–	–	–	–	–	–	–	–
	Multi-year variable remuneration (LTI) LTI 2021 – 2023	–	–	450,000	28	–	–	–	–
	Cash KPI as supplementary variable remuneration for 2020	62,500	17	–	–	150,000	4	–	–
	Miscellaneous variable remuneration	50,000	13	–	–	3,125,000	79	–	–
	Total	112,500	30	850,000	53	3,275,000	83	–	–
Total		348,167	94	1,465,996	91	3,818,214	97	–	–
Pension expense		22,917	6	150,000	9	116,109	3	–	–
Total remuneration		371,084	100	1,615,996	100	3,934,323	100	–	–
Ratio of fixed to variable remuneration		230%		90%		20%			–

¹ The miscellaneous variable remuneration paid to Mr. Paasivaara includes termination benefits under his service contracts with Dürr AG and HOMAG Group AG, which were terminated effective December 31, 2020.

3.11 — BENEFITS AS DEFINED IN THE REPEALED VERSION OF THE GERMAN CORPORATE GOVERNANCE CODE (3)

		CARLO CROSETTO Chief Financial Officer Date of appointment: March 1, 2017 Date of retirement: February 29, 2020			
€		2020	2020 (%)	2021	2021 (%)
Non-performance-related components	Basic remuneration (fixed remuneration)	83,333	56	–	–
	Fringe benefits (benefits in kind, advances towards insurance, etc.)	2,600	2	–	–
	Total	85,933	57	–	–
Performance-related components	One-year variable remuneration (STI)	50,458	34	–	–
	Multi-year variable remuneration (LTI) LTI 2020 – 2022	0	0	–	–
	Multi-year variable remuneration (LTI) LTI 2021 – 2023	–	–	–	–
	Cash KPI as supplementary variable remuneration for 2020	–	–	–	–
	Miscellaneous variable remuneration	0	0	–	–
	Total	50,458	34	–	–
Total		136,391	91	–	–
Pension expense		13,315	9	–	–
Total remuneration		149,706	100	–	–
Ratio of fixed to variable remuneration		197%			–

PERCENTAGE DISTRIBUTION OF REMUNERATION COMPONENTS

The Supervisory Board determines the target amounts for the variable remuneration components for each fiscal year. To this end, it adopts resolutions on the basis of the earnings determined for earlier years as part of budgeting activities for the following year and strategic planning for the years thereafter to define the targets which are to be achieved by the Company and the Board of Management.

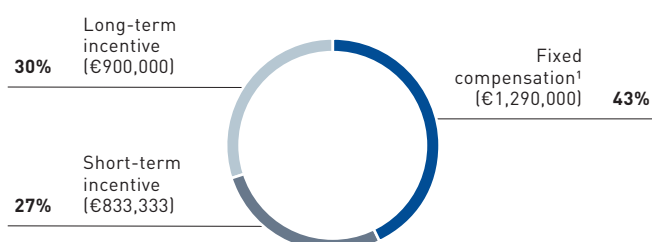
For the Chief Executive Officer, the share of fixed remuneration (fixed annual salary, pension expenses, and fringe benefits) was approximately 43% of his total target remuneration and the share of variable remuneration was approximately 57% of his total target remuneration for the 2021 fiscal year. For the Deputy Chief Executive Officer, the share of fixed remuneration was approximately 45% of his total target remuneration and the share of variable remuneration was approximately 55% of his total target remuneration. For the ordinary member of the Board of Management, the share of fixed remuneration was approximately 48% of his total target remuneration and the share of variable remuneration was approximately 52% of his total target remuneration.

In respect of the remuneration granted and owed for the 2021 fiscal year, the share of the Chief Executive Officer's fixed remuneration (fixed annual salary, pension expenses, and fringe benefits) was approximately 51% of his total remuneration and the share of his variable remuneration was approximately 49% of his total remuneration. For the Deputy Chief Executive Officer, the share of fixed remuneration was approximately 54% of his total remuneration and the share of variable remuneration was approximately 46% of his total remuneration. For the ordinary member of the Board of Management, the share of fixed remuneration was approximately 56% of his total remuneration and the share of variable remuneration was approximately 44% of his total remuneration.

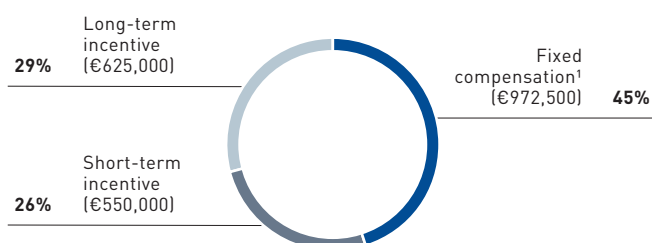
The shares accounted for by the fixed remuneration, the STI (target amount) and the LTI (target amount) in the target total remuneration for the 2021 fiscal year are shown in → figure 3.12. For the Chief Executive Officer, the share of the STI (target amount) in his variable target total remuneration thus stood at approximately 48% and the share of the LTI (target amount) accounted for approximately 52% of his variable target total remuneration. For the Deputy Chief Executive Officer and the ordinary member of the Board of Management, the share of the STI (target amount) in their variable target total remuneration stood at approximately 47% and the share of the LTI (target amount) accounted for approximately 53% of their variable target total remuneration.

3.12 — PERCENTAGE SHARES OF THE REMUNERATION COMPONENTS (TARGET REMUNERATION)

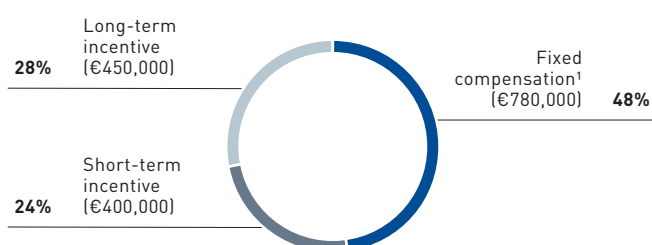
SHARES OF REMUNERATION COMPONENTS – CHIEF EXECUTIVE OFFICER



SHARES OF REMUNERATION COMPONENTS – DEPUTY CHIEF EXECUTIVE OFFICER



SHARES OF REMUNERATION COMPONENTS – OTHER MEMBERS OF THE BOARD OF MANAGEMENT



COMPARISON OF ANNUAL CHANGE IN REMUNERATION WITH EARNINGS PERFORMANCE AND THE SALARY DEVELOPMENT OF EMPLOYEES

In structuring and defining the remuneration system for the members of the Board of Management, the Supervisory Board has also taken into account the remuneration and employment conditions applicable to the employee groups defined within the Group as “senior managers and the workforce,” particularly with regard to any changes over the last few years. To this end, the Supervisory Board has consistently applied the same definition of “senior managers” and “the workforce” as in previous years in accordance with the recommendations of the German Corporate Governance Code. Furthermore, the Supervisory Board has thoroughly reviewed the remuneration of the members of the

Board of Management in comparison to the remuneration of senior managers and the workforce with a view to ensure that the remuneration of the Board of Management members does not increase more strongly in the long-term average than that of senior managers and the workforce. Moreover, it has performed a review to ensure consistency between the remuneration and fringe benefit systems for the members of the Board of Management on the one hand and senior managers and the workforce on the other in order to support the strategic orientation and management of Dürr AG and its companies.

→ Table 3.13 shows a comparison of the percentage change in the remuneration of the members of the Board of Management with the Dürr Group’s earnings performance and changes in the average remuneration of full-time-equivalent employees over the

3.13 — COMPARISON OF THE ANNUAL CHANGE IN THE REMUNERATION OF THE BOARD OF MANAGEMENT WITH EARNINGS AND EMPLOYEE SALARIES OVER TIME

Annual change	Percentage change in 2021 over 2020	Percentage change in 2020 over 2019	Percentage change in 2019 over 2018	Percentage change in 2018 over 2017	Percentage change in 2017 over 2016
REMUNERATION OF THE BOARD OF MANAGEMENT					
Ralf W. Dieter (Chief Executive Officer) (from January 1, 2005)	+14.9%	–33.3%	–14.3%	–9.6%	+0.5%
Dr. Jochen Weyrauch (from January 1, 2017)	+51.1%	–9.7%	–19.5%	+10%	–
Dietmar Heinrich (from August 1, 2020)	+53.4%	–	–	–	–
Pekka Paasivaara ¹ (Date of appointment: January 1, 2019 Date of withdrawal: December 31, 2020)	–	+284.8%	–	–	–
Carlo Crosetto ² (Date of appointment: March 1, 2017 Date of withdrawal: February 29, 2020)	–	–38%	+17.6%	–13.9%	–
BUSINESS PERFORMANCE OF THE DÜRR GROUP					
EBIT	+1,480%	–94%	–16%	–19%	+6%
Net profit for the year of Dürr AG	+478%	–171%	–60%	–28%	+156%
AVERAGE SALARIES OF FULL-TIME EMPLOYEES OVER TIME					
Salaries of all employees or of a reference group over time ³	+0.6%	–1.1%	+2.6%	+3.4%	+2.0%

¹ Including compensation from residual terms of service contracts between the relevant member of the Board of Management and Dürr AG as well as HOMAG Group AG

² Benefits received under all ongoing LTI tranches upon the termination of the Board of Management service contract in 2019

³ Includes all pay-scale and non-pay-scale employees of the German companies, with the exception of executive employees and members of the Board of Management as well as members of management; part-time contracts extrapolated on the basis of full-time contracts

previous year. This comparison includes all pay-scale and non-pay-scale employees of the German companies, with the exception of executive employees and members of the Board of Management as well as members of the senior management, while part-time contracts have been extrapolated on the basis of full-time contracts. The remuneration of the members of the Board of Management included in the table shows the remuneration granted and owed within the meaning of Section 162 (1) Sentence 1 of the German Stock Corporation Act in the respective fiscal year. Where members of the Board of Management were only remunerated on a time-proportionate basis in individual fiscal years, e.g. because their appointment commenced during the year, the remuneration for that fiscal year was extrapolated on the basis of a full year in the interest of comparability.

The independent auditor has audited the remuneration report in accordance with Section 162 (3) Sentence 2 of the German Stock Corporation Act. Earnings are presented on the basis of the Dürr Group's EBIT (earnings before interest and taxes). For formal reasons, it is also presented on the basis of Dürr AG's net profit for the year; however, Dürr AG's individual financial statements are of lesser importance in terms of Group management.

REVIEW OF THE APPROPRIATENESS OF THE REMUNERATION OF THE BOARD OF MANAGEMENT

The Supervisory Board conducted a review of the remuneration of the Board of Management during the 2020 fiscal year, arriving at the conclusion that the amount of the remuneration is appropriate from a legal perspective within the meaning of Section 87 (1) of the German Stock Corporation Act. The Supervisory Board also regularly relies on external advice to assess the appropriateness

of the remuneration of the Board of Management and any retirement benefits. On the one hand, the amount and structure of the remuneration of the Board of Management relative to the remuneration of senior managers and the workforce as a whole is assessed from an external perspective (vertical comparison). In addition to an analysis of the status quo, the vertical comparison also takes into account changes in remuneration ratios over time. On the other hand, the amount and structure of the remuneration are assessed on the basis of Dürr AG's position within a peer group (horizontal comparison). In addition to fixed remuneration, the horizontal comparison also includes the short- and long-term remuneration components as well as the amount of fringe benefits and payments towards private pension benefits. The peer group was carefully selected by the Supervisory Board in order to avoid any automatic upward change in remuneration.

SERVICE CONTRACTS

The contracts with the members of the Board of Management are entered into for a period of three years when they join the Board of Management. When the contracts are due for renewal, they are usually extended to bring the entire contract term to a total of five years, as permitted by law. Mr. Dieter's service contract was terminated by mutual agreement on December 31, 2021 to facilitate an orderly succession process; originally, his contract had a term until June 30, 2023. Following his appointment as new Chief Executive Officer, Dr. Weyrauch received a contract with a term from January 1, 2022 to December 31, 2026. Mr. Heinrich's contract expires on July 31, 2023. Please also note the information in the paragraph entitled "Disclosures pursuant to Sections 289a and 315a of the German Commercial Code (HGB)" in the management report.

Remuneration of the Supervisory Board

REMUNERATION SYSTEM FOR THE SUPERVISORY BOARD DURING THE 2021 FISCAL YEAR

The remuneration system for the Supervisory Board is approved by the annual general meeting on the basis of a proposal submitted by the Supervisory Board and the Board of Management. The rules governing remuneration are laid down in Dürr AG's Articles of Incorporation. In regular intervals of no more than four years, the Supervisory Board reviews whether the amount and structure of the remuneration are still consistent with market standards and aptly reflect the tasks of the Supervisory Board as well as the Company's position. For this purpose, the Supervisory Board performs a horizontal market comparison. In doing so, it may seek the advice of an external independent expert. The market appropriateness of the remuneration system was confirmed in the 2021 fiscal year. In this context, the remuneration system for the Supervisory Board has been changed to solely include fixed, non-performance-related components, in line with the recommendation of the German Corporate Governance Code. The revised remuneration system for the members of the Supervisory Board was approved at the annual general meeting on May 7, 2021 in accordance with Section 113 (3) Sentences 1 and 2 of the German Stock Corporation Act by a majority of 98.19% of the votes cast.

Components of the Supervisory Board remuneration

The members of the Supervisory Board receive fixed remuneration, attendance fees, fringe benefits (consisting of the reimbursement of expenses and insurance cover) and, if they exercise any activities on committees of the Supervisory Board, remuneration for such activities.

Remuneration for activities on the Supervisory Board

Each member of the Supervisory Board receives €58,000 p.a. The Chairman of the Supervisory Board receives three times the aforementioned amount of fixed remuneration paid to ordinary members of the Supervisory Board, and the Deputy Chairman and the second Deputy Chairman receive one and a half times the aforementioned amount.

Remuneration for activities on a Supervisory Board committee

The remuneration paid to the members of the Audit Committee is €10,000 per year, while the members of the Personnel Committee receive €5,000 per year. The Chairs of these two committees

receive three times and any Deputy Chairs one and a half times this amount. The members of the Nominating Committee do not receive any fixed remuneration but a remuneration of €2,500 per meeting; the Chair receives one and a half times that amount.

Attendance fee

Members receive an attendance fee of €1,000 per meeting for meetings of the Supervisory Board, the Audit Committee, and the Personnel Committee as well as any other committees of the Supervisory Board (with the exception of the Nominating Committee). This also applies to any ad-hoc committees. The Chairman of any other committees of the Supervisory Board, including those formed on an ad-hoc basis, receives an attendance fee of €2,000.

Fringe benefits (reimbursement of expenses, value added tax)

In addition, the members of the Supervisory Board are reimbursed for any expenses arising in the performance of their duties, which may include any statutory value added tax payable by them. D&O insurance, the premium for which is paid for by the Company, has been taken out for the members of the Supervisory Board and is subject to a deductible.

Comparison of annual change in remuneration with earnings performance and the salary development of employees

→ **Table 3.15** shows a comparison of the percentage change in the remuneration of the members of the Supervisory Board with the Dürr Group's earnings and the changes in the average remuneration of full-time-equivalent employees over the previous year. This comparison is based on the employees in Germany, including senior managers, as a peer group. The remuneration granted and owed in the respective fiscal year was used as the basis for identifying the change in the remuneration of the Supervisory Board members. Where members of the Supervisory Board were only remunerated on a time-proportionate basis in individual fiscal years, e.g. because their appointment commenced during the year, the remuneration for that fiscal year was extrapolated on the basis of a full year in the interest of comparability.

The independent auditor has audited the remuneration report in accordance with Section 162 (3) Sentence 2 of the German Stock Corporation Act. Earnings are presented on the basis of the Dürr Group's EBIT (earnings before interest and taxes). For formal reasons, it is also presented on the basis of Dürr AG's net profit for the year; however, Dürr AG's individual financial statements are of lesser importance in terms of Group management.

3.14 — “REMUNERATION GRANTED AND OWED” IN ACCORDANCE WITH SECTION 162 (1) SENTENCE 1 OF THE GERMAN STOCK CORPORATION ACT

€	Year	Fixed remuneration	Variable remuneration ¹	Remuneration for committee activities	Attendance fee	Total
Gerhard Federer^{2,3}	2021	204,000	–	33,250	54,000	291,250
Chairman (from May 28, 2020)						
Personnel Committee/Executive Committee (Chairman, from May 28, 2020)						
Audit Committee (Chairman until May 28, 2020, no membership from May 29, 2020, renewed membership from September 29, 2021)						
Mediation Committee (from May 28, 2020)						
Nominating Committee (from May 28, 2020)	2020	101,661	0	42,250	36,000	179,917
Karl-Heinz Streibich	2021	–	–	–	–	–
Chairman (until May 28, 2020)						
Personnel Committee/Executive Committee (Chairman, until May 28, 2020)						
Mediation Committee (Chairman, until May 28, 2020)						
Nominating Committee (Chairman, until May 28, 2020)	2020	50,000	0	13,750	6,000	69,750
Hayo Raich³	2021	90,000	–	5,000	10,900	105,900
Deputy Chairman						
Personnel Committee/Executive Committee						
Mediation Committee (Deputy Chairman)	2020	63,000	0	5,000	14,900	82,900
Richard Bauer	2021	87,000	–	7,500	10,000	104,500
Second Deputy Chairman						
Personnel Committee/Executive Committee						
Mediation Committee						
Nominating Committee	2020	60,000	0	10,000	15,000	85,000
Mirko Becker	2021	58,000	–	10,000	13,000	81,000
Audit Committee	2020	40,000	0	10,000	14,000	64,000
	2021	58,000	–	–	7,000	65,000
Dr. Rolf Breidenbach	2020	40,000	0	–	9,000	49,000
Prof. Dr. Dr. Alexandra Dürr	2021	58,000	–	12,500	12,000	82,500
Audit Committee						
Nominating Committee	2020	40,000	0	15,000	13,000	68,000
Carmen Hettich-Günther³	2021	78,000	–	13,500	30,000	121,500
Mediation Committee	2020	60,000	0	13,500	31,000	104,500
Thomas Hohmann	2021	58,000	–	2,500	9,000	69,500
Audit Committee (from September 29, 2021)	2020	40,000	0	–	8,000	48,000
	2021	68,000	–	6,000	21,000	95,000
Dr. Anja Schuler³	2020	50,000	0	7,500	23,000	80,500
Dr. Martin Schwarz-Kocher	2021	58,000	–	10,000	13,000	81,000
Audit Committee	2020	40,000	0	10,000	12,000	62,000
Dr. Astrid Ziegler	2021	58,000	–	5,000	10,000	73,000
Personnel Committee/Executive Committee	2020	40,000	0	5,000	14,000	59,000
Arnd Zinnhardt (from May 28, 2020)	2021	58,000	–	30,000	13,000	101,000
Audit Committee (Chairman, from May 28, 2020)	2020	23,333	0	17,500	9,000	49,833
	2021	933,000	–	135,250	202,900	1,271,150
	2020	648,000	0	149,500	204,900	1,002,400
Total	2019	650,500	217,500	126,000	166,600	1,160,600

¹ Since January 1, 2021, the remuneration system for the Supervisory Board no longer includes any variable components, as recommended in the German Corporate Governance Code. The fixed remuneration has been adjusted accordingly as part of the transition.

² Chairman of HOMAG Group AG's Supervisory Board since January 1, 2021

³ Also a member of the Supervisory Boards of Dürr Systems AG, HOMAG Group AG, and HOMAG GmbH; the relevant remuneration components are included.

3.15 — COMPARISON OF THE ANNUAL CHANGE IN THE REMUNERATION OF THE SUPERVISORY BOARD WITH EARNINGS PERFORMANCE AND EMPLOYEE SALARIES OVER TIME

Percentage change	2021 over 2020	2020 over 2019	2019 over 2018	2018 over 2017	2017 over 2016
CHANGE IN SUPERVISORY BOARD REMUNERATION					
Gerhard Federer^{1,2} Chairman of the Supervisory Board from May 28, 2020 Audit Committee: Chairman from May 4, 2016 to May 28, 2020 Audit Committee: Member from September 29, 2021 Personnel Committee: Chairman from May 28, 2020 Nominating Committee: Chairman from May 28, 2020	+62%	+20%	+15%	+2%	+1%
Karl-Heinz Streibich Chairman of the Supervisory Board from January 1, 2018 to May 28, 2020 Personnel Committee: Chairman from January 1, 2018 to May 28, 2020 (previously member) Nominating Committee: Chairman from January 1, 2018 to May 28, 2020 (previously member)	–	–16%	0%	+71%	+3%
Hayo Raich^{1,3} Deputy Chairman of the Supervisory Board Personnel Committee: Member	+28%	–17%	–2%	–5%	–1%
Richard Bauer Second Deputy Chairman of the Supervisory Board Personnel Committee: Member since January 1, 2018 Nominating Committee: Member since January 1, 2018	+23%	–8%	–4%	+61%	–
Mirko Becker³ Audit Committee: Member	+27%	–14%	–1%	–7%	+1%
Dr. Rolf Breidenbach	+33%	–18%	–4%	–	–
Prof. Dr. Dr. Alexandra Dürr Audit Committee: Member Nominating Committee: Member	+21%	–7%	–2%	–11%	+3%
Carmen Hettich-Günther^{1,3,4}	+16%	–21%	+3%	+3%	+39%
Thomas Hohmann Audit Committee: Member from September 29, 2021	+45%	–19%	–4%	–7%	0%
Dr. Anja Schuler¹	+18%	–9%	+2%	–3%	+2%
Dr. Martin Schwarz-Kocher³ Audit Committee: Member	+31%	–17%	–1%	–7%	+1%
Dr. Astrid Ziegler³ Personnel Committee: Member since May 4, 2016	+24%	–15%	–1%	–5%	+8%
Arnd Zinnhardt (from May 28, 2020) Audit Committee: Chairman from May 28, 2020	+19%	–	–	–	–
BUSINESS PERFORMANCE OF THE DÜRR GROUP					
EBIT	+1,480%	–94%	–16%	–19%	+6%
Net profit for the year of Dürr AG	+478%	–171%	–60%	–28%	+156%
AVERAGE SALARIES OF FULL-TIME EMPLOYEES OVER TIME					
Salaries of all employees or of a peer group over time	+0.6%	–1.1%	+2.6%	+3.4%	+2.0%

¹ Also a member of the Supervisory Board of Dürr Systems AG/HOMAG Group AG and HOMAG GmbH

² Since January 1, 2021 Chairman of the Supervisory Board of HOMAG Group AG; previously, from May 15, 2018, second Deputy Chairman of the Supervisory Board of HOMAG Group AG

³ These employee representatives have stated that they pay their remuneration over to the Hans Böckler Foundation in accordance with the guidelines of the Federation of German Trade Unions.

⁴ Since September 28, 2017, Deputy Chairman of the Supervisory Board of HOMAG Group AG

CONSOLIDATED FINANCIAL STATEMENTS

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4.1 — Consolidated statement of income

of Dürr Aktiengesellschaft, Stuttgart, for the period from January 1 to December 31, 2021

€ k	Note	2021	2020 ¹
Sales revenues	[7]	3,536,666	3,324,819
Cost of sales	[8]	-2,717,217	-2,728,550
Gross profit on sales		819,449	596,269
Selling expenses	[9]	-332,027	-296,267
General administrative expenses	[10]	-201,709	-181,873
Research and development costs	[11]	-123,855	-107,713
Other operating income	[13]	36,471	55,811
Other operating expenses	[13]	-22,658	-55,106
Earnings before investment result, interest and income taxes		175,671	11,121
Investment result	[15]	-258	5,638
Interest and similar income	[16]	8,162	4,410
Interest and similar expenses	[16]	-51,018	-39,708
Earnings before income taxes		132,557	-18,539
Income taxes	[17]	-47,617	4,676
Result of the Dürr Group		84,940	-13,863
Attributable to			
Non-controlling interests		1,895	1,946
Shareholders of Dürr Aktiengesellschaft		83,045	-15,809
Number of shares issued in thousands		69,202.08	69,202.08
Earnings per share in € (basic)	[27]	1.20	-0.23
Earnings per share in € (diluted)	[27]	1.16	-0.23

¹ To improve comparability, the valuation allowances, impairments and derecognitions of trade receivables and contract assets were reclassified from selling expenses into cost of sales.

4.2 — Consolidated statement of comprehensive income

of Dürr Aktiengesellschaft, Stuttgart, for the period from January 1 to December 31, 2021

€ k	Note	2021	2020
Result of the Dürr Group		84,940	-13,863
Items of other comprehensive income that are not reclassified to profit or loss			
Remeasurement of defined benefit plans and similar obligations	[28]	6,671	-1,536
Associated deferred taxes	[17]	-1,645	316
Items of other comprehensive income that may be reclassified subsequently to profit or loss			
Changes in fair value of financial instruments used for hedging purposes recognized in equity	[41]	-4,876	687
Associated deferred taxes	[17]	1,358	-144
Reclassifications from currency translation reserve through profit or loss		-	-1,035
Currency translation effects		41,444	-46,305
Currency translation effects from entities accounted for using the equity method		-	11
Other comprehensive income, net of tax		42,952	-48,006
Total comprehensive income, net of tax		127,892	-61,869
Attributable to			
Non-controlling interests		1,972	1,624
Shareholders of Dürr Aktiengesellschaft		125,920	-63,493

4.3 — Consolidated statement of financial position

of Dürr Aktiengesellschaft, Stuttgart, as of December 31, 2021

€ k	Note	December 31, 2021	December 31, 2020
ASSETS			
Goodwill	(18, 43)	501,917	457,931
Other intangible assets	(18, 43)	228,901	203,396
Property, plant and equipment	(18, 43)	567,961	488,444
Investment property	(18, 43)	17,480	19,039
Investments in entities accounted for using the equity method	(19, 43)	18,462	19,518
Other financial assets	(19, 43)	18,454	15,783
Trade receivables	(22)	29,358	26,413
Sundry financial assets	(23)	6,168	5,472
Deferred tax assets	(17)	72,575	76,585
Other assets	(25)	3,378	2,979
Non-current assets		1,464,654	1,315,560
Inventories and prepayments	(20)	688,812	508,621
Contract assets	(21)	456,963	393,432
Trade receivables	(22)	558,566	483,828
Sundry financial assets	(23)	285,531	309,031
Cash and cash equivalents	(24)	583,144	769,195
Income tax receivables	(17)	30,816	30,060
Other assets	(25)	78,944	61,780
Assets held for sale	(26)	6,194	7,250
Current assets		2,688,970	2,563,197
Total assets Dürr Group		4,153,624	3,878,757

€ k	Note	December 31, 2021	December 31, 2020
EQUITY AND LIABILITIES			
Subscribed capital	[27]	177,157	177,157
Capital reserves	[27]	74,428	74,428
Revenue reserves	[27]	787,952	734,455
Other comprehensive income		-39,424	-82,360
Total equity attributable to the shareholders of Dürr Aktiengesellschaft		1,000,113	903,680
Non-controlling interests		5,474	4,458
Total equity		1,005,587	908,138
Provisions for post-employment benefit obligations	[28]	50,894	58,095
Other provisions	[29]	27,504	21,373
Contract liabilities	[30]	3,324	3,235
Trade payables	[31]	976	372
Bond, convertible bond and Schuldschein loans	[32]	803,700	602,168
Other financial liabilities	[32]	94,073	71,682
Sundry financial liabilities	[33]	40,211	21,949
Deferred tax liabilities	[17]	36,037	37,259
Other liabilities	[34]	92	79
Non-current liabilities		1,056,811	816,212
Other provisions	[29]	190,979	192,315
Contract liabilities	[30]	929,465	648,895
Trade payables	[31]	372,032	377,156
Bond, convertible bond and Schuldschein loans	[32]	-	349,744
Other financial liabilities	[32]	39,634	44,408
Sundry financial liabilities	[33]	376,774	362,290
Income tax liabilities	[17]	68,008	68,281
Other liabilities	[34]	114,334	111,318
Current liabilities		2,091,226	2,154,407
Total equity and liabilities Dürr Group		4,153,624	3,878,757

4.4 — Consolidated statement of cash flows

of Dürr Aktiengesellschaft, Stuttgart, for the period from January 1 to December 31, 2021

Note [37]

€ k	2021	2020
Earnings before income taxes	132,557	-18,539
Income taxes paid	-45,525	-32,702
Net interest	42,856	35,298
Profit from entities accounted for using the equity method	-1,251	-4,788
Dividends from entities accounted for using the equity method	1,761	7,816
Amortization, depreciation and impairment of non-current assets	123,700	114,151
Net loss on the disposal of non-current assets	293	943
Net gain from the disposal of assets classified as held for sale	-2,525	-2,368
Other non-cash income and expenses	12,976	-8,831
Changes in operating assets and liabilities		
Inventories	-137,172	24,387
Contract assets	-30,718	112,876
Trade receivables	11,480	85,769
Other receivables and assets	-1,313	-26,835
Provisions	-17,982	40,598
Contract liabilities	211,969	-17,011
Trade payables	-35,699	-92,540
Other liabilities (other than financing activities)	-8,440	-3,267
Cash flow from operating activities	256,967	214,957
Purchase of intangible assets	-25,083	-23,217
Purchase of property, plant and equipment ¹	-53,887	-28,866
Purchase of other financial assets	-936	-1,000
Proceeds from the sale of non-current assets	3,625	6,005
Acquisitions, net of cash acquired	-74,946	10,142
Investments in time deposits and sundry financial assets	14,581	-89,890
Proceeds from the sale of assets classified as held for sale	7,947	4,839
Interest received	6,814	2,798
Cash flow from investing activities	-121,885	-119,189

¹ The item "Purchase of property, plant and equipment" does not include cash outflows from additions to right-of-use assets from leases as there are no cash outflows at the acquisition date (exception: incidental acquisition cost and prepayments).

Note (37)

€ k	2021	2020
Change in current bank liabilities and other financing activities	-1,007	-1,931
Schuldschein loan repayment and redemption of other non-current financial liabilities	-141,499	-102,899
Bond repayment	-300,000	-
Convertible bond issue	-	147,428
Schuldschein loan issue	197,965	114,756
Payments of lease liabilities	-34,347	-29,706
Transactions with non-controlling interests	-1,827	-14,217
Dividends paid to the shareholders of Dürr Aktiengesellschaft	-20,761	-55,362
Dividends paid to non-controlling interests	-3,086	-1,092
Tendering of shares as part of the settlement offer to the shareholders of HOMAG Group AG	-1	-4,320
Interest paid	-29,619	-25,242
Cash flow from financing activities	-334,182	27,415
Effects of exchange rate changes	12,889	-16,070
Change in cash and cash equivalents	-186,211	107,113
Cash and cash equivalents		
At the beginning of the period	770,157	663,044
At the end of the period	583,946	770,157
Less allowance according to IFRS 9	-802	-962
Cash and cash equivalents at the end of the reporting period (consolidated statement of financial position)	583,144	769,195

4.5 — Consolidated statement of changes in equity

of Dürr Aktiengesellschaft, Stuttgart, for the period from January 1 to December 31, 2021

€ k	Subscribed capital	Capital reserves	Revenue reserves
January 1, 2020	177,157	67,318	820,820
Result of the year	–	–	–15,809
Other comprehensive income	–	–	–
Total comprehensive income, net of tax	–	–	–15,809
Capital increase Dürr Aktiengesellschaft	–	7,110	–
Dividends	–	–	–55,362
Options of non-controlling interests	–	–	–7,174
Other changes	–	–	–8,020
December 31, 2020	177,157	74,428	734,455
Result of the year	–	–	83,045
Other comprehensive income	–	–	–
Total comprehensive income, net of tax	–	–	83,045
Dividends	–	–	–20,761
Options of non-controlling interests	–	–	–8,260
Other changes	–	–	–527
December 31, 2021	177,157	74,428	787,952

Note (27)

Other comprehensive income							
Items that are not reclassified to profit or loss	Items that may be reclassified subsequently to profit or loss						
Remeasurement of defined benefit plans	Unrealized gains/losses from cash flow hedges	Changes in the consolidated group/ reclassifications	Currency translation	Other comprehensive income	Total equity attributable to the shareholders of Dürr Aktiengesellschaft	Non-controlling interests	Total equity
-38,023	-470	586	3,253	-34,654	1,030,641	12,745	1,043,386
-	-	-	-	-	-15,809	1,946	-13,863
-1,130	543	-	-47,097	-47,684	-47,684	-322	-48,006
-1,130	543	-	-47,097	-47,684	-63,493	1,624	-61,869
-	-	-	-	-	7,110	-	7,110
-	-	-	-	-	-55,362	-1,092	-56,454
-	-	-	-	-	-7,174	-5,145	-12,319
-	-	-22	-	-22	-8,042	-3,674	-11,716
-39,153	73	564	-43,844	-82,360	903,680	4,458	908,138
-	-	-	-	-	83,045	1,895	84,940
5,023	-3,518	-	41,370	42,875	42,875	77	42,952
5,023	-3,518	-	41,370	42,875	125,920	1,972	127,892
-	-	-	-	-	-20,761	-3,086	-23,847
-	-	-	-	-	-8,260	-4,644	-12,904
-111	-	-17	189	61	-466	6,774	6,308
-34,241	-3,445	547	-2,285	-39,424	1,000,113	5,474	1,005,587

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE 2021 REPORTING PERIOD

Basis of presentation

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company

Dürr Aktiengesellschaft ("Dürr AG" or the "Company") has its registered offices in Stuttgart, Germany. Its headquarters for operations are located at Carl-Benz-Strasse 34 in 74321 Bietigheim-Bissingen, Germany. The Dürr Group, which consists of Dürr AG and its subsidiaries, is a mechanical and plant engineering company with distinct competence in automation and digitalization. The Group is one of the global market leaders in almost all of its fields of business. In addition to the automotive industry, it also acts as supplier of production technology for other industries including the mechanical engineering, chemical, pharmaceutical and woodworking industries. A new customer group that was added upon acquiring the majority shareholding in Teamtechnik Maschinen und Anlagen GmbH are manufacturers of medical technical products. The Dürr Group serves the market with five global divisions: Paint and Final Assembly Systems offers assembly and paint finishing technology, mainly for the automotive industry, as well as testing technology, assembly products and filling technology for final vehicle assembly. The business of Teamtechnik Group that has been consolidated since February 5, 2021 also belongs to Paint and Final Assembly Systems. Teamtechnik Group's focus is on test systems for electric drives as well as assembly and test systems for the manufacturing of medical technical products. Application Technology manufactures products and systems for automated paint applications as well

as sealing and glueing technology. Clean Technology Systems primarily manufactures plant and equipment for purifying exhaust gases and also offers noise abatement systems and solutions for coating battery electrodes. Measuring and Process Systems offers balancing and diagnostics equipment and testing as well as solutions for filling refrigerators, air conditioners and heat pumps with coolant. Woodworking Machinery and Systems develops and manufactures machinery and systems used for wood processing in the production of furniture and kitchens. The division also focuses on systems for the production of building components for climate-friendly timber houses.

Accounting policies

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) at the end of the reporting period and the additional requirements of the German commercial law pursuant to Sec. 315e (1) HGB ["Handelsgesetzbuch": German Commercial Code].

The accounting policies used generally correspond to the policies applied in the prior period. In addition, the Group has applied the new and/or revised standards and the interpretations issued by the International Financial Reporting Standards Committee (IFRIC) that became mandatory for the first time in the 2021 reporting period. → [table 4.6](#)

The Group elected not to adopt standards and IFRIC interpretations early which have already been issued but have not yet become effective. Generally speaking, the Dürr Group intends to adopt all standards when they become effective. The requirements of

4.6 — CHANGES IN ACCOUNTING POLICIES FROM THE ADOPTION OF THE NEW AND REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

	First-time application ¹	Adopted by the EU Commission	Impact on the Dürr Group
AMENDED STANDARDS/INTERPRETATIONS			
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform" (phase 2)	January 1, 2021	Yes	Immaterial
IFRS 16 "Leases" – COVID-19-Related Rent Concessions after June 30, 2021	April 2021	Yes	None ²

¹ The standards/amendments are effective for reporting periods beginning on or after the specified date.

² The Group did not make use of the practical expedient introduced with the amendments to IFRS 16.

4.7 — ACCOUNTING STANDARDS AND INTERPRETATIONS THAT HAVE BEEN PUBLISHED BUT NOT YET ADOPTED IN THE REPORTING PERIOD

	First-time application ¹	Adopted by the EU Commission	Impact on the Dürr Group
NEW STANDARDS			
IFRS 17 "Insurance Contracts" (issued in 2017) and amendments (issued in 2020)	January 1, 2023	Yes	Immaterial
AMENDED STANDARDS/INTERPRETATIONS			
IFRS 3, IAS 16, IAS 37 and Annual Improvements to IFRSs Cycle 2018–2020	January 1, 2022	Yes	Immaterial
IAS 1 "Classification of Liabilities as Current or Non-Current" – Postponement of the effective date	January 1, 2023	No	None
IAS 1 "Presentation of Financial Statements" – Disclosure of Accounting Policies	January 1, 2023	No	Immaterial
IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" – Definition of Accounting Estimates	January 1, 2023	No	None
IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction" (issued on May 7, 2021)	January 1, 2023	No	None
First-time application of IFRS 17 and IFRS 9 – Comparative information	January 1, 2023	No	Immaterial

¹ The standards/amendments are effective for reporting periods beginning on or after the specified date.

the standards applied have been satisfied in full. The financial statements thus give a true and fair view of the net assets, financial position and results of operations and cash flows of the Group.

The Dürr Group's reporting period is the calendar year. The consolidated financial statements are prepared in euros; all amounts are presented in thousands of euro, unless stated otherwise.

All assets and liabilities are measured at historical or amortized cost. Exceptions to this rule are derivative financial instruments measured at fair value, other financial assets as well as financial assets measured at fair value through profit or loss or through other comprehensive income. Put options, liabilities from

purchase price installments and obligations from share-based compensation are also measured at fair value.

Assets and liabilities are treated as current if they are realized or settled within twelve months of the end of the reporting period. Within the statement of financial position, assets and liabilities with a remaining term of more than twelve months are presented as non-current. By contrast, deferred tax assets and deferred tax liabilities within the statement of financial position are always reported as non-current. Besides this, liabilities with a remaining term of between one and five years are presented in the notes to the consolidated financial statements as medium-term and those with a remaining term of more than five years as long-term.

Coronavirus pandemic

The accounting policies underlying the consolidated financial statements as well as the estimation methods have not been amended due to the coronavirus pandemic. However, the estimates and assumptions are subject to heightened uncertainty. For more information on the impact of the coronavirus pandemic on estimates and accounting judgments, business performance as well as on net assets, financial position and results of operations in the reporting period, please refer to → [note 6](#).

2. BASIS OF CONSOLIDATION

The financial statements of the Dürr Group are based on the IFRS financial statements of Dürr AG and the consolidated entities and entities accounted for using the equity method as of December 31, 2021 and are prepared in accordance with uniform policies and audited by independent auditors.

For entities included in the consolidated financial statements for the first time, acquisition accounting is performed according to the acquisition method of accounting pursuant to IFRS 3 "Business Combinations". This involves offsetting the cost of the shares acquired against the proportionate equity of the subsidiaries. All assets and liabilities and contingent liabilities acquired are included in the consolidated statement of financial position at the acquisition date, taking hidden reserves and encumbrances into account. Any remaining positive difference is shown as goodwill. Negative differences are posted immediately to profit or loss. For acquisitions in which less than 100% of the shares are purchased, IFRS 3 provides for a choice between the partial goodwill method and the full goodwill method. This option can be exercised for every business combination. The Dürr Group determines the method to be used to recognize the goodwill for each business combination. For information on exercising the option for individual business combinations, please refer to → [note 18](#). Changes in ownership interests in subsidiaries that cause the Group's interest to increase or decrease without loss of control are treated as transactions between equity providers that do not affect profit or loss.

For acquisitions in which less than 100% of the shares are purchased, the proportionate share of equity attributable to the owners of non-controlling interests is generally recognized under equity. If there are obligations to acquire non-controlling interests in subsidiaries through put options, a liability is recognized for the put options. The liability is measured at the present value of the exercise amount. It must also be assessed whether the Group currently has access to the economic benefits linked to the shares subject to the put options. If this is the case, then no non-controlling interests are reported under Group equity. Instead,

these shares are accounted for as already acquired by the Group by exercising the put options. If the Group does not currently have access to the economic benefits, the share of equity relating to the non-controlling interests is derecognized on every reporting date. Any difference between the non-controlling interests in equity and the liability is offset against the revenue reserves of the Dürr Group.

Intragroup sales revenues, other income and expenses, all intragroup receivables, liabilities, provisions as well as cash and cash equivalents received and paid are eliminated. Intragroup profits which are not realized by sale to third parties are eliminated.

Entities over which Dürr AG exercises significant influence (associates) are accounted for using the equity method. Significant influence means the power to participate in the financial and operating policy of the investee. Interests in entities accounted for using the equity method are initially recognized at cost. Costs exceeding the share in the net assets of the entity accounted for using the equity method, after taking into account hidden reserves or encumbrances, are recognized as goodwill. Goodwill resulting from the acquisition of an associate is included in the carrying amount of the entity accounted for using the equity method and is not amortized, but tested instead for impairment as part of the overall carrying amount of the entity accounted for using the equity method.

For subsequent measurement, the Dürr Group's share of the profit or loss of the entity accounted for using the equity method is recorded under investment result in the consolidated statement of income. The share of other comprehensive income is recognized directly in Group equity. The cumulative changes after the acquisition date increase or decrease the carrying amount of the entity accounted for using the equity method. Dividends received are deducted from the carrying amount. If the losses of an entity accounted for using the equity method attributable to the Group correspond to or exceed the value of the interest in this entity, no further losses are recognized unless the Group has entered into obligations or has made payments for the entity accounted for using the equity method.

3. CONSOLIDATED GROUP

Besides Dürr AG, the consolidated financial statements as of December 31, 2021, contain all entities in Germany and other countries which Dürr AG can control directly or indirectly. Under IFRS 10 "Consolidated Financial Statements", control exists if an entity is exposed to or has rights to positive or negative returns from its involvement with another entity. It must also have the

ability to affect these variable returns through its power over the investee. Control can exist due to voting rights or prevailing circumstances as a result of contractual arrangements, among other things.

The entities are included in the consolidated financial statements of Dürr AG from the date on which the possibility of control was obtained. For most of the Group companies, control is based on holding the majority of voting rights. For four companies the Dürr Group has the power to exercise control on account of contractual arrangements, even though in each case the Group only holds 50% of the shares or 50% or less of the voting rights in the company. At two of the entities, the Group can enforce a decision in case of parity of votes; at the other two entities, the Dürr Group manages the operations. Consolidation of an entity included in the consolidated financial statements ceases when the Dürr Group loses control over the entity.

Structured entities

A structured entity is often characterized by restricted activities and a narrow and precisely defined purpose. A key characteristic is that voting rights do not have any significant effect on the returns from this entity. The possibility of control does not result from the majority interest in capital or from voting rights, but rather from contractual arrangements.

In the 2021 reporting period, the consolidated group contained five structured entities. These are lease property companies with properties at the Freiberg am Neckar, Germany, site. The structured entities were founded to finance the acquisition of these properties and the Group is the lessee of these properties. The Group holds a share of the capital in two of the five entities, but not the majority of voting rights.

By means of the lease agreements, the Dürr Group makes decisions on the relevant activity for the residual value realization of the properties based on contractual extension options as well as the purchase options at the residual carrying value for tax purposes. The usage of cash and cash equivalents is also specified in the contractual arrangements. The Dürr Group is thus able to use its control over the properties through the rights from the lease agreements and to influence the amount of the variable returns. Based on the underlying contractual terms and conditions, all five entities are therefore included in the consolidated financial statements as structured entities in accordance with IFRS 10 "Consolidated Financial Statements" and IFRS 12 "Disclosure of Interests in Other Entities". There are no obligations to provide financial support.

Entities accounted for using the equity method

Entities over which the Dürr Group exercises significant influence pursuant to IAS 28 "Investments in Associates and Joint Ventures" (associates) as well as joint ventures as defined by IFRS 11 "Joint Arrangements" are accounted for using the equity method. Significant influence is presumed with a share of voting rights ranging from 20% to 50%. Associates are included in the consolidated financial statements using the equity method from the date on which the possibility of significant influence exists. For shares of voting rights below 20%, interests in entities are generally recognized under other investments.

4.8 — NUMBER OF ENTITIES

	Dec. 31, 2021	Dec. 31, 2020
FULLY CONSOLIDATED ENTITIES		
Germany	34	28
Other countries	93	97
	127	125
ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD		
Germany	–	–
Other countries	1	1
	1	1
OTHER INVESTMENTS		
Germany	2	3
Other countries	3	2
	5	5

The consolidated financial statements contain 21 entities (prior period: 11) which have non-controlling interests. There are four companies that are only included in the consolidated financial statements at cost on grounds of immateriality. Their contributions to sales revenues, earnings (before taxes) and Group equity are less than 0.03% each. The Dürr Group is not exposed to any risks from these entities due to their size, contribution to sales revenues, complexity and minor activities.

4. CHANGES IN THE CONSOLIDATED GROUP

4.9 — ADDITIONS OF FULLY CONSOLIDATED ENTITIES

Entity	Equity interest ¹	Effective as of	Interest acquired by
Cubanit Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs KG, Mainz/Germany	0.0%	February 5, 2021	Acquisition of control
Dawandos Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs KG, Mainz/Germany	70.5%	February 5, 2021	Acquisition of control
Elke Grundstücksverwaltungsgesellschaft mbH, Pullach im Isartal/Germany	0.0%	February 5, 2021	Acquisition of control
Grit Grundstücksverwaltungs-GmbH & Co. Verpachtungs-KG, Pullach im Isartal/Germany	75.0%	February 5, 2021	Acquisition of control
Sukzimit Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs KG, Mainz/Germany	0.0%	February 5, 2021	Acquisition of control
teamtechnik Automation GmbH, Ludwigsburg/Germany	75.0%	February 5, 2021	Acquisition
teamtechnik Maschinen und Anlagen GmbH, Freiberg a. N./Germany	75.0%	February 5, 2021	Acquisition
teamtechnik Corp., Atlanta, Georgia/USA	75.0%	February 5, 2021	Acquisition
teamtechnik Production Technology (Suzhou) Ltd., Suzhou/PR China	56.3%	February 5, 2021	Acquisition
Cogiscan Inc., Bromont, Quebec/Canada	100.0%	February 15, 2021	Acquisition
Kallesoe Machinery A/S, Lem/Denmark	70.6%	April 28, 2021	Acquisition
HOMAG (China) Machinery Co., Ltd., Shanghai/PR China	100.0%	July 13, 2021	Foundation
HEKUMA GmbH, Hallbergmoos/Germany	75.0%	July 30, 2021	Acquisition
Roomle GmbH, Linz/Austria	78.5%	August 13, 2021	Acquisition

¹ Calculated pro rata

Further information on additions of fully consolidated entities can be found in → [note 18](#).

4.10 — DECONSOLIDATIONS/MERGERS

Entity	Effective as of	Note
Homag eSolution GmbH, Schopfloch/Germany	January 1, 2021	Merged into SCHULER Consulting GmbH, Pfalzgrafenweiler/Germany
TM Teknik ApS, Odder/Denmark	January 1, 2021	Merged into System TM A/S, Odder/Denmark
HOMAG Finance GmbH, Schopfloch/Germany	January 1, 2021	Merged into Homag GmbH, Schopfloch/Germany
MEGTEC Systems Australia Inc., Wilmington, Delaware/USA	June 8, 2021	Merged into Durr MEGTEC Holdings Inc., De Pere, Wisconsin/USA
MEGTEC Thermal Energy & Environment Technology (Shanghai) Ltd., Shanghai/PR China	June 22, 2021	Closure
MEGTEC Systems Shanghai Ltd., Shanghai/PR China	June 22, 2021	Closure
MEGTEC Energy & Environmental LLC, De Pere, Wisconsin/USA	August 24, 2021	Merged into Durr MEGTEC Holdings Inc., De Pere, Wisconsin/USA
MTS Asia Inc., De Pere, Wisconsin/USA	August 24, 2021	Merged into Durr MEGTEC Holdings Inc., De Pere, Wisconsin/USA
Irigoyen 330 S.A., Buenos Aires/Argentina	August 31, 2021	Closure
Duerr Cyplan Limited, Aldermaston/UK	October 12, 2021	Closure
Durr MEGTEC Holdings Inc., De Pere, Wisconsin/USA	November 30, 2021	Merged into Dürr Inc., Southfield, Michigan/USA
Dürr Systems Czech Republic a.s., Ledec nad Sázavou/Czech Republic	December 23, 2021	Closure

5. CURRENCY TRANSLATION

Financial statements denominated in the foreign currency of the subsidiaries included in the consolidation are translated into euros on the basis of the functional currency concept pursuant to IAS 21 "The Effects of Changes in Foreign Exchange Rates". For the majority of foreign subsidiaries in the Group, the functional currency is the local currency since these entities operate independently from a financial, economic and organizational viewpoint. According to this concept, assets and liabilities are thus translated at closing rates, while income and expenses are generally translated at average rates. Any currency translation differences are recorded without effect on profit or loss in other comprehensive income.

In the separate financial statements of Dürr AG and its subsidiaries, receivables and liabilities in a currency other than the euro are measured at the historical rate; current transactions are translated at the current exchange rate. Any exchange rate gains and losses at the end of the reporting period are included in the statement of income. For actual figures of the exchange rate gains and losses recognized through profit or loss, please refer to → notes 8 and 13.

4.11 — SIGNIFICANT EXCHANGE RATES

in relation to one euro	Closing rate		Average rate	
	Dec. 31, 2021	Dec. 31, 2020	2021	2020
Pound sterling (GBP)	0.8400	0.8996	0.8585	0.8894
Chinese renminbi (CNY)	7.2172	8.0093	7.6165	7.8985
Danish krone (DKK)	7.4369	7.4402	7.4368	7.4534
Hong Kong dollar (HKD)	8.8277	9.5162	9.1832	8.8945
Indian rupee (INR)	84.1680	89.6896	87.1944	84.8994
Korean won (KRW)	1,344.9570	1,336.2020	1,354.2313	1,350.5068
Mexican peso (MXN)	23.1407	24.4094	24.0738	24.7196
Polish zloty (PLN)	4.5944	4.5566	4.5756	4.4670
US dollar (USD)	1.1320	1.2275	1.1813	1.1468

In the separate financial statements of the foreign subsidiaries, goodwill is translated at the rate prevailing at the end of the Group's reporting period. The hidden reserves identified in acquisitions are accounted for using the functional currency of the acquired entity. An adjusted average rate is used for entities consolidated for the first time during the year.

6. RECOGNITION AND MEASUREMENT POLICIES

Revenue recognition pursuant to IFRS 15 "Revenue from Contracts with Customers"

The Dürr Group generates most of its sales revenues from the production and delivery of customer-specific plant and machinery. For these contracts, the sales revenues and planned gross margin is realized in accordance with the percentage of completion method (PoC method) in line with the percentage of completion of a contract over the performance period. The criteria of IFRS 15 for this are: the asset does not have any other alternative use and, at the same time, the Group has an enforceable right to payment for work already performed. The progress toward satisfaction of a performance obligation is calculated on the basis of the costs incurred in relation to the total estimated costs (cost-to-cost method). This ensures that both sales revenues and the associated costs are systematically recorded and therefore the profit or loss from the contract is recognized in the period incurred over which the control over the goods or services is transferred. Customer payments are contractually agreed and based on the progress of projects and on milestones set. This keeps the time that elapses between customer payments and progress toward satisfaction of a performance obligation to a minimum. The Group came to the conclusion that the input-based method is best suited for determining the progress toward satisfaction of a performance obligation as the Group uses IT-supported calculation methods and, with the help of division-specific project controlling, is able to reliably estimate planned costs and monitor total costs.

Where it is not possible to give a reliable estimation of the progress toward complete satisfaction of a performance obligation based on output factors or input factors, the zero profit method (ZP method) is applied as long as it can be assumed that the Dürr Group can recover the costs incurred from satisfying the performance obligation. With the ZP method sales revenues and the associated costs are realized in equal amounts until it is possible to reliably estimate the progress toward complete satisfaction of a performance obligation. Thus the gross margin is at least partially recognized in profit and loss at a later stage of the contract.

The other portion of sales revenues from contracts with customers is generated from both the sale of standard machines, spare parts and other goods as well as the rendering of services. These sales revenues are recognized at the date on which the customer obtains control over the promised asset. This is usually the point in time when the machine is delivered to the customer, at which point the customer obtains legal title to the machine or has inspected it. Services are rendered and recorded as sales revenues upon their completion. For standard machines and spare parts, the customer makes the payment upon receiving the invoice, which is done following delivery or acceptance, depending on the contractual arrangements. Progress payments are also demanded from the customer.

Performance obligations

The Group divides its contracts with customers into performance obligations, separating them based on contractual terms into performance obligations that are either satisfied at a point in time or over time. The customer contracts are analyzed for separable performance obligations. In addition to the performance obligation to produce a machine or plant for the customer, separable performance obligations in the Paint and Final Assembly Systems, Application Technology and Clean Technology Systems divisions mainly include spare parts packages and partial modifications. In the Measuring and Process Systems and Woodworking Machinery and Systems divisions, it is primarily the assembly and commissioning that play a role as separable performance obligations.

Intangible assets

Intangible assets comprise goodwill, franchises, brand names, industrial rights and similar rights, internally generated software, capitalized development costs as well as acquired customer relationships, orders and technological know-how. Purchased and internally generated intangible assets are recognized pursuant to IAS 38 "Intangible Assets" if, in addition to other criteria, it is probable that a future economic benefit will flow to the entity from the use of the asset, and the cost of the asset can be reliably determined.

Intangible assets are recognized at cost. Intangible assets with a finite useful life are amortized over their useful life using the straight-line method, unless they are impaired. Goodwill and other intangible assets with indefinite useful lives are not amortized. Other intangible assets are tested once annually to determine whether events and circumstances still justify the assumption that they have an indefinite useful life. If this is not the case, the estimated useful life is changed on a prospective basis from indefinite to finite in accordance with the requirements of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". Intangible assets with an indefinite useful life are likewise tested once a year or sooner if there are any indications that an asset may be impaired. In addition to goodwill, the Dürr Group recognizes brand names as further intangible assets with mostly indefinite useful lives. These brand names are generally tested annually for impairment alongside goodwill. Like goodwill, the brand names are part of the net assets of a cash-generating unit. The brand name, which was capitalized in the course of the acquisition of the HOMAG China Golden Field Group, is tested separately for impairment each year.

In the Group, development costs are only recognized as internally generated intangible assets if the conditions set forth in IAS 38 are satisfied. These include the following criteria:

- Technical feasibility of completing the intangible asset so that it will be available for use or sale
- The probability of a future economic benefit arising from the use of the asset
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

Cost is the sum of all directly attributable expenditure incurred from the date when the intangible asset first meets the recognition criteria. Development costs which do not meet these criteria, as well as research costs, are recognized immediately as an expense. Amortization of capitalized development costs is disclosed under cost of sales in the statement of income.

4.12 — USEFUL LIVES OF INTANGIBLE ASSETS (ESTIMATED)

	years
Brand names with a finite useful life (DUALIS, Megtec, Universal)	4 to 6
Capitalized development costs	2 to 10
Franchises, industrial rights and similar rights	2 to 20
Customer relationships	4 to 10
Technological know-how	5 to 15
Other brand names	indefinite

More information on the brand names is provided in → [note 18](#).

Investment property

Properties are allocated to investment property if a change in use has occurred, which is substantiated by their being occupied by another party after the end of owner-occupation or the inception of an operating lease with another party.

Investment property is recognized initially at (amortized) cost, including transaction costs. The carrying amount contains the costs for investments to replace an existing investment property at the time these costs are incurred, provided the recognition criteria are satisfied, and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are measured at amortized cost.

Investment property is derecognized when it is sold or retired from active use and no future economic benefit is expected upon its disposal. Gains or losses arising from the retirement or disposal of investment property are recognized in the year of retirement or disposal.

Property, plant and equipment

Property, plant and equipment are accounted for at cost less straight-line depreciation over their useful life. Cost comprises all production costs that are directly attributable to the production process.

4.13 — USEFUL LIVES OF PROPERTY, PLANT AND EQUIPMENT (ESTIMATED)

	years
IT hardware	2 to 5
Machines and equipment	2 to 40
Furniture and fixtures	2 to 25
Buildings, hereditary building rights and leasehold improvements	3 to 50
Land	indefinite

The cost of property, plant and equipment includes major expenditures for replacements which extend useful lives or increase capacity. The historical cost of assets that are either sold or scrapped is derecognized, as is the accumulated depreciation. Any gains or losses from derecognition are determined as the difference between the net disposal proceeds and the carrying amount and recognized through profit or loss as other operating income or expenses in the period in which the item is derecognized. Costs of minor repairs and maintenance are posted immediately to profit or loss.

Government grants

In accordance with IAS 20 "Accounting for Government Grants and Disclosure of Government Assistance", government grants are only recorded if it is reasonably certain that the conditions attached to the grants will be fulfilled and the grants actually awarded. Grants that relate to an investment are deducted from the carrying amount of the subsidized asset. Grants related to income are recognized as deferred income and released in the correct period.

Leases

Several entities in the Dürr Group lease land, buildings, technical equipment and machines as well as office and operating equipment. One entity leases properties to external lessees.

A lease is a contract that transfers the right to use an asset (the leased asset) for a period of time in exchange for consideration. For these leases, the Dürr Group as lessee generally accounts for right-of-use assets and the corresponding payment obligations

over the lease term as lease liabilities from the commencement date. The right-of-use assets are recognized under property, plant and equipment or investment property, while the lease liabilities are recognized as part of financial liabilities (→ notes 18, 32, 37, 40 and 41). Lease liabilities correspond to the present value of the lease payments made over the lease term. These comprise the fixed payments, variable payments (if linked to an index or interest rate) and the exercise price of a purchase option if it is reasonably certain that the option will be exercised. In order to ensure that the terms are flexible, some leases for land and buildings in particular contain options to extend or terminate the lease. Depending on whether it is reasonably certain that the option will be exercised or will not be exercised, the optional periods are taken into account accordingly when determining the lease term. For discounting, the interest rate implicit in the lease is used if it can be determined. Otherwise, the incremental borrowing rate is used. Right-of-use assets are measured at acquisition cost and comprise the amount of the lease liabilities, restoration obligations and rent prepayments.

Lease liabilities and right-of-use assets are subsequently measured at amortized cost. The lease liability is measured using the effective interest method, i.e., the lease payments are apportioned between finance charges and redemption of the lease liability. This is done so as to achieve a constant rate of interest over the period on the remaining balance of the lease liability. → Notes 16 and 37 contain disclosures on interest expenses and interest payments from leases.

The lease liability is remeasured if the lease agreement is modified or changes are made to the lease payments, lease term or estimates regarding the exercise of purchase options. The right-of-use assets are amortized on a straight-line basis over the shorter of the lease term and their estimated useful lives and adjusted for any remeasurements of the lease liability.

4.14 — USEFUL LIVES OF RIGHT-OF-USE ASSETS (ESTIMATED)

	years
Vehicles	1 to 7
IT hardware	1 to 10
Machines and equipment	1 to 25
Land, buildings, hereditary building rights, office space	1 to 90

The Dürr Group makes use of the following exemptions and practical expedients:

- For short-term leases and leases of low-value assets, the lease payment is recognized through profit or loss.
- IFRS 16 “Leases” is not applied to intangible assets.
- Lessees do not separate lease and non-lease components.

Furthermore, intragroup liabilities are recognized through profit or loss in the reporting pursuant to IFRS 8 “Operating Segments” and not in the statement of financial position.

Leases in which the Dürr Group is the lessor relate to investment property. For these leases, the opportunities and risks remain within the Group. The lease payments are recognized by the lessor separately from non-lease components on a straight-line basis as sales revenues from lease agreements.

Impairment testing for intangible assets and property, plant and equipment including right-of-use assets

All intangible assets with an indefinite useful life, intangible assets which are not yet ready for use and goodwill are tested for impairment at the end of each reporting period. Other intangible assets and property, plant and equipment including right-of-use assets are reviewed for impairment whenever events or changes in circumstances indicate that an asset may be impaired, i.e., that the carrying amount of an asset may not be recoverable. Investment property that is largely rented to third parties is also subjected to an impairment test at least once a year.

An impairment loss is recognized through profit or loss if the recoverable amount of the asset falls short of its carrying amount. The recoverable amount is the higher of an asset’s net selling price and its value in use. The net selling price is the amount recoverable from the disposal of an asset at market conditions less costs to sell. Value in use is the fair value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. The recoverable amount is determined for each asset individually or, if that is not possible, for the cash-generating unit to which the asset belongs. As regards goodwill acquired in business combinations, the relevant cash-generating units correspond to the Dürr Group’s divisions or business activities within its divisions

based on internal management and reporting structures. To determine the estimated cash flows of each cash-generating unit, basic assumptions have to be made. These include assumptions regarding financial planning and the interest rates used for discounting.

Impairment losses recognized in prior periods are reversed against profit or loss if they cease to exist or have decreased. The reversal of an impairment loss or the reduction of an impairment loss of an asset is, however, only recognized to the extent that it does not exceed the carrying amount that would have applied if the regular amortization or depreciation had been recorded and no impairment losses had been recognized. Impairments on goodwill may not be reversed.

Other comments on intangible assets, property, plant and equipment and right-of-use assets can be found in → [note 18](#).

Financial instruments

A financial instrument is a contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. Pursuant to IFRS 9 "Financial Instruments", financial instruments are classified in the following categories:

- Financial assets measured at amortized cost
- Financial assets measured at fair value through other comprehensive income
- Investments in equity instruments measured at fair value through other comprehensive income
- Financial assets measured at fair value through profit or loss
- Investments in equity instruments measured at fair value through profit or loss
- Financial liabilities measured at amortized cost
- Financial liabilities measured at fair value through profit or loss

Purchases or sales of financial assets are recognized using trade date accounting. The Dürr Group does not perform any offsetting for financial instruments.

Financial assets

Financial assets are classified in accordance with IFRS 9 based on the business model used to manage financial assets and on the basis of the characteristics of the contractual cash flows of the financial assets. The objective of the Dürr Group's business model is to hold financial assets in order to collect contractual cash flows. With regard to the characteristics of the contractual cash flows, it is examined whether the contractual terms of the financial assets give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The financial assets in the portfolio are measured at amortized cost provided that the business model is complied with and the contractual cash flows fulfill the condition above.

The business model for financial assets measured at fair value through other comprehensive income (debt instruments) includes both the holding and sale of financial assets. The contractual terms that have to be met give rise solely to payments of principal and interest on the principal amount outstanding on specific dates.

Equity instruments are generally classified as measured at fair value through profit or loss at initial recognition. However, upon initial recognition an irrevocable option may be exercised to classify equity instruments as measured at fair value through other comprehensive income. This option may only be exercised if the equity instruments are not held for trading and if they do not represent contingent consideration in a business combination. The Dürr Group generally holds its equity interests for strategic reasons as a way of expanding the Group's business operations. Focus is not placed on the intention to generate significant amounts of short-term gains on sale. Any fluctuations in the measurement of investments are therefore not expected to have any impact on the statement of income. Accordingly, equity instruments are classified as measured at fair value through other comprehensive income. Gains or losses of equity instruments in this category recognized through other comprehensive income are never reclassified to profit or loss. Differing from this, the investment in SBS Ecoclean GmbH was classified as at fair value through profit or loss up until its disposal. At Parker Engineering Co., Ltd. and Teamtechnik Production Technology SP z o.o., a put option accounted for through profit or loss is held in addition to the investment. In order to keep the economic effect on the statement of income to a minimum here too, both the investments and the related options are classified at fair value through profit

or loss. Parker Engineering Co., Ltd. and Teamtechnik Production Technology SP z o.o. are recognized in the statement of financial position under other financial assets while the options are recognized under sundry financial liabilities.

Financial assets that do not satisfy the conditions for being classified as measured at amortized cost/at fair value through other comprehensive income are designated as measured at fair value through profit or loss. The Dürr Group does not currently make use of the option to measure financial assets at fair value through profit or loss at initial recognition.

Valuation and impairment of financial assets

The Dürr Group uses an impairment model based on the expected credit loss model, which is applicable for all financial assets (debt instruments) that are measured at amortized cost or at fair value through other comprehensive income. The expected credit loss model distinguishes between the general approach and the simplified approach. The general approach allocates the financial assets to three risk stages and is mainly applicable for cash and cash equivalents as well as sundry financial assets. The simplified approach, which is applicable for contract assets, trade receivables and lease receivables, waives the first of the three risk stages.

Under the general model, the Dürr Group allocates the financial assets to the individual valuation allowance and impairment stages. The allocation is based on past due criteria and historically proven, qualitative internal and external risk assessments of the individual debtors. These assessments are applicable for all classes of financial assets. Provided that the non-derivative financial assets were not already impaired upon acquisition, the assets are allocated to stage 1. In general, a financial instrument is also allocated to stage 1 if it is deemed to be investment grade by external rating agencies.

If there has been a significant increase in the credit risk since initial recognition, the assets are allocated to stage 2. A number of qualitative criteria are used to assess whether the credit risk has increased significantly since a financial asset was recognized for the first time. This involves, for example, examining whether the total comprehensive income of the debtor has deteriorated significantly or whether it is expected to do so. Financial assets are allocated to stage 2 at the latest when contractual payment is more than 30 days past due.

Financial assets are allocated to stage 3 or their default is assumed if circumstances occur that could impair the ability of a certain debtor to meet their financial obligations. For all financial assets, this means observing the criteria of being 90 days past due as well as using qualitative credit ratings for debtors. For example, the likelihood of insolvency or any other financial reorganization of the debtor results in the financial assets being allocated to stage 3.

In deviation from the past due criteria mentioned above, trade receivables and contract assets which are measured in accordance with the simplified approach are allocated to stage 3 when more than twelve months past due. This appropriately reflects the industry-specific experience and payment patterns for long-term projects in the plant and machinery construction sector.

Financial assets are derecognized as soon as reasonable information is available that indicates that they are uncollectible, such as insolvency proceedings coming to an end or following a court decision. Further explanations on the valuation and impairment of financial assets can be found in → [note 41](#).

Financial liabilities

Financial liabilities generally give rise to the obligation to deliver settlement in cash or another financial asset. They include, for example, trade payables, liabilities to banks, bonds, convertible bonds, Schuldschein loans, obligations from options, derivative financial liabilities and other financial liabilities.

After initial measurement, financial liabilities carried at amortized cost are subsequently measured at amortized cost using the effective interest method. Financial liabilities measured at fair value through profit or loss include financial liabilities held for trading and contingent consideration recognized in a business combination to which IFRS 3 applies. Derivatives are deemed to be held for trading unless they are designated and effective hedging instruments. Gains or losses on financial liabilities held for trading are recognized through profit or loss.

The Dürr Group has not yet made use of the option to designate financial liabilities upon initial recognition as financial liabilities at fair value through profit or loss.

Derivative financial instruments and hedge accounting

The Dürr Group uses derivative financial instruments such as forward exchange contracts in order to hedge against currency risks. For accounting for hedges, the Dürr Group continues to apply the regulations of IAS 39 "Financial Instruments: Recognition and Measurement".

Derivative financial instruments are measured at fair value on initial recognition and in subsequent periods. Recognition of these changes – whether through profit or loss or through other comprehensive income (hedge reserve) – depends on whether the derivative financial instrument is part of an effective hedge in accordance with IAS 39. Changes in fair value are recognized through profit or loss unless the special criteria of IAS 39 for hedge accounting are satisfied.

Depending on the nature of the hedged item, hedging instruments are designated as follows:

- Fair value hedges, when hedging the exposure to changes in the fair value of a recognized asset, liability, unrecognized firm commitment or an identifiable part of such assets, liabilities or firm commitment that could affect profit or loss;
- Cash flow hedges, if they hedge exposure to variability in cash flows that is attributable to a recognized asset or liability or a forecast transaction and could affect profit or loss; or
- Hedges of a net investment in a foreign operation. They are treated in the same manner as cash flow hedges.

Fair value hedge accounting

In the case of fair value hedges, the carrying amount of a hedged item is adjusted through profit or loss by the profit or loss that is attributable to the hedged exposure. In addition, the derivative financial instrument is remeasured at its fair value. Gains or losses arising as a result are likewise recognized through profit or loss. In a perfect hedge, the fluctuation in fair value recognized through profit or loss for the hedged item practically offsets that of the hedging instrument. For fair value hedges that relate to hedged items carried at amortized cost, the adjustments of the carrying amount are released to profit or loss over their term until maturity. Every adjustment of the carrying amount of a hedged financial instrument is released to profit or loss using the effective interest method. The amount can be released as soon as an adjustment is made. It is released at the latest when the hedged item ceases to be adjusted for the changes in fair value that are attributable to the hedged exposure. If the hedged item is derecognized, the unamortized fair value is recognized immediately in the statement of income.

If an unrecognized firm commitment is designated as a hedged item, the subsequent accumulated change in its fair value that is attributable to the hedged risk is recognized as an asset or liability in the profit or loss of the period. The changes in the fair value of the hedging instrument are likewise recognized in the profit or loss of the period. However, this does not apply if foreign exchange exposure is hedged, as that is treated as a cash flow hedge. Hedge accounting is discontinued when the hedging instrument is settled prematurely or matures or no longer qualifies for hedge accounting.

Cash flow hedge accounting

In the case of cash flow hedges, the effective portion of the gain or loss on a hedging instrument is recognized directly in equity. The ineffective portion is recognized through profit or loss. Amounts that are recognized directly in equity are reclassified to profit or loss in the period in which the hedged item affects the net profit or loss for the period. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or non-financial liability. If the forecast transaction is no longer expected to occur, any amounts previously taken to equity are reclassified to the net profit or loss for the period. When the hedge is settled prematurely or matures, the amounts previously disclosed remain a separate item in equity until the forecast transaction occurs. The same applies if the hedging instrument is exercised without replacement or rollover, or if the criteria for cash flow hedge accounting are no longer in place. If the forecast transaction is no longer expected to occur, the amount is recognized through profit or loss. Further explanations on derivative financial instruments are given in → [note 41](#).

Other financial assets

Other financial assets include non-current investments in equity instruments. Other investments include shares in entities that are classified at fair value through profit or loss or through other comprehensive income. Also included are non-consolidated entities that are included in the consolidated financial statements at cost on grounds of immateriality.

Inventories

Inventories of materials and supplies, work in process from the manufacture of standard machines and finished goods and merchandise are recognized at the lower of cost or net realizable value at the end of the reporting period. As a rule, an average value is used. Write-downs are recorded for obsolete and slow-moving inventories.

Costs of conversion comprise direct materials costs, direct labor costs as well as an appropriate portion of production-related overheads and depreciation. The overhead markups are determined on the basis of average capacity utilization. Borrowing costs are included, provided that they relate to qualifying assets.

Contract assets

For the Dürr Group, contract assets represent a legal claim to consideration in exchange for goods or services that are subject to conditions other than the simple term of payment. To the extent that costs have been incurred on contracts, but the amounts cannot yet be billed under the terms of the contracts as the payment claim is still conditional, they are reported as contract assets together with the corresponding estimated earnings. The contract assets contain directly allocable contract costs as well as, to an appropriate degree, production-related overheads and estimated earnings that can be derived from the agreed transaction price. In order to adequately portray the credit risk of the respective customer, a corresponding valuation allowance is recognized in accordance with IFRS 9. The valuation allowance is determined using the same methods as for trade receivables.

Trade receivables and other non-derivative financial assets

Receivables and other non-derivative financial assets constitute a contractual right to receive cash or another financial asset at a future point of time.

Receivables and non-derivative financial assets are carried at amortized cost less valuation allowances and impairments. To determine the valuation allowances and impairment the Group assesses the recoverability of the financial assets by referring to a number of factors. For this purpose, credit risks are segmented using common credit risk characteristics.

A central monitoring and local collection management system counters the risk of bad debts. This system includes regular credit ratings, the conclusion of credit insurance policies and – particularly in the export business – issuing letters of credit. Further information on valuation allowances and impairment can be found in the section on the valuation and impairment of financial assets.

Cash and cash equivalents

Cash and cash equivalents include cash, demand deposits and other short-term, highly liquid financial assets with an original term to maturity of less than three months. They are recognized at nominal value less valuation allowance. The valuation allowance is formed on the basis of current market data and internal risk assessments. Further information on valuation allowances can be found in the section on the valuation and impairment of financial assets.

Other assets

Other assets comprise capitalized assets that cannot be allocated to any other category.

Costs of obtaining a contract that have arisen in connection with customer contracts are recognized at the amount incurred under other assets. Usually, the contractually agreed commission is a percentage of the contract value. This is only based on judgment to a small degree. Only in some cases the amount of the commission is variable and depends on the estimated gross margin of the contract. The costs of obtaining a contract are generally amortized in line with the percentage of completion of the underlying goods and services. For customer contracts that are invoiced when control is transferred, the costs of obtaining a contract are amortized entirely at this point in time. Impairment losses on recognized costs of obtaining a contract are posted immediately to profit or loss if the residual carrying amount of the capitalized costs of obtaining a contract are higher than the remaining portion of consideration less costs that are directly in connection with delivering the goods or rendering the services and were not yet expensed.

Non-current assets held for sale and disposal groups

Non-current assets held for sale and disposal groups relate to fixed assets or current and non-current assets that can be sold in their present condition and whose sale is highly probable. The disposal group also relates to liabilities that are directly connected to the assets. Their carrying amounts must mainly be recovered by sale and not through continuing use.

Non-current assets held for sale and disposal groups are recognized as a separate item in the statement of financial position under current assets. The sale should be expected to qualify for recognition as a completed sale within one year from the date of reclassification.

Pursuant to IFRS 5 "Non-current assets held for sale and discontinued operations", a non-current asset, provided that it is classified as held for sale or belongs to a disposal group classified as held for sale, is not depreciated but instead recognized at fair value less costs to sell, if the fair value is lower than the carrying amount.

Other comprehensive income

This item presents changes in equity, including the deferred taxes thereon, other than those arising from capital transactions with owners (e.g. capital increases or distributions). These include exchange differences, accumulated actuarial gains and losses from the remeasurement of post-employment benefits and similar obligations as well as unrealized gains and losses from the measurement of financial assets and derivative financial instruments (cash flow hedges) measured at fair value.

Convertible bond

Pursuant to IAS 32 "Financial Instruments: Presentation", the conversion option vested in the convertible bond issued in the 2020 reporting period represents an equity instrument that was recognized in equity net of issue costs. The liability component is classified as a financial liability at amortized cost. At the time of initial recognition, the proportionate issue costs were deducted; the difference between that amount and the nominal value is allocated using the effective interest method to the financial liability as an interest expense over the term of the bond. The right of early redemption on the part of Dürr AG represents an embedded derivative, although one that is not separated pursuant to IFRS 9 as it is considered to be closely related to the host contract.

Earnings per share

Basic earnings per share are calculated by dividing the earnings relating to the shareholders of Dürr AG by the weighted average number of shares outstanding during the reporting period. To determine diluted earnings per share, both the earnings attributable to the shareholders of Dürr AG and the weighted average of the number of shares outstanding are adjusted so as to take all dilutive effects into account that would result from the conversion of potential ordinary shares.

Borrowing costs

Borrowing costs include interest and similar expenses, other finance costs and the cost of liabilities.

In accordance with IFRS 9 "Financial Instruments", borrowing costs incurred in connection with the issue of the bond, the convertible bond and the Schuldschein loans are deducted on the liabilities' side of the consolidated statement of financial position. Calculated using the effective interest method, borrowing costs are amortized over the terms of the bond, convertible bond and Schuldschein loans.

Post-employment benefits

The defined benefit plans guarantee the beneficiary a monthly old-age pension or non-recurring payment upon leaving the company. These benefit plans are funded by the entities as well as by the employees. In accordance with IAS 19 "Employee Benefits", provisions for post-employment benefits are measured using the projected unit credit method. For this purpose, the future obligations are measured on the basis of the pro rata employee benefit obligations at the end of the reporting period. Provisions for post-employment benefit obligations are calculated taking into account development assumptions (e.g., relating to salary trends or pension increases) for those factors which affect the benefit amount.

Defined benefit cost is divided into service cost and net interest, which are recognized through profit or loss, and remeasurements, which are recognized directly in equity after deducting deferred taxes. Pursuant to the criteria of IAS 19, provisions for post-employment benefit obligations covered by assets held by a long-term benefit fund or by qualifying insurance policies are offset against the related plan assets, taking account of the asset ceiling. In addition to qualifying insurance policies, assets of an external insurance company or a fund are recognized as plan assets under IAS 19 if these assets can be used exclusively to pay or fund employee benefits and are protected from potential creditors.

Other provisions

Other provisions are recorded pursuant to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" if the obligation to a third party results from a past event that is expected to lead to an outflow of economic benefits and can be reliably determined. Provisions for restructuring are recognized only to the extent that a detailed formal plan has been prepared and communicated to the parties concerned. Other provisions represent uncertain liabilities, which were recognized on the basis of a best estimate of the amount needed to settle the obligations. If the amount of the provision can only be determined within a range, the most probable figure is used. If there is no difference in the level of probability, the weighted average is taken. Provisions with a remaining term of more than one year are discounted at market interest rates which reflect the risk and period until the obligation is settled.

Contract liabilities

Contract liabilities constitute an obligation to the customer when progress billings issued and payments received from customers are collected or fall due before the promised service is rendered. Contract liabilities from progress billings issued and payments received from customers are offset against the services as soon as they are rendered. If a contract contains several separate performance obligations, only one contract asset or contract liability from this contract is determined on a net basis.

Liabilities

Trade payables and sundry financial liabilities are recorded at amortized cost. Other liabilities are recorded at the settlement amount. Liabilities that do not lead to an outflow of resources in the following year are discounted at market interest rates as of the end of the reporting period.

At the inception of the lease, liabilities from leases are carried at the present value of the lease payments. Further information is contained in the section on leases.

Income taxes and deferred taxes

The Dürr Group operates in a large number of countries and is consequently subject to different tax jurisdictions. The anticipated current and deferred income taxes have to be determined for each taxable entity.

Deferred taxes are accounted for using the balance sheet liability method according to IAS 12 "Income Taxes". This involves creating deferred tax items for all temporary accounting and measurement differences between the carrying amounts for IFRS purposes and the tax bases of the assets and liabilities. They are not created if the taxable temporary difference arises from goodwill or the initial recognition of other assets and liabilities in a transaction (that is not a business combination) which affects neither the IFRS accounting profit nor the taxable profit or loss. Moreover, for leases where the Dürr Group is a lessee, already on the commencement date of the lease the Group recognizes:

- deferred tax assets on lease liabilities to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized, and
- deferred tax liabilities on right-of-use assets in property, plant and equipment or investment property.

Deferred tax liabilities are recognized for all taxable temporary differences arising from investments in subsidiaries or associates, and interests in joint ventures, unless the parent can control the reversal of the temporary difference and the temporary difference will probably not reverse in the foreseeable future. Further, deferred tax assets for future economic benefits from unused tax losses and unused tax credits are taken into account if it is highly probable that they will be used.

Deferred tax assets and deferred tax liabilities are measured taking into account the respective local income tax rates which are expected to apply in the individual countries at the time of realization based on tax laws that have been enacted or substantively enacted. Deferred tax assets are reversed if it is more probable that the tax benefit will be forfeited than that it will be utilized.

Deferred tax assets are recognized to the extent that they are likely to be used. The probability of their being used in the future is assessed taking into account various factors, such as future taxable profit in the planning periods, effects on earnings from the reversal of temporary differences, tax strategies and profit actually generated in the past. The Group uses a planning horizon of four years. Management reviews the deferred tax assets for impairment at the end of each reporting period. As these reviews are sometimes based on assumptions about the future, the actual

values may diverge from estimates. These are then adjusted through other comprehensive income or through profit or loss, depending on how they were initially recognized. Based on past experience and the expected future income, the Dürr Group assumes that the corresponding benefits will be realized from the deferred tax assets.

Deferred tax assets and deferred tax liabilities are netted if, and only if, the entity has a legally enforceable right to offset current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied on the same taxable entity by the same taxation authority. Deferred taxes are recorded as tax income or expense in the statement of income unless they relate to items recorded through other comprehensive income; in this case, the deferred taxes likewise are recorded through other comprehensive income. Deferred tax assets from temporary differences in excess of deferred tax liabilities are only recognized to the extent that they can be utilized against future taxable profits.

For the cases where there is uncertainty regarding the application of tax regulations, the Dürr Group proceeds as follows: IFRIC 23 "Uncertainty over Income Tax Treatments" is used to assess the probability with which the relevant tax authority with full knowledge of the matter will follow the position taken in the tax returns. Particularly, judgment is required for the following uncertainties:

- Should each tax treatment be considered independently or together with other tax treatments?
- Which assumptions need to be made for tax authorities' examination?
- What are the potential effects of a deemed tax field audit?
- How should changes in matters, for example, due to new information be handled?

The Dürr Group examines continuously whether it needs to be applied in such cases, primarily because the Group operates in a number of jurisdictions. Indications of uncertain tax positions may be seen in the area of transfer pricing, which the Dürr Group intends to reduce through the application of the internal control system and documentation of transfer pricing. The Dürr Group, therefore, expects that it is probable that the tax authorities will accept the tax treatment of the Group.

Share-based payment

The share-based payment transactions pursuant to IFRS 2 "Share-based Payment" cover remuneration systems that are settled in cash. For the measurement, the Dürr Group calculates the fair value of the share-based payment transactions upon initial recognition, at each reporting date and on the settlement date. Until they are settled, the fair value is accumulated over the period through profit or loss and recognized in sundry financial liabilities. Changes in fair value are recognized in personnel expenses in the statement of income.

Contingent liabilities

Contingent liabilities are possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent liabilities can arise from a present obligation that results from past events but is not recognized because:

- it is not probable that an outflow of resources embodying economic benefits will be required to settle this obligation or
- the amount of the obligation cannot be measured with sufficient reliability.

A contingent liability is not disclosed if the possibility of an outflow of resources embodying economic benefits is remote; otherwise, information is provided in the notes to the financial statements. Contingent liabilities assumed in a business combination are recognized at the acquisition date even if it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Contingent liabilities recognized in a business combination are initially measured at fair value.

Use of assumptions and estimates

The preparation of the consolidated financial statements pursuant to IFRSs requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the end of the reporting period and the reported amounts of revenues and expenses during the reporting period. Actual figures may diverge from these estimates.

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that risk causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are discussed below.

Significant accounting judgments when applying IFRS 15

Determining the transaction price

The transaction price is the amount of the consideration the Dürr Group expects to receive from its customers in exchange for transferring goods or rendering services. The transaction price of the individual performance obligations is determined using their stand-alone selling prices. The Group breaks down the transaction price agreed in the contract in proportion to the stand-alone selling prices. Variable consideration is only taken into account where it is highly probable that it will not result in a significant decrease in realized sales revenues until there is no longer any uncertainty in connection with the variable consideration. When determining the transaction price, it must therefore be assessed whether the contractual arrangements provide for variable consideration. The Dürr Group has variable consideration in the form of discounts and rebates. Either the expected value method or the most likely amount method is used when estimating the variable consideration. The method used is the one with which the Group can provide the most reliable estimate of the consideration. The Group came to the conclusion that the most likely amount method is the most suitable method for estimating variable consideration. If it is assumed that a rebate will be granted upon concluding the contract, the transaction price is adjusted to the most likely amount. The same applies if it is expected upon concluding the contract that the customer will claim the discount. The most likely amount is calculated as the single most likely amount in a range of possible considerations. In determining the transaction price, the time value of money also needs to be considered if the timing of payments agreed to by the parties to the contract provides the customer (payment after receipt of goods or services) or the entity (payment before transfer of goods or services) with a significant benefit of financing the transfer of goods or services to the customer. In those cases where it is assumed upon initiating the contract that the period between customer payments and transfer of control over the asset is less than one year, the Group has decided to make use of the simplification rule not to adjust the transaction price for significant financing components.

Determining the percentage of completion

The majority of orders in the Dürr Group are accounted for using the percentage of completion method and sales revenues are recorded over time in accordance with the criteria of IFRS 15. A precise assessment of the degree of completion is essential for determining the percentage of completion using the PoC method. The key estimation parameters include total contract revenues and contract costs, the remaining costs of completion and the contract risks. These estimates are reviewed and adjusted regularly. With the ZP method sales revenues and the associated costs are realized in equal amounts until it is possible to reliably estimate the progress toward complete satisfaction of a performance obligation. Thus the gross margin is at least partially recognized in profit and loss at a later stage of the contract.

As the PoC method and the ZP method are based on estimates, the estimates of the expenses required for completion may have to be adjusted subsequently due to prevailing uncertainties. Such adjustments to costs and income are recognized in the period in which the adjustments are determined. Provisions for onerous contracts are recognized at contract level and taken into account in the period in which the losses are identified; they are recognized as provisions pursuant to the requirements of IAS 37.

Contract amendments

Revenue recognition from the production and delivery of plant and machinery also takes into account amounts that the Group seeks to collect from customers or others for errors or changes in contract specifications or design, contract change orders in dispute or not yet negotiated as to both scope and price, or other customer-related causes of unanticipated additional contract costs, claims and pending change orders. These are carried at the estimated amount provided their realization is highly probable and they can be reliably estimated. Pending change orders involve the use of estimates. Therefore, it is possible that adjustments to the estimated recoverable amounts of recorded pending change orders will be made in the future.

Other accounting judgments

Impairment of goodwill

The Group tests goodwill for impairment at least once a year. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. To do this, management is required to make an estimate of the expected future cash flows from the cash-generating units. The Dürr Group uses a planning horizon of four years. In addition, it is necessary to choose a suitable discount rate in order to calculate the present value of these cash flows. Please refer to → [note 18](#) for further details.

Leases

Leases on buildings and office space in particular contain options to extend or terminate the lease. The measurement of the lease liability requires an estimate of whether it is reasonably certain that these options will be exercised. The Group takes into account all facts and circumstances that have an impact on these options being exercised or not.

If the interest rate implicit in the lease cannot be determined, the incremental borrowing rate is used. This is derived for different terms of country-specific interest rate swaps and adjusted for a risk premium for leases.

Valuation allowance and impairment of financial assets

During the recognition and measurement of financial assets, estimates and assumptions regarding the creditworthiness of debtors are necessary. Under the expected credit loss model, the measurement of allowances for financial assets is subject to various assumptions and uncertainties. In particular, estimates are to be made about expected payment defaults, incoming payments and the collateral available. Please refer to → [note 41](#) for further details.

Pensions and other post-employment benefit plans

The cost of defined benefit plans is determined using actuarial calculations. This involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases (rate of pension progression). The mortality tables published by Heubeck AG (Heubeck 2018 G) are used to

determine the post-employment benefit obligations. These tables are based on statistics from statutory pension insurance as well as the German Federal Statistics Office, and therefore reflect developments regarding life expectancy. The discount rates used are based on the market yields of high-quality, fixed-interest corporate bonds. The future pension increases in Germany follow the development in gross wages. In addition, the changes in the contribution rate in pension insurance and the development of the ratio of persons making contributions and pensioners are taken into account through sustainability factors. Due to the long-term nature of these plans, such assumptions are subject to significant uncertainty. Please refer to → [note 28](#) for further details.

Development costs

Development costs are capitalized in accordance with the presented accounting policy. Determining the amounts to be capitalized requires management to make assumptions regarding the expected future cash generation of the assets, interest rates to be applied and the expected period of benefits.

Options in connection with the domination and profit and loss transfer agreement with HOMAG Group AG

Based on the domination and profit and loss transfer agreement that came into force in the 2015 reporting period, Dürr Technologies GmbH has the possibility to issue instructions to the corporate bodies of HOMAG Group AG and to recognize the entire profit of HOMAG Group AG as well as the obligation to absorb any losses. In return, the Dürr Group is required to make a compensation payment pursuant to Sec. 304 AktG ["Aktiengesetz": German Stock Corporations Act] of €1.18 (gross) per HOMAG share (€1.01 (net) after deducting corporate income tax and solidarity surcharge; before individual tax burden of the shareholder) for each reporting period as well as a settlement payment pursuant to Sec. 305 AktG of €31.56 per HOMAG share. Since then, Dürr Technologies GmbH has guaranteed a dividend equivalent to the compensation payment. The domination and profit and loss transfer agreement could have been terminated for the first time as of December 31, 2020, but it was not. The domination and profit and loss transfer is extended by one year at a time unless terminated by one of the contracting parties subject to notice of six months before expiration. In the 2021 reporting period, the share of Dürr Technologies GmbH in the subscribed capital of HOMAG Group AG remained at 64.9%.

In the 2019 reporting period, the Stuttgart Regional Court made a provisional decision in the arbitration proceedings initiated by the shareholders of HOMAG Group AG, and ruled that the settlement for shareholders of HOMAG Group AG should be raised from €31.56 to €31.58. The Stuttgart Regional Court also decided that the compensation payment should be raised from €1.18 to €1.19 (gross) per HOMAG share (after deducting corporate income tax and solidarity surcharge from €1.01 to €1.03 (net); before individual tax burden of the shareholder). Due to an appeal filed against the Stuttgart Regional Court's decision, the ruling has not become effective. The decision of the Stuttgart Regional Court led to an increase of €70 thousand in sundry financial liabilities. Until the final decision in the arbitration proceedings is made, the figures determined originally for compensation payment and settlement are still valid. In principle, there may be further adjustments to the settlement and compensation payments in connection with the claims of the minority shareholders of HOMAG Group AG and for the duration of the arbitration proceedings.

In the 2021 reporting period, there was a non-recurring effect of €16,984 thousand in connection with the pool agreement in place between Dürr Technologies GmbH and the shareholder group Schuler/Klessmann, which has a 14.05% stake in HOMAG Group AG. The pool agreement was recently renewed and extended until December 31, 2029. The new agreement secures a call option for the Dürr Group from January 1, 2029 as well as a preemptive right for the acquisition of all shares of the shareholder group Schuler/Klessmann. In addition, the new agreement of the shareholder group Schuler/Klessmann has secured a put option since October 1, 2021, with which it may offer all shares for sale to the Dürr Group. The exercise price of €31.58 per share corresponds to the Dürr Group's cash settlement offer for the HOMAG minority shareholders. This amount may change if the Stuttgart Higher Regional Court, which is currently reviewing the amount of the cash settlement, sets another amount. The previous pool agreement had granted the Group a preemptive right for the shares of the shareholder group Schuler/Klessmann at an exercise price of €25.00 per share. This exercise price of €25.00 had previously been decisive for the measurement of the liability for the HOMAG shares held by the shareholder group. On account of the new pool agreement, the shares of the shareholder group Schuler/Klessmann have now been measured at the estimated exercise price, thereby increasing the liability. It was also assumed in the measurement that the shareholder group Schuler/Klessmann will not exercise its put option and the Dürr Group will exercise its call option at the earliest possible date. All expected annual compensation payments were therefore also taken into account in the liability.

For further information on the recognition of the sundry financial liability for the obligation to acquire shares as well as to pay the compensation claims in connection with the domination and profit and loss transfer agreement entered into with HOMAG Group AG, please refer to → [notes 16, 33 and 36](#).

Options in connection with non-controlling interests

In the process of consolidating Techno-Step GmbH and System TM A/S in full in the 2020 reporting period as well as Teamtechnik Maschinen und Anlagen GmbH, Kallesøe Machinery A/S and Roomle GmbH in the 2021 reporting period, options for the sale of the shares held by non-controlling interests were measured at the present value of the estimated exercise amount in accordance with IAS 32 and recognized as a sundry financial liability. The present value of the exercise amount is determined at the end of each reporting period. This requires an estimate of future earnings to be made. The options of the entities acquired in the 2021 reporting period contain personnel expense components that are earned pro rata over the period until the options are exercised. Please refer to → [notes 12 and 18](#) for further details.

Contingent purchase price installments

In the process of consolidating the HOMAG China Golden Field Group in full for the first time, contingent purchase price installments were recognized in the 2020 reporting period. As of the reporting date, the contingent purchase price installments were measured at fair value and recognized as a sundry financial liability. The fair value is calculated at the end of each reporting period. This requires an estimate of future sales revenues and earnings. Please refer to → [notes 18 and 36](#) for further details.

Share-based payment

The measurement of cash-settled share-based payment transactions is based on the anticipated share price at the end of the contractual term and earnings ratios over the duration of the program. Historical share prices are used to determine the fair value. The earnings ratios used are based on internal forecasts. The actual share prices and earnings ratios may deviate from the assumptions made.

Estimates and assumptions are also required for the recognition and measurement of contingent liabilities and other provisions; the same applies to determining the fair value of long-lived items of property, plant and equipment and intangible assets.

Impact of the coronavirus pandemic

Estimates and accounting judgments

The ongoing coronavirus pandemic will continue to have an impact on the assets, liabilities, earnings and cash flows of the Dürr Group. The coronavirus pandemic means that the estimates and accounting judgments are subject to increased uncertainties.

For the necessary update of estimates and accounting judgments in connection with the pandemic, available information on anticipated economic developments was taken into account. The assumptions made are based, among other things, on the estimated likely impact of the restrictions and requirements in connection with the coronavirus pandemic, the expected customer demand as well as the countermeasures proposed by the Board of Management.

Business performance, net assets, financial position and results of operations

While the Dürr Group's business performance was still significantly affected by the coronavirus pandemic in the 2020 reporting period, the impact was considerably less in 2021. As in the prior period, the various countermeasures taken by the Dürr Group and some governments had a mitigating effect to a certain extent. Again, the coronavirus pandemic affected the business of the Group differently depending on the region and customer sector.

The global measures taken by the Dürr Group to counter the economic impact of the pandemic in the 2020 reporting period could be eased in the 2021 reporting period. The government instruments to secure jobs were used to a lesser degree.

The financing situation of the Dürr Group was not affected by the coronavirus situation in the 2021 reporting period. Financing transactions in response to the pandemic were not necessary. As of December 31, 2021, the Dürr Group had financial resources of €2,050,241 thousand (prior period: €2,147,166 thousand). These comprised cash and cash equivalents with a net carrying amount of €583,144 thousand (prior period: €769,195 thousand), time deposits and other financial receivables of €254,779 thousand (prior period: €249,817 thousand) as well as undrawn credit lines and bank guarantees of €1,212,318 thousand (prior period: €1,128,154 thousand). In the 2021 and 2020 reporting periods, the Dürr Group placed particular importance on ensuring liquidity. For further information about the financing of the Group, please refer to → [note 32](#). The Board of Management of Dürr AG currently has no doubts as to the Group's ability to continue as a going concern.

Impairment of goodwill

The Dürr Group tests goodwill for impairment at the end of each reporting period. Impairment testing of goodwill is based on cash flow forecasts for a planning period of four years. In these cash flow forecasts, the Dürr Group expects the free cash flow in the 2022 reporting period to exceed pre-coronavirus levels from 2019.

In light of the heightened uncertainty surrounding the coronavirus pandemic, additional scenarios were analyzed to test goodwill for impairment. These analyses revealed that, from today's perspective, no impairment loss needed to be recognized on goodwill, even under these assumptions.

Detailed explanations on impairment testing of goodwill can be found under → [note 18](#).

Valuation allowance and impairment of financial assets

As a result of the coronavirus pandemic, the valuation allowance pursuant to IFRS 9 was reviewed and adjusted to bring it in line with the current risk assessments on the market. These notes to the consolidated financial statements reflect the valuation allowance rates derived from this.

Government grants

In response to the coronavirus pandemic, use was made of government programs to secure jobs in a number of countries. Explanations on government grants awarded to the Dürr Group can be found in → [note 14](#).

Notes to the items of the consolidated financial statements

Notes to the consolidated statement of income

The disclosures for the 2021 and 2020 reporting periods include the values of the entities acquired as of the respective date of first-time consolidation.

7. SALES REVENUES

4.15 — SALES REVENUES

€ k	2021	2020
Sales revenues recognized over time from contracts with customers	1,985,186	2,046,479
Sales revenues recognized at a point in time from contracts with customers	1,547,322	1,273,682
Sales revenues from lease agreements	4,158	4,658
Total sales revenues	3,536,666	3,324,819
thereof		
Sales revenues with the automotive industry	1,552,905	1,683,816

Services account for 32% of sales revenues (prior period: 28%) and break down as shown in → [table 4.16](#).

4.16 — SALES REVENUES FROM SERVICES

€ k	2021	2020
Spare parts	505,287	400,862
Modifications	439,073	366,793
Other	187,515	175,336
Total sales revenues from services	1,131,875	942,991

In the 2021 reporting period, an amount of €571,708 thousand (prior period: €477,498 thousand) was recognized as sales revenues, which were still included in contract liabilities at the beginning of the reporting period. In future periods, sales revenues from currently unsatisfied or partially unsatisfied performance obligations of €3,360,975 thousand (prior period: €2,556,733 thousand) will be realized. Of this, an estimated €2,614,547 thousand will be recognized as sales revenues in the 2022 reporting period (prior period: €2,006,633 thousand – 2021 reporting period).

In the 2021 reporting period, sales revenues of €123,040 thousand (prior period: €47,161 thousand) were recognized that relate to performance obligations that had been satisfied or partially satisfied in past periods.

Further information on the breakdown of sales revenues by division and region can be found in segment reporting under → [note 38](#).

8. COST OF SALES

4.17 — COST OF SALES

€ k	2021	2020
Cost of materials	1,315,167	1,338,727
Personnel expenses	717,344	663,386
Amortization, depreciation and impairment of non-current assets	85,736	79,023
Exchange rate gains	-42,564	-50,842
Exchange rate losses	40,086	48,140
Write-downs of trade receivables	2,269	1,905
Additions to and releases of valuation allowances and impairments on trade receivables and contract assets	11,724	6,749
Other cost of sales	587,455	641,462
Total cost of sales	2,717,217	2,728,550
Gross margin %	23.2	17.9

Of the total amount reported as amortization, depreciation and impairment of non-current assets, an amount of €10,718 thousand (prior period: €10,018 thousand) is attributable to the amortization of capitalized development costs.

Since the 2021 reporting period, in order to present the gross profit on sales more accurately, expenses from valuation allowances and impairments on and write-downs of trade receivables and contract assets have been reported in cost of sales; previously, they had been included in selling expenses. For comparability, the figures for the 2020 reporting period have been adjusted accordingly.

For further information about valuation allowances and impairments on trade receivables, please refer to → [note 22](#).

9. SELLING EXPENSES

Selling expenses comprise all direct selling costs and overheads. These generally include all personnel expenses, cost of materials, amortization and depreciation as well as other costs relating to sales. In addition, selling expenses include amortization and impairment losses on capitalized costs of obtaining a contract.

4.18 — SELLING EXPENSES

€ k	2021	2020
Personnel expenses	238,249	204,550
Amortization, depreciation and impairment of non-current assets	10,976	10,980
Amortization and impairment on costs of obtaining a contract	17,349	9,258
Other selling expenses	65,453	71,479
Total selling expenses	332,027	296,267

For additional information about costs of obtaining a contract, please refer to → [note 25](#).

10. GENERAL ADMINISTRATIVE EXPENSES

General administrative expenses comprise personnel expenses and non-personnel expenses of the central administrative functions, which are not attributable to contract processing, production, sales or research and development.

4.19 — GENERAL ADMINISTRATIVE EXPENSES

€ k	2021	2020
Personnel expenses	132,174	112,176
Amortization, depreciation and impairment of non-current assets	15,665	15,164
Other administrative expenses	53,870	54,533
Total general administrative expenses	201,709	181,873

11. RESEARCH AND DEVELOPMENT COSTS

Research and development costs include all the costs of those activities undertaken to gain new scientific or technical knowledge, to develop new products or to improve products and manufacturing processes. They comprise both personnel expenses and non-personnel expenses and are included in profit or loss on the date they are incurred. Research and development costs are reduced by those development expenses that qualify for recognition as assets pursuant to IAS 38 "Intangible Assets".

4.20 — RESEARCH AND DEVELOPMENT COSTS

€ k	2021	2020
Personnel expenses	82,640	71,778
Amortization, depreciation and impairment of non-current assets	11,323	8,984
Capitalized development costs	-21,475	-18,125
Other research and development costs	51,367	45,076
Total research and development costs	123,855	107,713

12. PERSONNEL EXPENSES

The expense items of the statement of income contain the personnel expenses according to → table 4.21.

4.21 — PERSONNEL EXPENSES

€ k	2021	2020
Wages and salaries	984,394	882,009
Social security contributions	186,013	169,881
Total personnel expenses	1,170,407	1,051,890
thereof post-employment benefits	67,498	61,364

The options of the entities acquired in the 2021 reporting period contain personnel expense components of €3,800 thousand that are earned pro rata over the period until the options are exercised.

13. OTHER OPERATING INCOME AND EXPENSES

4.22 — OTHER OPERATING INCOME AND EXPENSES

€ k	2021	2020
OTHER OPERATING INCOME		
Exchange rate gains	15,653	43,856
Income from settling the legal dispute with SBS Ecoclean GmbH	7,551	–
Government grants	3,534	3,499
Income from the disposal of assets classified as held for sale	2,525	2,368
Gain on the acquisition of Hekuma GmbH	1,856	–
Gains on disposal of non-current assets	590	504
Reimbursements from other litigation	–	1,743
Sundry	4,762	3,841
Total other operating income	36,471	55,811
OTHER OPERATING EXPENSES		
Exchange rate losses	15,585	46,014
Expenses for other local taxes	1,860	1,902
Expenses from transaction costs in connection with acquisitions	1,236	2,488
Losses on disposal of non-current assets	883	1,447
Expenses for canteens	832	876
Sundry	2,262	2,379
Total other operating expenses	22,658	55,106

Besides the reversal of provisions recognized in prior periods as well as from the outcome of litigation, there are no other material income or expense items relating to other periods.

14. GOVERNMENT GRANTS

Government grants were recognized in the 2021 reporting period to reimburse expenditures of the Group of €6,868 thousand (prior period: €6,052 thousand). In connection with the coronavirus pandemic, the Dürr Group received €4,241 thousand (prior period: €4,883 thousand) in government grants. In Germany, the vast majority resulted from social security payments reimbursed by making use of government programs to secure jobs at individual locations. Grants abroad also largely related to the use of comparable instruments. Conditions are attached to the government grants. At present it can be assumed that these conditions will be met.

15. INVESTMENT RESULT

Investment result includes earnings from entities accounted for using the equity method, income from distributions from investments, profit or loss from the measurement of investments and options associated therewith as well as currency effects from hedging dividend payments.

Earnings from entities accounted for using the equity method amounted to €1,251 thousand (prior period: €4,788 thousand). Furthermore, the investment result contained income of €1,094 thousand in the prior period from the measurement of HOMAG China Golden Field Limited in connection with the acquisition. The valuation at equity resulted in a reduction in other comprehensive income by €733 thousand from accumulated currency effects.

Profits from the sale of goods by consolidated entities to entities accounted for using the equity method (intragroup profits), which are not realized by sale to third parties, are eliminated in the profit from entities accounted for using the equity method in proportion of the ownership interest.

16. NET INTEREST

4.23 — NET INTEREST

€ k	2021	2020
Interest and similar income	8,162	4,410
Interest and similar expenses	-51,018	-39,708
thereof		
Nominal interest expenses on the corporate bond	-2,204	-8,625
Interest expenses on Schuldschein loans	-10,410	-6,016
Interest expenses from the convertible bond	-1,125	-281
Interest expenses arising from subsequent accounting of the domination and profit and loss transfer agreement entered into with HOMAG Group AG	-22,176	-11,654
Interest expenses from leases	-3,154	-2,773
Amortization of transaction costs, premium from issuing a bond, a convertible bond, Schuldschein loans and a syndicated loan	-3,201	-3,182
Net interest expenses from the measurement of defined benefit plans	-406	-487
Other interest expenses	-8,342	-6,690
Net interest	-42,856	-35,298

Settling the legal dispute with SBS Ecoclean GmbH resulted in income of €4,707 thousand from interest effects.

The increase in interest expenses is primarily due to a non-recurring effect of €16,984 thousand in connection with the pool agreement in place between Dürr Technologies GmbH and the shareholder group Schuler/Klessmann. Further information on the pool agreement can be found in → [note 6](#).

17. INCOME TAXES

The income taxes relate to the German corporate income tax including a solidarity surcharge, trade tax on income and comparable taxes levied at foreign subsidiaries. The current taxes incurred by foreign subsidiaries are recognized at the tax rates and regulations of the respective national tax law. In Germany, deferred taxes are calculated using a tax rate of 29.1% (prior period: 28.7%).

4.24 — COMPOSITION OF TOTAL TAX EXPENSE/INCOME

€ k	2021	2020
CURRENT INCOME TAXES		
Income tax expense – Germany	8,336	11,240
Income tax expense – other countries	47,776	57,199
Adjustment for prior periods	-13,472	201
Total current income tax expense	42,640	68,640
DEFERRED TAXES		
Deferred tax expense/income – Germany	1,399	-44,002
Deferred tax income – other countries	-8,049	-26,128
Adjustment for prior periods	11,627	-3,186
Total deferred tax expense/income	4,977	-73,316
Total tax expense/income	47,617	-4,676

→ Table 4.25 shows the reconciliation of theoretical income tax expense/income to the actual income tax expense/income reported by the Dürr Group. For the 2021 reporting period, German corporate income tax law provided for a statutory tax rate of 15.0% (prior period: 15.0%) plus the solidarity surcharge of 5.5% (prior period: 5.5%). The average trade tax burden amounted to 13.3% for the 2021 reporting period (prior period: 12.9%). This means that the reconciliation is based on an overall tax rate in Germany of 29.1% (prior period: 28.7%). For the foreign entities, the respective country-specific income tax rates range from 8.75% to 38.1% (prior period: 8.75% to 34.6%).

4.25 — RECONCILIATION OF THE INCOME TAX EXPENSE/INCOME

€ k	2021	2020
Earnings before income taxes	132,557	-18,539
Theoretical income tax expense/income in Germany of 29.1% (prior period: 28.7%)	38,574	-5,321
Adjustments of income taxes incurred in prior periods	-1,845	-2,985
Non-deductible operating expenses and withholding taxes	16,479	14,513
Foreign tax rate differential	-4,700	-2,781
Unrecognized deferred tax assets especially on unused tax losses	4,981	4,696
Subsequent recognition of deferred taxes on unused tax losses and changes in deferred taxes on impairment losses	-1,023	-5,901
Change in tax rates	97	-149
Tax-exempt income	-5,482	-6,511
Other	536	-237
Effective income tax expense/income	47,617	-4,676

Deferred taxes

Pursuant to IAS 12 "Income Taxes", a deferred tax asset should be recognized on unused tax losses and other deductible temporary differences only to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be offset. In calculating the possibilities for utilizing tax losses, the Dürr Group uses a four-year planning horizon and takes into account the minimum taxation rule applicable in certain countries. Losses arising in Germany from the period prior to the tax group are not recognized.

In sum, unused interest and tax losses amounted to €263,624 thousand (prior period: €162,493 thousand) as of December 31, 2021. Unused interest and tax losses for which no deferred tax assets were recognized came to €137,562 thousand (prior period: €108,968 thousand) and primarily exist in Germany and France. In Germany, unused trade tax losses for which no deferred taxes were recognized amount to €53,733 thousand (prior period: €33,728 thousand). The unused trade tax losses can currently be carried forward for an indefinite period of time. Of the unused interest and tax losses not recognized, amounts of €1,943 thousand expire within the next ten years (prior period: €1,975 thousand). At present, the remaining unused tax losses do not lapse.

Other deductible temporary differences of €760 thousand were not recognized as of December 31, 2021 (prior period: €518 thousand).

4.26 — DEFERRED TAX ASSETS AND LIABILITIES

€ k	Consolidated statement of financial position		Consolidated statement of income	
	Dec. 31, 2021	Dec. 31, 2020	2021	2020
DEFERRED TAX ASSETS				
Accounting for intangible assets	2,996	2,931	65	-143
Remeasurement of land, buildings and property, plant and equipment	1,849	2,306	-457	-1,345
Valuation allowances and impairments	1,913	2,521	-608	739
Financial liabilities from right-of-use assets and interest/currency transactions	51,265	54,811	-3,546	19,967
Contract assets/liabilities and inventories	51,520	53,949	-2,429	9,925
Other assets and other liabilities	5,029	3,997	1,032	-3,642
Post-employment benefits	14,441	15,866	-1,425	3,537
Provisions not recognized for tax purposes	24,097	17,583	6,514	-2,275
Interest and tax loss carryforwards	32,369	12,360	20,009	6,251
Total deferred tax assets	185,479	166,324		
Netting	-112,904	-89,739		
Net deferred tax assets	72,575	76,585		
DEFERRED TAX LIABILITIES				
Accounting for intangible assets	-37,904	-31,885	-6,019	-1,306
Capitalized development costs	-16,006	-12,317	-3,689	-1,554
Tax-deductible impairment of goodwill	-8,393	-7,306	-1,087	3,338
Remeasurement of land, buildings and property, plant and equipment including right-of-use assets	-39,103	-36,687	-2,416	8,614
Measurement of shares in subsidiaries	-9,394	-11,759	2,365	5,261
Contract assets/liabilities and inventories	-26,988	-18,015	-8,973	17,575
Other assets and other liabilities	-11,153	-9,029	-2,124	-2,352
Total deferred tax liabilities	-148,941	-126,998		
Netting	112,904	89,739		
Net deferred tax liabilities	-36,037	-37,259		
Reconciliation effect from first-time consolidation			3,680	6,011
Translation effects from deferred tax items			-5,582	1,954
Effects recognized through other comprehensive income			-287	2,761
Deferred tax expense/income			-4,977	73,316

In the prior period, effects recognized through other comprehensive income contained €2,933 thousand from accounting for the convertible bond of Dürr AG. Without these effects, the amount would have been €-172 thousand.

Deferred tax assets and deferred tax liabilities are netted if, and only if, the entity has a legally enforceable right to offset current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

The income taxes and withholding taxes on distributable profits from subsidiaries are reported under deferred tax liabilities if it can be assumed that these profits will be subject to the

corresponding taxation, or if there is a plan not to reinvest these profits permanently. No deferred tax liabilities were recognized on temporary differences in connection with shares in subsidiaries and associates of €379,688 thousand (prior period: €433,485 thousand). The Dürr Group assumes that no reserves will be distributed to the respective parent in the tax group while the consolidated tax group is in place.

Current income tax liabilities

As of December 31, 2021, all current income tax liabilities of €68,008 thousand (prior period: €68,281 thousand) were due within one year.

Notes to the consolidated statement of financial position: assets

18. INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

Details regarding the changes in the Group's intangible assets and property, plant and equipment are presented in the statement of changes in non-current assets in → note 43.

Amortization, depreciation and impairment

Amortization, depreciation and impairment is shown in the statement of income in the cost of sales and functional costs.

In the 2021 reporting period, impairment losses relate to development costs for technologies that will no longer be used in the future. In the prior period, they are related to capitalized development costs for software as well as impairment of property and other items of plant and equipment in the course of their classification as held for sale. These assets were recognized at the lower fair value. → table 4.28

Intangible assets

In addition to goodwill, intangible assets with an indefinite useful life also include brand names of €70,819 thousand (prior period: €62,727 thousand). The Dürr Group intends to continue using these brand names in the future.

4.28 — IMPAIRMENT LOSSES

€ k	2021	2020
Cost of sales	-87	-1,109
Selling expenses	-	-17
General administrative expenses	-	-2,025
Research and development costs	-2,443	-
Total impairment losses	-2,530	-3,151

Impairment test for goodwill

The Dürr Group tests goodwill for impairment at the end of each reporting period.

The goodwill acquired from business combinations is allocated to the cash-generating units for impairment testing. The Dürr Group has defined the divisions or business activities within its divisions as cash-generating units. These are Paint and Final Assembly Systems, Teamtechnik Group, Application Technology, Clean Technology Systems, Measuring and Process Systems, and Woodworking Machinery and Systems. The calculation model is used in exactly the same way for all cash-generating units as the main parameters apply equally to all divisions.

The recoverable amount of the cash-generating units is determined by calculating the value in use. The value in use of each of the business activities exceeded the net assets assigned to it. The calculation is based on cash flow forecasts for a planning period of four years. The pre-tax discount rate for the cash flow

4.27 — AMORTIZATION AND DEPRECIATION

€ k	2021			2020		
	Intangible assets	Property, plant and equipment	Total amortization and depreciation	Intangible assets	Property, plant and equipment	Total amortization and depreciation
Cost of sales	-37,256	-48,393	-85,649	-31,039	-46,875	-77,914
Selling expenses	-1,999	-8,977	-10,976	-2,310	-8,653	-10,963
General administrative expenses	-1,084	-14,581	-15,665	-784	-12,355	-13,139
Research and development costs	-2,365	-6,515	-8,880	-2,433	-6,551	-8,984
Total amortization and depreciation	-42,704	-78,466	-121,170	-36,566	-74,434	-111,000

forecast per division can be found in → table 4.29. Cash flows after the four-year period are extrapolated using a growth rate of 1.0% (prior period: 1.0%) based on the long-term growth rate of the divisions and reflect past experience. The impairment test revealed that no impairment needs to be recognized for goodwill.

Planned gross profit margins

The planned gross profit margins are determined in the bottom-up planning of the Group's entities and divisions. They are based on the figures determined in the previous reporting periods taking anticipated price and cost developments as well as efficiency increases into account.

Cost of capital (discount rate)

The cost of capital is the weighted average cost of debt and equity before taxes. When calculating the cost of equity, a beta factor is taken into account, which is derived from capital market data and the capital structure of the companies used to benchmark the Dürr Group's cash-generating units. Borrowing costs are based on a base interest rate for government bonds and a mark-up derived from the credit rating of benchmark companies.

4.29 — PRE-TAX DISCOUNT RATE

%	2021	2020
Paint and Final Assembly Systems	8.84	8.27
Teamtechnik Group	8.38	–
Application Technology	11.44	12.84
Clean Technology Systems	9.84	10.42
Measuring and Process Systems	8.30	7.96
Woodworking Machinery and Systems	11.78	10.56

Increase in the price of raw materials

Future increases in the price of upstream products and raw materials needed in the Group are primarily derived from the expected increase in the prices of those commodities needed to manufacture the goods or materials. These, in turn, are determined from the forecast price indices of the countries from which the upstream products and raw materials are procured by the respective Group entities.

Increase in wage and salary costs

In the four-year plan, the German subsidiaries have assumed annual average salary increases of 2.62% p.a. from 2022 onward (prior period: 2.12% p.a. from 2021 onward). The foreign subsidiaries have all used the applicable local rate of increase for the respective planning period.

Sensitivity analysis of goodwill

Independent of the current economic situation and the expectations for the future, the Dürr Group conducted sensitivity analyses of the recoverability of the goodwill carried in its business activities. The impact of the following scenarios deemed possible by management was examined:

- Decrease of 10% in EBIT in all years within the planning horizon beginning in 2022 (in comparison to the figures projected in the approved business plans)
- Increase of 1.00 percentage points in the discount rate
- Decrease in the growth rate for the terminal value to 0.75%.

When assessing which changes to the key assumptions used for the impairment testing of goodwill are deemed possible, particular consideration was given to the economic conditions as well as the history of deviations of the actual manifestations of the assumptions from expectations. The sensitivity analyses revealed that, from today's perspective, no impairment loss needs to be recognized on goodwill in any of the business activities even under these assumptions.

Development of goodwill

→ Table 4.30 shows the development of goodwill, broken down by division and business activity.

Of goodwill, €49,129 thousand is attributable to the acquisition of the Megtec and Universal companies in the 2018 reporting period, €105,719 thousand to the acquisition of the HOMAG Group in 2014, €11,192 thousand to the acquisition of the iTAC companies in 2015, €12,770 thousand to the acquisition of System TM A/S and €2,094 thousand to the acquisition of Techno-Step GmbH in 2020. From historical acquisitions, sales and restructuring, today €98,453 thousand is attributable to the acquisition of former Alstom companies and €93,832 thousand to the acquisition of the former Schenck Group.

4.30 — DEVELOPMENT OF GOODWILL

€ k	Carrying amount as of Jan. 1, 2020	Exchange difference	Additions	Reclassification	Carrying amount as of Dec. 31, 2020	Exchange difference	Additions	Carrying amount as of Dec. 31, 2021
Paint and Final Assembly Systems	106,688	-1,631	-	40,996	146,053	1,426	5,297	152,776
Teamtechnik Group	-	-	-	-	-	-	21,402	21,402
Paint and Final Assembly Systems division	106,688	-1,631	-	40,996	146,053	1,426	26,699	174,178
Application Technology division	66,551	-800	2,094	-	67,845	395	-	68,240
Clean Technology Systems division	66,406	-3,043	-	-	63,363	3,182	-	66,545
Measuring and Process Systems division	102,471	-908	-	-40,996	60,567	839	-	61,406
Woodworking Machinery and Systems division	107,044	-470	13,529	-	120,103	500	10,945	131,548
Dürr Group	449,160	-6,852	15,623	-	457,931	6,342	37,644	501,917

In connection with the new strategy of the final assembly technology business, all final assembly activities have been bundled in the Paint and Final Assembly Systems division. Accordingly, the product business with testing and assembly technology as well as filling technology for the automotive industry were transferred from the Measuring and Process Systems division and have been assigned to the Paint and Final Assembly Systems cash-generating unit since January 1, 2020. Therefore, on January 1, 2020, goodwill of €40,996 thousand was reclassified from Measuring and Process Systems to Paint and Final Assembly Systems.

The change in goodwill from additions in the 2021 reporting period is explained below.

Acquisitions in the 2021 reporting period

Teamtechnik Group

In order to continue to strengthen the activities of the Paint and Final Assembly Systems division in the area of automation technology, Dürr Technologies GmbH with registered offices in Stuttgart, Germany, acquired on February 5, 2021, 75% of the shares in Teamtechnik Maschinen und Anlagen GmbH with registered offices in Freiberg am Neckar, Germany, and its subsidiaries. The automation specialist offers test systems for electric drives and hybrid drives, thus complementing the range of products related to electromobility. Another focus of the company are production systems for medical products. The purchase price amounted to €27,580 thousand and was paid in full in cash. To date, the transaction has incurred acquisition-related costs of €1,424 thousand, of which €1,120 thousand and €304 thousand were expensed in the 2020 and 2021 reporting period, respectively. As part of the acquisition, options were agreed on acquiring the remaining shares at a later date.

First-time consolidation was performed pursuant to IFRS 3 "Business Combinations" using the partial goodwill method for acquisition accounting purposes. The goodwill from the first-time consolidation of the acquired activities and the acquired net assets are presented in → table 4.31.

4.31 — GOODWILL ACQUISITION TEAMTECHNIK GROUP

€ k	
Purchase price	27,580
Fair value of net assets	-10,361
Plus share of net assets not relating to the Dürr Group	4,183
Goodwill	21,402

The goodwill reflects the earnings prospects by expanding the business in the areas of e-mobility and medical technology. It was allocated to Teamtechnik Group within the Paint and Final Assembly Systems division and is not tax deductible.

The allocation of the purchase price to the acquired assets and liabilities is as follows.

4.32 — PURCHASE PRICE ALLOCATION TEAMTECHNIK GROUP

€ k	Carrying amounts after acquisition
Intangible assets	27,135
Property, plant and equipment	43,449
Financial assets	1,241
Deferred tax assets	565
Inventories and prepayments	16,866
Contract assets	12,121
Receivables and other assets	46,681
Cash and cash equivalents	4,168
Non-current liabilities	-40,272
Deferred tax liabilities	-826
Current liabilities	-100,767
Net assets	10,361

The carrying amounts after acquisition correspond to the fair value as of the date of first-time consolidation. The adjustments in the course of the purchase price allocation mainly relate to the measurement of contracts pursuant to IFRS 15 and to intangible assets for which technological know-how, customer relationships and brand names were recognized. The fair value of technological know-how and the brand name was measured using the relief from royalty method while the fair value of customer relationships was measured using the residual value method. Contractual gross receivables amount to €43,998 thousand and the contractual payments relating to these are expected to be recoverable. No contingent liabilities were recognized in the first-time consolidation.

4.33 — ACQUISITION TEAMTECHNIK GROUP: HIDDEN RESERVES IDENTIFIED IN ACQUIRED INTANGIBLE ASSETS

€ k	Fair value
Customer relationships	12,407
Technological know-how	8,315
Brand name	5,603
	26,325

4.34 — EARNINGS CONTRIBUTION TEAMTECHNIK GROUP FROM DATE OF FIRST-TIME CONSOLIDATION

€ k	2021
Sales revenues	93,694
Earnings after income taxes	-5,011

Had Teamtechnik Group already been included in the consolidated group as of January 1, 2021, the sales revenues of the Dürr Group and earnings after income taxes would have amounted to €3,538,812 thousand and €82,347 thousand, respectively.

Further acquisitions Paint and Final Assembly Systems division

On February 15, 2021, iTAC Software AG with registered offices in Montabaur, Germany, acquired 100% of the shares in Cogiscan Inc. with registered offices in Bromont, Quebec, Canada. Cogiscan is a technology company that specializes in connectivity solutions for digital machine connection. By acquiring the company, the Dürr Group aims to further expand business with manufacturing execution systems and strengthen its position in the North American market for digital solutions. The provisional purchase price of €10,586 thousand also contains contingent purchase price installments in addition to the €6,688 thousand that was settled in cash. The calculation of the purchase price installments is based on targets for the average sales revenues and the average EBIT for 2021 and 2022 and the average sales revenues for 2023 and 2024. Payment of the purchase price installments is contingent on the respective targets being achieved. In accordance with the purchase agreement, the total contingent purchase price installments may not exceed C\$6,000 thousand. To date, the acquisition has incurred acquisition-related costs of €135 thousand, which were expensed in the 2021 reporting period.

On July 30, 2021, Teamtechnik Maschinen und Anlagen GmbH, based in Freiberg a. N., Germany, acquired 100% of the shares in the German mechanical engineering company Hekuma GmbH, based in Hallbergmoos, Germany. The company is one of the leading providers of automatic systems for the large-scale production of plastic disposable products used in medication, diagnostics and laboratory equipment. With the combination of Teamtechnik and Hekuma, the Dürr Group is able to cover a large portion of the automated value chain in the production of medical devices. The purchase price amounted to €9,689 thousand and was paid in full in cash. To date, the acquisition has incurred acquisition-related costs of €360 thousand, which were expensed in the 2021 reporting period.

The entities were initially consolidated by applying the acquisition method pursuant to IFRS 3 "Business Combinations".

4.35 — GOODWILL FURTHER ACQUISITIONS PAINT AND FINAL ASSEMBLY SYSTEMS DIVISION

€ k	
Purchase prices	20,275
Fair value of net assets	-16,834
Difference	3,441
Goodwill relating to Cogiscan Inc.	5,297
Gain on acquisition relating to Hekuma GmbH	-1,856

The goodwill reflects synergies, among others in sales, and the earnings prospects in Europe and North America. The goodwill from the acquisition of Cogiscan Inc. of €5,297 thousand was allocated to the Paint and Final Assembly business activities within the Paint and Final Assembly Systems division. The goodwill is not tax-deductible. The acquisition of Hekuma GmbH gave rise to a gain on the acquisition of €1,856 thousand. This was recognized with an effect on income in the 2021 reporting period in the course of the first-time consolidation. The Dürr Group was able to acquire Hekuma GmbH at a favorable time as the seller was in the midst of a restructuring process and Hekuma GmbH exhibited no synergies with the rest of the seller's portfolio.

The table below breaks down the allocation of the purchase prices to the acquired assets and liabilities.

4.36 — PURCHASE PRICE ALLOCATIONS FURTHER ACQUISITIONS PAINT AND FINAL ASSEMBLY SYSTEMS DIVISION

€ k	Carrying amounts after acquisition
Intangible assets	8,638
Property, plant and equipment	27,432
Deferred tax assets	520
Inventories and prepayments	1,346
Contract assets	5,516
Receivables and other assets	10,522
Cash and cash equivalents	845
Non-current liabilities	-22,784
Deferred tax liabilities	-1,751
Current liabilities	-13,450
Net assets	16,834

The carrying amounts after acquisition correspond to the fair value as of the date of first-time consolidation. The adjustments in the course of the purchase price allocations mainly relate to intangible assets for which technological know-how, customer relationships and order backlog were recognized. The fair value of technological know-how was measured using the relief from royalty method while that of customer relationships and order backlog were measured using the residual value method. Contractual gross receivables amount to €11,399 thousand. Of these, it is estimated that contractual payments of €2,173 thousand will not be recoverable. Upon first-time consolidation, contingent liabilities of €4,900 thousand were recognized for litigation.

4.37 — FURTHER ACQUISITIONS PAINT AND FINAL ASSEMBLY SYSTEMS DIVISION: HIDDEN RESERVES IDENTIFIED IN ACQUIRED INTANGIBLE ASSETS

€ k	Fair value
Technological know-how	6,664
Customer relationships	1,747
Order backlog	63
	8,474

4.38 — EARNINGS CONTRIBUTION FURTHER ACQUISITIONS PAINT AND FINAL ASSEMBLY SYSTEMS DIVISION FROM DATE OF FIRST-TIME CONSOLIDATION

€ k	2021
Sales revenues	17,987
Earnings after income taxes	1,259

Had the acquired entities already been included in the consolidated group as of January 1, 2021, the sales revenues of the Dürr Group and earnings after income taxes would have amounted to €3,554,829 thousand and €85,004 thousand, respectively.

Acquisitions Woodworking Machinery and Systems division

On April 28, 2021, HOMAG Danmark A/S based in Galten, Denmark, acquired 70.6% of the shares in the Danish mechanical engineering company Kallesoe Machinery A/S based in Lem, Denmark. Kallesoe specializes in high-frequency presses for cross-laminated timber production. As a result of the acquisition, HOMAG's product range covers a good 70% of the process chain for manufacturing glued laminated timber units. The purchase price amounted to €6,804 thousand and was paid in full in cash. To date, the acquisition has incurred acquisition-related costs of €282 thousand, which were expensed in the 2021 reporting period. As part of the acquisition, options were agreed on acquiring the remaining shares at a later date.

On August 13, 2021, HOMAG Austria Gesellschaft m.b.H. based in Oberhofen am Irrsee, Austria, acquired 78.5% of the shares in Roomle GmbH. Roomle GmbH is a company based in Linz, Austria, and offers a leading solution for full 3D product configuration and visualization that enables the digital modeling of realistic products. The company primarily caters to the furniture industry. The purchase price of €5,749 thousand was paid in full in cash. To date, the acquisition has incurred acquisition-related costs of €69 thousand, which were expensed in the 2021 reporting period. As part of the acquisition, options were agreed on acquiring the remaining shares at a later date.

The two companies were initially consolidated applying the acquisition method pursuant to IFRS 3 "Business Combinations". The partial goodwill method was used for the acquisition of the two companies.

4.39 — GOODWILL ACQUISITIONS WOODWORKING MACHINERY AND SYSTEMS DIVISION

€ k	
Purchase prices	12,553
Fair value of net assets	-8,615
Plus share of net assets not relating to the Dürr Group	2,430
Goodwill	6,368

The goodwill reflects synergies, among others in distribution, and the earnings prospects in Denmark. The goodwill was allocated to the Woodworking Machinery and Systems division. It is not tax deductible.

→ Table 4.40 breaks down the allocation of the purchase prices to the acquired assets and liabilities.

4.40 — PURCHASE PRICE ALLOCATIONS ACQUISITIONS WOODWORKING MACHINERY AND SYSTEMS DIVISION

€ k	Carrying amounts after acquisition
Intangible assets	7,462
Property, plant and equipment	3,856
Deferred tax assets	–
Inventories and prepayments	3,987
Contract assets	2,065
Receivables and other assets	4,521
Cash and cash equivalents	1,411
Non-current liabilities	–79
Deferred tax liabilities	–2,188
Current liabilities	–12,420
Net assets	8,615

The carrying amounts after acquisition correspond to the fair value as of the date of first-time consolidation. The adjustments in the course of purchase price allocations mainly relate to intangible assets for which technological know-how, customer relationships, order backlog and brand names were recognized. The fair value of technological know-how and the brand names was measured using the relief from royalty method while that of customer relationships and order backlog was measured using the residual value method. Gross receivables amount to €4,526 thousand. Of these it is estimated that contractual payments of €5 thousand will not be recoverable. No contingent liabilities were recognized in the first-time consolidation.

4.41 — ACQUISITIONS WOODWORKING MACHINERY AND SYSTEMS DIVISION: HIDDEN RESERVES IDENTIFIED IN ACQUIRED INTANGIBLE ASSETS

€ k	Fair value
Technological know-how	4,219
Brand names	2,353
Customer relationships	263
Order backlog	504
	7,339

4.42 — EARNINGS CONTRIBUTION FURTHER ACQUISITIONS WOODWORKING MACHINERY AND SYSTEMS FROM DATE OF FIRST-TIME CONSOLIDATION

€ k	2021
Sales revenues	15,060
Earnings after income taxes	464

Had the acquired entities already been included in the consolidated group as of January 1, 2021, the sales revenues of the Dürr Group and earnings after income taxes would have amounted to €3,543,065 thousand and €85,128 thousand, respectively.

Acquisitions in the 2020 reporting period

HOMAG China Golden Field Group

In order to further expand the activities of the Woodworking Machinery and Systems division in the Chinese market, on November 24, 2020 the division acquired the remaining 75% of the shares in the HOMAG China Golden Field Group, which had previously been included in the consolidated financial statements as an entity accounted for using the equity method. The group of fully consolidated entities was thus expanded by five entities. Furthermore, in the course of the transaction the entities HOMAG (Hong Kong) Limited with registered offices in Hong Kong SAR, PR China, founded in the 2020 reporting period, and HOMAG Group AG with registered offices in Schopfloch, Germany, acquired additional assets and liabilities in asset deals. The transactions incurred acquisition-related costs of €926 thousand, of which €849 thousand was expensed in the 2020 reporting period and €77 thousand in the 2021 reporting period.

The entities were initially consolidated applying the acquisition method pursuant to IFRS 3 "Business Combinations". The purchase price of the acquisition amounted to €42,350 thousand and is divided into several components:

4.43 — PURCHASE PRICE COMPONENTS ACQUISITION HOMAG CHINA GOLDEN FIELD GROUP

€ k	
Share paid in cash in the 2020 reporting period	8,687
Deferred components for the initial consideration	23,763
Contingent purchase price installments	9,900
Purchase price	42,350

As of December 31, 2020, the purchase price allocation was still provisional in terms of the purchase price amount as, pursuant to the purchase agreement, individual components for the initial consideration relevant for the purchase price were not finalized until after the date of acquisition. The finalization of the purchase price in the 2021 reporting period increased goodwill by €4,577 thousand.

The contingent purchase price installments are based on the consolidated sales revenues and consolidated earnings before investment result, interest and income taxes of the acquired entities including HOMAG Machinery (Shanghai) Co., Ltd., Shanghai, PR China, which was already part of the Dürr Group, for the 2020 and 2021 reporting periods. The calculation of the purchase price installments is based on staggered targets, which are compared to fixed installments. Sales revenues are measured against the values for the 2019 reporting period, with fixed steps agreed for earnings before investment result, interest and income taxes. In accordance with the purchase agreement, the contingent purchase price installments may not exceed €11,000 thousand.

The goodwill from the first-time consolidation of the acquired activities and the acquired net assets are presented in → table 4.44.

4.44 — GOODWILL ACQUISITION HOMAG CHINA GOLDEN FIELD GROUP

€ k	
Purchase price	42,350
Fair value of the previous investment	16,263
Fair value of net assets	-53,277
Goodwill	5,336

The goodwill reflects synergies, among others in the sales function, and the earnings prospects in the PR China and the Hong Kong Special Administrative Region. It was allocated to the Woodworking Machinery and Systems division and is not tax deductible.

The acquisition-date fair value of the shares in HOMAG China Golden Field Limited previously recognized under investments in entities accounted for using the equity method amounted to €16,263 thousand, while their carrying amount determined using the equity method amounted to €15,902 thousand as of this date. The gain on the remeasurement of the shares is explained in → note 15 within the disclosures on the investment result.

The allocation of the purchase price to the acquired assets and liabilities can be found in → table 4.45.

4.45 — PURCHASE PRICE ALLOCATION ACQUISITION HOMAG CHINA GOLDEN FIELD GROUP

€ k	Carrying amounts after acquisition
Intangible assets	19,816
Property, plant and equipment	8,902
Deferred tax assets	1,102
Inventories and prepayments	42,974
Receivables and other assets	43,058
Cash and cash equivalents	31,616
Non-current liabilities	-2,632
Deferred tax liabilities	-2,595
Current liabilities	-88,964
Net assets	53,277

The carrying amounts after acquisition correspond to the fair value as of the date of first-time consolidation. The adjustments in the course of the purchase price allocation mainly relate to intangible assets for which a brand name, customer relationships, contracts and technological know-how were recognized. The fair value of customer relationships and contracts was measured using the multi-period excess earnings method, that of the brand name using the relief from royalty method. The value of technological know-how was measured using a cost-oriented valuation technique. Upon first-time consolidation, contingent liabilities of €3,710 thousand were recognized for litigation.

4.46 — ACQUISITION HOMAG CHINA GOLDEN FIELD GROUP: HIDDEN RESERVES IDENTIFIED IN ACQUIRED INTANGIBLE ASSETS

€ k	Fair value
Technological know-how	780
Customer relationships	2,164
Order backlog	6,191
Brand name	10,477
	19,612

The earnings contributed by the acquired HOMAG China Golden Field Group entities and the acquired assets and liabilities from the date of first-time consolidation until December 31, 2020, were as follows:

4.47 — EARNINGS CONTRIBUTION HOMAG CHINA GOLDEN FIELD GROUP AS OF DATE OF FIRST-TIME CONSOLIDATION

€ k	2020
Sales revenues	17,339
Earnings after income taxes	129

Earnings after income taxes included the effects from the subsequent measurement of hidden reserves and liabilities in the context of the purchase price allocation of €-341 thousand.

Had the acquired HOMAG China Golden Field entities and the acquired assets and liabilities been included in the consolidated group as of January 1, 2020, the Dürr Group's statement of income for the 2020 reporting period would have been as follows:

4.48 — PRO FORMA RESULTS DÜRR GROUP

€ k	2020
Sales revenues	3,402,286
Gross profit on sales	611,001
Earnings before investment result, interest and income taxes	28,266
Result of the Dürr Group	-378

System TM Group

On October 30, 2020, HOMAG Danmark A/S with registered offices in Galten, Denmark, acquired 80% of the shares in the entities System TM A/S and TM Teknik ApS, both with registered offices in Odder, Denmark, as well as System TM Canada Ltd., with registered offices in Saint John, New Brunswick, Canada. System TM is a mechanical engineering firm that specializes in systems for solid wood processing. The acquisition strengthens the position of the Woodworking Machinery and Systems division as technology partner for sustainable construction with wood and serves, among other things, to further expand the sales and service activities of the division in Denmark. The purchase price of the acquisition amounted to €22,455 thousand and was paid in full in cash. The transaction incurred acquisition-related costs of €415 thousand, of which €406 thousand was expensed in the 2020 reporting period and €9 thousand in the 2021 reporting period. In the course of the acquisition, the Dürr Group was granted the option to acquire the remaining shares.

First-time consolidation was performed pursuant to IFRS 3 "Business Combinations" using the partial goodwill method for acquisition accounting purposes. The goodwill from the first-time consolidation of the acquired activities and the acquired net assets are presented in → table 4.49.

4.49 — GOODWILL ACQUISITION SYSTEM TM GROUP

€ k	
Purchase price	22,455
Fair value of net assets	-12,106
Plus share of net assets not relating to the Dürr Group	2,421
Goodwill	12,770

The goodwill reflects synergies, among others in sales, and the earnings prospects in Denmark. It was allocated to the Woodworking Machinery and Systems division and is not tax deductible.

→ **Table 4.50** breaks down the allocation of the purchase price to the acquired assets and liabilities.

4.50 — PURCHASE PRICE ALLOCATION SYSTEM TM GROUP

€ k	Carrying amounts after acquisition
Intangible assets	6,493
Property, plant and equipment	7,448
Inventories and prepayments	1,498
Contract assets	3,147
Receivables and other assets	1,775
Cash and cash equivalents	11,690
Non-current liabilities	-2,731
Deferred tax liabilities	-3,971
Current liabilities	-13,243
Net assets	12,106

The carrying amounts after acquisition correspond to the fair value as of the date of first-time consolidation. The adjustments in the course of the purchase price allocation mainly relate to intangible assets for which technological know-how, order backlog, customer relationships and a brand name were recognized. The fair value of technological know-how and the brand name was measured using the relief from royalty method while that of customer relationships and the order backlog was measured using the multi-period excess earnings method. No contingent liabilities were recognized in the first-time consolidation.

4.51 — ACQUISITION SYSTEM TM GROUP: HIDDEN RESERVES IDENTIFIED IN ACQUIRED INTANGIBLE ASSETS

€ k	Fair value
Customer relationships	999
Order backlog	1,391
Technological know-how	1,943
Brand name	2,102
	6,435

→ **Table 4.52** breaks down the earnings contribution of the entities of the System TM Group consolidated for the first time from the date of first-time consolidation until December 31, 2020.

4.52 — EARNINGS CONTRIBUTION SYSTEM TM GROUP FROM DATE OF FIRST-TIME CONSOLIDATION

€ k	2020
Sales revenues	4,792
Earnings after income taxes	211

Earnings after income taxes included the effects from the subsequent measurement of hidden reserves and encumbrances in the context of the purchase price allocation of €-164 thousand.

Had the acquired System TM Group entities been included in the consolidated group as of January 1, 2020, the Dürr Group's statement of income for the 2020 reporting period would have developed as presented in → **table 4.53**.

4.53 — PRO FORMA RESULTS DÜRR GROUP

€ k	2020
Sales revenues	3,346,227
Gross profit on sales	611,485
Earnings before investment result, interest and income taxes	13,372
Result of the Dürr Group	-11,691

Techno-Step

On March 9, 2020, Dürr Systems AG with registered offices in Stuttgart, Germany, acquired 50.004% of the shares in Techno-Step GmbH with registered offices in Böblingen, Germany. The company specializes in the planning, development, commissioning and sale of systems for process data analysis and diagnosis systems. The purchase price of the acquisition amounted to €3,058 thousand. Furthermore, acquisition-related costs of €113 thousand were expensed in the 2020 reporting period. In the course of the acquisition, the Dürr Group was granted the option to acquire the remaining shares.

First-time consolidation was performed pursuant to IFRS 3 "Business Combinations" using the partial goodwill method for acquisition accounting purposes. The goodwill from the first-time consolidation of the acquired activities and the acquired net assets are presented in → table 4.54.

4.54 — GOODWILL ACQUISITION TECHNO-STEP

€ k	
Purchase price	3,058
Fair value of net assets	-1,928
Plus share of net assets not relating to the Dürr Group	964
Goodwill	2,094

The goodwill reflects synergies, among others in sales. It is allocated to the Application Technology division and is not tax-deductible.

The allocation of the purchase price to the acquired assets and liabilities can be found in → table 4.55.

4.55 — PURCHASE PRICE ALLOCATION ACQUISITION TECHNO-STEP

€ k	Carrying amounts after acquisition
Intangible assets	1,875
Property, plant and equipment	141
Inventories and prepayments	69
Receivables and other assets	391
Cash and cash equivalents	1,036
Non-current liabilities	-56
Deferred tax liabilities	-547
Current liabilities	-981
Net assets	1,928

The carrying amounts after acquisition correspond to the fair value as of the date of first-time consolidation. The adjustments in the course of the purchase price allocation mainly relate to intangible assets for which technological know-how and customer relationships were recognized. The fair value of customer relationships was measured using the multi-period excess earnings method, that of technological know-how using the relief from royalty method. No contingent liabilities were recognized in the first-time consolidation.

4.56 — ACQUISITION TECHNO-STEP: HIDDEN RESERVES IDENTIFIED IN ACQUIRED INTANGIBLE ASSETS

€ k	Fair value
Customer relationships	863
Technological know-how	1,012
	1,875

→ Table 4.57 breaks down the earnings contribution of Techno-Step GmbH from the date of first-time consolidation until December 31, 2020.

4.57 — EARNINGS CONTRIBUTION TECHNO-STEP FROM DATE OF FIRST-TIME CONSOLIDATION

€ k	2020
Sales revenues	1,164
Earnings after income taxes	17

Earnings after income taxes included the effects from the subsequent measurement of hidden reserves and encumbrances in the context of the purchase price allocation of €-189 thousand.

Had Techno-Step GmbH been included in the consolidated group as of January 1, 2020, there would not have been any significant changes in sales revenues and in the Dürr Group's profit for the 2020 reporting period.

Property, plant and equipment

Prepayments and assets under construction

Items of property, plant and equipment are recognized as assets under construction if costs for own or third-party work have already been incurred but they had not been completed by the end of the reporting period. As of December 31, 2021, prepayments of €12,037 thousand related to the locations Schopfloch, Denkendorf, Gengenbach and Calw in Germany for the construction of new buildings, modernization measures and infrastructure as well as new machinery.

In the prior period, prepayments related to many smaller modernization measures as well as new machinery and systems.

Land and buildings

The Group invested €11,998 thousand in property in the 2021 reporting period. Most of this related to the construction or completion of new buildings at the Schopfloch, Germany, and Radom, Poland, locations as well as to the acquisition of a property in Hudson, Massachusetts, USA. In the prior period, €5,240 thousand was invested in property spread across various locations.

Right-of-use assets

→ Table 4.58 shows the additions and depreciation of the right-of-use lease assets contained in property, plant and equipment and intangible assets.

4.58 — RIGHT-OF-USE ASSETS CONTAINED IN PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

€ k	Land and buildings	Technical equipment and machines	Other equipment, furniture and fixtures	Intangible assets	Dürr Group
Accumulated cost as of December 31, 2021	186,645	633	36,894	-	224,172
thereof additions	21,707	103	10,865	-	32,675
Accumulated depreciation and impairment as of December 31, 2021	115,269	453	22,319	-	138,041
thereof depreciation for the year	18,407	120	10,391	-	28,918
Net carrying amount as of December 31, 2021	71,376	180	14,575	-	86,131
Accumulated cost as of December 31, 2020	178,356	1,301	36,330	2,237	218,224
thereof additions	18,162	323	10,151	-	28,636
Accumulated depreciation and impairment as of December 31, 2020	105,616	801	21,452	2,237	130,106
thereof depreciation for the year	17,121	292	10,275	-	27,688
Net carrying amount as of December 31, 2020	72,740	500	14,878	-	88,118

Accumulated cost as well as accumulated depreciation and impairment contain the values for right-of-use assets that had already been accounted for as finance leases as of December 31, 2018, where these still exist. → **Note 32** contains the disclosures on lease liabilities, → **note 37** contains the explanations on the statement of cash flows.

The Dürr Group exercises the practical expedient to not recognize short-term leases and leases of low-value assets in the statement of financial position.

4.59 — EXPENSE FOR SHORT-TERM LEASES AND LEASES OF LOW-VALUE ASSETS

€ k	2021	2020
Expense for short-term leases	2,496	3,025
Expense for leases of low-value assets	2,424	3,013

Investment property

The Dürr Group distinguishes between property that is largely owner-occupied and property that is mostly used by third parties. A property is considered to be largely used by third parties if the space used by the company itself is insignificant. Investment property comprises both property owned by the Dürr Group as well as property that is sublet under operating leases. The Dürr Group uses the cost method to measure all investment property. The investment property comprises a group of buildings as well as part of the infrastructure area of Schenck Technologie- und Industriepark GmbH in Darmstadt, Germany, which are allocated to the Measuring and Process Systems division.

4.60 — INCOME AND EXPENSES FROM INVESTMENT PROPERTY

€ k	2021	2020
Rental income in the reporting period	3,227	3,719
Future rental income expected based on the existing agreements	8,896	10,784
Directly attributable expenditure	1,191	1,297
Directly attributable expenditure for vacant property	204	46

Self-owned buildings are depreciated using the straight-line method of depreciation over their useful life ranging between 20 and 50 years.

The composition of the group of properties accounted for pursuant to IAS 40 "Investment Property" changed marginally compared to the prior period. More information is contained in → **note 43**.

As of December 31, 2021, the fair value came to €45,560 thousand (prior period: €45,930 thousand) and is allocated to level 3 in the fair value hierarchy. For more information on the fair value hierarchy levels please see → **note 36**. An internal calculation prepared on an annual basis is used to determine the fair value of the investment properties; no appraiser was consulted in determining the values. The fair value of the properties is calculated using capitalized income from the cash-generating unit based on market rents adjusted downward by risk discounts customary for the region. A vacancy rate of 10% (prior period: 10%) and a property yield of 5.6% (prior period: 5.6%) were used in the calculation.

→ **Notes 32 and 37** contain disclosures on the lease liabilities and lease payments.

4.61 — DEVELOPMENT OF INVESTMENT PROPERTY

€ k	Investment property owned by the Dürr Group	Right-of-use assets for investment property	Dürr Group
Accumulated cost as of December 31, 2021	42,681	5,558	48,239
thereof additions	–	19	19
Accumulated depreciation and impairment as of December 31, 2021	26,221	4,538	30,759
thereof depreciation for the year	828	333	1,161
Net carrying amount as of December 31, 2021	16,460	1,020	17,480
Accumulated cost as of December 31, 2020	44,019	5,539	49,558
thereof additions	34	40	74
Accumulated depreciation and impairment as of December 31, 2020	26,314	4,205	30,519
thereof depreciation for the year	910	340	1,250
Net carrying amount as of December 31, 2020	17,705	1,334	19,039

19. INVESTMENTS IN ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD AND OTHER FINANCIAL ASSETS

Entity accounted for using the equity method

Nagahama Seisakusho Ltd.

The company Nagahama Seisakusho Ltd. has its registered office in Osaka, Japan, and offers machinery, systems and services in the area of balancing technology.

4.62 — CONDENSED STATEMENT OF FINANCIAL POSITION OF NAGAHAMA SEISAKUSHO LTD.

€ k	Dec. 31, 2021	Dec. 31, 2020
Non-current assets	27,077	6,284
Current assets	41,025	44,586
Non-current liabilities	6,192	6,287
Current liabilities	25,382	5,961
Equity	36,528	38,622
Carrying amount of the investment	18,462	19,518
Shareholding Dürr Group	50.0%	50.0%

4.63 — FURTHER FINANCIAL INFORMATION ON NAGAHAMA SEISAKUSHO LTD.

€ k	2021	2020
Sales revenues	35,130	37,579
Earnings after income taxes	2,521	2,830
Cash flow from operating activities	4,522	4,380
Cash flow from investing activities	–21,457	–376
Cash flow from financing activities	15,823	–4,666
Dividends received from Nagahama Seisakusho Ltd.	1,761	3,695

The reporting period of the company ends September 30; it is included using the equity method on the basis of the figures contained in the financial statements from that date. Significant effects that occurred between that date and December 31 are considered. As in the prior period, the associate had no material contingent liabilities as of December 31, 2021. At present, there are no significant restrictions with respect to dividend distributions.

The carrying amounts of the entity accounted for using the equity method are influenced by currency effects. Further information on the consolidated companies is contained in → [notes 3, 4 and 44](#).

Other financial assets

As of December 31, 2021, other financial assets primarily included the investments in ADAMOS GmbH with a carrying amount of €4,372 thousand (prior period: €3,936 thousand), in Teamtechnik Production Technology SP z o.o. with a carrying amount of €2,115 thousand (prior period: not part of the Group) and in Parker Engineering Co., Ltd. with a carrying amount of €11,661 thousand (prior period: €11,541 thousand).

20. INVENTORIES AND PREPAYMENTS**4.64 — INVENTORIES AND PREPAYMENTS**

€ k	Dec. 31, 2021	Dec. 31, 2020
Materials and supplies	296,629	223,229
less write-downs	-45,517	-41,435
Work in process	163,413	93,958
less write-downs	-7,749	-7,551
Finished goods and merchandise	210,162	212,327
less write-downs	-18,935	-18,185
Prepayments	90,809	46,278
less write-downs	-	-
Total inventories and prepayments	688,812	508,621

Materials and supplies were measured at average cost. On aggregate, write-downs on inventories increased to €72,201 thousand (prior period: €67,171 thousand) after taking into account exchange differences and consumption. The additions to write-downs in the 2021 reporting period of €28,858 thousand (prior period: €33,447 thousand) were recognized through profit or loss.

21. CONTRACT ASSETS**4.65 — DEVELOPMENT OF THE VALUATION ALLOWANCES AND IMPAIRMENTS ON CONTRACT ASSETS**

€ k	2021		2020	
	Stage 2	Stage 3	Stage 2	Stage 3
As of January 1	936	697	933	-
Exchange difference	47	62	-27	-10
Additions				
newly acquired	913	-	865	707
already in the portfolio	56	90	10	-
Change in risk parameters	-	-	-	-
Reversal	-647	-261	-845	-
Utilization	-	-	-	-
Reclassifications	-20	20	-	-
As of December 31	1,285	608	936	697

The change in the valuation allowance and impairment of contract assets with a gross value of €458,856 thousand (prior period: €395,065 thousand) is primarily attributable to the fact that the composition of customers, the respective business volume with them and their credit ratings have changed.

22. TRADE RECEIVABLES

4.66 — CHANGES IN VALUATION ALLOWANCES AND IMPAIRMENTS ON TRADE RECEIVABLES

€ k	2021		2020	
	Stage 2	Stage 3	Stage 2	Stage 3
As of January 1	1,896	16,228	1,244	12,026
Exchange difference	91	1,402	-45	-365
Additions				
newly acquired	1,320	14,298	1,755	4,925
already in the portfolio	8	1,147	-	3,011
Change in risk parameters	-	-	-	-
Reversal	-1,596	-3,604	-672	-3,007
Utilization	-24	-2,003	-	-748
Reclassifications	181	-181	-386	386
As of December 31	1,876	27,287	1,896	16,228

The changes in the valuation allowances and impairments on trade receivables are also attributable to a change in the receivables volume, a change in the composition of customers as well as changes in credit ratings as a result of the coronavirus pandemic. Please refer to → [note 6](#) for further details.

Receivables of €2,269 thousand (prior period: €1,905 thousand) were derecognized in the 2021 reporting period; €2,027 thousand (prior period: €748 thousand) thereof had already been written down in the past. The remaining €242 thousand (prior period: €1,157 thousand) was written down through profit or loss in the 2021 reporting period.

4.67 — TRADE RECEIVABLES BY MATURITY

€ k	Dec. 31, 2021		Dec. 31, 2020	
	Stage 2	Stage 3	Stage 2	Stage 3
Gross value	567,225	49,862	490,853	37,512
thereof				
not due	353,362	-	329,896	-
less than 1 month	84,081	-	58,890	-
between 1 and 3 months	87,198	-	50,755	-
between 3 and 6 months	22,618	-	23,287	-
between 6 and 9 months	10,993	-	14,535	-
between 9 and 12 months	8,973	-	13,490	-
more than 12 months/stage 3	-	49,862	-	37,512
Valuation allowance and impairment	-1,876	-27,287	-1,896	-16,228
Net carrying amount	565,349	22,575	488,957	21,284

In stage 2, a provision matrix is used to calculate a portfolio-based valuation allowance. Receivables in stage 3 were impaired based on an individual risk assessment. Receivables in stage 2 are subject to the risk level with a low credit risk (not affected by credit rating), while receivables in impairment stage 3 are subject to the risk level with a high credit risk (affected by credit rating).

23. SUNDRY FINANCIAL ASSETS

4.68 — SUNDRY FINANCIAL ASSETS

€ k	Dec. 31, 2021			Dec. 31, 2020		
	Total	Current	Non-current	Total	Current	Non-current
Derivative financial assets	3,400	3,038	362	7,072	7,008	64
Rent deposits and other collateral provided	17,469	12,914	4,555	14,055	10,197	3,858
Time deposits and other financial receivables	254,779	254,779	–	249,817	249,817	–
Investments in equity instruments measured at fair value through profit or loss	–	–	–	19,507	19,507	–
Remaining sundry financial assets	16,051	14,800	1,251	24,052	22,502	1,550
Total sundry financial assets	291,699	285,531	6,168	314,503	309,031	5,472

Remaining sundry financial assets include credit balances with suppliers of €6,388 thousand (prior period: €6,603 thousand) and receivables from employees totaling €2,117 thousand (prior period: €2,438 thousand).

With regard to sundry financial assets, there are no significant indications that the debtors will not be able to meet their payment obligations. Accordingly, sundry financial assets are primarily allocated to stage 1.

24. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are allocated to credit risk rating grades.

The credit risk rating grades are based on internal and external risk assessments. With regard to cash and cash equivalents, there are no significant indications that the debtors will not be able to meet their payment obligations. For further information on credit risk, please refer to → note 41.

4.69 — CASH AND CASH EQUIVALENTS COMBINED BY CREDIT RISK RATING GRADE

€ k	Dec. 31, 2021			Dec. 31, 2020		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Investment grade AAA to A–	430,495	–	–	563,132	–	–
Investment grade BBB+ to BBB–	119,259	–	–	197,810	–	–
Sub-investment grade	34,192	–	–	9,215	–	–
Gross value	583,946	–	–	770,157	–	–
Valuation allowance pursuant to IFRS 9	–802	–	–	–962	–	–
Net carrying amount	583,144	–	–	769,195	–	–

4.70 — DEVELOPMENT OF THE VALUATION ALLOWANCES ON CASH AND CASH EQUIVALENTS

€ k	2021			2020		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
As of January 1	962	–	–	1,020	–	–
Exchange difference	17	–	–	–26	–	–
Additions						
newly acquired	208	–	–	148	–	–
already in the portfolio	–	–	–	–	–	–
Change in risk parameters	–	–	–	–	–	–
Reversal	–385	–	–	–180	–	–
Utilization	–	–	–	–	–	–
Reclassifications	–	–	–	–	–	–
As of December 31	802	–	–	962	–	–

25. OTHER ASSETS

4.71 — OTHER ASSETS

€ k	Dec. 31, 2021			Dec. 31, 2020		
	Total	Current	Non-current	Total	Current	Non-current
Tax reimbursement claims without income taxes	56,125	55,811	314	44,335	44,034	301
Cost of obtaining a contract	11,319	10,437	882	7,014	6,660	354
Rent, maintenance cost and royalties	8,022	7,141	881	9,073	7,267	1,806
Remaining other assets	6,856	5,555	1,301	4,337	3,819	518
Total other assets	82,322	78,944	3,378	64,759	61,780	2,979

The cost of obtaining a contract included in other assets comprises sales commissions in connection with customer contracts that would not have been incurred, had the contract not been concluded.

26. ASSETS HELD FOR SALE

Assets sold in the 2021 reporting period

The real estate and property, plant and equipment at the location in Ochtrup, Germany, which were already classified as held for sale in the 2020 reporting period, were sold on January 19, 2021, with sales proceeds and income amounting to €2,500 thousand and €769 thousand, respectively. The property, plant and equipment were allocated to the Paint and Final Assembly Systems division.

At the location in Hemmoor, Germany, real estate and additional property, plant and equipment were sold at the end of March 2021, with sales proceeds and income amounting to €2,040 thousand and €618 thousand, respectively. The property, plant and equipment were allocated to the Woodworking Machinery and Systems division.

Real estate and additional property, plant and equipment were sold at their carrying amount at the end of July 2021 in connection with the closure of the location at Ledec nad Sázavou, Czech Republic. The sales proceeds amounted to €1,357 thousand. In August 2021, real estate and property, plant and equipment at the location in Karlstein, Germany, were sold with sales proceeds and income amounting to €2,050 thousand and €100 thousand, respectively. The property, plant and equipment at both locations were allocated to the Application Technology division.

Assets sold in the 2020 reporting period

Through the concentration of operations on the Dürr Campus in Shanghai, PR China, a building in Shanghai, PR China, together with other technical equipment and office equipment at that location were no longer needed and therefore classified as held for sale in the 2020 reporting period. The building and other items of plant and equipment were sold effective October 15, 2020. The gain on disposal recognized in the 2020 reporting period amounted to €2,368 thousand and is contained in the statement of income as other operating income. The sales proceeds amounted to €4,839 thousand. Local taxes were deferred in the prior period in connection with the sale. Income of €566 thousand was realized from the tax settlement of the transaction in the 2021 reporting period. The assets that were sold were allocated to the Clean Technology Systems division.

Assets held for sale

At the location in Goldkronach, Germany, property and additional plant and equipment classified as held for sale were sold on January 28, 2022, with sales proceeds and income amounting to €2,750 thousand and €28 thousand, respectively. An impairment loss of €472 thousand recorded in the prior period had previously been released through profit or loss in the 2021 reporting period. The property, plant and equipment were allocated to the Clean Technology Systems division.

As an additional part of the capacity and location adjustments initiated in the 2020 reporting period, real estate and additional property, plant and equipment at the location in Wolfsburg, Germany, were classified as held for sale and sold on February 4, 2022, with sales proceeds and income amounting to €3,560 thousand and €88 thousand, respectively. The property, plant and equipment were allocated to the Application Technology division.

4.72 — ASSETS HELD FOR SALE

€ k	Dec. 31, 2021	Dec. 31, 2020
Land and buildings	6,151	7,191
Other property, plant and equipment	43	59
Total assets	6,194	7,250

Notes to the consolidated statement of financial position: equity and liabilities

27. EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF DÜRR AKTIENGESELLSCHAFT

Subscribed capital (Dürr AG)

As of December 31, 2021, the capital stock of Dürr AG came to €177,157 thousand (prior period: €177,157 thousand) and was made up of 69,202,080 no-par value shares (prior period: 69,202,080 no-par value shares). Each share represents €2.56 of the subscribed capital and is made out to the bearer. The shares issued were fully paid in.

Authorizations

Authorization for acquisition and sale of treasury shares (Dürr AG)

The annual general meeting on May 4, 2016, authorized the Board of Management to purchase no-par value bearer shares once or several times until May 3, 2021. The purchases, whether for one or more purposes, may be transacted through the stock exchange or through a public tender addressed to all shareholders. The Board of Management, with the consent of the Supervisory Board, was also authorized to sell treasury shares under certain circumstances. In connection with this authorization, the Board of Management was also granted the option, under certain circumstances, to exclude the shareholders' put option and subscription right.

This authorization was not exercised and expired on May 4, 2021.

Authorized capital (Dürr AG)

The annual general meeting on May 10, 2019, authorized the Board of Management, subject to the approval of the Supervisory Board, to increase the capital stock once or several times in exchange for cash contributions and/or contributions in kind in the period up to May 9, 2024, by up to €53,147 thousand by issuing up to 20,760,624 no-par value shares made out to the bearer. The Board of Management was also authorized to preclude, subject to the approval of the Supervisory Board, the subscription right of the shareholders in certain cases.

Likewise, Dürr AG has not exercised the authorization to date.

Conditional capital (Dürr AG)

The annual general meeting on May 10, 2019, authorized the Board of Management, subject to the approval of the Supervisory Board, to issue once or several times until May 9, 2024, bearer or registered convertible bonds, warrant-linked bonds or income bonds or combinations of these instruments with or without fixed maturity. For this purpose, the subscribed capital was conditionally increased by a maximum of €17,716 thousand by issue of up to 6,920,208 new no-par value shares made out to the bearer. The Board of Management was also authorized, with the approval of the Supervisory Board, to preclude the subscription right of shareholders under certain circumstances and with defined limits.

On the basis of the authorization for the contingent capital increase, on September 24, 2020, Dürr AG issued a convertible bond with a nominal amount of €150,000 thousand. For further information please refer to → [note 32](#) as well as to the arrangements in the event of a change in control following a takeover bid contained in the "Corporate governance" section of the combined management report.

Capital reserve (Dürr AG)

The capital reserve primarily includes share premiums and amounted to €74,428 thousand as of December 31, 2021 (prior period: €74,428 thousand). The capital reserve is subject to the restrictions on disposal of Sec. 150 AktG.

With the convertible bond being placed in the 2020 reporting period, the conversion option was classified as an equity instrument in accordance with IAS 32 and recognized directly in equity. After deducting transaction costs, this equity instrument amounts to a total of €10,043 thousand. Pursuant to IAS 12, deferred tax assets resulting from temporary differences between the liability components of the convertible bond of €2,933 thousand were recognized and offset against the equity components.

Revenue reserves

Revenue reserves contain the results generated in the past by the entities included in the consolidated financial statements that have not been distributed. They totaled €787,952 thousand as of December 31, 2021 (prior period: €734,455 thousand). The change is chiefly owing to the addition of the result for the year, the recognition and measurement of options allocable to non-controlling interests, the increase in the shareholding of entities previously already included in the consolidated financial statements and the distribution of the dividend for the 2020 reporting period.

Restriction on distribution, transfer and withdrawal in the separate financial statements of Dürr AG (Sec. 253 (6) HGB)

Due to the legal regulations on the measurement of provisions in the separate financial statements of Dürr AG prepared in accordance with the German commercial law, there are restrictions on distribution. A difference of €545 thousand (prior period: €740 thousand) arises from the recognition of provisions according to the respective average market interest rate from the past ten reporting periods and from the recognition of provisions according to the respective average market interest rate from the past seven reporting periods; this amount is subject to a restriction on distribution.

Dividends

In accordance with the AktG, the distribution is measured based on net retained profit as reported by Dürr AG in its separate financial statements prepared in accordance with the provisions of German GAAP. In the 2021 reporting period, Dürr AG distributed a dividend to its shareholders of €0.30 per share from the net retained profit recorded in 2020 (prior period: €0.80 per share). The total amount distributed came to €20,761 thousand (prior period: €55,362 thousand). Based on the results of operations in the 2021 reporting period, the Board of Management of Dürr AG will propose to the Supervisory Board that a dividend of €0.50 per share be distributed, corresponding to a total distribution amount of €34,601 thousand.

Earnings per share

Earnings attributable to the shareholders of Dürr Aktiengesellschaft amounted to €83,045 thousand (prior period: €–15,809 thousand). The average number of shares amounted to 69,202,080 in the reporting period (prior period: 69,202,080 shares).

This resulted in basic earnings per share of €1.20 in the 2021 reporting period (prior period: €–0.23). Diluted earnings per share result from the potential correction of the Group earnings and the number of shares upon exercising the convertible instruments. Diluted earnings per share amounted to €1.16 (prior period: €–0.23) and result from the potentially dilutive effects of the convertible bond. In the prior period, issuing convertible bonds did not result in any dilutive effects.

Disclosures on capital management

The primary objective of capital management is to support business operations, ensure a healthy capital ratio and increase business value.

The Dürr Group monitors its capital on a monthly basis using a gearing ratio, which reflects the ratio of net financial debt to equity and is defined as the ratio of net financial debt to equity and net financial debt. Pursuant to the Group's internal policy, the ratio should not exceed 30%. As of December 31, 2021, it amounted to 9.0% (prior period: 5.1%); however, it was still significantly below the threshold.

4.73 — GEARING RATIO

€ k	Dec. 31, 2021	Dec. 31, 2020
Cash and cash equivalents	–583,144	–769,195
Time deposits and other financial receivables	–254,779	–249,817
Bond, convertible bond and Schuldschein loans	803,700	951,912
Liabilities to banks	26,959	–
Lease liabilities	95,670	98,429
Remaining other financial liabilities	11,078	17,661
Net financial debt	99,484	48,990
Equity	1,005,587	908,138
Net financial debt	99,484	48,990
Equity and net financial debt	1,105,071	957,128
Net financial debt	99,484	48,990
Equity and net financial debt	1,105,071	957,128
Gearing ratio	9.0%	5.1%

28. PROVISIONS FOR POST-EMPLOYMENT BENEFIT OBLIGATIONS

The Group's post-employment benefits include defined contribution plans and defined benefit plans.

Defined contribution plans

In the case of defined contribution plans, the Dürr Group pays contributions to state or private insurance institutions. Other than the subsidiary liability of the employer regarding its company pension plans, there are no other legal or constructive obligations for the Dürr Group. A claim from the subsidiary liability is currently unlikely. The contributions are recognized when they fall due as a personnel expense within the functional costs.

The post-employment benefits available to the employees of the German entities of the Dürr Group include a life insurance program in line with the respective tariff group, for which the Group recognized contributions of €858 thousand (prior period: €937 thousand) as an expense. In addition, the Group paid contributions of €48,694 thousand (prior period: €45,713 thousand) to the German statutory pension scheme, which likewise constitutes a defined contribution plan.

The US subsidiaries contribute to external pension funds for trade union employees. In the 2021 reporting period, pension expenses for these employees amounted to €2,855 thousand (prior period: €4,553 thousand). Payments for other defined contribution plans in other countries, including state pension systems, amounted to €11,983 thousand (prior period: €8,013 thousand).

In addition, the US subsidiaries of the Group have a "401(k)" profit-sharing plan for certain employees. Profit-sharing is based on the years of service and the employees' remuneration. The Dürr Group's contribution is discretionary and is determined annually by management. In the 2021 reporting period, expenses came to around €2,865 thousand (prior period: €2,387 thousand).

Defined benefit plans

Pension entitlements have been granted to individual former members of the Board of Management of Dürr AG and the members of the management board and general managers of German subsidiaries based on their most recent fixed salary and years of service.

Some non-pay scale employees of the German subsidiaries of the Dürr Group, including the members of the Board of Management of Dürr AG, Carl Schenck AG and HOMAG Group AG, are also offered the possibility to convert employee contributions into a benefit obligation in addition to ongoing employer contributions (pension plan of the Dürr Group). Under these plans, employees of the Dürr Group are entitled to convert certain parts of their future pay into an entitlement to future supplementary company benefits. To secure and finance the resulting obligations, the Group has taken out employer's pension liability insurance for the life of the beneficiaries or invests to a small extent in balanced funds comprising shares and bonds. The Dürr Group has the exclusive right to the respective benefits. This therefore does not represent any significant actuarial risk or investment risk for the Dürr Group. The amount of post-employment benefits equals the benefit paid out under the employer's pension liability insurance concluded by the company, which consists of a guaranteed pension and the divisible surplus allocated by the insurance company. For the funds investment, the benefits paid out later correspond to the balance of the fund. The Dürr Group reports the benefit obligations net of assets.

At the German entities of the Dürr Group, those employees who were employed at the Schenck entities at the time of the takeover were entitled to post-employment benefits. These are based on years of service. The payments provided for by the pension plans comprise fixed amounts plus an element that is dependent on years of service.

A US entity has a pension plan covering all non-union employees at that subsidiary. This plan was closed in 2003 and the claims for active members were frozen. The amount of the future pension benefits is based on the average salaries earned and length of service before the pension entitlements were frozen in 2003.

A subsidiary in the US has a roughly 35% share in a local multi-employer plan which is maintained jointly with other non-affiliated metal-working companies. Furthermore, this subsidiary has a stake in a US-wide pension plan. The defined benefit plans are accounted for as defined contribution plans as it is not possible to allocate the share of obligations and plan assets to the individual member companies. The risks from the two multi-employer plans differ from plans tailored to a specific company with regard to jointly managed pension assets, which can potentially also

be used to cover obligations of other participating employers. If participating plan sponsors discontinue current contribution payments, the remaining plan sponsors collectively take over the unfunded funding deficit; withdrawing from the plan is, however, regularly subject to a withdrawal fee to limit the risk for the remaining plan sponsors. The beneficiaries of the plans are members of a trade union. The contributions are calculated on the basis of the number of production hours worked by members. A temporary shortfall in capacity utilization as well as lower returns on plan assets meant there have been deficits in the past. There has no longer been a deficit in the local pension plan since March 31, 2018. In the US-wide pension plan, the total deficit amounted to around €1,781,847 thousand as of January 1, 2021. The Dürr Group has a roughly 0.2% stake in this US-wide plan. For 2021, the Group expects contributions of €2,968 thousand (prior period: €1,085 thousand) to be made to the pension plans.

Moreover, in some countries there are plans that provide for payouts in the context of post-employment benefits as well as a number of minor pension plans.

Post-employment benefit plan participants and risk management

Provisions for post-employment benefits are recognized for obligations from future and current post-employment benefits to eligible current and former employees as well as their surviving dependents. Pension plans vary according to local legal, tax and economic conditions and are usually based on employees' years of service as well as their remuneration. In the 2021 reporting period, there were obligations in place for 4,380 eligible persons (prior period: 3,943), thereof 3,743 active employees (prior period: 3,312), 185 former employees with vested rights (prior period: 185) as well as 452 retired employees and surviving dependents (prior period: 446).

The defined benefit plans are largely financed via provisions which have corresponding qualifying fund assets as plan assets that are offset against the obligations. The plan assets mostly exist in the form of employer's pension liability insurance policies pledged to beneficiaries.

In order to take adequate account of risks associated with post-employment benefit obligations, the Dürr Group established the Corporate Pension Committee (CPC) several years ago. This committee convenes regularly and reviews and assesses all global post-employment benefit plans within the Dürr Group. Regular participants of the CPC are the Chief Financial Officer of Dürr AG as well as the heads of the central functional areas Human Resources, Accounting & Controlling, Compensation & Benefits, Treasury and Legal.

Furthermore, to minimize the risk from pension obligations, no new defined benefit pensions have been granted in Germany for several years if their value is largely not hedged by external counter-financing. At the same time, the current pension plans are largely financed through deferred compensation.

Development of defined benefit plans

4.74 — CHANGES IN THE PRESENT VALUE OF DEFINED BENEFIT OBLIGATIONS

€ k	Dec. 31, 2021	Dec. 31, 2020
Defined benefit obligation at the beginning of the year	143,778	140,413
Exchange difference	1,291	-1,332
Current service cost	3,114	4,335
Past service cost	-96	-218
Interest expenses	1,290	1,718
Remeasurement of the defined benefit obligation	-5,737	2,928
thereof actuarial gains and losses from changes in demographic assumptions	-715	-6
thereof actuarial gains and losses from changes in financial assumptions	-3,902	2,766
thereof experience adjustments	-1,120	168
Employee contributions	1,168	1,585
Benefits paid	-6,426	-5,726
Settlements	-236	-
Changes in the consolidated group	1,606	56
Other	16	19
Defined benefit obligation at the end of the year	139,768	143,778

4.75 — CHANGE IN PLAN ASSETS

€ k	Dec. 31, 2021	Dec. 31, 2020
Fair value of plan assets at the beginning of the year	86,642	82,430
Exchange difference	983	-949
Interest income	890	1,246
Income from plan assets excluding amounts contained in net interest	1,421	1,414
Employer contributions	3,122	4,331
Employee contributions	1,168	1,585
Benefits paid	-3,823	-3,415
Changes in the consolidated group	722	-
Fair value of plan assets at the end of the year	91,125	86,642
Effect of asset ceiling	-1,281	-950
Plan assets taking into account the asset ceiling	89,844	85,692
Funded status¹	49,924	58,086

¹ Difference between the present value of the defined benefit obligation and the plan assets, taking into account the asset ceiling

4.76 — FUNDED STATUS

€ k	Dec. 31, 2021	Dec. 31, 2020
Present value of funded benefit obligations	132,544	135,502
Plan assets taking into account the asset ceiling	89,844	85,692
Defined benefit obligation in excess of plan assets	42,700	49,810
Present value of non-funded benefit obligations	7,224	8,276
Funded status¹	49,924	58,086

¹ Difference between the present value of the defined benefit obligation and the plan assets, taking into account the asset ceiling

4.77 — ITEMS OF THE STATEMENT OF FINANCIAL POSITION FOR ACCOUNTING FOR POST-EMPLOYMENT BENEFIT OBLIGATIONS

€ k	Dec. 31, 2021	Dec. 31, 2020
Provisions for post-employment benefit obligations	50,894	58,095
Other assets	970	9
Funded status¹	49,924	58,086

¹ Difference between the present value of the defined benefit obligation and the plan assets, taking into account the asset ceiling

At the end of the reporting period, the fair value of plan assets breaks down as shown in → [table 4.78](#).

4.78 — COMPOSITION OF PLAN ASSETS

€ k	Dec. 31, 2021	Dec. 31, 2020
Employer's pension liability insurance	69,075	67,460
Fixed-interest securities	15,530	14,393
Shares	4,166	2,905
Real estate	2,007	1,627
Other	347	257
Plan assets	91,125	86,642

The plan assets of the German entities mainly consist of employer's pension liability insurance policies which guarantee the amount. These employer's pension liability insurance policies have been invested mainly in fixed-interest securities. When selecting the issuers, the factors considered include the individual rating by international agencies and the equity capitalization of the issuers. The aim of the investment strategy is long-term capital accumulation on the one hand, and ongoing interest income on the other. This leads to slightly greater volatility. As part of a balanced approach, the portfolio mix contains debt and equity securities. The long-term growth in plan assets should be achieved primarily by means of fixed-interest securities which will also secure ongoing interest income. Equity instruments also make up a share of the investment portfolio.

With the exception of shares, fixed-interest securities and real estate, there are no listed prices on an active market. Where employer's pension liability insurance belongs to plan assets as qualifying insurance policies and exactly match the benefits, the present value of the covered obligations applies as their fair value. Otherwise, the fair value of plan assets is generally calculated on the basis of the market expectations prevailing on that date.

The expenses for defined benefit plans recognized through profit or loss comprise the items listed in → table 4.79.

4.79 — SHARE OF EXPENSES FROM DEFINED BENEFIT PLANS RECOGNIZED THROUGH PROFIT OR LOSS

€ k	2021	2020
Current service cost	3,114	4,335
Past service cost	-96	-218
Net interest expenses	406	487
Other	-6	19
Net expenses from defined pension plans	3,418	4,623

The asset ceiling resulted in a change of €-331 thousand (prior period: €-20 thousand) in total comprehensive income. Of this amount, €-325 thousand (prior period: €-26 thousand) was recognized directly in equity and €-6 thousand (prior period: €-6 thousand) through profit or loss.

The reporting date for the measurement of projected benefit obligations and plan assets is December 31; the measurement date for expenses from defined benefit plans is January 1. In addition to the assumptions on life expectancy based on the Heubeck 2018 G biometric mortality tables for the German Group

companies, the rates in → table 4.80 were used as a basis for calculating the defined benefit obligations and the fair value of the plan assets.

4.80 — AVERAGE RATES USED FOR CALCULATING OBLIGATIONS

%	2021		2020	
	Germany	Rest of world	Germany	Rest of world
Discount rate	0.90	1.67	0.60	1.17
Long-term salary increases	3.00	2.86	3.00	2.37

The rate of pension progression, which has a significant impact on the defined benefit obligations as of the end of the reporting period in Germany, came to 1.75% in the 2021 reporting period (prior period: 1.75%). The average rates are calculated on the basis of the weighted average of the defined benefit obligations.

The weighted average duration of the post-employment benefit obligations is 14 years (prior period: 14 years). For the 2022 reporting period, employers are expected to make contributions of €2,591 thousand to the plan assets.

→ Table 4.81 gives an overview of the payments for defined benefit plans expected in the coming reporting periods.

Sensitivity analyses

The material actuarial assumptions for the valuation of post-employment benefit obligations are the discount rate and, for obligations in Germany, also the rate of pension progression. By hedging the significant risks with employer's pension liability insurance policies, the longevity risk for the obligations in Germany plays only a minor role.

4.81 — EXPECTED PAYMENTS FROM THE DEFINED BENEFIT PLANS

€ k	2022	2023	2024	2025	2026	2027 to 2031	Total
Expected payments from the defined benefit plans	6,683	6,971	6,665	6,505	6,737	33,605	67,166

→ Table 4.82 shows how the defined benefit obligation is influenced by potential changes to the respective assumptions using sensitivity analyses.

4.82 — SENSITIVITIES – CHANGES IN THE DEFINED BENEFIT OBLIGATION

€ k	Dec. 31, 2021	Dec. 31, 2020
DISCOUNT RATE		
+1 percentage point	-11,372	-12,285
-1 percentage point	14,075	15,304
RATE OF PENSION PROGRESSION		
+0.25 percentage points	2,050	2,272
-0.25 percentage points	-1,963	-2,170

There are dependencies between the actuarial assumptions. The sensitivity analyses do not take these dependencies into account.

29. OTHER PROVISIONS

The contract-related provisions mainly consist of provisions for after-sales expenses, warranties and for onerous contracts in the order backlog. Around 70% (prior period: 66%) of the contract-related provisions relate to provisions for warranties and onerous contracts in the order backlog. The calculation of the contract-related provisions is largely based on expected losses from pending delivery and service transactions, mainly due to the increase in material prices and transport costs, as well as on statutory or contractual warranty claims and was performed using past experience and taking current circumstances into account. The personnel provisions mainly contain obligations for the phased retirement scheme and provisions for long-service awards. These provisions are derived from actuarial calculation methods. Sundry provisions relate to various identifiable specific risks and uncertain liabilities for which there is uncertainty as to the date and future costs and for which the amount can be estimated reliably. As of December 31, 2021, other provisions largely contained provisions for restructuring and optimization measures of €11,920 thousand (prior period: €62,398 thousand). The provisions for optimization measures, capacity and location adjustments recognized in prior periods were not completely utilized in the 2021 reporting period as several measures have not yet been completed. In the 2021 reporting period, provisions of €7,568 thousand were reversed largely due to an adjustment to the optimization program in the Woodworking Machinery and Systems (HOMAG Group) division and more precise information about the implementation of the measures. → Table 4.84 shows the provisions for restructuring per division.

4.83 — OTHER PROVISIONS – CHANGES

€ k	Contract-related provisions	Personnel provisions	Sundry provisions
As of January 1, 2021	113,833	32,715	67,140
Changes in the consolidated group	16,728	751	711
Exchange difference	4,045	154	287
Utilization	-39,317	-9,893	-47,074
Reversal	-23,880	-2,658	-8,269
Additions	95,485	11,072	6,653
As of December 31, 2021	166,894	32,141	19,448

4.84 — PROVISIONS FOR RESTRUCTURING BY DIVISION

€ k	Dec. 31, 2021	Dec. 31, 2020
Paint and Final Assembly Systems	1,974	23,474
Application Technology	1,478	18,315
Clean Technology Systems	200	1,656
Measuring and Process Systems	155	1,087
Woodworking Machinery and Systems	8,113	17,866
Total restructuring provisions	11,920	62,398

4.85 — OTHER PROVISIONS – EXPECTED UTILIZATION

€ k	Dec. 31, 2021			Dec. 31, 2020		
	Total	Current	Non-current	Total	Current	Non-current
Contract-related provisions	166,894	157,934	8,960	113,833	113,105	728
Personnel provisions	32,141	15,355	16,786	32,715	13,781	18,934
Sundry provisions	19,448	17,690	1,758	67,140	65,429	1,711
Total provisions	218,483	190,979	27,504	213,688	192,315	21,373

Those other provisions that are expected to be used within the next twelve months are classified as current. The payments for non-current provisions are expected to be incurred within the next two to five years.

30. CONTRACT LIABILITIES

Contract liabilities constitute obligations for the Dürr Group to transfer goods or services to a customer for which the customer has already paid or to which the customer has a claim. This

relates to contracts for which customer payments received or due exceed the project status. Regular progress payments are typically agreed in the mechanical and plant engineering sector based on the progress of the project. In most cases a customer payment is already due before work commences. This results in the customer having to prefinance the project in the ordinary course of business. During the project, further payments are invoiced based on project milestones reached. In the 2021 reporting period, there were no notable deviations from this typical relationship between performance and customer payment. This is reflected in the disclosure of the balance as a contract liability.

31. TRADE PAYABLES

4.86 — TRADE PAYABLES

€ k	Total	Current	Total non-current	Medium-term	Long-term
Trade payables	372,845	371,869	976	976	–
(2020)	(377,444)	(377,072)	(372)	(372)	(–)
Trade payables due to entities accounted for using the equity method	163	163	–	–	–
(2020)	(84)	(84)	(–)	(–)	(–)
December 31, 2021	373,008	372,032	976	976	–
(December 31, 2020)	(377,528)	(377,156)	(372)	(372)	(–)

32. BOND, CONVERTIBLE BOND, SCHULDSCHEIN LOANS AND OTHER FINANCIAL LIABILITIES

Remaining other financial liabilities largely contain loans from employees to HOMAG Group entities and liabilities for deferred interest for the convertible bond and the Schuldschein loans.

All interest-bearing liabilities of the Group are shown in this item.

4.87 — FINANCIAL LIABILITIES

€ k	Total	Current	Total non-current	Medium-term	Long-term
Bond	–	–	–	–	–
(2020)	(299,821)	(299,821)	(–)	(–)	(–)
Convertible bond	140,222	–	140,222	140,222	–
(2020)	(137,943)	(–)	(137,943)	(–)	(137,943)
Schuldschein loans	663,478	–	663,478	421,244	242,234
(2020)	(514,148)	(49,923)	(464,225)	(256,557)	(207,668)
Liabilities to banks	26,959	3,796	23,163	5,567	17,596
(2020)	(–)	(–)	(–)	(–)	(–)
Lease liabilities	95,670	26,249	69,421	53,568	15,853
(2020)	(98,429)	(26,747)	(71,682)	(51,733)	(19,949)
Remaining other financial liabilities	11,078	9,589	1,489	1,489	–
(2020)	(17,661)	(17,661)	(–)	(–)	(–)
December 31, 2021	937,407	39,634	897,773	622,090	275,683
(December 31, 2020)	(1,068,002)	(394,152)	(673,850)	(308,290)	(365,560)

Financing of the Group**Bond**

In April 2021, Dürr AG repaid the unsubordinated bond of €300,000 thousand issued in March 2014. The bond had a coupon of 2.875% and an issue price of 99.221%. It was paid out to the Dürr Group and first listed on April 3, 2014. The bond had a term of seven years and could not be terminated prematurely.

Convertible bond

On September 24, 2020, Dürr AG issued an unsubordinated, unsecured convertible bond with a term until January 15, 2026, at a nominal value of €150,000 thousand. It is divided into denominations of €100 thousand each. The convertible bond can be converted at the current conversion price into 4,421,518 new no-par value bearer shares of Dürr AG.

The convertible bond was issued at its full nominal amount and bears interest with an annual payable coupon of 0.75% p.a. The conversion price is currently €33.9250 per share. The original conversion price was €34.22 per share, which corresponded to a premium of 40% over the reference share price of €24.44277. The convertible bond was offered exclusively to institutional investors for purchase. The offer was not valid for the USA, Canada, Japan and Australia as well as other jurisdictions in which the offer or sale of the convertible bond is prohibited by law.

Dürr AG is authorized to repay the convertible bond at its nominal value, plus accrued interest, in accordance with the conditions of the convertible bond at any time or after February 5, 2024, if the share price over a particular period of time reaches or exceeds 130% of the conversion price at that time or if 15% or less of the total nominal value of the convertible bond is outstanding.

Schuldschein loans

On December 14, 2020, Dürr AG placed its third sustainability Schuldschein loan of €200,000 thousand. Dürr AG received the loan amount on January 14, 2021, after deducting transaction costs. As with the two previously issued Schuldschein loans, the interest is pegged to the sustainability rating of the Dürr Group, prepared by EcoVadis. This means that the interest rate falls or rises depending on whether the sustainability rating of the Dürr Group improves or deteriorates. The average interest rate stands at 2.0% p.a. The Schuldschein loan is split into tranches with terms of up to 10 years, with an average term of 6.25 years. The loan served to refinance the corporate bond of €300,000 thousand, which was repaid in April 2021.

On March 26, 2020, Dürr AG placed an additional sustainability Schuldschein loan of €115,000 thousand. The payment of interest for this Schuldschein loan is again pegged to the sustainability rating of the Dürr Group. The average interest rate stands at 0.9% p.a. Dürr AG received the total volume of €115,000 thousand on April 6, 2020; the loan is split into tranches with terms of five, seven and ten years.

On June 19, 2019, Dürr AG placed a sustainability Schuldschein loan of €200,000 thousand. The payment of interest is partly tied to the sustainability rating of the Dürr Group. The average interest rate stands at 0.84% p.a. Dürr AG received the funds on July 4, 2019; the loan is split into tranches with terms of five, six, eight and ten years.

On March 24, 2016, Dürr AG issued a Schuldschein loan of €300,000 thousand. The funds were received on April 6, 2016. The total volume is split into three tranches with terms of five, seven and ten years. The average interest rate upon being issued was around 1.6% p.a. In return for taking out the Schuldschein loan in March 2020, the variable-rate tranches of €100,000 thousand of the Schuldschein loan from 2016 were prematurely redeemed in April 2020. An amount of €1,000 thousand was offset against the cash payment of the Schuldschein loan from December 2020. Dürr AG repaid an additional tranche of €49,000 thousand in April 2021.

Syndicated loan

As part of its sustainability oriented refinancing, Dürr AG concluded a syndicated loan of €750,000 thousand on July 25, 2019, and on its effective date August 7, 2019, redeemed a syndicated loan from 2014 prematurely. The syndicated loan from 2019 is split into a cash line of €500,000 thousand and a bank guarantee of €250,000 thousand. 13 banks from Europe, Asia and the USA belong to the syndicate. BNP Paribas S.A., Commerzbank AG, Deutsche Bank AG and UniCredit Bank AG are responsible for coordinating the syndicate.

The payment of interest of the syndicated loan depends, among other things, on the sustainability rating of the Dürr Group. When the interest rate is pegged to the sustainability rating prepared by EcoVadis, the interest rate falls or rises according to certain sustainability criteria. The syndicated loan does not include any collateral on fixed and current assets. Interest on the syndicated loan is payable at the matching refinancing rate plus a variable margin.

The syndicated loan is intended for general corporate financing (cash line) and to cover other obligations from the mechanical and plant engineering vis a vis third parties (bank guarantee). The original term was agreed until July 25, 2024, but in July 2021 Dürr AG extended the term prematurely by additional two years (new maturity date: July 2026).

Other loans

In the prior period, Dürr AG had on May 19, 2020 concluded a bilateral loan of €100,000 thousand with KfW IPEX-Bank GmbH bearing interest of 1.13% p.a. The loan agreement had a term until May 19, 2021; however, the loan was repaid prematurely on November 20, 2020.

Credit lines and bank guarantees

At the end of the 2021 reporting period, €171,950 thousand (prior period: €137,193 thousand) of the bank guarantee of Dürr AG's syndicated loan had been utilized. The cash lines of the syndicated loans of Dürr AG were not utilized in the 2021 and 2020 reporting periods. In addition, Dürr AG has bilateral credit lines of €34,078 thousand in place (usable for working capital or bank guarantees), bank guarantee facilities of €967,364 thousand as well as smaller credit lines with various banks and insurance firms. The majority of the credit lines and bank guarantee facilities are not bound to any particular purpose and serve to generally fund the Group as well as project management.

To increase its financial flexibility, Dürr AG had in the previous period agreed on an additional credit facility of €350,000 thousand with a syndicate of banks on May 8, 2020. This secured any refinancing pending in 2021. The credit facility had a term of one year; Dürr AG also had the possibility of extending the agreement twice by six months at a time. The syndicate of banks included BNP Paribas S.A., Commerzbank AG, Deutsche Bank Luxembourg S.A., Landesbank Baden-Württemberg, Banco Santander, S.A. and UniCredit Bank AG. By issuing the convertible bond and the sustainability Schuldschein loan, the credit facility was initially reduced and then canceled completely in December 2020.

4.88 — CREDIT LINES AND BANK GUARANTEES

€ k	Dec. 31, 2021	Dec. 31, 2020
Total amount of credit lines/bank guarantees available	1,751,442	1,601,240
Total amount of credit lines/bank guarantees utilized	539,124	473,086
thereof due within one year	289,640	252,089
thereof due in more than one year	249,484	220,997

Lease liabilities

The leases mainly have terms of between one year and ten years, in some cases the contracts have a term of more than 15 years. Potential cash outflows of €23,138 thousand (prior period: €30,625 thousand) are not included in the lease liabilities as it is not reasonably certain that the extension options will be exercised. Variable lease payments of €183 thousand (prior period: €301 thousand) were recognized through profit or loss. To a small extent, the contracts contain price adjustment clauses based on consumer price indices. Any potential adjustments in lease payments arising as a result are not taken into account in the lease liability.

33. SUNDRY FINANCIAL LIABILITIES

4.89 — SUNDRY FINANCIAL LIABILITIES

€ k	Total	Current	Total non-current	Medium-term	Long-term
Derivative financial liabilities	9,675	7,767	1,908	1,908	–
(2020)	(2,727)	(2,711)	(16)	(16)	(–)
Obligations to employees	104,521	103,094	1,427	1,427	–
(2020)	(82,828)	(82,677)	(151)	(151)	(–)
Obligations from options	262,189	230,805	31,384	31,384	–
(2020)	(226,653)	(211,405)	(15,248)	(15,248)	(–)
Liabilities from purchase price installments	14,263	10,130	4,133	4,133	–
(2020)	(28,961)	(23,761)	(5,200)	(5,200)	(–)
Remaining sundry financial liabilities	26,337	24,978	1,359	1,359	–
(2020)	(43,070)	(41,736)	(1,334)	(1,334)	(–)
December 31, 2021	416,985	376,774	40,211	40,211	–
(December 31, 2020)	(384,239)	(362,290)	(21,949)	(21,949)	(–)

Obligations from options of €194,329 thousand (prior period: €177,716 thousand) relate to the sundry financial liabilities recognized under the domination and profit and loss transfer agreement with HOMAG Group AG for the acquisition of shares as well as to pay the compensation entitlements. The increase is primarily due to a non-recurring effect in connection with the pool agreement in place between Dürr Technologies GmbH and the shareholder group Schuler/Klessmann. The options also relate to non-controlling interests of €62,212 thousand (prior period: €45,508 thousand).

Of the liabilities from purchase price installments, an amount of €10,005 thousand relates to the deferred consideration and contingent purchase price installments from the acquisition of the HOMAG China Golden Field Group. Further information on the purchase price installments can be found in → [note 18](#).

34. OTHER LIABILITIES

4.90 — OTHER LIABILITIES

€ k	Total	Current	Total non-current	Medium-term	Long-term
Tax liabilities not relating to income taxes	35,930	35,930	–	–	–
(2020)	(39,644)	(39,629)	(15)	(15)	(–)
Liabilities relating to social security	9,570	9,570	–	–	–
(2020)	(9,539)	(9,539)	(–)	(–)	(–)
Obligations to employees	61,935	61,935	–	–	–
(2020)	(55,735)	(55,735)	(–)	(–)	(–)
Remaining other liabilities	6,991	6,899	92	57	35
(2020)	(6,479)	(6,415)	(64)	(64)	(–)
December 31, 2021	114,426	114,334	92	57	35
(December 31, 2020)	(111,397)	(111,318)	(79)	(79)	(–)

35. SHARE-BASED PAYMENT

There is a share-based long-term incentive (LTI) program in place for the members of the Board of Management of Dürr AG and top level management of the Dürr Group. The program takes the form of tranches that are issued every year and have a term of three years each. The payments will be made upon expiration of the contractual term in each case after the following annual general meeting.

Under the program, the beneficiaries receive an individually fixed number of phantom Dürr AG shares (performance share units – PSUs). These are calculated per tranche for the members of the Board of Management of Dürr AG as the ratio between the average share price of the last 30 trading days before the start of a tranche and the contractually agreed LTI target. For all other participants in the LTI program, the number of PSUs granted is based on the respective contractual commitment. As of December 31, 2021, 228,828 phantom shares had been issued for the aforementioned group of persons (prior period: 229,390 shares). At the end of the term of the incentive program, the benefits accrued are settled in cash. The settlement is calculated on the number of phantom shares, the rounded share price on the closing date (share price multiplier) and an EBIT multiplier based on the average EBIT margin generated over the term of the tranche. There is a cap for the EBIT multiplier. Furthermore, payment is capped individually in each case.

In the 2021 reporting period, expenses of €1,391 thousand (prior period: income of €1,814 thousand) were recorded in general administrative expenses for the LTI program. The amounts reported under sundry financial liabilities as of December 31, 2021, came to €1,389 thousand (prior period: €293 thousand).

36. OTHER NOTES ON FINANCIAL INSTRUMENTS

Measurement of financial instruments by category

Based on the relevant items of the statement of financial position, the relationship between the categories of financial instruments pursuant to IFRS 9, classification pursuant to IFRS 7 and the carrying amounts of financial instruments are presented in → table 4.91.

4.91 — MEASUREMENT OF FINANCIAL INSTRUMENTS BY CATEGORY

		Amount recognized at		
€ k	Carrying amount as of Dec. 31, 2021	Amortized cost	Fair value (not through profit or loss)	Fair value (through profit or loss)
ASSETS				
Cash and cash equivalents	583,144	583,144	–	–
Trade receivables due from third parties	587,881	587,881	–	–
Trade receivables due from entities accounted for using the equity method	43	43	–	–
Other financial assets	18,454	–	4,678	13,776
Sundry financial assets	288,299	288,299	–	–
Derivative financial assets				
Derivatives not used for hedging	1,027	–	–	1,027
Derivatives used for hedging	2,373	–	1,954	419
LIABILITIES				
Trade payables	373,008	373,008	–	–
Bond	–	–	–	–
Convertible bond	140,222	140,222	–	–
Schuldschein loans	663,478	663,478	–	–
Liabilities to banks	26,959	26,959	–	–
Lease liabilities¹	95,670	95,670	–	–
Remaining other financial liabilities	11,078	11,078	–	–
Obligations from options	262,189	256,541	–	5,648
Liabilities from purchase price installments	14,263	–	–	14,263
Other sundry financial liabilities	130,858	130,858	–	–
Derivative financial liabilities				
Derivatives not used for hedging	438	–	–	438
Derivatives used for hedging	9,237	–	6,234	3,003
THEREOF COMBINED BY MEASUREMENT CATEGORY IN ACCORDANCE WITH IFRS 9				
Financial assets measured at amortized cost	1,459,367	1,459,367	–	–
Investments in equity instruments measured at fair value through other comprehensive income	4,678	–	4,678	–
Financial assets measured at fair value through profit or loss	1,027	–	–	1,027
Investments in equity instruments measured at fair value through profit or loss	13,776	–	–	13,776
Financial liabilities measured at amortized cost	1,598,344	1,598,344	–	–
Financial liabilities measured at fair value	20,349	–	–	20,349

¹ Lease liabilities are accounted for pursuant to IFRS 16 and are therefore not included in any of the above categories pursuant to IFRS 9.

4.91 — MEASUREMENT OF FINANCIAL INSTRUMENTS BY CATEGORY

€ k	Carrying amount as of Dec. 31, 2020	Amount recognized at		
		Amortized cost	Fair value (not through profit or loss)	Fair value (through profit or loss)
ASSETS				
Cash and cash equivalents	769,195	769,195	–	–
Trade receivables due from third parties	510,195	510,195	–	–
Trade receivables due from entities accounted for using the equity method	46	46	–	–
Other financial assets	15,783	–	4,242	11,541
Sundry financial assets	307,431	287,924	–	19,507
Derivative financial assets				
Derivatives not used for hedging	1,224	–	–	1,224
Derivatives used for hedging	5,848	–	4,505	1,343
LIABILITIES				
Trade payables	377,528	377,528	–	–
Bond	299,821	299,821	–	–
Convertible bond	137,943	137,943	–	–
Schuldschein loans	514,148	514,148	–	–
Lease liabilities¹	98,429	98,429	–	–
Remaining other financial liabilities	17,661	17,661	–	–
Obligations from options²	226,653	223,224	–	3,429
Liabilities from purchase price installments	28,961	–	–	28,961
Other sundry financial liabilities	125,898	125,898	–	
Derivative financial liabilities				
Derivatives not used for hedging	424	–	–	424
Derivatives used for hedging	2,303	–	1,855	448
THEREOF COMBINED BY MEASUREMENT CATEGORY IN ACCORDANCE WITH IFRS 9				
Financial assets measured at amortized cost	1,567,360	1,567,360	–	–
Investments in equity instruments measured at fair value through other comprehensive income	4,242	–	4,242	–
Financial assets measured at fair value through profit or loss	1,224	–	–	1,224
Investments in equity instruments measured at fair value through profit or loss	31,048	–	–	31,048
Financial liabilities measured at amortized cost	1,696,223	1,696,223	–	–
Financial liabilities measured at fair value	32,814	–	–	32,814

¹ Lease liabilities are accounted for pursuant to IFRS 16 and are therefore not included in any of the above categories pursuant to IFRS 9.

² Obligations from options of €45,508 thousand that relate to non-controlling interests and are presented under the category financial liabilities measured at amortized cost were reported under the category financial liabilities measured at fair value through other comprehensive income in the prior period.

In order to make the fair value measurement of financial instruments comparable, a fair value hierarchy has been established in the IFRSs with the following three levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2)

- Inputs that are not based on observable market data (level 3).

The financial instruments measured at fair value by the Dürr Group break down as follows according to the fair value hierarchy levels:

4.92 — ALLOCATION TO THE FAIR VALUE HIERARCHY LEVELS

€ k	Dec. 31, 2021	Fair value hierarchy		
		Level 1	Level 2	Level 3
ASSETS AT FAIR VALUE – NOT THROUGH PROFIT OR LOSS				
Other financial assets	4,678	–	–	4,678
Derivatives used for hedging	1,954	–	1,954	–
ASSETS AT FAIR VALUE – THROUGH PROFIT OR LOSS				
Other financial assets	13,776	–	–	13,776
Sundry financial assets	–	–	–	–
Derivatives not used for hedging	1,027	–	1,027	–
Derivatives used for hedging	419	–	419	–
LIABILITIES AT FAIR VALUE – NOT THROUGH PROFIT OR LOSS				
Derivatives used for hedging	6,234	–	6,234	–
LIABILITIES AT FAIR VALUE – THROUGH PROFIT OR LOSS				
Obligations from options	5,648	–	–	5,648
Liabilities from purchase price installments	14,263	–	–	14,263
Derivatives not used for hedging	438	–	438	–
Derivatives used for hedging	3,003	–	3,003	–

€ k	Dec. 31, 2020	Fair value hierarchy		
		Level 1	Level 2	Level 3
ASSETS AT FAIR VALUE – NOT THROUGH PROFIT OR LOSS				
Other financial assets	4,242	–	–	4,242
Derivatives used for hedging	4,505	–	4,505	–
ASSETS AT FAIR VALUE – THROUGH PROFIT OR LOSS				
Other financial assets	11,541	–	–	11,541
Sundry financial assets	19,507	–	–	19,507
Derivatives not used for hedging	1,224	–	1,224	–
Derivatives used for hedging	1,343	–	1,343	–
LIABILITIES AT FAIR VALUE – NOT THROUGH PROFIT OR LOSS				
Derivatives used for hedging	1,855	–	1,855	–
LIABILITIES AT FAIR VALUE – THROUGH PROFIT OR LOSS				
Obligations from options	3,429	–	–	3,429
Liabilities from purchase price installments	28,961	–	–	28,961
Derivatives not used for hedging	424	–	424	–
Derivatives used for hedging	448	–	448	–

As of the end of each reporting period, an assessment is made as to whether there were reclassifications between the different hierarchy levels or measurement categories. No reclassifications were made between the fair value hierarchy levels or measurement categories in the 2021 reporting period.

Potential climate-related matters, including legislation, that may have an impact on measuring the fair value of assets and liabilities in the annual financial statements were taken into account in the fair value measurement. Risks resulting from climate-related matters are included as key assumptions if they have a material impact on measuring the recoverable amount. There are currently no known risks from climate-related matters when measuring the fair value that could have a material impact on the consolidated financial statements.

Measurement at fair value of the financial instruments of levels 1, 2 and 3 held as of December 31, 2021, gave rise to the following total gains and losses:

4.93 — TOTAL GAINS AND LOSSES ON ASSETS

€ k	2021	2020
RECOGNIZED THROUGH PROFIT OR LOSS		
Investments in equity instruments measured at fair value through profit or loss	994	2,194
Derivative financial instruments	16	157
RECOGNIZED IN EQUITY		
Derivative financial instruments	18	452

4.94 — TOTAL GAINS AND LOSSES ON LIABILITIES

€ k	2021	2020
RECOGNIZED THROUGH PROFIT OR LOSS		
Liabilities from purchase price installments	-1,171	-205
Obligations from options	-612	-1,819
Derivative financial instruments	-2,204	-79
RECOGNIZED IN EQUITY		
Derivative financial instruments	-196	-264

4.95 — DEVELOPMENT OF LEVEL 3 OF THE FAIR VALUE HIERARCHY OF ASSETS

€ k	2021	2020
As of January 1	35,290	32,160
Additions	1,677	936
Disposals	-19,507	-
Change in fair value	994	2,194
As of December 31	18,454	35,290

The changes in the fair value of the assets reported in level 3 were reported in the investment result through profit or loss.

4.96 — DEVELOPMENT OF LEVEL 3 OF THE FAIR VALUE HIERARCHY OF LIABILITIES

€ k	2021	2020
As of January 1	32,390	2,162
Exchange difference	943	-882
Additions	10,178	35,086
Disposals	-25,383	-6,000
Change in fair value	1,783	2,024
As of December 31	19,911	32,390

The changes in the fair value of the liabilities reported in level 3 of €1,783 thousand (prior period: €2,024 thousand) were reported through profit or loss.

Valuation techniques

The fair value of the derivative financial assets and liabilities allocated to level 2 of the fair value hierarchy is based on daily observable spot foreign exchange rates and interest yield curves. In connection with IFRS 13 "Fair Value Measurement", both the counterparty and own default risks have been taken into account in the measurement. Input factors to take into account for the counterparty credit risk are credit default swaps (CDSs), observable on the markets, of the credit institution involved in the respective transaction. If there is no CDS for a single credit institution, a synthetic CDS is derived from other observable market data (such as rating information). The counterparty credit risk is minimized by diversifying the portfolio and selecting the counterparties carefully. To calculate its own risk of default, the Dürr Group uses information received from credit institutions and insurance companies to derive a synthetic CDS for the Group.

The fair value of the options, contingent purchase price installments and other financial assets allocated to level 3 in the fair value hierarchy is calculated based on contractual arrangements or internal data. This primarily includes historical results, accounting data and forward-looking planning data of each company on which the amount of the financial liabilities depends. The fair value of financial assets is derived from contractual arrangements of a selling price and a fixed interest component. The assumptions are regularly reviewed and adjusted if necessary. If applicable, unwinding effects resulting from a convergence with the maturity date are also included in the valuation.

Sensitivity level 3

The fair values of investments in equity instruments, contingent purchase price installments and options allocated to the level 3 in the fair value hierarchy are subject to the fluctuations described below in the event of an assumed change in input parameters.

→ table 4.97

The fair value of ADAMOS GmbH is primarily based on the free cash flows expected for the coming years.

The fair value of the contingent purchase price components of Cogiscan Inc. is based on the average sales revenues of the 2021 to 2024 reporting periods as well as on the average EBIT of the 2021 and 2022 reporting periods. The contingent purchase price components are only paid out if the average sales revenues or average EBIT exceed the agreed thresholds. Further information on the contingent purchase price installments can be found in → note 18.

The fair value of the contingent purchase price components of the HOMAG China Golden Field Group is based on the sales revenues and earnings of the group for the 2020 and 2021 reporting periods. Further information on the contingent purchase price installments can be found in → note 18.

The calculation of the fair value of Parker Engineering Co., Ltd. is largely based on estimates by management on the development of the future free cash flows of the company. The value of the related put option is based on the company's pro rata equity and would fluctuate up or down in the event of an assumed change in the future free cash flows.

The calculation of the fair value of Teamtechnik Production Technology SP z o.o. is largely based on estimates by management on the development of the future free cash flows of the company. The value of the related put option is based on the company's estimated business figures at the time of exercising the option and would fluctuate up or down in the event of an assumed change in the future free cash flows.

In the 2021 reporting period, the 15% investment in SBS Ecoclean GmbH was disposed of concurrently with the payment of the agreed option price following settlement of the legal dispute.

From investments held in the portfolio, dividends of €86 thousand (prior period: €111 thousand) were recognized in the 2021 reporting period.

Fair values of financial instruments carried at amortized cost

→ Table 4.98 shows the fair value of the financial assets and liabilities carried at cost or amortized cost. The fair value of financial instruments not carried at amortized cost approximates their carrying amount.

4.97 — FAIR VALUES OF INVESTMENTS IN EQUITY INSTRUMENTS, CONTINGENT PURCHASE PRICE INSTALLMENTS AND OPTIONS

€ k	Dec. 31, 2021			Dec. 31, 2020		
	Carrying amount	Sensitivity analysis		Carrying amount	Sensitivity analysis	
		+10%	-10%		+10%	-10%
ADAMOS GmbH	4,372	4,822	3,923	3,936	4,282	3,612
Cogiscan Inc.	4,133	4,133	-	-	-	-
Parker Engineering Co., Ltd.	11,661	12,559	10,763	11,541	12,438	10,645
Parker Engineering Co., Ltd. - option	4,041	4,938	3,142	3,429	4,325	2,533
SBS Ecoclean GmbH	-	-	-	19,507	19,507	19,507
Teamtechnik Production Technology SP z o.o.	2,115	2,327	1,904	-	-	-
Teamtechnik Production Technology SP z o.o. - option	1,607	1,819	1,396	-	-	-
HOMAG China Golden Field Group	10,005	11,000	7,375	9,900	10,395	6,845

4.98 — FAIR VALUES OF FINANCIAL INSTRUMENTS CARRIED AT AMORTIZED COST

€ k	Dec. 31, 2021		Dec. 31, 2020	
	Fair value	Carrying amount	Fair value	Carrying amount
ASSETS				
Cash and cash equivalents	583,144	583,144	769,195	769,195
Trade receivables due from third parties	587,881	587,881	510,195	510,195
Trade receivables due from entities accounted for using the equity method	43	43	46	46
Sundry financial assets	288,299	288,299	287,924	287,924
LIABILITIES				
Trade payables	373,008	373,008	377,528	377,528
Bond	-	-	297,903	299,821
Convertible bond	201,570	140,222	174,375	137,943
Schuldschein loans	666,402	663,478	500,836	514,148
Liabilities to banks	35,172	26,959	-	-
Remaining other financial liabilities	11,078	11,078	17,661	17,661
Obligations from options	256,760	252,741	224,205	223,224
Other sundry financial liabilities	130,858	130,858	125,898	125,898
THEREOF COMBINED BY MEASUREMENT CATEGORY IN ACCORDANCE WITH IFRS 9				
Financial assets measured at amortized cost	1,459,367	1,459,367	1,567,360	1,567,360
Financial liabilities measured at amortized cost	1,674,848	1,598,344	1,718,406	1,696,223

Cash and cash equivalents, trade receivables, sundry financial assets, trade payables as well as other sundry financial liabilities mostly fall due within the short term. Consequently, their carrying amounts at the end of the reporting period approximate their fair value.

The fair value of non-current liabilities is based on the current interest rate for borrowing at similar terms and conditions with comparable due date and credit rating. With the exception of the bond, convertible bond, Schuldschein loans, liabilities to banks and obligations from options, the fair value of liabilities approximates the carrying amount.

The fair value of the bond and the convertible bond (fair value hierarchy level 1) is calculated by multiplying the nominal value with the quoted price at the end of the reporting period. In the prior period, the bond was listed at 99.30%, which is equal to a market value of €297,903 thousand. As of reporting date, the convertible bond was listed at 134.38% (prior period: 116.25%), which is equal to a market value of €201,570 thousand (prior period: €174,375 thousand).

The fair value of the Schuldschein loans as well as liabilities to banks (fair value hierarchy level 2) is determined by discounting the cash flows as of the measurement date with discount rates with matching terms.

The obligations from options measured at amortized cost (level 3 in the fair value hierarchy) primarily relate to the sundry financial liabilities recognized under the domination and profit and loss

transfer agreement with HOMAG Group AG for the acquisition of shares as well as to settle the compensation entitlements. The sundry financial liabilities are recognized through profit or loss in the subsequent measurement. The expected term of the arbitration proceedings as well as the expected amount of the compensation payment and cash settlement determine the measurement of the option. Due to an initial ruling of the Stuttgart Regional Court, which is not yet legally binding, the expected compensation payment was raised from €1.01 to €1.03 (net) and the expected cash settlement from €31.56 to €31.58. Compared to expectations in the prior period, the term of the arbitration proceedings was extended by one year. On account of the new pool agreement concluded with the shareholder group Schuler/Klessmann and the initial ruling of the Stuttgart Regional Court, the price of the shares was increased from €25.00 to the expected exercise price of €31.58 and the term assumed for the measurement was adjusted, causing the liability to increase accordingly. The fair value is determined using a net present value model based on the cash settlement including compensation payment as well as the legal minimum interest rate and a discount rate with a matching term. The difference between the fair value and the carrying amount is due to the fact that the fair value takes into account changes in the actual interest rate environment, while the discount rate used for measurement at amortized cost remains mostly unchanged over the term.

The net present value model is also used to calculate the fair value of the other obligations classified at amortized cost from options held by non-controlling interests for the sale of their shares.

Net gains and losses by measurement category

4.99 — NET GAINS AND LOSSES BY MEASUREMENT CATEGORY 2021

€ k	From subsequent measurement					Net gain or loss
	From interest	At fair value	Currency translation	Valuation allowance and impairment	From disposals	
Financial assets measured at amortized cost	3,328	–	4,216	–13,500	–242	–6,198
Financial assets measured at fair value through profit or loss	–	–	–	–	5,527	5,527
Investments in equity instruments measured at fair value through profit or loss	–	994	–	–	–	994
Financial liabilities measured at amortized cost	–46,112	–	698	–	–	–45,414
Financial liabilities measured at fair value through profit or loss	–9	–2,713	–	–	–	–2,722
Total	–42,793	–1,719	4,914	–13,500	5,285	–47,813

4.100 — NET GAINS AND LOSSES BY MEASUREMENT CATEGORY 2020

€ k	From subsequent measurement				From disposals	Net gain or loss
	From interest	At fair value	Currency translation	Valuation allowance and impairment		
Financial assets measured at amortized cost	4,125	–	–347	–6,170	–1,157	–3,549
Investments in equity instruments measured at fair value through profit or loss	–	2,194	–	–	–	2,194
Financial liabilities measured at amortized cost	–36,080	–	–82	–	–	–36,162
Financial liabilities measured at fair value through profit or loss	–	–1,823	–	–	6,000	4,177
Total	–31,955	371	–429	–6,170	4,843	–33,340

Financial assets which are subject to an enforceable master netting arrangement or a similar agreement

Some derivative financial instruments concluded with credit institutions are subject to certain contractual netting agreements which allow the Dürr Group, in the event of a credit institution filing for insolvency, to offset certain financial assets against certain financial liabilities.

4.101 — DERIVATIVE FINANCIAL ASSETS SUBJECT TO NETTING AGREEMENTS, ENFORCEABLE MASTER NETTING ARRANGEMENTS AND SIMILAR AGREEMENTS

€ k	Dec. 31, 2021	Dec. 31, 2020
Gross amounts of financial assets	3,400	7,072
Gross amounts of financial liabilities netted in the statement of financial position	–	–
Net amounts of financial assets reported in the statement of financial position	3,400	7,072
Associated amounts from financial instruments not netted in the statement of financial position	–781	–1,856
Net amount	2,619	5,216

4.102 — DERIVATIVE FINANCIAL LIABILITIES SUBJECT TO NETTING AGREEMENTS, ENFORCEABLE MASTER NETTING ARRANGEMENTS AND SIMILAR AGREEMENTS

€ k	Dec. 31, 2021	Dec. 31, 2020
Gross amounts of financial liabilities	9,675	2,727
Gross amounts of financial assets netted in the statement of financial position	–	–
Net amounts of financial liabilities reported in the statement of financial position	9,675	2,727
Associated amounts from financial instruments not netted in the statement of financial position	–781	–1,856
Net amount	8,894	871

Pledges

At the end of the reporting period, financial assets of €3,251 thousand (prior period: €394 thousand) were pledged mainly as cash collaterals.

37. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

The consolidated statement of cash flows shows how the cash and cash equivalents changed in the 2021 reporting period as a result of cash received and paid and thus provides information on the sources and use of cash and cash equivalents. The consolidated statement of cash flows prepared in accordance with IAS 7 "Statement of Cash Flows" makes a distinction between the cash flows from operating, investing and financing activities.

The cash presented in the statement of cash flows contains all of the Group's cash and cash equivalents, i.e., cash in hand, checks and bank balances, with an original term to maturity of less than three months. The valuation allowance to be recognized on cash and cash equivalents under IFRS 9 is eliminated from non-cash income and expenses in the statement of cash flows.

Cash of €116,864 thousand (prior period: €110,671 thousand) is restricted due to the restrictions on capital transfers, mainly in some Asian countries.

Cash flow from operating activities

The cash flow from operating activities is derived indirectly from the earnings of the Group. Income tax payments are added to earnings before income taxes that are also adjusted for net interest and non-cash items. The latter includes amortization, depreciation and impairment of non-current assets, the profit from entities accounted for using the equity method and the net gain or loss on the disposal of property, plant and equipment. To derive the cash flow from operating activities, changes in the items of the statement of financial position that result from operating activities are then considered. Effects from foreign currency translation and changes in the consolidated group are eliminated. Changes in operating assets and liabilities contained in the consolidated statement of cash flows therefore do not necessarily match the changes in the related items of the consolidated statement of financial position.

The amortization, depreciation and impairment reported in the consolidated statement of cash flows in the 2021 reporting period were, as in the prior period, not reduced by the amount contained in net interest or investment income. The cash flow from operating activities contains effects of €186 thousand from non-recourse financing and premature settlement of letters of credit (prior period: €3,592 thousand).

4.103 — OTHER NON-CASH INCOME AND EXPENSES

€ k	2021	2020
Result from contingent purchase price installments	-1,171	-205
Income from assets classified as held for sale	2,525	2,368
Result from the adjustment of lease agreements	-264	-1,347
Result from the measurement of HOMAG China Golden Field Limited	-	1,094
Valuation allowance on cash and cash equivalents	176	35
Valuation allowance or impairment on financial assets and other investments	904	375
Income from the acquisition of Hekuma GmbH	1,856	-
Currency translation differences and other	-14,477	8,879
Total other non-cash income and expenses	-10,451	11,199

Cash flow from investing activities

The cash flow from investing activities is derived from actual cash flows. This relates mainly to the cash outflows for investments made in non-current assets, investments of free cash and acquisitions. Cash outflows for the acquisition of property, plant and equipment are divided into €26,468 thousand (prior period: €10,146 thousand) for expansion investments and €27,419 thousand (prior period: €18,720 thousand) for replacement investments. Cash inflows arise from the disposal of non-current assets and interest received. Investment of free cash in time deposits result in cash outflows of €6,788 thousand (prior period: cash inflows of €89,890 thousand). The Dürr Group received €21,369 thousand from the sale of the SBS Ecoclean investment. Furthermore, the Group received interest of €4,707 thousand from settling the dispute with SBS Ecoclean GmbH.

Accounting for leases pursuant to IFRS 16, the cash flow from investing activities only shows a cash outflow for prepayments and acquisition-related costs, because the addition of right-of-use assets does not involve cash outflow, except in the above-mentioned cases. The payments for leases are reported under cash flow from financing activities.

4.104 — 2021 ACQUISITIONS, NET OF CASH ACQUIRED

€ k	Purchase price settled in cash	Cash acquired	Disclosure in the statement of cash flows
Teamtechnik Group	27,580	-4,168	23,412
Cogiscan Inc.	6,688	-483	6,205
Kallesoe Machinery A/S	6,804	-1,371	5,433
Hekuma GmbH	9,689	-362	9,327
Roomle GmbH	5,749	-40	5,709
Payments for HOMAG China Golden Field Group	24,860	-	24,860
Total	81,370	-6,424	74,946

4.105 — 2020 ACQUISITIONS, NET OF CASH ACQUIRED

€ k	Purchase price settled in cash	Cash acquired	Disclosure in the statement of cash flows
Techno-Step GmbH	3,058	-1,036	2,022
System TM Group	22,455	-11,690	10,765
HOMAG China Golden Field Group	8,687	-31,616	-22,929
Total	34,200	-44,342	-10,142

Explanations on income from the disposal of assets held for sale can be found in → [note 26](#).

Cash flow from financing activities

The cash flow from financing activities is also derived from actual cash flows. It contains dividends and cash paid to shareholders and non-controlling interests, interest paid for the bond, the convertible bond, Schuldschein loans and the other financing activities. It also includes the payments made to settle liabilities under the terms of leases and other non-current loans. The line item "Change in current bank liabilities and other financing activities" mainly contains cash inflows and outflows from overdraft facilities.

On January 14, 2021, Dürr AG received the loan amount of the third sustainability Schuldschein loan of €197,965 thousand (after deduction of transaction costs and offsetting of €1,000 thousand against the Schuldschein loan from 2016). In April 2021, Dürr AG paid €300,000 thousand for the redemption of the corporate bond issued in March 2014 and €49,000 thousand for the redemption of an additional tranche of the Schuldschein loan from 2016. In addition, loans from various banks of €84,390 thousand were repaid in the course of the acquisitions.

In April 2020, the Dürr Group received cash from a sustainability Schuldschein loan of €114,756 thousand, in October 2020 there was a cash outflow of €147,428 thousand from the convertible bond – in each case after deducting transaction costs. In April 2020, the premature replacement of the tranches with variable interest terms of €100,000 thousand of the Schuldschein loan from 2016 resulted in a cash outflow.

In the 2021 reporting period, the Dürr Group had cash outflows of €1,827 thousand (prior period: €14,742 thousand) from transactions with the owners of non-controlling interests. On the other hand, the Group received cash of €525 thousand in the prior period from the capital increase at an entity with non-controlling interests. In the 2021 reporting period, the Dürr Group acquired only a few additional shares in HOMAG Group AG owned by the minority shareholders with a value of €1 thousand (prior period: €4,320 thousand).

4.106 — TRANSACTIONS WITH THE OWNERS OF NON-CONTROLLING INTERESTS FROM INCREASING EQUITY INTERESTS TO 100%

€ k	2021	2020
Olpidürr S.p.A.	1,400	-
HOMAG Korea Co., Ltd.	427	-
Weinmann Holzbausystemtechnik GmbH	-	4,621
HOMAG Machinery (Shanghai) Co., Ltd.	-	6,581
HOMAG eSolution GmbH	-	3,540
Total	1,827	14,742

Pursuant to IAS 7 "Statement of Cash Flows", the cash outflow for the additional shares is contained in the cash flow from financing activities under the item "Transactions with non-controlling interests", as the entities were already previously fully consolidated in the Dürr Group.

Interest paid includes the payment of guaranteed dividends to the minority shareholders of HOMAG Group AG, as the conclusion of the domination and profit and loss transfer agreement has led to the situation where outside shareholders according to IFRS accounting are not considered as owners of non-controlling interests. Interest payments from lease liabilities in the 2021 reporting period amounted to €3,153 thousand (prior period: €2,773 thousand).

According to IAS 7, the reconciliation in → [table 4.107](#) presents the changes in liabilities from financing activities. These are defined as liabilities whose cash inflows and outflows are recognized in the statement of cash flows as cash flows from financing activities. This includes liabilities related to the acquisition of non-controlling interests. Assets that serve to hedge non-current liabilities are also presented here.

4.107 — CHANGES IN LIABILITIES FROM FINANCING ACTIVITIES

€ k	Carrying amount as of Jan. 1	With cash effect	Exchange difference	Changes in the consolidated group	With non-cash effect			Carrying amount as of Dec. 31
					Addition	Changes in fair value	Other changes	
Bond	299,821	-300,000	-	-	-	-	179	-
(2020)	(299,186)	(-)	(-)	(-)	(-)	(-)	(635)	(299,821)
Convertible bond	147,986	-	-	-	-	-	2,279	150,265
(2020)	(-)	(147,428)	(-)	(-)	(-)	(-)	(558)	(147,986)
Schuldschein loans	514,148	148,965	-	-	-	-	365	663,478
(2020)	(499,056)	(14,756)	(-)	(-)	(-)	(-)	(336)	(514,148)
Liabilities to banks	-	-79,424	21	106,362	-	-	-	26,959
(2020)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Lease liabilities	98,429	-34,347	4,602	3,763	28,874	-	-5,651	95,670
(2020)	(107,101)	(-29,706)	(-3,382)	(4,145)	(24,323)	(-)	(-4,052)	(98,429)
Liabilities from options	163,568	-3,344	-	-	12,557	4,184	-	176,965
(2020)	(151,347)	(-6,877)	(-)	(-)	(12,185)	(6,913)	(-)	(163,568)
Liabilities from purchase price installments for non-controlling interests	427	-427	-	-	-	-	-	-
(2020)	(427)	(-)	(-)	(-)	(-)	(-)	(-)	(427)
Liabilities from accrued interest	10,592	-10,311	-	-	8,948	-	-	9,229
(2020)	(10,070)	(-10,122)	(-)	(-)	(10,592)	(-)	(52)	(10,592)
Sundry liabilities from financing activities	7,069	-14,082	-	6,975	-	-	1,887	1,849
(2020)	(7,654)	(-3,701)	(-)	(3,116)	(-)	(-)	(-)	(7,069)
Total 2021	1,242,040	-292,970	4,623	117,100	50,379	4,184	-941	1,124,415
(Total 2020)	(1,074,841)	(111,778)	(-3,382)	(7,261)	(47,100)	(6,913)	(-2,471)	(1,242,040)

The Group has unused credit lines and bank guarantees of €1,212,318 thousand (prior period: €1,128,154 thousand). The credit lines and bank guarantee facilities are not bound to any particular purpose and serve to generally fund the Group as well as project management. More information on the financing of the Group can be found in → [note 32](#). A breakdown of the cash flows from operating activities, investing activities and financing activities by Group division can be found in → [note 38](#). An explanation of the statement of cash flows can be found in the section on “Financial development” in the combined management report.

Other notes

38. SEGMENT REPORTING

The segment reporting was prepared according to IFRS 8 "Operating Segments". Based on the internal reporting and organizational structure of the Group, the data contained in the consolidated financial statements is presented by division. The

presentation of segments is designed to provide details on the results of operations, net assets and financial position of individual activities.

The reporting is based on the divisions of the Group. As of December 31, 2021, the Dürr Group consisted of the Corporate Center and five operating divisions, each with global responsibility for its products and results. Paint and Final Assembly Systems plans and builds paint systems and final assembly lines for the

4.108 — SEGMENT REPORTING

€ k	Paint and Final Assembly Systems	Application Technology	Clean Technology Systems	Measuring and Process Systems	Woodworking Machinery and Systems	Total segments	Reconciliation ¹	Dürr Group
2021								
Sales revenues recognized over time from contracts with customers	985,528	323,752	320,734	91,038	264,134	1,985,186	–	1,985,186
Sales revenues recognized at a point in time from contracts with customers	97,696	146,343	66,417	112,203	1,124,656	1,547,315	7	1,547,322
Sales revenues from lease agreements	–	–	–	4,158	–	4,158	–	4,158
Sales revenues with other divisions	5,460	985	1,188	2,935	2,135	12,703	–12,703	–
Total sales revenues	1,088,684	471,080	388,339	210,334	1,390,925	3,549,362	–12,696	3,536,666
thereof from services	394,432	199,904	120,494	76,744	345,235	1,136,809	–4,934	1,131,875
EBIT	35,228	41,192	9,184	17,386	76,499	179,489	–3,818	175,671
Earnings from entity accounted for using the equity method	–	–	–	1,251	–	1,251	–	1,251
Cash flow from operating activities	33,243	13,559	14,736	22,163	159,647	243,348	13,619	256,967
Cash flow from investing activities	–49,685	–3,771	–3,907	12,410	–66,262	–111,215	–10,670	–121,885
Cash flow from financing activities	34,051	14,725	–14,936	–40,955	–145,922	–153,037	–181,145	–334,182
Amortization and depreciation	–29,963	–12,804	–9,425	–8,821	–57,801	–118,814	–2,356	–121,170
Impairment of intangible assets and property, plant, and equipment	–87	–	–	–403	–2,040	–2,530	–	–2,530
Non-cash income and expenses	733	–44	1,097	4,311	–1,917	4,180	–14,631	–10,451
Additions to intangible assets	33,256	3,498	385	6,267	18,487	61,893	834	62,727
Additions to property, plant and equipment	19,884	6,394	4,166	8,289	42,958	81,691	1,070	82,761
Investment in entity accounted for using the equity method	–	–	–	18,462	–	18,462	–	18,462
Assets (as of Dec. 31)	987,445	525,688	317,832	267,636	1,115,185	3,213,786	–19,938	3,193,848
Liabilities (as of Dec. 31)	715,355	251,193	197,098	100,661	727,888	1,992,195	210,060	2,202,255
Employees (as of Dec. 31)	5,258	2,026	1,381	1,339	7,477	17,481	321	17,802

¹ The number of employees, amortization and depreciation, additions to intangible assets and property, plant and equipment, non-cash income and expenses as well as sales revenues from contracts with customers reported in the reconciliation column relate to the Corporate Center.

4.108 — SEGMENT REPORTING

€ k	Paint and Final Assembly Systems	Application Technology	Clean Technology Systems	Measuring and Process Systems	Woodworking Machinery and Systems	Total segments	Reconciliation ¹	Dürr Group
2020								
Sales revenues recognized over time from contracts with customers	1,109,159	339,082	320,423	94,217	183,598	2,046,479	–	2,046,479
Sales revenues recognized at a point in time from contracts with customers	64,613	120,340	65,759	94,608	928,347	1,273,667	15	1,273,682
Sales revenues from lease agreements	–	–	–	4,658	–	4,658	–	4,658
Sales revenues with other divisions	2,208	1,969	3,524	2,543	297	10,541	–10,541	–
Total sales revenues	1,175,980	461,391	389,706	196,026	1,112,242	3,335,345	–10,526	3,324,819
thereof from services	322,579	166,899	119,141	64,065	275,746	948,430	–5,439	942,991
EBIT	6,430	–5,765	13,679	–2,851	9,913	21,406	–10,285	11,121
Earnings from entities accounted for using the equity method	–	–	–	1,426	3,362	4,788	–	4,788
Cash flow from operating activities	17,395	53,801	25,043	82,667	48,599	227,505	–12,548	214,957
Cash flow from investing activities	–180,743	–116,026	–48,858	27,528	–5,712	–323,811	204,622	–119,189
Cash flow from financing activities	174,715	45,373	–1,027	–111,032	19,938	127,967	–100,552	27,415
Amortization and depreciation	–25,089	–13,080	–11,334	–9,546	–48,967	–108,016	–2,984	–111,000
Impairment of intangible assets and property, plant, and equipment	–	–745	–472	–	–1,934	–3,151	–	–3,151
Non-cash income and expenses	–507	201	–507	3,953	177	3,317	7,882	11,199
Additions to intangible assets	4,234	4,850	168	4,727	24,384	38,363	477	38,840
Additions to property, plant and equipment	14,104	7,281	2,171	3,045	24,926	51,527	1,662	53,189
Investment in entity accounted for using the equity method	–	–	–	19,518	–	19,518	–	19,518
Assets (as of Dec. 31)	853,177	576,740	433,544	272,589	959,848	3,095,898	–381,823	2,714,075
Liabilities (as of Dec. 31)	636,791	229,026	173,648	121,812	559,782	1,721,059	174,447	1,895,506
Employees (as of Dec. 31)	4,383	2,162	1,348	1,407	6,942	16,242	283	16,525

¹ The number of employees, amortization and depreciation, additions to intangible assets and property, plant and equipment, non-cash income and expenses as well as sales revenues from contracts with customers reported in the reconciliation column relate to the Corporate Center.

automotive industry. The division also offers testing technology, assembly products and filling technology for final vehicle assembly. The business of Teamtechnik Group that has been consolidated since February 5, 2021 also belongs to Paint and Final Assembly Systems. Teamtechnik Group's focus is on test systems for electric drives as well as assembly and test systems for the manufacturing of medical technical products. Application Technology develops and manufactures products and systems for the automated application of paint, sealants and adhesives. Clean Technology Systems mainly specializes in exhaust gas purification systems. Measuring and Process Systems offers balancing and diagnostics equipment and testing as well as

solutions for filling refrigerators, air conditioners and heat pumps with coolant. Woodworking Machinery and Systems develops and manufactures machinery and systems used for wood processing in the production of furniture and kitchens. The division also focuses on systems for the production of building components for climate-friendly timber houses. The Corporate Center mainly comprises the holdings Dürr AG and Dürr Technologies GmbH as well as Dürr IT Service GmbH, which performs IT services throughout the Group. A detailed description of the activities of the individual divisions can be found in the section "The Group at a glance" in the combined management report. Transactions between the divisions are carried out at arm's length.

4.109 — RECONCILIATION OF SEGMENT FIGURES TO THE FIGURES OF THE DÜRR GROUP

€ k	2021	2020
EBIT of the segments	179,489	21,406
EBIT of the Corporate Center	-6,062	-9,093
Elimination of consolidation entries	2,244	-1,192
EBIT of the Dürr Group	175,671	11,121
Investment result	-258	5,638
Interest and similar income	8,162	4,410
Interest and similar expenses	-51,018	-39,708
Earnings before income taxes	132,557	-18,539
Income taxes	-47,617	4,676
Result of the Dürr Group	84,940	-13,863
€ k	Dec. 31, 2021	Dec. 31, 2020
Segment assets	3,213,786	3,095,898
Assets of the Corporate Center	1,076,733	1,321,041
Elimination of consolidation entries	-1,096,671	-1,702,864
Cash and cash equivalents	583,144	769,195
Time deposits and other financial receivables	254,779	249,817
Sundry financial assets	-	19,507
Investment in entity accounted for using the equity method	18,462	19,518
Income tax receivables	30,816	30,060
Deferred tax assets	72,575	76,585
Total assets of the Dürr Group	4,153,624	3,878,757
Segment liabilities	1,992,195	1,721,059
Liabilities of the Corporate Center	236,071	204,768
Elimination of consolidation entries	-26,011	-30,321
Bond, convertible bond and Schuldschein loans	803,700	951,912
Liabilities to banks	26,959	-
Remaining other financial liabilities	11,078	17,661
Income tax liabilities	68,008	68,281
Deferred tax liabilities	36,037	37,259
Total liabilities of the Dürr Group¹	3,148,037	2,970,619

¹ Consolidated total assets less total equity

The basis for segment reporting in accordance with IFRS 8 is the same as that used internally. Management monitors the sales revenues and the EBIT from each of the five divisions separately for the purpose of making decisions about resource allocation and evaluating operating segment performance and developing the segments. Group financing (including finance costs and finance income) and income taxes are managed on a group basis and are not allocated to operating segments.

Sales revenues from contracts with customers are accounted for pursuant to IFRS 15 for every division and divided into sales revenues recognized over time and sales revenues recognized at a point in time. Only the Woodworking Machinery and Systems division recognizes most sales revenues from contracts with customers at the point in time when control is transferred, which is related to the high degree of standardization of the machines and as a result potential alternative uses. All other divisions primarily generate their sales revenues over time due to the conditions of their contracts.

Intragroup leases are not capitalized, but disclosed as income or expense.

Regional segmentation → table 4.110

Sales revenues are allocated to regions based on the location of the project or delivery locations. The Group's assets are allocated on the basis of the location of the subsidiary reporting these assets. In accordance with IFRS 8.33 they include all non-current assets of the Group except for financial instruments, deferred tax assets and post-employment benefit assets.

In the 2021 reporting period, sales revenues in the USA came to €672,482 thousand (prior period: €692,838 thousand).

In the 2021 reporting period, 4.53% of sales revenues were generated with the largest customer compared to 4.97% in the prior period. The second- and third-largest customers accounted for 4.11% (prior period: 4.68%) and 3.78% (prior period: 4.04%) respectively. The sales revenues of the largest customer are attributable to all divisions. With the second and third-largest customer, sales revenues were generated in all divisions aside from the Woodworking Machinery and Systems division. Entities that are known to be under common control are considered as one customer.

4.110 — REGIONAL SEGMENTATION

€ k	Germany	Other European countries	North/ Central American countries	South America	China	Other Asian countries/ Africa/ Australia	Dürr Group
2021							
Sales revenues with customers	557,454	989,772	852,188	72,495	726,000	338,757	3,536,666
Additions to property, plant and equipment	40,303	20,437	11,913	1,021	6,803	2,284	82,761
Non-current assets (as of Dec. 31)	773,939	257,802	179,248	9,235	94,573	21,973	1,336,770
Employees (as of Dec. 31)	8,641	2,887	2,177	340	2,486	1,271	17,802
2020							
Sales revenues with customers	562,567	760,818	852,783	61,437	695,529	391,685	3,324,819
Additions to property, plant and equipment	24,008	12,374	5,034	504	8,185	3,084	53,189
Non-current assets (as of Dec. 31)	671,487	239,436	157,450	8,694	89,907	23,714	1,190,688
Employees (as of Dec. 31)	7,931	2,638	1,913	316	2,434	1,293	16,525

39. RELATED PARTY TRANSACTIONS

Related parties comprise members of the Supervisory Board and the Board of Management.

Some members of the Supervisory Board of Dürr AG hold high-ranking positions in other entities. Transactions between these entities and the Dürr Group are carried out at arm's length. For further information about members of the Board of Management and the Supervisory Board of Dürr AG, please refer to → [note 42](#).

Related parties include entities accounted for using the equity method and non-consolidated subsidiaries of the Dürr Group as well as entities for which Dürr AG represents an associate.

4.111 — RELATED PARTY TRANSACTIONS

€ k	2021	2020
DELIVERY AND SERVICE TRANSACTIONS		
Associates	367	132,582
Non-consolidated subsidiaries	–	–
Other related party	60	60
Total delivery and service transactions	427	132,642

4.112 — BALANCES WITH RELATED PARTIES

€ k	Dec. 31, 2021	Dec. 31, 2020
RECEIVABLES FROM RELATED PARTIES		
Associates	43	46
Non-consolidated subsidiaries	–	–
Other related party	–	7,121
Total receivables	43	7,167
LIABILITIES TO RELATED PARTIES		
Associates	163	84
Non-consolidated subsidiaries	1,070	1,083
Other related party	15	17
Total liabilities	1,248	1,184

Trade with related parties mainly resulted from the regular project business. HOMAG China Golden Field Limited, which accounted for a significant part of trade with related parties, was an associate until November 24, 2020.

Both the receivables and liabilities are current. As of December 31, 2021, the statement of financial position did not contain any prepayments received from related parties (prior period: €0 thousand).

In the prior period, receivables from the other related party resulted from costs passed on to Heinz Dürr GmbH. In the 2021 reporting period, a dividend of €5,292 thousand was distributed to Heinz Dürr GmbH (prior period: €14,173 thousand).

40. CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

4.113 — CONTINGENT LIABILITIES

€ k	Dec. 31, 2021	Dec. 31, 2020
Obligations from warranties and guarantees	1,826	2,311
Collateral pledged for third-party liabilities	–	4,994
Other	337	226
Total contingent liabilities	2,163	7,531

The Dürr Group assumes that these contingent liabilities will not lead to any liabilities or cash outflows.

Besides liabilities, provisions and contingent liabilities, the Group has other financial obligations for the acquisition of property, plant and equipment of €5,109 thousand (prior period: €5,131 thousand). There were also purchase commitments stemming from procurement agreements on a customary scale.

As of December 31, 2021, there were obligations of €2,526 thousand (prior period: €2,594 thousand) for leases that the Dürr Group has already entered into but that have not commenced yet. As of December 31, 2021, obligations for short-term leases amounted to €1,472 thousand (prior period: €1,360 thousand).

41. RISK MANAGEMENT AND DERIVATIVE FINANCIAL INSTRUMENTS

The Group operates in countries in which there are political and economic risks. These risks – aside from the coronavirus pandemic – did not have any material effect on the Group in the 2021 reporting period. The Dürr Group may be involved in litigation, including product liability, in the ordinary course of business. There are no matters pending that the Board of Management expects to be material in relation to the Group's business or financial position. Provision has been made for expected litigation costs. The Group is generally exposed to financial risks. These include mainly credit risks, liquidity risks and exposure to interest rate changes or currency risks. The regulations for a Group-wide risk policy are set forth in the Group's guidelines. Detailed information on the risk management system of the Dürr Group can be found in the "Risk report" in the combined management report.

Credit risk

Credit risk relates to the possibility that business partners may fail to meet their obligations in a transaction involving non-derivative and derivative financial instruments and that capital losses could be incurred as a result.

For a valuation allowance to be recognized pursuant to IFRS 9, the credit risks of the individual debtors are firstly segmented using common credit risk characteristics. Determining the valuation allowance requires a diversified analysis of the debtors. Information on delayed payment and current market information, such as credit default swaps, future assessments by management and external ratings, among other things, are used for the analysis. This involves dividing the respective debtors into important and less important debtors measured in terms of the volume of the business relationship. As the economic development of the Dürr Group hinges to a large extent on the willingness of the automotive industry to invest, some automotive manufacturers are for example classified as important debtors. Despite their modest number, the Dürr Group generates a significant portion of sales revenues in business with these debtors. Using the simplified approach, this information is processed and used to derive valuation allowance rates. These are applied throughout the Group as provision matrices. With the general approach, the valuation allowance rates for important debtors are calculated on an individual basis. However, for less important debtors, clusters are formed to calculate the valuation allowance rates.

The quantification of the expected credit losses primarily relates to three risk parameters: probability of default, loss given default and exposure at default. Depending on the debtor and maturity, the calculated amount of the valuation allowance rates ranges from virtually 0% to 1.19%. The credit risks and associated valuation allowance rates are regularly reviewed and adjusted accordingly.

In order to minimize the credit risk, credit ratings are performed for new customers, while the payment patterns of regular customers are analyzed on an ongoing basis. Furthermore, the Group analyzes publicly available market information and publications for certain customer groups for which an increased risk of default may arise. The Dürr Group uses respective terms of payment as well as credit insurance policies such as letters of credit and trade credit insurance policies to further limit the risk of default. The maximum credit risk is shown by the carrying amount of financial assets recognized in the statement of financial position.

Further explanations on the valuation and impairment of financial assets can be found in → [note 6](#).

4.114 — RECEIVABLES SECURED AGAINST DEFAULT

€ k	Dec. 31, 2021	Dec. 31, 2020
Letters of credit	5,914	2,734
Trade credit insurance policies	3,912	2,322
Total	9,826	5,056

In connection with the investment of cash and cash equivalents, investments as part of financial asset management and the portfolio of derivative financial assets, the Group is exposed to losses from credit risks should the credit institutions and companies fail to meet their obligations. The Dürr Group manages the resulting risk position by diversifying the portfolio and selecting the counterparties carefully. No cash and cash equivalents, investments of active asset management or derivative financial assets were past due on account of credit defaults.

Dependence on few customers

Due to the concentration of certain divisions on the automotive industry, a significant portion of the Group's receivables are due from comparably few automobile manufacturers. Generally these receivables are not secured by bank guarantees or other collateral. As of December 31, 2021, 32.0% (prior period: 35.6%) of the trade receivables were due from the ten largest customers. The Dürr Group does not see any concentration of credit risk from its business relations with individual debtors or groups of debtors. Due to the various divisions of the Group, each with its own different customer base, the level of diversity displayed among the Group's customers can be classified as high compared to pure-play automotive suppliers.

Liquidity risk

Liquidity risk is the risk that the Group may not be in a position to meet its obligations in the future, or to meet them at a reasonable price, when they fall due.

The liquidity situation is secured by available cash and cash equivalents as well as the credit lines which the Group can draw on. The liquidity situation is monitored and managed by means of a liquidity plan with a planning horizon of 18 months, coupled with a short-term liquidity forecast. In addition, use of cross-border cash pooling structures has improved the structure of the statement of financial position through liquidity pooling, reduced the volume of borrowed funds and thus helped to enhance the financial result. At the same time, the liquidity situation is more transparent. Moreover, excess liquidity at individual entities within the Group can be used to finance the cash needs of other Group entities internally. In operations, the liquidity risk is countered by actively managing current assets so as to counteract any fluctuations during the year. Please refer to → [note 6](#) for further details.

There are also financial guarantees of €1,826 thousand (prior period: €2,178 thousand). They were issued as part of sales financing to customers. The Group does not currently expect this to result in any significant cash outflows.

→ [Table 4.115](#) shows the contractually agreed (undiscounted) interest and principal payments for financial liabilities.

4.115 — INTEREST AND PRINCIPAL PAYMENTS FOR FINANCIAL LIABILITIES

€ k	Carrying amount as of Dec. 31, 2021	Cash flows			
		Current	Total non-current	Medium-term	Long-term
Non-derivative financial liabilities					
Trade payables	373,008	372,032	976	976	–
Convertible bond	140,222	1,453	154,500	154,500	–
Schuldschein loans	663,478	9,538	707,694	454,266	253,428
Liabilities to banks	26,959	3,796	23,163	5,567	17,596
Lease liabilities	95,670	29,575	76,836	58,222	18,614
Remaining other financial liabilities	11,078	9,589	1,489	1,489	–
Obligations from options	262,189	230,805 ¹	31,384	31,384	–
Liabilities from purchase price installments	14,263	10,130	4,133	4,133	–
Other sundry financial liabilities	130,858	128,072	2,786	2,786	–
Derivative financial liabilities					
Derivatives not used for hedging	438	436	2	2	–
Derivatives used for hedging	9,237	7,331	1,906	1,906	–

€ k	Carrying amount as of Dec. 31, 2020	Cash flows			
		Current	Total non-current	Medium-term	Long-term
Non-derivative financial liabilities					
Trade payables	377,528	377,156	372	372	–
Bond	299,821	308,625	–	–	–
Convertible bond	137,943	–	155,953	4,828	151,125
Schuldschein loans	514,148	55,948	490,433	276,847	213,586
Lease liabilities	98,429	29,351	79,622	57,457	22,165
Remaining other financial liabilities	17,661	17,661	–	–	–
Obligations from options	226,653	211,405 ¹	15,248	15,248	–
Liabilities from purchase price installments	28,961	23,761	5,200	5,200	–
Other sundry financial liabilities	125,898	124,413	1,485	1,485	–
Derivative financial liabilities					
Derivatives not used for hedging	424	424	–	–	–
Derivatives used for hedging	2,303	2,287	16	16	–

¹ The cash flows for obligations from options relate primarily to the sundry financial liability recognized in connection with the domination and profit and loss transfer agreement with HOMAG Group AG. The expected cash flows were classified as current. However, the options can also be exercised with differing terms. Please refer to note 6 for further details.

Foreign currency risk

Currency risks exist in particular where receivables or liabilities are carried or will arise in the ordinary course of business in a currency other than the functional currency of the entity. Foreign exchange risks are hedged where they affect the cash flows of the Group. Foreign exchange risks that do not affect the cash flows of the Group (i.e., the risks from translating the items from the statement of financial position of foreign operations to the euro, the Group's reporting currency), however, are generally not

hedged. Forward exchange transactions are entered into to hedge exchange rate fluctuations from cash flows relating to forecast purchase and sales transactions with original terms of up to 60 months (prior period: 60 months).

Regarding the presentation of market risks, IFRS 7 "Financial Instruments: Disclosures" requires sensitivity analyses showing how profit or loss and equity would have been affected by hypothetical changes in the relevant risk variables. The periodic

4.116 — IMPACT ON THE STATEMENT OF INCOME AND EQUITY

€ k	Dec. 31, 2021		Dec. 31, 2020	
	Impact on the statement of income	Impact on the hedge reserve in equity	Impact on the statement of income	Impact on the hedge reserve in equity
EUR/CNY				
EUR +10%	4,869	6,322	5,620	4,890
EUR -10%	-5,948	-7,667	-6,853	-5,890
EUR/DKK				
EUR +10%	-262	-385	-1,038	-534
EUR -10%	411	469	1,318	655
EUR/GBP				
EUR +10%	1,107	285	1,153	540
EUR -10%	-1,341	-345	-1,372	-654
EUR/HKD				
EUR +10%	968	-	-	-
EUR -10%	-1,173	-	-	-
EUR/INR				
EUR +10%	-1,294	-	-5	-
EUR -10%	1,590	-	6	-
EUR/MXN				
EUR +10%	-768	989	-862	984
EUR -10%	939	-1,204	1,056	-1,193
EUR/PLN				
EUR +10%	-662	-4,945	-1,933	-1,528
EUR -10%	817	6,146	2,369	1,883
EUR/USD				
EUR +10%	-532	5,520	3,369	3,438
EUR -10%	680	-6,680	-4,079	-4,160
USD/KRW				
USD +10%	-20	772	-2	961
USD -10%	29	-1,134	-2	-1,437
USD/MXN				
USD +10%	-3,152	-2,374	-2,444	-1,758
USD -10%	3,698	3,078	3,001	2,164

effects are determined by relating the hypothetical changes of the risk variables to the financial instruments as of the end of the reporting period. The presentation is based on the assumption that the portfolio at the end of the reporting period was representative for the whole year. Currency risks as defined by IFRS 7 arise from financial instruments that are denominated in a currency other than the functional currency and are of a monetary nature; exchange differences from the translation of financial statements to the Group's currency are not taken into account. All currencies other than the functional currency in which the Dürr Group holds financial instruments are relevant risk variables.

Material non-derivative monetary items which constitute currency risks for the Group are cash, trade receivables and payables as well as contract assets. Non-derivative financial instruments that could give rise to currency risks are usually hedged by derivative financial instruments that are accounted for as fair value hedges. In the process, both the change in the non-derivative financial instrument and the change in the value of the derivative financial instrument are recognized through profit or loss. In addition, the Group is exposed to currency risks from derivatives that are embedded, in accordance with IAS 39, in effective cash flow hedges of fluctuation in payments caused by exchange rates. Exchange rate changes concerning the currencies underlying these transactions affect the currency reserve in equity and the fair value of the hedges.

The analyses of the Group's sensitivity to fluctuations in foreign exchange rates use the currency pairs that are relevant for the Dürr Group. This involves projecting the impact of a hypothetical 10% appreciation, or depreciation respectively, of the euro against the US dollar, the Chinese renminbi, the Danish krone, the pound sterling, the Hong Kong dollar, the Indian rupee, the Mexican peso, the Polish zloty as well as an appreciation and depreciation of the US dollar against the Mexican peso and the Korean won.

→ Table 4.116

Interest rate risk

Interest rate risks arise from fluctuations in interest rates that could have a negative impact on the net assets, financial position and results of operations of the Group. Interest rate fluctuations lead to changes in net interest and in the carrying amounts of the interest-bearing assets and liabilities.

The Dürr Group has cash and cash equivalents that are subject to fluctuation in interest rates as of December 31, 2021. A hypothetical increase in these interest rates of 25 base points per year would have caused a €1,608 thousand (prior period: €1,835 thousand) increase in interest income. A hypothetical decrease of 25 base points per year would have caused a €1,608 thousand (prior period: €1,835 thousand) decrease in interest income.

Other price risks

In the presentation of market risks, IFRS 7 also requires disclosures on the effects of hypothetical changes in the risk variables on the price of financial instruments. The main risk variables include stock market prices and indices. Please refer to → note 36 for more information on the price risk of the financial assets, equity instruments, options and the contingent purchase price installments disclosed as a level 3 financial instrument.

Use of derivative financial instruments

Derivative financial instruments are used in the Group to minimize the risks concerning changes in exchange rates and interest rates on cash flows and the change in the fair value of receivables and liabilities. Hedging allows the amount of the expected cash inflow/outflow in the functional currency to be estimated in advance. This generally involves fully hedging all payments for which there is significant economic risk from changes in the exchange and interest rate. The Dürr Group is exposed to a replacement risk in the event of non-performance by counterparties (credit institutions) relating to the financial instruments. Derivative financial instruments, mainly forward

4.117 — SCOPE AND FAIR VALUE OF FINANCIAL INSTRUMENTS

€ k	Nominal value		Positive market value		Negative market value		Change in the fair value to recognize ineffectiveness	
	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020
Forward exchange contracts	496,486	442,606	3,400	7,072	-9,675	-2,727	-6,275	4,345
thereof in connection with cash flow hedges	305,304	242,958	1,954	4,505	-6,234	-1,855	-4,280	2,650
thereof in connection with fair value hedges	83,498	62,099	419	1,343	-3,003	-448	-2,584	895
thereof not used for hedging	107,684	137,549	1,027	1,224	-438	-424	589	800

4.118 — NOMINAL VALUES OF HEDGING INSTRUMENTS

€ k	Total	Current	Total non-current	Medium-term	Long-term
Forward exchange contracts	496,486	406,993	89,493	89,493	–
(2020)	(442,606)	(422,566)	(20,040)	(20,040)	(–)
thereof in connection with cash flow hedges	305,304	244,437	60,867	60,867	–
(2020)	(242,958)	(223,073)	(19,885)	(19,885)	(–)
thereof in connection with fair value hedges	83,498	83,127	371	371	–
(2020)	(62,099)	(61,944)	(155)	(155)	(–)
thereof not used for hedging	107,684	79,429	28,255	28,255	–
(2020)	(137,549)	(137,549)	(–)	(–)	(–)

contracts, are only entered into to hedge the operating business and to hedge loans. In hedging the operating business, derivative financial instruments are entered into on the basis of internal estimates of progress and payment dates. In order to ensure the effectiveness of the hedging relationships, various features/parameters, such as expected date and volume of payment between the hedged item and corresponding hedge are reviewed and adjusted if necessary. Any ineffectiveness may result, for example, from various different credit risks and delays in contract processing. However, any hedges entered into are expected to be highly effective in offsetting changes in fair value or cash flows. They are assessed on an ongoing basis to determine that they actually have been highly effective throughout the periods for which they were designated. All financial derivatives as well as the respective hedged transactions are subject to regular internal control and measurement in accordance with the directive of the Board of Management. The hedged transactions are primarily included in the following items of the statement of financial position: Trade receivables and trade payables, contract assets, dividend payments. The hedging relationships from cash flow and fair value hedges did not result in any significant ineffectiveness. The changes in value of the hedged transactions therefore run counter to the developments of derivatives.

At the inception of the hedge, the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge are formally documented. This documentation contains identification of the hedging instrument, the related hedged item or transaction, the nature of the risk being hedged, and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or the hedged item's cash flows attributable to the hedged risk.

Depending on their market value at the end of the reporting period, derivative financial instruments are reported under sundry financial assets (positive market value) or sundry financial liabilities (negative market value) respectively.

→ Table 4.117

The fair value of the financial instruments was estimated using the following methods and assumptions. The fair values of the forward exchange contracts were estimated at the present value of cash flows on the basis of the difference between the contractually agreed forward exchange rates and the forward rate prevailing at the end of the reporting period. The fair values of the interest hedges are estimated as the discounted value of expected future cash flows based on current market parameters. → Table 4.118

4.119 — AVERAGE RATES AND INTEREST FOR DERIVATIVE FINANCIAL INSTRUMENTS CONCLUDED FOR SIGNIFICANT CURRENCY PAIRS AND INTEREST HEDGES

€ k	Average rate		Closing rate	
	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020
EUR/CNY	7.6038	8.0750	7.2172	8.0093
EUR/DKK	7.4381	7.4409	7.4369	7.4402
EUR/GBP	0.8498	0.9041	0.8400	0.8996
EUR/MXN	25.0162	25.3440	23.1407	24.4094
EUR/HKD	9.0250	9.4945	8.8277	9.5162
EUR/INR	90.4185	88.3741	84.1680	89.6896
EUR/PLN	4.6600	4.4763	4.5944	4.5566
EUR/USD	1.1654	1.1911	1.1320	1.2275
USD/KRW	1,137.9315	1,138.0348	1,188.1246	1,088.5556
USD/MXN	21.6676	20.9020	20.4423	19.8855

Accounting and disclosure of derivative financial instruments and hedge accounting

Currency hedges that clearly serve to hedge future cash flows from foreign exchange transactions and which meet the requirements of IAS 39 in terms of documentation and effectiveness are accounted for as cash flow hedges. Such derivative financial instruments are recognized at fair value. Changes in fair value that impact hedge effectiveness are recognized directly through other comprehensive income until the hedged item is realized. Upon realization of the future transaction (hedged item), the effects recorded through other comprehensive income are transferred to profit or loss and recognized in sales revenues or cost of sales, other operating income and expenses or in net interest in the statement of income.

The changes in value of the hedged items correspond to the accumulated amount of fair value hedge adjustments.

4.120 — DISCLOSURES OF FORWARD EXCHANGE CONTRACTS IN CASH FLOW HEDGES

€ k	Forward exchange contracts	
	Dec. 31, 2021	Dec. 31, 2020
Change in the fair value of the hedged item	4,280	-2,650
Hedge reserve	-3,821	974
Reclassification from hedge reserve to profit or loss		
Hedged items through profit or loss	655	39
Hedged items no longer expected	-	-

4.121 — DISCLOSURES OF FORWARD EXCHANGE CONTRACTS IN FAIR VALUE HEDGES

€ k	Assets		Liabilities	
	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020
Carrying amount of the hedged items	8,545	16,719	5,984	4,280
Cumulative fair value hedge adjustment	-1	-3	-	-29
Statement of financial position item	Trade receivables	Trade receivables	Trade payables	Trade payables

4.122 — RECONCILIATION HEDGE RESERVE IN EQUITY

€ k	2021	2020
As of January 1	1,045	406
Exchange difference	-20	23
Additions and changes in value	-5,900	1,082
Reclassification to other statement of financial position items	369	-505
Reclassification to profit or loss	655	39
thereof		
Cost of sales	659	-24
Other operating income	-	7
Other operating expenses	-4	-
Interest and similar income	-	56
As of December 31	-3,851	1,045

In the 2021 reporting period, the determination methods did not result in any significant inefficiencies for fair value hedges and cash flow hedges. Any inefficiencies are disclosed in sales revenues or cost of sales in the statement of income. The reclassification amount did not contain any significant result for which the hedged item was no longer expected.

The effect on earnings (before income taxes) expected for the 2022 reporting period from the amounts recognized through other comprehensive income at the end of the reporting period comes to €-2,001 thousand. In subsequent reporting periods, accumulated effects on earnings of €-1,850 thousand are expected.

In the 2021 reporting period, no hedging options were used; for forward exchange contracts, no distinction was made between forward and spot elements.

The changes in the fair value of all derivative financial instruments that do not meet the requirements for hedge accounting in accordance with IAS 39 are recognized through profit or loss at the end of the reporting period.

42. ADDITIONAL NOTES**Declaration of compliance with the German Corporate Governance Code pursuant to Sec. 161 AktG**

The declaration of compliance prescribed by Sec. 161 AktG was submitted by the Board of Management and the Supervisory Board of Dürr AG in Bietigheim-Bissingen, Germany, on September 29, 2021, and made accessible to the shareholders on the internet. For additional information, please refer to the combined management report.

Headcount

The number of employees in the Dürr Group breaks down as of December 31, 2021, and as an average over the 2021 reporting period as shown in → tables 4.123 and 4.124.

4.123 — EMPLOYEES AS OF THE END OF THE REPORTING PERIOD

	Dec. 31, 2021	Dec. 31, 2020
Industrial employees	7,951	7,532
Salaried employees	8,476	7,792
Employees excluding interns/trainees/others	16,427	15,324
Interns/trainees/others	1,375	1,201
Total employees	17,802	16,525

4.124 — AVERAGE HEADCOUNT DURING THE YEAR

	2021	2020
Industrial employees	7,638	7,561
Salaried employees	8,257	7,664
Employees excluding interns/trainees/others	15,895	15,225
Interns/trainees/others	1,278	1,109
Total employees	17,173	16,334

Fees payable to the auditor of the consolidated financial statements

→ **Table 4.125** shows the audit fees payable to the auditor of the consolidated financial statements, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, recorded as an expense for the 2021 reporting period.

4.125 — AUDITOR'S FEES

€ k	2021	2020
Audit of the financial statements	1,728	1,514
Other attest services	157	241
Tax advisory services	202	253
Other services	–	1
Total	2,087	2,009

Auditor's fees relate to the audit of the consolidated financial statements and the separate financial statements of Dürr AG and its affiliated companies included in the consolidated financial statements. Auditor's fees also include fees for voluntary audits of separate financial statements of €125 thousand (prior period: €111 thousand).

The fees for non-audit services comprise voluntary audit of financial statements, audit-related services, tax services and other services and amounted to €484 thousand in the 2021 reporting period (prior period: €606 thousand). In the 2021 reporting period, other attest services largely related to merger audits and the audit of the group non-financial statement.

Subsequent events

As of January 1, 2022, Dr. Jochen Weyrauch took over as CEO of Dürr AG, succeeding Ralf W. Dieter who handed over his offices within the Dürr Group in a planned succession. Further information can be found in the "Corporate governance" section of the combined management report.

The Dürr Group currently expects the Russia-Ukraine conflict to have little direct impact on the business. The two countries are small markets for the Dürr Group: Russia's share of orders and sales revenues came to 1.6% each in 2021, while Ukraine's share fell significantly below 1% in each case. As of December 31, 2021, the assets of the two consolidated Russian entities and the ongoing projects in Russia amounted overall to less than 1% of the total assets of the Dürr Group. It is currently not possible to predict the indirect and longer-term impact of the conflict on the economic situation in Europe and the world. For example, risks could arise as a result of rising energy prices and increased supply shortages or customers being potentially reluctant to invest as a result of the tense political situation. Taking into consideration the facts known to the Dürr Group in respect of the Russia-Ukraine conflict, it is expected that the Group will achieve the business forecast for the 2022 reporting period. The further development of the conflict and its impacts are being monitored closely. Please also take into account the related statements in the "Forecast" section of the combined management report.

Between the beginning of the current reporting period and March 15, 2022, there were no further events that could have a material influence on the net assets, financial position and results of operations of the Group.

Authorization for issue and publication of the consolidated financial statements as of December 31, 2021

The consolidated financial statements and combined management report of Dürr AG prepared by the Board of Management as of December 31, 2021, were authorized for issue to the Supervisory Board at the meeting of the Board of Management on March 15, 2022, and are scheduled for publication in the 2021 annual report on March 17, 2022.

MEMBERS OF THE BOARD OF MANAGEMENT

Dr. Jochen Weyrauch

CEO (since January 1, 2022)

Deputy Chairman of the Board of Management
(until December 31, 2021)

- Homag Group AG, Schopfloch^{1,2}
(Additional Deputy Chairman, since January 18, 2021)
- iTAC Software AG, Montabaur¹ (Chairman)
» Dürr Paintshop Systems Engineering (Shanghai) Co. Ltd.,
Shanghai, PR China¹ (Supervisor)

Dietmar Heinrich

Chief Financial Officer

- Carl Schenck AG, Darmstadt¹
(Chairman, since January 19, 2022)
- Dürr Systems AG, Stuttgart¹
(Chairman, since January 20, 2021)
- Homag Group AG, Schopfloch^{1,2}

Ralf W. Dieter

Chairman of the Board of Management (until December 31, 2021)

- Carl Schenck AG, Darmstadt¹
(Chairman, until December 31, 2021)
- Körber AG, Hamburg
- Software AG, Darmstadt²
» Stiles Machinery Inc., Grand Rapids, Michigan, USA¹
(Chairman, until December 31, 2021)

▪ Membership in statutory supervisory boards

» Membership in comparable German and foreign control bodies (of business entities)

¹ Group boards

² listed

The members of the Board of Management were remunerated as shown in → table 4.126.

4.126 — REMUNERATION OF THE BOARD OF MANAGEMENT

€ k	2021	2020
Short-term employee benefits (excluding share-based payment)	5,036	3,898
Post-employment benefits	578	834
Termination benefits	–	3,125
Share-based payments	988	–
Total remuneration	6,602	7,857

Former members of the Board of Management received pension payments of €588 thousand in the 2021 reporting period (prior period: €563 thousand). Pension provisions for this group of persons amounted to €824 thousand as of December 31, 2021 (prior period: €1,446 thousand). The remuneration includes the Board of Management of Dürr AG.

Individualized disclosures on the remuneration of the members of the Board of Management are presented in the remuneration report.

MEMBERS OF THE SUPERVISORY BOARD

Gerhard Federer^{1,2,4,5}

Independent consultant, Gengenbach
Chairman

- Homag Group AG, Schopfloch⁶
(Chairman, since January 1, 2021)

Hayo Raich^{1,3,4}

Full-time Chairman of the Group Works Council
of Dürr AG, Stuttgart
Full-time Chairman of the Works Council of Dürr Systems AG,
Stuttgart, at the Bietigheim-Bissingen site
Deputy Chairman

- Dürr Systems AG, Stuttgart (Deputy Chairman)

Richard Bauer^{1,4,5}

Supervisory Board member, Wentorf near Hamburg
Additional Deputy Chairman

- Körber AG, Hamburg (Chairman)

Mirko Becker^{2,3}

Full-time member of the Group Works Council
of Dürr AG, Stuttgart
Full-time member of the Works Council of Dürr Systems AG,
Stuttgart, at the Bietigheim-Bissingen site

Dr. Rolf Breidenbach

President and CEO of HELLA GmbH & Co. KGaA, Lippstadt

Prof. Dr. Dr. Alexandra Dürr^{2,5}

Professor for medical genetics and research team head,
Paris Brain Institute, Paris, France

Carmen Hettich-Günther^{3,4}

Full-time Chairwoman of the Group Works Council
of Homag Group AG, Schopfloch
Full-time Chairwoman of the Works Council
of HOMAG GmbH, Schopfloch

- HOMAG GmbH, Schopfloch (Deputy Chairwoman)
- Homag Group AG, Schopfloch⁶ (Deputy Chairwoman)

Thomas Hohmann^{2,3}

Commercial manager of Dürr Systems AG, Stuttgart
(Division Application Technology)

Dr. Anja Schuler

Specialist in Psychiatry and Psychotherapy FMH,
Zurich, Switzerland

- Homag Group AG, Schopfloch⁶

Dr. Martin Schwarz-Kocher^{2,3}

Business management consultant of
IMU Institut GmbH, Stuttgart

Dr. Astrid Ziegler^{1,3}

Head of Department for Industrial, Energy and Structural Policy
on the Board of Management of IG Metall, Frankfurt/Main

- Pfleiderer Deutschland GmbH, Neumarkt/Oberpfalz

Arnd Zinnhardt²

Member of the Supervisory Board, Königstein im Taunus

- Aareon AG, Mainz (since May 31, 2021)
- Hessische Landesbank (Helaba), Frankfurt
(Member of the Board of Directors, until March 12, 2021)
- Grant Thornton AG (Wirtschaftsprüfungsgesellschaft),
Düsseldorf

Dr.-Ing. E.h. Heinz Dürr

Honorary Chairman of the Supervisory Board

¹ Member of the Executive Committee and Personnel Committee

² Member of the Audit Committee

³ Employee representative

⁴ Member of the Mediation Committee

⁵ Member of the Nomination Committee

⁶ listed

• Membership in statutory supervisory boards

→ Table 4.127 shows a breakdown into components of the total remuneration of Supervisory Board members in the 2021 reporting period.

4.127 — REMUNERATION OF THE SUPERVISORY BOARD IN 2021

€ k	2021	2020
Basic remuneration ¹	933	648
Remuneration for committee membership	135	149
Attendance fees ²	203	205
Total remuneration	1,271	1,002

¹ In accordance with a recommendation of the German Corporate Governance Code, the remuneration of the Supervisory Board has no longer contained any variable components since January 1, 2021. The basic remuneration was adjusted accordingly in the course of the transition.

² For Supervisory Board and committee meetings

43. STATEMENT OF CHANGES IN NON-CURRENT ASSETS

4.128 — INTANGIBLE ASSETS INCLUDING RIGHT-OF-USE ASSETS

€ k	Goodwill	Franchises, industrial rights and similar rights	Capitalized development costs	Prepayments for intangible assets	Dürr Group
Accumulated cost as of January 1, 2020	449,160	345,015	121,966	7,043	923,184
Exchange difference	-6,852	-4,617	27	-6	-11,448
Changes in the consolidated group	-	28,184	-	-	28,184
Additions	15,623	2,448	18,125	2,644	38,840
Disposals	-	-6,086	-14,676	-1,486	-22,248
Reclassifications	-	1,835	1,370	-2,919	286
Accumulated cost as of December 31, 2020	457,931	366,779	126,812	5,276	956,798
Exchange difference	6,342	5,244	3	-	11,589
Changes in the consolidated group	-	43,236	-	-	43,236
Additions	37,644	2,500	21,475	1,108	62,727
Disposals	-	-3,485	-489	-870	-4,844
Reclassifications	-	646	1,542	-2,205	-17
Accumulated cost as of December 31, 2021	501,917	414,920	149,343	3,309	1,069,489
Accumulated amortization and impairment as of January 1, 2020	-	197,384	80,599	1,201	279,184
Exchange difference	-	-2,237	19	-	-2,218
Amortization for the year	-	26,548	10,018	-	36,566
Impairment losses for the year	-	-	1,008	926	1,934
Disposals	-	-5,371	-13,439	-1,286	-20,096
Reclassifications	-	466	-365	-	101
Accumulated amortization and impairment as of December 31, 2020	-	216,790	77,840	841	295,471
Exchange difference	-	2,638	2	-	2,640
Amortization for the year	-	31,986	10,718	-	42,704
Impairment losses for the year	-	-	2,530	-	2,530
Disposals	-	-3,365	-489	-803	-4,657
Reclassifications	-	-17	-	-	-17
Accumulated amortization and impairment as of December 31, 2021	-	248,032	90,601	38	338,671
Net carrying amount as of December 31, 2021	501,917	166,888	58,742	3,271	730,818
Net carrying amount as of December 31, 2020	457,931	149,989	48,972	4,435	661,327
Net carrying amount as of January 1, 2020	449,160	147,631	41,367	5,842	644,000

4.129 — PROPERTY, PLANT AND EQUIPMENT INCLUDING RIGHT-OF-USE ASSETS

€ k	Land, land rights and buildings including buildings on third-party land	Investment property	Technical equipment and machines	Other equipment, furniture and fixtures	Prepayments and assets under construction	Dürr Group
Accumulated cost as of January 1, 2020	595,239	49,499	107,277	230,244	11,081	993,340
Exchange difference	-15,776	-	-2,812	-5,884	-349	-24,821
Changes in the consolidated group	10,377	-	267	5,840	7	16,491
Additions	19,570	74	6,969	22,841	3,735	53,189
Disposals	-17,422	-15	-3,762	-21,818	-96	-43,113
Reclassification to assets held for sale	-13,982	-	-513	-189	-	-14,684
Reclassifications	5,465	-	4,045	2,079	-10,338	1,251
Accumulated cost as of December 31, 2020	583,471	49,558	111,471	233,113	4,040	981,653
Exchange difference	17,529	-	3,443	4,515	146	25,633
Changes in the consolidated group	67,599	-	1,020	5,941	177	74,737
Additions	31,694	19	4,815	25,187	21,046	82,761
Disposals	-14,431	-1,338	-3,014	-16,872	-54	-35,709
Reclassification to assets held for sale	-11,068	-	-307	-870	-	-12,245
Reclassifications	3,655	-	831	1,799	-6,140	145
Accumulated cost as of December 31, 2021	678,449	48,239	118,259	252,813	19,215	1,116,975
Accumulated depreciation and impairment as of January 1, 2020	215,675	29,284	55,879	146,892	-	447,730
Exchange difference	-6,113	-	-1,445	-3,657	-	-11,215
Depreciation for the year	33,435	1,250	9,611	30,138	-	74,434
Impairment losses for the year	1,093	-	11	113	-	1,217
Disposals	-12,563	-15	-1,033	-19,307	-	-32,918
Reclassification to assets held for sale	-4,429	-	-414	-134	-	-4,977
Reclassifications	3	-	-452	348	-	-101
Accumulated depreciation and impairment as of December 31, 2020	227,101	30,519	62,157	154,393	-	474,170
Exchange difference	7,483	-	1,778	2,901	-	12,162
Depreciation for the year	36,091	1,161	9,693	31,521	-	78,466
Disposals	-9,111	-921	-1,012	-15,022	-	-26,066
Reclassification to assets held for sale	-6,365	-	-238	-740	-	-7,343
Reclassifications	-12	-	-257	414	-	145
Accumulated depreciation and impairment as of December 31, 2021	255,187	30,759	72,121	173,467	-	531,534
Net carrying amount as of December 31, 2021	423,262	17,480	46,138	79,346	19,215	585,441
Net carrying amount as of December 31, 2020	356,370	19,039	49,314	78,720	4,040	507,483
Net carrying amount as of January 1, 2020	379,564	20,215	51,398	83,352	11,081	545,610

4.130 — FINANCIAL ASSETS

€ k	Investments in entities accounted for using the equity method	Other investments	Other loans	Dürr Group
Accumulated cost as of January 1, 2020	37,663	13,257	602	51,522
Exchange difference	-1,081	-	-	-1,081
Additions	-	936	-	936
Disposals	-15,902	-	-	-15,902
Change in value	-1,162	2,194	-	1,032
Accumulated cost as of December 31, 2020	19,518	16,387	602	36,507
Changes in the consolidated group	-	1,241	-	1,241
Exchange difference	-546	-	-	-546
Additions	-	436	-	436
Change in value	-510	994	-	484
Accumulated cost as of December 31, 2021	18,462	19,058	602	38,122
Accumulated write-downs as of January 1, 2020	-	604	602	1,206
Accumulated write-downs as of December 31, 2020	-	604	602	1,206
Accumulated write-downs as of December 31, 2021	-	604	602	1,206
Net carrying amount as of December 31, 2021	18,462	18,454	-	36,916
Net carrying amount as of December 31, 2020	19,518	15,783	-	35,301
Net carrying amount as of January 1, 2020	37,663	12,653	-	50,316

44. LIST OF GROUP SHAREHOLDINGS

4.131 — LIST OF GROUP SHAREHOLDINGS

Name and location	Equity interest %*
A. FULLY CONSOLIDATED SUBSIDIARIES	
GERMANY	
BENZ GmbH Werkzeugsysteme, Haslach im Kinzigtal ^{1,2}	100.0
Carl Schenck Aktiengesellschaft, Darmstadt ^{1,2}	100.0
Cubanit Grundstückverwaltungsgesellschaft mbH & Co. Vermietungs KG, Mainz ⁴	0.0
Dawandos Grundstückverwaltungsgesellschaft mbH & Co. Vermietungs KG, Mainz ⁴	94.0
DUALIS GmbH IT Solution, Dresden ¹	100.0
Dürr Assembly Products GmbH, Püttlingen ^{1,2}	100.0
Dürr International GmbH, Stuttgart ^{1,2}	100.0
Dürr IT Service GmbH, Stuttgart ^{1,2}	100.0
Dürr Somac GmbH, Stollberg/Erzgeb. ^{1,2}	100.0
Dürr Systems AG, Stuttgart ^{1,2}	100.0
Dürr Technologies GmbH, Stuttgart ^{1,2}	100.0
Dürr thermea GmbH, Bietigheim-Bissingen ^{1,2}	100.0
Elke Grundstücksverwaltungsgesellschaft mbH, Pullach im Isartal ⁴	0.0
Grit Grundstücksverwaltungs-GmbH & Co. Verpachtungs-KG, Pullach i. Isartal ⁴	100.0
HEKUMA GmbH, Hallbergmoos ¹	100.0
HOMAG Automation GmbH, Lichtenberg/Erzgeb. ^{1,2}	100.0
HOMAG Bohrsysteme GmbH, Herzebrock-Clarholz	100.0
HOMAG China Holding GmbH, Schopfloch ^{1,2}	100.0
HOMAG GmbH, Schopfloch ^{1,2}	100.0
Homag Group AG, Schopfloch ¹	64.9
HOMAG Kantentechnik GmbH, Lemgo ^{1,2}	100.0
HOMAG Plattenaufteiltechnik GmbH, Calw ^{1,2}	100.0
iTAC Software AG, Montabaur	100.0
Luft- und Thermotechnik Bayreuth GmbH, Goldkronach	100.0
Schenck Industrie-Beteiligungen GmbH, Darmstadt ^{1,2}	100.0
Schenck RoTec GmbH, Darmstadt ^{1,2}	100.0
SCHENCK TECHNOLOGIE- UND INDUSTRIEPARK GMBH, Darmstadt ^{1,2}	100.0
SCHULER Consulting GmbH, Pfalzgrafenweiler ^{1,2}	100.0
Sukzimit Grundstückverwaltungsgesellschaft mbH & Co. Vermietungs KG, Mainz ⁴	0.0
tapio GmbH, Pfalzgrafenweiler ^{1,2}	100.0
teamtechnik Automation GmbH, Ludwigsburg	100.0
teamtechnik Maschinen und Anlagen GmbH, Freiberg a. N.	75.0
Techno-Step GmbH, Böblingen	50.0
Weinmann Holzbausystemtechnik GmbH, St. Johann ^{1,2}	100.0

4.131 — LIST OF GROUP SHAREHOLDINGS

Name and location	Equity interest %*
OTHER EUROPEAN COUNTRIES	
AGRAMKOW Fluid Systems A/S, Sønderborg/Denmark	100.0
Carl Schenck Machines en Installaties B.V., Rotterdam/Netherlands	100.0
Carl Schenck spol. s r.o., Modřice/Czech Republic	100.0
CPM S.p.A., Beinasco/Italy	51.0
Datatechnic S.A.S., Uxegney/France	100.0
Durr Limited, Warwick/UK	100.0
Dürr Poland Sp. z o.o., Radom/Poland	100.0
Dürr Systems Makine Mühendislik Proje İthalat ve İhracat Ltd. Şirketi, İzmit-Kocaeli/Turkey	100.0
Dürr Systems S.A.S., Guyancourt/France	100.0
Dürr Systems Spain S.A.U., San Sebastián/Spain	100.0
Dürr Systems spol. s r.o., Bratislava/Slovakia	100.0
Dürr Universal Europe Ltd., Hinckley/UK	100.0
Homag (Schweiz) AG, Höri/Switzerland	100.0
HOMAG AUSTRIA Gesellschaft m.b.H., Oberhofen am Irrsee/Austria	100.0
HOMAG DANMARK A/S, Galten/Denmark	100.0
HOMAG ESPAÑA MAQUINARIA, S.A., Llinars del Vallès (Barcelona)/Spain	100.0
HOMAG France S.A.S., Schiltigheim/France	100.0
HOMAG Group Trading SEE EOOD, Plovdiv/Bulgaria	100.0
HOMAG ITALIA S.p.A., Giussano/Italy	100.0
HOMAG MACHINERY BARCELONA SA, L'Ametlla del Vallès/Spain	100.0
HOMAG POLSKA Sp. z o.o., Środa Wielkopolska/Poland	100.0
HOMAG Services Poland Sp. z o.o., Środa Wielkopolska/Poland	100.0
HOMAG U.K. LTD., Castle Donington/UK	100.0
Kallesoe Machinery A/S, Lem/Denmark	70.6
MEGTEC Environmental Limited, Standish/UK	100.0
MEGTEC Systems AB, Gothenburg/Sweden	100.0
MEGTEC Systems S.A.S., Lisses/France	100.0
Olpidürr S.p.A., Novegro di Segrate/Italy	100.0
000 "Homag Russland", Moscow/Russia	100.0
000 Dürr Systems RUS, Moscow/Russia	100.0
Roomle GmbH, Linz/Austria	80.0
Schenck Italia S.r.l., Paderno Dugnano/Italy	100.0
Schenck Limited, Warwick/UK	100.0
Schenck S.A.S., Jouy-le-Moutier/France	100.0
Stimas S.r.l., Turin/Italy	51.0
System TM A/S, Odder/Denmark	80.0
Verind S.p.A., Rodano/Italy ³	50.0

4.131 — LIST OF GROUP SHAREHOLDINGS

Name and location	Equity interest %*
NORTH AMERICA/CENTRAL AMERICA	
Cogiscan Inc., Bromont, Quebec/Canada	100.0
Dürr de México, S.A. de C.V., Santiago de Querétaro/Mexico	100.0
Dürr Inc., Southfield, Michigan/USA	100.0
Dürr Systems Inc., Southfield, Michigan/USA	100.0
Durr Universal Inc., Stoughton, Wisconsin/USA	100.0
Dürr Universal S. de R.L. de C.V., San Luis Potosi/Mexico	100.0
HOMAG CANADA INC., Mississauga, Ontario/Canada	100.0
Homag Machinery North America, Inc., Grand Rapids, Michigan/USA	100.0
MEGTEC Turbosonic Inc., Waterloo/Canada	100.0
Schenck Corporation, Deer Park, New York/USA	100.0
SCHENCK USA CORP., Deer Park, New York/USA	100.0
STILES MACHINERY, INC., Grand Rapids, Michigan/USA	100.0
System TM Canada Ltd., Saint John, New Brunswick/Canada	100.0
teamtechnik Corp., Atlanta, Georgia/USA	100.0
Universal Silencer Mexico II LLC, Stoughton, Wisconsin/USA	100.0
Universal Silencer Mexico LLC, Stoughton, Wisconsin/USA	100.0
SOUTH AMERICA	
AGRAMKOW do Brasil Ltda., Indaiatuba/Brazil	100.0
CPM DO PERNAMBUCO MANUTENÇÃO DE MÁQUINAS E EQUIPAMENTOS LTDA., Goiana/Brazil	99.0
Dürr Brasil Ltda., São Paulo/Brazil	100.0
HOMAG INDÚSTRIA E COMÉRCIO DE MÁQUINAS PARA MADEIRA LTDA., Taboão da Serra/Brazil	100.0
VERIND BRASIL SERVICOS E SOLUCOES LTDA. – EPP, Betim/Brazil ³	100.0
AFRICA/ASIA/AUSTRALIA	
AGRAMKOW Asia Pacific Pte. Ltd., Singapore/Singapore	100.0
Dongguan Golden Field HOMAG Woodwork Machinery Trading Co., Limited, Dongguan/PR China	100.0
Dongguan Golden Field Mingfeng Woodwork Machinery Co., Limited, Dongguan/PR China	100.0
Dürr (Thailand) Co., Ltd., Bangkok/Thailand	100.0
Dürr Africa (Pty.) Ltd., Port Elizabeth/South Africa	100.0
Dürr India Private Limited, Chennai/India	100.0
Dürr Japan K.K., Funabashi/Japan	100.0
Dürr Korea Inc., Seoul/South Korea	100.0
Dürr Paintshop Systems Engineering (Shanghai) Co. Ltd., Shanghai/PR China	100.0
Durr Systems (Malaysia) Sdn. Bhd., Petaling Jaya/Malaysia	100.0
Dürr Systems Maroc sarl au, Tangier/Morocco	100.0
DURR VIETNAM COMPANY LIMITED, Ho Chi Minh City/Vietnam	100.0
EPE Fund 3 (RF) (Pty) Ltd., Port Elizabeth/South Africa ³	100.0

4.131 — LIST OF GROUP SHAREHOLDINGS

Name and location	Equity interest %*
Golden Field HOMAG (Shanghai) Trading Co., Limited, Shanghai/PR China	100.0
Homag Asia (Thailand) Co., Ltd., Bangkok/Thailand	100.0
HOMAG Arabia FZE, Dubai/United Arab Emirates	100.0
HOMAG ASIA PTE LTD, Singapore/Singapore	100.0
Homag Australia Pty. Limited, Sydney/Australia	100.0
Homag China Golden Field (Kunshan) Woodworking Machinery Co., Limited, Kunshan/PR China	100.0
HOMAG (China) Machinery Co., Ltd., Shanghai/PR China	100.0
Homag India Private Limited, Bangalore/India	100.0
Homag (Hong Kong) Limited, Hong Kong SAR/PR China	100.0
Homag Japan Co., Ltd., Higashiosaka/Japan	100.0
HOMAG KOREA CO., LTD., Seoul/South Korea	100.0
Homag Machinery (Shanghai) Co., Ltd., Shanghai/PR China	100.0
HOMAG NEW ZEALAND LIMITED, Auckland/New Zealand	100.0
HOMAG TRADING AND SERVICES SDN. BHD., Kuala Lumpur/Malaysia	100.0
HOMAG VIETNAM COMPANY LIMITED, Ho Chi Minh City/Vietnam	100.0
Kunshan Golden Field Woodwork Software Development Co., Limited, Kunshan/PR China	100.0
Luhlaza Industrial Services (Pty) Ltd., Port Elizabeth/South Africa ³	75.0
PT Durr Systems Indonesia, Jakarta/Indonesia	100.0
Schenck RoTec India Limited, Noida/India	100.0
Schenck Shanghai Machinery Corp. LTD, Shanghai/PR China	100.0
Shanghai Shenlian Testing Machine Works Co., Ltd., Shanghai/PR China	100.0
teamtechnik Production Technology (Suzhou) Ltd., Suzhou/PR China	75.0
B. NON-CONSOLIDATED SUBSIDIARIES	
Aviva Vermögensverwaltung GmbH i.L., Munich/Germany	100.0
Futura GmbH, Schopfloch/Germany	100.0
Prime Contractor Consortium FAL China, Stuttgart/Germany	50.0
Unterstützungseinrichtung der Carl Schenck AG, Darmstadt, GmbH, Darmstadt/Germany	100.0

4.131 — LIST OF GROUP SHAREHOLDINGS

Name and location	Equity interest %*
C. INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD	
Nagahama Seisakusho Ltd., Osaka/Japan	50.0
D. OTHER INVESTMENTS	
ADAMOS GmbH, Darmstadt/Germany	12.5
Fludicon GmbH, Darmstadt/Germany	1.4
HeatMatrix Group B.V., Utrecht/Netherlands	13.4
Parker Engineering Co., Ltd., Tokyo/Japan	10.0
teamtechnik Production Technology SP z o.o., Skawina/Poland	7.0

* Investment pursuant to Sec. 16 AktG

¹ Profit and loss transfer agreement with the respective parent company

² Exemption pursuant to Sec. 264 (3) HGB

³ Controlling influence as a result of contractual arrangements to control the relevant activities

⁴ Structured entity pursuant to IFRS 10 and IFRS 12

Bietigheim-Bissingen, March 15, 2022

Dürr Aktiengesellschaft
The Board of Management



Dr. Jochen Weyrauch



Dietmar Heinrich

INDEPENDENT AUDITOR'S REPORT

To Dürr Aktiengesellschaft

Report on the audit of the consolidated financial statements and of the group management report

OPINIONS

We have audited the consolidated financial statements of Dürr Aktiengesellschaft, Stuttgart, and its subsidiaries (the Group), which comprise the consolidated income statement and the consolidated statement of comprehensive income for the reporting period from January 1 to December 31, 2021, the consolidated statement of financial position as of December 31, 2021, the consolidated statement of cash flows and the consolidated statement of changes in equity for the reporting period from January 1 to December 31, 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Dürr Aktiengesellschaft for the reporting period from January 1 to December 31, 2021, which is combined with the management report ("group management report"). In accordance with the German legal requirements, we have not audited the content of the group non-financial statement marked in the group management report as well as the disclosures in the "Other information on corporate governance" section and the Group Corporate Governance Declaration, which is published on the website stated in the group management report and is part of the group management report.

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

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB ["Handelsgesetzbuch": German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as of December 31, 2021 and of its financial performance for the reporting period from January 1 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 opinion on the group management report does not cover the content of the group non-financial statement included in the group management report as well as the disclosures in the "Other information on corporate governance" section and the Corporate Governance Declaration.

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

BASIS FOR THE OPINIONS

We conducted our audit of the consolidated financial statements and of the group management report in accordance with Sec. 317 HGB and the EU Audit Regulation (No 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Art. 10 (2) f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Art. 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the reporting period from January 1 to December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters.

Below, we describe what we consider to be the key audit matters:

1. Impairment testing of goodwill

Reasons why the matter was determined to be a key audit matter:

Goodwill is subject to an annual impairment test. As a rule, the basis of the measurements is the present value of future cash flows of the cash-generating unit to be measured to which

goodwill was allocated. The measurements are based on budgetary planning of the cash-generating units for four detailed planning years. The discounting is based on the weighted average cost of capital (WACC) of the respective cash-generating unit. The inputs used in the calculation of the discounting rate are partly based on estimated market expectations and are, therefore, also subject to judgment.

Impairment testing of goodwill is a key audit matter in our audit because the result of these measurements depends chiefly on the future cash inflows of each company estimated by the executive directors as well as the discount rate used and is therefore subject to uncertainty.

Auditor's response:

The subsidiaries' budgets are consolidated by division and reviewed and approved by the Board of Management of Dürr AG in a multi-stage process. The Supervisory Board of Dürr AG approves the budget for the following year and acknowledges the long-term planning for the next three years. For our audit we relied on these internal controls and tested their effectiveness. Our assessment was based, among other things, on a comparison with general and industry-specific market expectations, taking into account the effects of the coronavirus pandemic by management, as well as management's explanation regarding the significant value drivers in the budgets and forecasts. We also compared the plans for consistency with the forecast information provided in the group management report. We also analyzed the budget-to-actual comparison of the prior-period planning on the basis of a target-actual deviation analysis, taking into account the effects of the coronavirus pandemic. We assessed the underlying valuation models for the determination of net realizable value in terms of methodology and re-performed the calculations with the assistance of internal valuation specialists. We assessed the derivation of the risk-adjusted discount rate with the involvement of our internal valuation specialists in particular by scrutinizing the peer group, comparing market data with external evidence and checking the clerical accuracy. We also checked the results of the impairment test for plausibility using our own sensitivity analyses.

Our audit procedures did not lead to any reservations regarding the impairment of goodwill.

Reference to related disclosures:

The Company's disclosures on the impairment of goodwill in terms of the recognition and measurement policies applied in accounting as well as the associated judgments are contained in notes 6 and 18 of the notes to the consolidated financial statements.

2. Revenue recognition over time and accounting for construction contracts pursuant to IFRS 15 (Revenue from Contracts with Customers)

Reasons why the matter was determined to be a key audit matter:

Sales revenues from customer-specific construction contracts are generally calculated according to the progress towards complete satisfaction of a performance obligation pursuant to IFRS 15. This involves recognizing sales revenues and the planned contract margin in line with the degree to which the contract has been completed. The degree of completion is calculated on the basis of the costs incurred relative to the total estimated costs.

Revenue recognition over time and accounting for construction contracts according to IFRS 15 is a key audit matter because the application of revenue recognition over time pursuant to IFRS 15 requires the substantial exercise of judgment, particularly related to the estimate of the total costs of a contract and the consideration of contract modifications and project risks.

Auditor's response:

In assessing the contract analysis performed by the executive directors, we evaluated in particular whether the requirements to recognize revenue over time have been met based on construction contracts. We relied on a controls-based approach during the audit and examined the underlying corporate processes and tested controls relevant for the processing and accounting of construction contracts, particularly for the calculation of contract values, the estimate of contract costs as well as the reporting and allocation of accrued costs. We also tested the control mechanisms in the area of contract acceptance and planning as well as in the area of budgeting and cost control for their design and proper functioning. We analyzed the development of margins over the course of the year to identify anomalies

compared to the prior period. On the basis of the knowledge obtained we performed an analysis of the changes in planning costs and in contract values. With regard to the status of completion and the assessment of the risks associated with the contract, we obtained and assessed management's evaluation of the significant contracts.

Furthermore, we performed the following substantive procedures for specific construction contracts:

- We analyzed the originally planned contract costs and the updated planning costs used for the consolidated financial statements underlying the determination of the degree of completion of the individual construction contracts, reviewing among other things the quality of the planning using target vs. actual analyses;
- We verified whether the material and production costs recognized for each construction contract were allocated properly and in the correct period, verifying in particular the allocation of costs in terms of their amount and the related project using orders, proof of performance as well as supplier invoices;
- Obtained evidence from third parties for selected projects (for example external confirmations of significant receivables) and compared them with the values reported;
- Checked that the sales revenues had been entered in the right amount, in particular by comparing a sample of the transaction prices with their applicable contractual bases.

Our audit procedures did not lead to any reservations regarding the revenue recognition over time and accounting of construction contracts according to IFRS 15.

Reference to related disclosures:

The Company's disclosures on the recognition and measurement policies applied in accounting with regard to the revenue recognition over time and accounting of construction contracts according to IFRS 15 are contained in notes 6, 7 and 21 of the notes to the consolidated financial statements.

3. Recognition and measurement of uncertain tax treatments and deferred taxes

Reasons why the matter was determined to be a key audit matter:

The Dürr Group operates in countries with different local tax law which entails the complexity of changing tax law as well as transfer pricing issues. The accounting treatment and measurement of uncertain tax treatments and deferred taxes requires that the executive directors of Dürr Aktiengesellschaft exercise judgment for the assessment of subject matters related to tax and perform estimates regarding income tax risks.

In the context of accounting and measurement of deferred tax items, an assessment of future usability of the tax loss carryforwards as well as other deferred tax assets from temporary differences is necessary. The recognition of deferred tax assets for tax loss carryforwards depends, on the one hand, on the usability of losses in each country due to country-specific provisions and, on the other, on budget assumptions for future taxable income. The recognition and measurement of uncertain tax treatments and deferred taxes is a key audit matter because particularly the corporate planning regarding the future taxable income is subject to a high degree of judgment. The executive directors make estimates regarding the economic development of every taxable entity, which is affected by the current and future market environment.

Auditor's response:

Due to the complexity in the area of various tax law provisions, we consulted internal tax specialists with expertise in the relevant local tax law in the course of our audit. We assessed the correspondence with the responsible tax authorities and analyzed and assessed the assumptions for the calculation of income tax provisions on the basis of their knowledge and experience in the current application of the relevant tax law provisions by the authorities and courts.

To assess the recognition and measurement of deferred taxes at Group companies, we considered, among other things, the underlying processes. In addition, we verified the identification and quantification of deviations between the assets and liabilities according to income tax provisions and financial reporting in accordance with IFRSs as well as the calculation of the deferred taxes with regard to these deviations using the corresponding income tax rate. To test the recoverability of deferred tax assets from temporary differences as well as from loss carryforwards, we verified using samples whether tax forecasts were derived from corporate planning, the Group-wide planning horizon was used to assess the usability of tax loss carryforwards and the respective country-specific tax requirements for the use of loss carryforwards were observed.

In the course of our substantive audit procedures for uncertain tax treatments, we assessed the compliance with the relevant local tax law of assessments made by the executive directors for tax implications of significant business transactions or events in the 2021 reporting period, from which uncertain tax treatments may result or could influence the recognition and measurement of existing uncertain tax treatments. In particular, this included the income tax implications arising from the acquisition or disposal of company shares, corporate restructuring as well as findings from tax field audits.

Our audit procedures did not lead to any reservations regarding the recognition and measurement of uncertain tax treatments and deferred taxes.

Reference to related disclosures:

The Company's disclosures on the accounting policies for uncertain tax treatments and deferred taxes are contained in notes 6 and 17 of the notes to the consolidated financial statements.

OTHER INFORMATION

The Supervisory Board is responsible for the Report of the Supervisory Board. Otherwise, the executive directors are responsible for other information. Other information particularly comprises the following components of the annual report: The Chairman's letter, the Report of the Supervisory Board, the section "Capital market", the remuneration report, the disclosures made in the annual report in the Responsibility Statement contained in the consolidated financial statements, the group non-financial statement included in the group management report as well as the disclosures in the "Other information on corporate governance" section and the Corporate Governance Declaration.

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

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

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

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD FOR THE 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 IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB, and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud 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 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 Sec. 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this 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 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 opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB;
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- Evaluate the consistency of the 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 opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, the related safeguards.

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

OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on the assurance on the electronic rendering of the consolidated financial statements and the group management report prepared for publication purposes in accordance with Sec. 317 (3a) HGB

OPINION

We have performed assurance work in accordance with Sec. 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the attached file Dür AG_KA+KLB_ESEF-2021-12-31.zip (SHA-256-Prüfsumme: 0271135db9992041e2ee8335505e867972420f0efa514dfd44ffdee0fc9576e1) and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the file identified above and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinions on the accompanying consolidated financial statements and the accompanying group management report for the fiscal year from January 1 to December 31, 2021 contained in the "Report on the audit of the consolidated financial statements and of the group management report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

BASIS FOR THE OPINION

We conducted our assurance work on the rendering of the consolidated financial statements and the group management report contained in the file identified above in accordance with Sec. 317 (3a) HGB and the IDW Assurance Standard: Assurance on the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Sec. 317 (3b) HGB (IDW AsS 410). Our responsibility in accordance therewith is further described in the "Group auditor's responsibilities for the assurance work on the ESEF documents" section. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in the Audit Firm (IDW QS 1).

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD FOR THE ESEF DOCUMENTS

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the group management report in accordance with Sec. 328 (1) Sentence 4 No. 1 HGB and for the tagging of the consolidated financial statements in accordance with Sec. 328 (1) Sentence 4 No. 2 HGB.

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

The Supervisory Board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

GROUP AUDITOR'S RESPONSIBILITIES FOR THE ASSURANCE WORK ON THE ESEF DOCUMENTS

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e., whether the file containing the ESEF documents meets the requirements of Commission Delegated Regulation (EU) 2019/815, in the version in force at the date of the financial statements, on the technical specification for this file.
- Evaluate whether the ESEF documents enable an XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited group management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Arts. 4 and 6 of Commission Delegated Regulation (EU) 2019/815, in the version in force at the date of the financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

FURTHER INFORMATION PURSUANT TO ART. 10 OF THE EU AUDIT REGULATION

We were elected as group auditor by the annual general meeting on May 7, 2021. We were engaged by the Supervisory Board on October 27, 2021. We have been the group auditor of Dürr Aktiengesellschaft without interruption since the 2002 reporting period.

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

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Michael Marbler.

Stuttgart, 15 March 2022

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Heiko Hummel
Wirtschaftsprüfer
(German Public Auditor)

Michael Marbler
Wirtschaftsprüfer
(German Public Auditor)

REPORT OF THE INDEPENDENT AUDITOR

on the audit of the remuneration report
pursuant to Sec. 162 (3) AktG

To Dürr Aktiengesellschaft, Stuttgart

OPINIONS

We have audited the formal aspects of the remuneration report of Dürr Aktiengesellschaft, Stuttgart, for the fiscal year from January 1, 2021 to December 31, 2021 to determine whether the disclosures required by Sec. 162 (1) and (2) AktG [“Aktiengesetz”: German Stock Corporation Act] have been made therein. In accordance with Sec. 162 (3) AktG, we have not audited the content of the remuneration report.

In our opinion, the disclosures required by Sec. 162 (1) and (2) have been made in the accompanying remuneration report in all material respects. Our opinion does not cover the content of the remuneration report.

BASIS FOR THE OPINION

We conducted our audit of the remuneration report in accordance with Sec. 162 (3) AktG and in compliance with the draft revision of IDW Auditing Standard: Audit of the Remuneration Report in Accordance with Sec. 162 (3) AktG (IDW AuS 870). Our

responsibilities under this provision and standard are further described in the “Responsibilities of the auditor” section of our report. As an audit firm, we applied the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QS 1). We complied with the professional obligations pursuant to the WPO [“Wirtschaftsprüferordnung”: German Law Regulating the Profession of Wirtschaftsprüfer (German Public Auditor)] and the BS WP/vBP [“Berufssatzung für Wirtschaftsprüfer/vereidigte Buchprüfer”: Professional Charter for German Public Accountants/German Sworn Auditors] including the requirements regarding independence.

RESPONSIBILITIES OF THE BOARD OF MANAGEMENT AND SUPERVISORY BOARD

The management board and supervisory board are responsible for the preparation of the remuneration report and the related disclosures in compliance with the requirements of Sec. 162 AktG. In addition, they are responsible for such internal control as they determine is necessary to enable the preparation of a remuneration report and the related disclosures that are free from material misstatement, whether due to fraud or error.

RESPONSIBILITIES OF THE AUDITOR

Our objectives are to obtain reasonable assurance about whether the disclosures required by Sec. 162 (1) and (2) AktG are made in the remuneration report in all material respects and to express an opinion thereon in a report.

We planned and performed our audit so as to determine the formal completeness of the remuneration report by comparing the disclosures made in the remuneration report with the disclosures required by Sec. 162 (1) and (2) AktG. In accordance with Sec. 162 (3) AktG, we have not audited the accuracy of the disclosures, the completeness of the individual disclosures or the fair presentation of the remuneration report.

Stuttgart, March 15, 2022

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Heiko Hummel
Wirtschaftsprüfer
[German Public Auditor]

Michael Marbler
Wirtschaftsprüfer
[German Public Auditor]

INDEPENDENT AUDITOR'S REPORT

on a limited assurance engagement

The assurance engagement performed by Ernst & Young (EY) relates exclusively to the German version of the group non-financial statement 2021 of Dürr Aktiengesellschaft. The following text is a translation of the original German independent assurance report.

To Dürr Aktiengesellschaft, Stuttgart

We have performed a limited assurance engagement on the group non-financial statement of Dürr Aktiengesellschaft, Stuttgart (hereinafter the "Company"), which comprises the disclosures in the combined management report marked with a line in the margin and the abbreviation "NFD", for the period from 1 January 2021 to 31 December 2021 (hereinafter the "group non-financial statement"). Not subject to our assurance engagement are prior-year disclosures with regard to the performance indicators on energy consumption and greenhouse gas emissions.

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS

The executive directors of the Company are responsible for the preparation of the group non-financial statement in accordance with Sec. 315c in conjunction with Secs. 289c to 289e HGB and Art. 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a

framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (hereinafter the "EU Taxonomy Regulation") and the Delegated Acts adopted thereunder as well as in accordance with their own interpretation of the wording and terms contained in the EU Taxonomy Regulation and the Delegated Acts adopted thereunder as set out in section "EU Taxonomy: taxonomy-eligible and taxonomy-aligned economic activities" of the group non-financial statement.

These responsibilities of the Company's executive directors include the selection and application of appropriate non-financial reporting methods and making assumptions and estimates about individual non-financial disclosures that are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal control as the executive directors consider necessary to enable the preparation of a group non-financial statement that is free from material misstatement, whether due to fraud (manipulation of the group non-financial statement) or error.

The EU Taxonomy Regulation and the Delegated Acts adopted thereunder contain wording and terms that are still subject to considerable interpretation uncertainties and for which clarifications have not yet been published in every case. Therefore, the executive directors have disclosed their interpretation of the EU Taxonomy Regulation and the Delegated Acts adopted

thereunder in section "EU Taxonomy: taxonomy-eligible and taxonomy-aligned economic activities" of the non-financial statement. They are responsible for the defensibility of this interpretation. Due to the immanent risk that undefined legal terms may be interpreted differently, the legal conformity of the interpretation is subject to uncertainties.

INDEPENDENCE AND QUALITY ASSURANCE OF THE AUDITOR'S FIRM

We have complied with the German professional requirements on independence as well as other professional conduct requirements.

Our audit firm applies the national legal requirements and professional pronouncements, in particular the BS WP/vBP ["Berufssatzung für Wirtschaftsprüfer/vereidigte Buchprüfer": Professional Charter for German Public Accountants/German Sworn Auditors] in the exercise of their Profession and the IDW Standard on Quality Management issued by the Institute of Public Auditors in Germany (IDW): "Requirements for Quality Management in the Audit Firm" (IDW QS 1) and accordingly maintains a comprehensive quality management system that includes documented policies and procedures with regard to compliance with professional ethical requirements, professional standards as well as relevant statutory and other legal requirements.

RESPONSIBILITIES OF THE AUDITOR

Our responsibility is to express a conclusion with limited assurance on the group non-financial statement based on our assurance engagement.

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements other than Audits or Reviews of Historical Financial Information" issued by the International Auditing and Assurance Standards Board (IAASB). This standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether any matters have come to our attention that cause us to believe that the Company's non-financial statement are not prepared, in all material respects, in accordance with Sec. 315c in conjunction with Secs. 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts adopted thereunder as well as the interpretation by the executive directors disclosed in section "EU Taxonomy: taxonomy-eligible and taxonomy-aligned economic activities" of

the group non-financial statement. Not subject to our assurance engagement are prior-year disclosures with regard to the performance indicators on energy consumption and greenhouse gas emissions.

In a limited assurance engagement, the procedures performed are less extensive than in a reasonable assurance engagement, and accordingly, a substantially lower level of assurance is obtained. The selection of the assurance procedures is subject to the professional judgment of the auditor.

In the course of our assurance engagement we have, among other things, performed the following assurance procedures and other activities:

- Inquiries of the employees and inspection of documents regarding the selection of topics for the group non-financial statement, the risk assessment and the policies of the Group for the topics identified as material,
- Inquiries of employees at group level responsible for data capture and consolidation as well as the preparation of the group non-financial statement, to evaluate the reporting system, the data capture and compilation methods as well as internal controls to the extent relevant for the assurance of the disclosures in the group non-financial statement,
- Identification of likely risks of material misstatement in the group non-financial statement,
- Inspection of relevant documentation of the systems and processes for compiling, aggregating and validating relevant data in the reporting period and testing such documentation on a sample basis,
- Analytical procedures on selected disclosures in the group non-financial statement,
- Inquiries and inspection of documents on a sample basis relating to the collection and reporting of selected disclosures and data in the reporting period and testing such documentation on a sample basis,
- Evaluation of the process to identify the taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the group non-financial statement,
- Evaluation of the presentation of the group non-financial statement.

In determining the disclosures in accordance with Art. 8 of the EU Taxonomy Regulation, the executive directors are required to interpret undefined legal terms. Due to the immanent risk that undefined legal terms may be interpreted differently, the legal conformity of their interpretation and, accordingly, our assurance engagement thereon are subject to uncertainties.

ASSURANCE CONCLUSION

Based on the assurance procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the group non-financial statement of the Company for the period from 1 January 2021 to 31 December 2021 is not prepared, in all material respects, in accordance with Sec. 315c in conjunction with Secs. 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts adopted thereunder as well as the interpretation by the executive directors as disclosed in section "EU Taxonomy: taxonomy-eligible and taxonomy-aligned economic activities" of the group non-financial statement.

We do not express an assurance conclusion on prior-year disclosures with regard to the performance indicators on energy consumption and greenhouse gas emissions.

RESTRICTION OF USE

We draw attention to the fact that the assurance engagement was conducted for the Company's purposes and that the report is intended solely to inform the Company about the result of the assurance engagement. As a result, it may not be suitable for another purpose than the aforementioned. Accordingly, the report is not intended to be used by third parties for making (financial) decisions based on it. Our responsibility is to the Company alone. We do not accept any responsibility to third parties. Our assurance conclusion is not modified in this respect.

GENERAL ENGAGEMENT TERMS AND LIABILITY

The "General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms]" dated 1 January 2017 are applicable to this engagement and also govern our relations with third parties in the context of this engagement (www.de.ey.com/general-engagement-terms). In addition, please refer to the liability provisions contained there in no. 9 and to the exclusion of liability towards third parties. We accept no responsibility, liability or other obligations towards third parties unless we have concluded a written agreement to the contrary with the respective third party or liability cannot effectively be precluded.

We make express reference to the fact that we will not update the report to reflect events or circumstances arising after it was issued, unless required to do so by law. It is the sole responsibility of anyone taking note of the summarized result of our work contained in this report to decide whether and in what way this information is useful or suitable for their purposes and to supplement, verify or update it by means of their own review procedures.

Munich, 15 March 2022

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Nicole Richter
Wirtschaftsprüferin
[German Public Auditor]

Annette Johne
Wirtschaftsprüferin
[German Public Auditor]

RESPONSIBILITY STATEMENT BY MANAGEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the combined management report

includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.



Dr. Jochen Weyrauch



Dietmar Heinrich

Bietigheim-Bissingen, March 15, 2022

GLOSSARY

Technology and products

A

Analytics application

With the aid of artificial intelligence, it enables and optimizes the evaluation of large data volumes from production processes in order to detect deviations from set values, deduce patterns and develop projections and recommended courses of action.

Application technology

General term for all products related to the application of paint and high-viscosity materials, e.g. painting robots, paint atomizers, and color change systems.

B

Balancing technology

Rotating components such as wheels and turbines must be tested for imbalances. Any imbalance is then removed since it would otherwise cause vibrations or oscillations.

Bot

Abbreviation for robot. A bot is a computer program that performs recurrent office tasks automatically and without human interaction.

C

Circular economy

The goal of a circular economy is to reduce resources consumption, emissions and waste. To do so, materials and energy are recycled as often as possible or used in a circular flow. The opposite of a circular economy is a linear economy.

Connectivity

A connective network between machines and software. Connectivity is the basis for the digital transformation of production.

D

Dip-coating

Process for applying the first prime coat that protects against corrosion. To coat the interior of the body as well, it is immersed. The coating is applied with the aid of an electric field.

Drying oven

Tunnel-like systems for curing freshly applied coats of paint.

E

Electrode coating

Anode and cathode material is applied onto both sides of a metal foil as a thin paste and then dried. The material layers produced in this way are responsible for storing energy in a lithium-ion battery cell, while the metal foil acts as an electrode that conducts the electricity to and from the storage material.

Engineering

Development and design of machinery and plants. At Dürr, engineering often involves developing technical solutions that are geared to customers' specific production goals.

F

Filling systems

Equipment designed for filling vehicles with the necessary operating media (e.g. brake fluid, refrigerant) in the course of their final assembly. Filling systems are also employed for charging refrigerators, air conditioners and heat pumps with refrigerant.

G

Glueing technology

Manufacturing process in which parts such as the sheet-metal components of a car are joined together by means of adhesives.

H

High-speed rotating atomizer

Atomizers ensure a uniform distribution of the spray jet in paint application processes. High rotation atomizers rely on a bell-shaped disk revolving at up to 70,000 r.p.m. Due to this design, the paint fed to the center of the disk is accelerated and separated into fine threads which dissolve into minuscule droplets as they are propelled off the disk.

I

IIoT/Industrial Internet of Things

The term Industrial Internet of Things refers to the use of the Internet of Things in industrial production. The Internet of Things is the digital connection of, and communication between, smart machines and appliances via the internet.

IIoT platform

Higher-level software system that collects and evaluates big data, i.e. large volumes of production data. To that end, the machines from one or more production

systems are fitted with sensors. The sensors capture the operating data (e.g. material consumption, cycle time) and transmit it to the IIoT platform. Data evaluation on the IIoT platform enables plant operators to gain a better understanding of their production processes and identify potential for optimization.

Industry 4.0

Industry 4.0 refers to the digitalization and networking of industrial production. It is aimed at creating a 'Smart Factory' in which production and logistics systems largely organize themselves.

P

Pay-per-use model

This business model is gaining importance in the realm of Industry 4.0. It involves customers paying a fee for the duration or extent of use rather than a fixed price for software.

Predictive maintenance

An anticipatory approach for the proactive maintenance of machines and systems based on measured values and data serving to reduce failures causing unplanned downtimes to a minimum.

R

Robotic process automation

With robot-supported process automation, repetitive and time-consuming office tasks are transferred to bots. This relieves employees, giving them more time for more demanding tasks.

S

Sealing

Process for sealing welding seams created when car body parts are joined. Sealing also includes the application of an undercoating that protects against rock impact.

T

Test systems

End of line systems test the functions of fully assembled vehicles, e.g. headlights and ABS.

Thermal oxidation

Thermal oxidation is a process for exhaust-air purification. The polluted waste air is burned in a combustion chamber.

Financial

A

Asset coverage

A ratio that indicates the extent to which shareholders' equity covers non-current assets.

$$\frac{\text{equity}}{\text{non-current assets}} \times 100 (\%)$$

Asset intensity

A ratio that indicates the relative weight of non-current assets in total assets. High asset intensity means high fixed costs and high levels of capital tied up.

$$\frac{\text{non-current assets}}{\text{total assets}} \times 100 (\%)$$

C

Capital employed

This is the capital used within the enterprise that is not subject to interest payable to external creditors. It is calculated by deducting liabilities from total non-current and current assets. However, all interest-bearing items are excluded.

D

Days sales outstanding

This ratio indicates the average length of time in days that capital is tied up in receivables.

$$\frac{\text{receivables} \times 360}{\text{sales revenues}}$$

The same method can be used to calculate the average length of time that capital is tied up in inventories and in net working capital.

E

Equity/assets ratio

A ratio that indicates the extent to which shareholders' equity and non-current liabilities cover non-current assets.

$$\frac{\text{equity} + \text{non-current liabilities}}{\text{non-current assets}} \times 100 (\%)$$

F

Free cash flow

Free cash flow is the cash flow from operating activities remaining after deducting capital expenditures, net interest paid and received and the repayment of leasing liabilities, and represents the amount of cash that is freely available to pay a dividend, make acquisitions and pay off debt.

G

Gearing

This is the ratio of net financial debt to shareholders' equity and net financial debt. The higher the relative weight of net financial debt, the higher the reliance on external lenders. However, a high gearing is not necessarily negative if the interest paid does not reduce profits excessively.

I

Interest coverage

An interest coverage ratio of <1 indicates that the company is not able to meet its interest payments from operating earnings.

$$\frac{\text{earnings before tax} + \text{net interest expense}}{\text{net interest expense}}$$

L

Liquidity ratios: cash ratio and quick ratio

These two liquidity ratios show the degree to which current liabilities are covered by cash and cash equivalents (and other current assets). They serve to measure a company's solvency.

$$\frac{\text{cash and cash equivalents}}{\text{current liabilities}} \times 100 (\%)$$

$$\frac{\text{cash and cash equivalents} + \text{short-term trade receivables}}{\text{current liabilities}} \times 100 (\%)$$

N

Net financial status

This represents the balance of the financial liabilities reported in the balance sheet after deducting liquid funds. If a company's liquid funds exceed its financial liabilities, it is de facto debt free.

$$\text{financial liabilities} - \text{liquid funds}$$

Net Working Capital (NWC)

This is a measure of the net funding required to finance current assets. Negative NWC is beneficial since it implies that sales are prefinanced by suppliers and customers. For the Dürr Group, the prepayments received from customers are an important factor affecting NWC.

$$\begin{array}{rcccl} \text{inventories} & + & \text{contract} & + & \text{trade} & - \\ & & \text{assets} & & \text{receivables} & \\ \text{contract} & - & \text{trade} & & & \\ \text{liabilities} & & \text{payables} & & & \end{array}$$

R

Return on Capital Employed (ROCE)

This measures the rate of return on the capital tied up in a company's operating assets (for instance in machinery and equipment, inventories, accounts receivable) and is the ratio of earnings before interest and taxes (EBIT) to capital employed.

$$\frac{\text{EBIT}}{\text{capital employed}} \times 100 (\%)$$

Return on Equity (ROE)

This is the rate of return earned on shareholders' equity. It should exceed the rate of return on a comparable investment.

$$\frac{\text{earnings after taxes}}{\text{shareholders' equity}} \times 100 (\%)$$

Return on Investment (ROI)

This ratio serves to measure how efficiently a company employs the total resources at its disposal.

$$\frac{\text{earnings after taxes} + \text{interest expense}}{\text{total assets}} \times 100 (\%)$$

TEN-YEAR SUMMARY

4.1 — TEN-YEAR SUMMARY DÜRR GROUP¹

		2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Incoming orders	€ million	4,291.0	3,283.2	4,076.5	3,930.9	3,803.0	3,701.7	3,467.5	2,793.0	2,387.1	2,596.8
Orders on hand (Dec. 31)	€ million	3,361.0	2,556.7	2,742.8	2,577.2	2,449.4	2,568.4	2,465.7	2,725.3	2,150.1	2,316.8
Sales revenues	€ million	3,536.7	3,324.8	3,921.5	3,869.8	3,713.2	3,573.5	3,767.1	2,574.9	2,406.9	2,399.8
Gross profit on sales	€ million	819.4	596.3	838.2	855.5	857.2	858.3	828.0	591.1	487.3	437.8
Overhead costs (incl. R&D costs)	€ million	-657.6	-585.9	-639.0	-612.9	-601.8	-605.5	-566.4	-359.5	-280.7	-262.9
EBITDA	€ million	299.4	125.3	308.5	326.9	367.7	360.3	348.2	262.9	230.4	205.4
EBIT	€ million	175.7	11.1	195.9	233.5	287.0	271.4	267.8	220.9	203.0	176.9
Financial result	€ million	-43.1	-29.7	-21.2	-13.8	-19.8	-13.3	-23.3	-16.2	-18.4	-29.2
EBT	€ million	132.6	-18.5	174.7	219.7	267.3	258.1	244.5	204.7	184.6	147.7
Income taxes	€ million	-47.6	4.7	-44.9	-56.2	-67.6	-70.3	-78.0	-54.4	-43.7	-36.3
Net income	€ million	84.9	-13.9	129.8	163.5	199.6	187.8	166.6	150.3	140.9	111.4
Profit/loss attributable to Dürr AG shareholders	€ million	83.0	-15.8	124.1	157.1	192.6	181.9	161.6	149.8	140.1	107.2
STOCK											
Earnings per share basic	€	1.20	-0.23	1.79	2.27	2.78	2.63	2.34	2.17	2.03	1.55
Earnings per share diluted	€	1.16	-0.23	1.79	2.27	2.78	2.63	2.34	2.17	2.03	1.55
Dividend per share	€	0.50 ²	0.30	0.80	1.00	1.10	1.05	0.93	0.83	0.73	0.57
Book value per share (Dec. 31)	€	14.45	13.06	14.89	14.12	12.80	11.70	10.07	8.89	7.29	6.13
Operating cash flow per share	€	3.71	3.11	2.48	2.34	1.73	3.29	2.50	4.21	4.76	1.70
Closing price (Dec. 31)	€	40.12	33.40	30.38	30.53	53.28	38.18	36.80	36.63	32.41	16.88
Number of shares (weighted average)	thousand	69,202	69,202	69,202	69,202	69,202	69,202	69,202	69,202	69,202	69,202
Market capitalization (Dec. 31)	€ million	2,776	2,311	2,102	2,113	3,687	2,642	2,547	2,535	2,243	1,168
INCOME STATEMENT											
Gross margin	%	23.2	17.9	21.4	22.1	23.1	24.0	22.0	23.0	20.2	18.2
EBITDA margin	%	8.5	3.8	7.9	8.4	9.9	10.1	9.2	10.2	9.6	8.6
EBIT margin	%	5.0	0.3	5.0	6.0	7.7	7.6	7.1	8.6	8.4	7.4
EBT margin	%	3.7	-0.6	4.5	5.7	7.2	7.2	6.5	8.0	7.7	6.2
Interest coverage		4.1	0.5	7.3	11.5	13.4	13.7	10.7	12.6	10.7	6.0
Tax rate	%	35.9	25.2	25.7	25.6	25.3	27.2	31.9	26.6	23.7	24.6
CASH FLOW											
Operating cash flow	€ million	257.0	215.0	171.9	162.3	119.8	227.4	173.0	291.3	329.1	117.6
Free cash flow	€ million	120.8	110.7	44.9	78.4	14.3	129.9	62.8	221.1	261.9	65.9
Capital expenditure (property, plant & equipment and intangible assets)	€ million	107.8	76.4	102.6	74.4	88.0	81.9	102.3	54.9	51.2	32.5
Change in net financial status	€ million	-50.5	50.3	-24.9	-144.0	17.6	47.1	-38.4	-112.7	183.8	44.9
BALANCE SHEET											
Non-current assets (Dec. 31)	€ million	1,464.7	1,315.6	1,322.4	1,244.3	1,110.1	1,125.3	1,182.0	1,124.2	590.9	551.9
Current assets (Dec. 31)	€ million	2,689.0	2,563.2	2,560.0	2,370.1	2,401.4	2,223.2	1,804.6	1,851.9	1,400.9	1,255.8
of which cash and cash equivalents (Dec. 31)	€ million	583.1	769.2	662.0	655.0	659.9	724.2	435.6	522.0	458.5	349.3

		2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Equity (with non-controlling interests) (Dec. 31)	€ million	1,005.6	908.1	1,043.4	992.2	900.5	831.0	714.4	725.8	511.4	432.1
Non-current liabilities (Dec. 31)	€ million	1,056.8	816.2	1,056.4	786.1	787.3	843.3	585.0	643.1	394.8	402.6
of which pension obligations (Dec. 31)	€ million	50.9	58.1	59.0	50.1	49.8	51.8	49.7	53.7	49.8	53.5
Current liabilities (Dec. 31)	€ million	2,091.2	2,154.4	1,782.6	1,836.2	1,823.8	1,674.2	1,687.2	1,607.3	1,085.7	973.0
Financial liabilities (Dec. 31)	€ million	937.4	718.3	923.1	623.3	622.6	654.5	350.9	426.5	271.1	286.1
Total assets (Dec. 31)	€ million	4,153.6	3,878.8	3,882.3	3,614.4	3,511.6	3,348.5	2,986.7	2,976.1	1,991.8	1,807.7
Net financial status (Dec. 31) ³	€ million	-99.5	-49.0	-99.3	32.3	176.3	176.5	129.4	167.8	280.5	96.7
Net financial debt / EBITDA ³		0.3	0.4	0.3	-	-	-	-	-	-	-
Gearing (Dec. 31)	%	9.0	5.1	8.7	-3.4	-24.3	-27.0	-22.1	-30.1	-121.5	-28.8
Net working capital (Dec. 31)	€ million	427.9	382.6	502.7	441.4	373.7	194.4	236.8	87.6	-33.1	98.6
Days working capital	days	43.6	41.4	46.1	41.1	36.2	27.2	22.6	12.2	-4.9	14.8
Days sales outstanding	days	59.8	55.2	53.8	56.1	51.7	47.3	51.9	67.8	47.6	51.9
Inventory turnover	days	70.1	55.1	46.7	49.8	44.4	40.4	37.0	51.0	22.1	21.7
Equity assets ratio (Dec. 31)	%	68.7	69.0	78.9	79.7	81.1	73.8	60.4	64.6	86.5	78.3
Degree of asset depreciation (Dec. 31)	%	47.6	48.3	45.1	38.5	36.1	34.3	32.1	30.7	43.9	48.4
Depreciation expense ratio	%	7.0	7.7	7.6	6.4	6.5	6.7	6.4	4.2	4.3	4.2
Asset coverage (Dec. 31)	%	140.8	131.1	158.8	142.9	152.0	148.8	109.9	121.8	153.3	151.2
Asset intensity (Dec. 31)	%	35.3	33.9	34.1	34.4	31.6	33.6	39.6	37.8	29.7	30.5
Current assets to total assets (Dec. 31)	%	64.7	66.1	65.9	65.6	68.4	66.4	60.4	62.2	70.3	69.5
Cash ratio (Dec. 31)	%	27.9	35.7	37.1	35.7	36.2	43.3	26.4	32.6	42.4	35.9
Quick ratio (Dec. 31)	%	54.6	58.2	69.1	66.5	64.8	89.8	80.8	85.7	104.5	107.3
Equity ratio (Dec. 31)	%	24.2	23.4	26.9	27.4	25.6	24.8	23.9	24.4	25.7	23.9
Return on equity	%	8.4	-1.5	12.4	16.5	22.2	22.6	23.3	20.7	27.6	25.8
Capital employed (CE) (Dec. 31)	€ million	1,132.8	991.5	1,160.6	971.9	738.9	670.6	590.6	571.5	266.4	373.0
ROCE	%	15.5	1.1	16.9	24.0	38.6	41.1	45.3	38.7	76.2	47.4
Weighted average cost of capital (WACC)	%	7.43	7.44	8.42	9.00	7.88	7.20	6.98	5.78	6.69	6.58
Economic value added (EVA)	€ million	38.8	-66.0	39.4	76.0	142.7	142.5	146.2	121.6	124.3	99.3
EMPLOYEES/R&D											
Employees (Dec. 31)		17,802	16,525	16,493	16,312	14,974	15,235	14,850	14,151	8,142	7,652
Cost per employee (year average)	€	-68,154	-64,399	-69,055	-67,188	-68,725	-67,100	-67,000	-64,800	-65,200	-64,900
Sales per employee (year average)	€	205,943	203,552	238,201	248,176	250,772	237,000	260,000	262,900	301,900	327,100
R&D ratio	%	3.5	3.2	2.8	3.1	3.1	3.0	2.6	2.2	1.8	1.6
R&D employees (Dec. 31)		922	795	789	782	713	695	667	619	248	199
R&D expenditure	€ million	-123.9	-107.7	-110.8	-121.0	-116.7	-105.9	-97.1	-55.4	-43.0	-37.2
R&D cost capitalized	€ million	21.5	18.1	19.0	14.5	9.6	12.4	11.5	5.5	3.4	3.1
Amortization of R&D cost capitalized	€ million	-10.7	-10.0	-9.1	-9.9	-12.7	-13.1	-10.4	-4.3	-3.9	-6.1

All figures according to IFRS.

¹ Please note the information on page 67 concerning the figures.

² Dividend to be proposed at the annual general meeting.

³ Up until 2018 the Dürr Group had a positive net cash balance. Since 2019 leasing liabilities have been recognized in the net financial status in accordance with IFRS 16.

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Published by
Dürr AG, Carl-Benz-Strasse 34,
74321 Bietigheim-Bissingen, Germany

Concept & Design
Kirchhoff Consult, Hamburg, Germany

The English translation of our 2021 annual report is based on the German version. The German version is authoritative.

Forward-looking statements

This annual report includes forward-looking statements about future developments. As is the case for any business activity conducted in a global environment, such forward-looking statements are always subject to uncertainty. Our information is based on the convictions and assumptions of the Board of Management of Dürr AG, as developed from the information currently available. However, the following factors may affect the success of our strategic and operating measures: geopolitical risks, changes in general economic conditions (especially a prolonged recession), exchange rate fluctuations and changes in interest rates, new products launched by competitors and a lack of customer acceptance for new Dürr products or services, including growing competitive pressure. Should any of these factors or other imponderable circumstances arise, or should the assumptions underlying the forward-looking statements prove incorrect, actual results may differ from those projected. Dürr AG undertakes no obligation to provide continuous updates of forward-looking statements and information. Such statements and information are based upon the circumstances as of the date of their publication.

FINANCIAL CALENDAR

March 17, 2022

Publication of the
annual report 2021

May 10, 2022

Interim statement for
the first quarter of 2022

May 13, 2022

Virtual annual general
meeting

August 4, 2022

Interim financial report
for the first half of 2022

November 10, 2022

Interim statement for
the first nine months
of 2022

