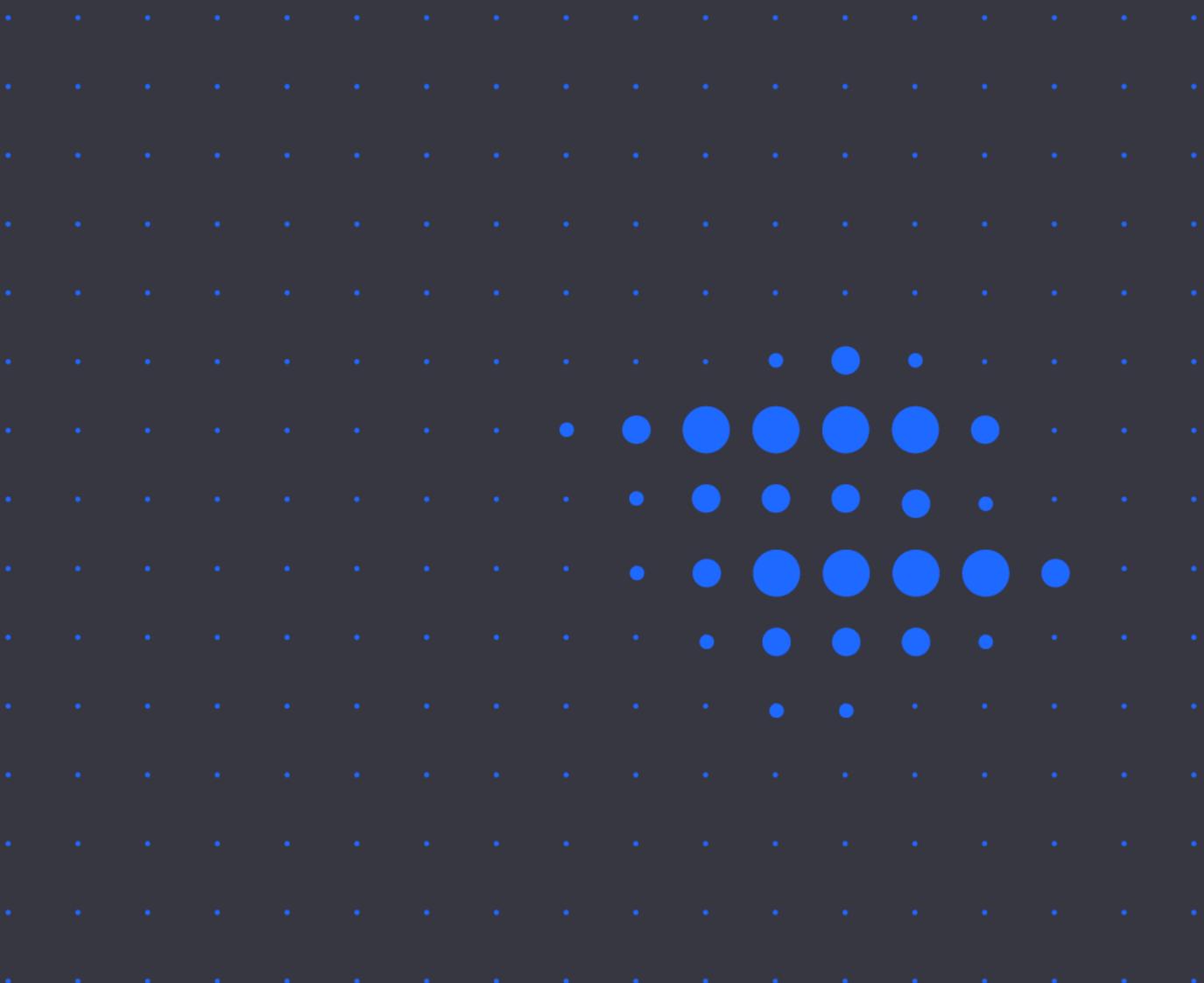




Annual Report 2023

Future Ready -
transforming strategy into growth



2023 financial year: Financial highlights of the technotrans Group

262.1 m €

Revenue

(PY: 238.2 m €)

Technology: 199.6 m € (PY: 180.2 m €)
Services: 62.5 m € (PY: 58.0 m €)

14.2 m €

5.4 %

EBIT

(PY: 14.3 m €)

Technology: 5.2 m € (PY: 7.3 m €)
Services: 9.0 m € (PY: 7.0 m €)

EBIT margin

(PY: 6.0 %)

Technology: 2.6 % (PY: 4.1 %)
Services: 14.4 % (PY: 12.0 %)

13.3 %

12.8 m €

56.0 %

ROCE

(PY: 13.3 %)

Free cash flow

(PY: -3.7 m €)

Equity ratio

(PY: 56.0 %)

0.62 €

1.24 €

1,598

Dividend proposal
(PY: 0.64 €)

Earnings per share
(PY: 1.29 €)

Employees
as of Dec 31, 2023
(PY: 1,500)

Future Ready



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Robin Schaede, CFO

Michael Finger, CEO

Peter Hirsch, COO/CTO

Dear Shareholders,

The 2023 financial year once again demonstrated the importance of a clear strategy and a high degree of flexibility. The year brought increasing geopolitical upheaval and weak economic development in Germany. Higher interest rates put the brakes on investing activity especially in cyclical sectors.

Despite the deteriorating conditions, revenue was increased by 10.0 % to € 262.1 million – a new all-time high. One crucial factor behind this achievement was the groundwork done in Phase I of the Future Ready Strategy 2025, which was successfully completed in the previous year. But we also had to absorb temporary burdens on earnings especially in the first half of the 2023 financial year; these were of a scale that had not been entirely expected.

The second half then saw the earnings situation improve appreciably, as anticipated. Despite the temporary pressure on earnings, the technotrans Group remained profitable throughout and **achieved a consolidated operating result (EBIT) of € 14.2 million.** That represents an EBIT margin of 5.4 %. technotrans has therefore yet again demonstrated its resilience in a challenging environment.

Our core skill of thermal management is and remains at the heart of our success. There are three key drivers behind its significance:

1. Thermal management is steadily growing in importance thanks to the spread of digitalisation, increasing electrification and the push to decarbonise. These megatrends can only be handled with the help of more technology. The heat arising in these processes needs to be controlled effectively.
2. The technical and environmental standards that machinery and plant need to meet are steadily rising and call for adapted thermal management. The standard solutions available on the market are unable to do the job to the required standard.
3. With its clear technological and applications expertise, technotrans has the know-how that customers require and is therefore much in demand as a development partner for innovation projects.

Since the publication of the Future Ready 2025 strategy in 2020, the economic and geopolitical conditions have changed fundamentally. We responded by commissioning an external consultancy to review the original assumptions made when the strategy was first drafted.

The key finding served to confirm the fundamental strategic direction of the technotrans Group. Meanwhile individual aspects of the strategy were given a sharper emphasis to reflect the growth and profitability momentum being targeted. The core of the technotrans **Group's strategic development** remains the emphasis on our customers. The market-led organisational structure that we established in Phase I of Future Ready 2025 gives us a basis on which we can now build systematically and speedily. Based on the sharp growth in business involving highly specialised lasers since the strategy was launched in 2021, it has now been classified as a fifth focus market since the start of the 2024 financial year. The focus markets Plastics, Energy Management, Healthcare & Analytics and Print are retained. We are streamlining our portfolio in product development and the sales strategy to concentrate on high-margin products and services. We are also giving greater emphasis to modular and scalable products. Furthermore, we continue to expand our global service network. Our geographical priority is Europe and North America, with a growing international spread to our sales, procurement and service operations. M&A opportunities that provide a good fit could moreover accelerate our strategic growth. The priority for the next two years will be to improve profitability.

Based on the anticipated effects of the measures kicked off, and taking account of the anticipated **conditions, we expect the 2024 financial year to bring consolidated revenue in the range of € 245 to € 270 million, with an EBIT margin of between 5.5 % and 7.5 % and ROCE of between 14.0 % and 16.0 %.**

We are convinced that the sharper focus will also support our medium-term Group targets. We therefore **confirm the expectation of consolidated revenue in the range of € 265 to 285 million by the end of 2025, with an EBIT margin of 9 to 12 % and ROCE of at least 15 %.**

Our particular thanks are due to our dedicated employees all over the world. Through their hard work and conspicuous motivation, they have made a crucial contribution to the growth of the technotrans Group amid more difficult conditions in the 2023 financial year.

To our Shareholders

Dear Shareholders,

technotrans again increased its consolidated revenue last year and posted a consolidated net profit. And we want you to share appropriately in that success. We are therefore proposing the distribution of a dividend of € 0.62 per share to the Annual General Meeting on May 17, 2024. This represents a distribution rate of 50 % of our net profit and is in line with our long-standing dividend policy.

We will continue to pursue the agenda of the Future Ready 2025 strategy with determination. We have almost achieved our revenue target for 2025. We now need to ensure that profitability follows suit.

We look forward to building on technotrans' position as a leading supplier of innovative and sustainable thermal management worldwide, with you at our side.

On behalf of the Board of Management



Michael Finger

Spokesman



Peter Baumgartner, Chairman of the Supervisory Board

Dear Shareholders,

We look back on a challenging year for technotrans. 2023 was marked by armed conflict in Ukraine and the Middle East, along with still-high global inflation. The general economic situation deteriorated further as the year progressed and the agreed financial targets were not achieved in full. In this demanding environment, the Board of Management and workforce kept our company on track thanks to a raft of measures, while moving it forward strategically and operationally and therefore further improving the basis for our future profitable growth. This achievement by the Board of Management and employees merits due recognition and thanks.

The Supervisory Board – notwithstanding the change during the course of the year – meets all the applicable criteria with regard to its composition and skills. We give our full backing to the successful **strategic course adopted and will continue to draw on the Board of Management's broad expertise** in advising it in the new 2024 financial year.

[Continuing dialogue with Board of Management](#)

The Supervisory Board of technotrans SE performed the duties incumbent upon it under the law and in accordance with the Articles of Association and the Rules of Procedure in full and with great care in the past 2023 financial year. We continuously oversaw and advised on the activities of the Board of Management in running the company based on detailed written and oral reports submitted, and were involved directly and promptly in all decisions of fundamental significance. The Chair of the

Supervisory Board and the committee chairs also maintained a close, regular exchange of information with all members of the Board of Management in between the committee meetings. The Board of Management at all times fulfilled its duties to report and inform under the statutory requirements and the Articles of Association as well as met the recommendations of the German Corporate Governance Code (GCGC) as amended on April 28, 2022 and informed the Supervisory Board regularly, promptly and comprehensively of the current status of transactions, the intended business policy and the economic position of the company and the Group, the prevailing risks, risk management as well as relevant questions of compliance and sustainability, strategy and corporate planning. Significant business transactions were discussed in the committees and the plenary meetings on the basis of reports. Any deviations in the business performance from the plans and targets were explained individually and discussed at length by the Supervisory Board.

Composition of the Supervisory Board and committees; meetings attended

The Supervisory Board met in the presence of the Board of Management for five regular meetings in the 2023 financial year. These took place on March 6, 2023, March 15, 2023, May 11, 2023, September 21, 2023 and December 15, 2023. The Supervisory Board also held one extraordinary meeting with the Board of Management on October 25, 2023. The meetings on May 11, 2023 and December 15, 2023 took the form of solely in-person meetings at the head offices of technotrans SE in Sassenberg. All other meetings indicated were hybrid meetings, in other words in-person meetings with the option to participate in virtual form.

No meeting took the form of a telephone conference or a purely virtual meeting by video conference. In addition, individual Supervisory Board members held discussions in the form of telephone conversations, video calls and by e-mail. Supervisory Board meetings also took place in part without the Board of Management in attendance. This was to address agenda items that either related to the Board of Management itself or were internal Supervisory Board matters. Prior to the ordinary meetings of the Supervisory Board, both the employee and shareholder representatives held preliminary discussions independently of each other.

The Supervisory Board has formed four committees. The Nominating Committee met once in 2023, on September 21, 2023. The Audit Committee met five times in 2023, on March 8, 2023, June 12, 2023, September 13, 2023, November 23, 2023 and December 14, 2023. The Committee for Personnel & Organisation Development held three ordinary meetings on February 27, 2023, May 11, 2023 and December 13, 2023. The Committee for Strategy & Innovation came together for two ordinary meetings in the past financial year, on January 23, 2023 and on August 31, 2023.

All members of the Supervisory Board attended all Supervisory Board meetings and were in most cases present in person. The same applies to the respective committee members at the meetings of the committees formed by the Supervisory Board. Individual members joined by video call. The Board of Management members were likewise all present at the full Supervisory Board meetings. The Board of Management also participated in most of the committee meetings. The exceptions were the meeting of the Committee for Personnel & Organisation Development on May 11, 2023 and the meeting of the Nominating Committee on September 21, 2023.

The following table indicates both the composition of the committees and the number of meetings each member attended.

	Meeting Attendance	Attendance rate (%)
Supervisory Board		
Peter Baumgartner (Chair)	6/6	100
Andrea Bauer	6/6	100
Dr.-Ing. Gottfried H. Duttiné (Deputy Chair)	6/6	100
Florian Herger (from Sep. 29, 2023)	2/2	100
Andre Peckruhn	6/6	100
Sebastian Reppegather (until Aug. 31, 2023)	3/3	100
Thorbjørn Ringkamp	6/6	100
Audit Committee		
Andrea Bauer (Chair)	5/5	100
Peter Baumgartner (from Sep. 1 to Dec. 31, 2023)	3/3	100
Florian Herger (from Sep. 29, 2023)	2/2	100
Andre Peckruhn	5/5	100
Sebastian Reppegather (until Aug. 31, 2023)	2/2	100
Committee for Personal and Organisational Development		
Peter Baumgartner (Chair)	3/3	100
Andrea Bauer	3/3	100
Florian Herger (from Sep. 29, 2023)	1/1	100
Sebastian Reppegather (until Aug. 31, 2023)	2/2	100
Thorbjørn Ringkamp	3/3	100
Dr.-Ing. Gottfried H. Duttiné (as Guest)	2/2	100
Andre Peckruhn (as Guest)	2/2	100
Committee for Strategy and Innovation		
Dr.-Ing. Gottfried H. Duttiné (Chair)	2/2	100
Andre Peckruhn	2/2	100
Thorbjørn Ringkamp	2/2	100
Peter Baumgartner (as Guest)	2/2	100
Andrea Bauer (as Guest)	1/1	100
Sebastian Reppegather (as Guest, until Aug. 31, 2023)	2/2	100
Nominating Committee		
Peter Baumgartner (Chair)	1/1	100
Andrea Bauer	1/1	100
Dr.-Ing. Gottfried H. Duttiné	1/1	100

Key themes of the Supervisory Board meetings in 2023

The recurring subject matters of the ordinary meetings were the written and oral reports. At every meeting, the Board of Management provided reports with updates on the business situation and financial position of the technotrans Group. The Board of Management reports also regularly addressed the technology and innovation roadmap and included progress reports on the plant structural plan for the Sassenberg location. Other items on the agenda included the development of the capital market, the development of the technotrans SE share price, M&A matters and presentations from the Board of Management portfolios.

At its regular meetings the Supervisory Board also considered the reports by the Board of Management on aspects of risk management, preventive compliance work, ongoing litigation, ESG

developments and corporate governance. The Board of Management also informed the Supervisory Board on matters of particular significance outside the context of meetings. In my capacity as Supervisory Board Chair, I held regular discussions on important topical matters with the Chief Executive Officer in between the meetings.

Since the publication of the Future Ready 2025 strategy in 2020, external factors have brought about a huge shift in the general situation. This prompted the Board of Management to commission an external consultancy in May 2023 to review the original strategic assumptions. This Strategy Review was carried out in Q2 and Q3 2023. The Supervisory Board supported the Board of Management in an advisory capacity with the further development of the corporate strategy and its operational execution.

The Supervisory Board addressed the following matters as a priority at its meetings:

The first meeting of the Supervisory Board on March 6, 2023 discussed in particular the next steps for the second phase of the strategy embarked upon in 2023. The shifting context since the drafting of the strategy in 2020 and the impact on technotrans were discussed.

The main subject of the second ordinary meeting on March 15, 2023 was the 2022 annual financial statements and Consolidated Financial Statements of technotrans SE. The Supervisory Board discussed the submissions and, following intensive dialogue with the auditors PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Osnabrück, and on the recommendation of the Audit Committee, adopted the annual financial statements and approved the Consolidated Financial Statements for the 2022 financial year. The Supervisory Board also approved the dividend proposal by the Board of Management and the proposed agenda for the 2023 Annual General Meeting with the resolution proposals set forth therein. In this connection the Supervisory Board set the agenda item of the resolution proposal on the election of PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Osnabrück, as auditors of the annual financial statements and Consolidated Financial Statements for the 2022 financial year. Other items on the agenda for this Supervisory Board meeting were the review of the Combined Non-Financial Statement as well as reports on the matters of working capital optimisation and the financing strategy. Finally, the findings of the self-evaluation of the Supervisory Board conducted in December and the recommendations and action derived from it were discussed.

On the day before the Annual General Meeting, on May 11, 2023, the Supervisory Board met for its third ordinary meeting. This provided the Board of Management with an opportunity to report at length on the business performance over the months January to April 2023, give an outlook for the remainder of the 2023 financial year and outline the measures to safeguard revenue and earnings for the Group as a whole. The board also considered the ongoing Strategy Review. In addition, the Board of Management provided information on the preparations for the Annual General Meeting held the next day.

The fourth ordinary Supervisory Board meeting took place on September 21, 2023. Following a discussion of the Group's business performance at August 31, 2023, the Supervisory Board was given a presentation on the management bonus system for 2024 for technotrans Group managers and held a detailed discussion of the presentation of findings of the Strategy Review.

With Sebastian Reppegather's resignation from the Supervisory Board with due notice for personal reasons with effect from August 31, 2023, pursuant to Section 12 (4) of the Articles of Association of the company, the Local Court of Münster appointed Florian Herger as his successor until the next Annual General Meeting by court order dated September 29, 2023. His appointment was made on the application of the Board of Management and the Supervisory Board Chair. Mr Herger is an established financial expert with qualifications as Business Administration graduate, MBA and CFA along with

many years of professional experience working with businesses, consultants and investors. Mr Herger is currently responsible for listed investments at Luxempart S.A.. His appointment will facilitate meeting the statutory requirements and targets drawn up by the Supervisory Board with regard to the skill set and experience of its members; these criteria need to be taken into account in proposing shareholder representatives. On behalf of all Supervisory Board members I would like to take this opportunity to voice our particular thanks to Mr Reppegather for his constructive partnership, professional dedication and contribution to the success of the company.

The Supervisory Board held an extraordinary meeting on October 25, 2023. Mr Herger attended a meeting of this board for the first time in his new capacity. The Supervisory Board voted on the findings of the Strategy Review and on the next steps. The Supervisory Board agreed to reshuffle the committees following the exit of Mr Reppegather and the appointment of Mr Herger. We passed a temporary amendment to the Rules of Procedure for the Supervisory Board in a departure from Article 9 (3) specifying that the Audit Committee was to comprise four instead of three members until December 31, 2023.

The fifth ordinary meeting of the Supervisory Board on December 15, 2023 looked at the forecast for the nearly completed 2023 financial year and the budgeting for the 2024 financial year including revenue, cost, profit, investment and human resources planning as well as the target agreements for the Board of Management for the 2024 financial year. The Board of Management also provided a status update on the Project Management Office for further implementation of the strategy, on the equality, diversity, inclusion (EDI) roadmap and on organisation development. The Supervisory Board's annual self-evaluation was also addressed; this was carried out in the form of comprehensive questionnaires. In addition, the Supervisory Board passed an updated Declaration of Compliance pursuant to Section 161 of the German Stock Corporation Act (AktG). The Declaration of Compliance was made permanently available on the website of the company.

[The work of the Supervisory Board committees in 2023](#)

To enable it to fulfil its duties, the Supervisory Board has formed the following permanent committees: the Audit Committee, the Committee for Personnel and Organisation Development, and the Committee for Strategy and Innovation. A Nominating Committee is only formed on an ad hoc basis, in each case in ample time ahead of the ending of the term of office of at least one Supervisory Board member elected by the shareholders. The committees prepare resolutions and matters to be addressed by plenary Supervisory Board meetings. The Supervisory Board may delegate decision-making authority to committees to the extent permitted by law. The committee chairs report on the work of the committee to the Supervisory Board at the next meeting. They also hold consultations with the Supervisory Board Chair in between the committee meetings. The following table indicates the composition of the committees and which individual members attended the committee meetings.

The Nominating Committee met once in 2023 in light of Mr Reppegather's exit, the appointment by court order of Mr Herger and the preparations thus required for the 2024 Annual General Meeting.

The Audit Committee met on five occasions in 2023; the meetings in March, June, September and December were attended for part of the time by representatives of the auditors, who participated in some cases by video conference. It addressed matters concerning the annual financial statements for the 2022/2023 financial years, the presentation of the accounts and International Financial Reporting Standards (IFRS) accounting, the Internal Control System, sustainability reporting and the effectiveness of the compliance and Risk Management System. The presentation of the accounts and IFRS accounting covered primarily the Consolidated Financial Statements and the Combined Management Report of the parent company and Group (including CSR reporting), intra-year financial information and the separate financial statements of technotrans SE according to the German

Commercial Code. Other aspects included fiscal matters, the statement of independence by the auditors, the recommendation of the Audit Committee on the awarding of the audit mandate, the audit priorities for the auditors for 2023, as well as the audit of the 2023 annual financial statements. Other priorities in the Audit Committee meetings included the monthly financial reporting (“Supervisory Board reporting”), the ongoing development of internal reporting and potential reporting structures. The Audit Committee was also given reports on the topics of financing strategy and working capital optimisation. The meeting on March 8, 2023 focused on preparing the Supervisory Board’s financial statements meeting and the auditing of the accounts for the 2022 financial year. Following verification of its independence, the committee gave the Supervisory Board the recommendation that PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Osnabrück, be proposed to the 2023 Annual General Meeting as auditors. There were no findings that necessitated the exclusion, questioned the impartiality or threatened the independence of the auditors. We also reviewed the Combined Non-Financial Statement of technotrans SE and the technotrans Group for the 2022 financial year as part of the Combined Management Report. At the committee meetings held in June, September and November, the Board of Management reported on the prevailing business and financial situation and in each case provided an updated outlook for 2023 as a whole. Other focal matters were the SAP launch at technotrans systems GmbH at Baden-Baden and the financing strategy.

The meeting on December 14, 2023 was mainly given over to a discussion of the forecast for the 2023 financial year, progress with the audit of the annual financial statements, budget planning for the coming 2024 financial year and an update on risk management for the Group.

At its three ordinary meetings the Personnel & Organisation Development Committee discussed various aspects of future organisation development, taking particular account of the findings of the Strategy Review.

The Committee for Strategy & Innovation came together for two ordinary meetings in the past financial year. It discussed the ongoing and planned development measures, including in light of the Strategy Review’s findings, and drew up proposals to enhance technotrans’ innovative capability.

Independence, conflicts of interest, professional development

The members of the Supervisory Board were independent in sufficient numbers and had sufficient time to serve as non-executive directors. They had ample opportunity to assess the reports and resolution proposals of the Board of Management constructively in the committees and plenary meetings, and also to contribute their own suggestions. In accordance with the recommendation in the GCGC, the Supervisory Board members of technotrans SE disclose any conflicts of interest to the Supervisory Board without delay. No conflicts of interest that should be disclosed to the Supervisory Board and would need to be reported to the Annual General Meeting arose in the year under review.

The members of the Supervisory Board are to stay informed by intensive reading of relevant trade media, publications by the public auditors and sharing insights with representatives of other listed companies. Furthermore, independent firms of consultants are brought in to advise on specific matters on an ad hoc basis.

As a fundamental rule Supervisory Board members were individually responsible for obtaining the additional training and professional development required for their duties and were supported in this by the company in the form of specialist presentations by technotrans employees at Supervisory Board meetings on the topics of sustainability, strategic HR planning, and compliance and risk management. An onboarding programme furthermore provided an opportunity for Mr Herger, as a new Supervisory Board member, to meet the members of the Board of Management for one-to-one talks on fundamental and current topics affecting each area of the Board of Management. He was able to gain an insight into the relevant issues for the company and its governance structure.

Adoption of the annual financial statements and approval of the Consolidated Financial Statements as of December 31, 2023

The annual financial statements of technotrans SE and the Combined Management Report for technotrans SE and the Group for the 2023 financial year have been prepared in accordance with the requirements of German law. The Consolidated Financial Statements have been prepared according to the International Financial Reporting Standards (IFRS) as adopted in the European Union (EU). In accordance with the audit mandate of the Supervisory Board, the auditors PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Osnabrück, appointed by the Annual General Meeting for the annual financial statements and Consolidated Financial Statements, audited the annual financial statements of technotrans SE for the 2023 financial year, the 2023 Consolidated Financial Statements and the Combined Management Report for 2023 of technotrans SE and the Group and in each case granted an unqualified audit certificate.

The auditors established that the risk early-warning system complies with the legal requirements and is suitable for identifying risks to the company as a going concern. As planned, no reviews of interim financial reports were carried out.

The audit reports and accounting records for the 2023 financial year as well as the **Board of Management's proposal on the appropriation of profit for the 2023 financial year** were sent to all Supervisory Board members in good time. These were discussed in detail both by the Audit Committee at its meeting on March 11, 2024 and by the Supervisory Board at its meeting on March 20, 2024. The committee in particular addressed the key audit matters described in the respective audit certificate. The examination by the Supervisory Board also covered the non-financial disclosures for technotrans SE and the Group incorporated into the Combined Management Report.

At the meetings, the representatives of the auditors of the accounts reported on the key findings of the examinations and were available for questions. The Chair of the Audit Committee, too, reported to the Supervisory Board on the examinations of the Audit Committee. Following examination of the

annual financial statements, the Consolidated Financial Statements and the Combined Management Report, the Supervisory Board raised no objections to the findings of the audit and on March 20, 2024 adopted and approved the 2023 annual financial statements and Consolidated Financial Statements prepared by the Board of Management. The examination of the Combined Non-Financial Statement equally gave rise to no objections. The annual financial statements for the 2023 financial year are thus adopted pursuant to Section 172 first sentence AktG. Based on its own examination the Supervisory Board supports the proposal of the Board of Management on the appropriation of profit. At its meeting on March 20, 2024, taking into account the recommendation and preference of the Audit Committee on the election of the auditors, the Supervisory Board adopted the resolution proposal to the Annual General Meeting. This decision was based on the declaration of the Audit Committee that its recommendation was free from any improper influence by third parties and that no clauses restricting choice within the meaning of Art. 16 (6) of the EU Audit Regulation were imposed on it.

Thanks and outlook

We thank the Board of Management, the Works Council, the management team and all employees of technotrans SE worldwide for their work over the past year and signal our particular appreciation of their efforts. Through their huge personal commitment and impressive dedication, they made a decisive contribution in helping technotrans SE complete the 2023 financial year successfully despite the deteriorating economic environment.

With our employees, technological expertise, pioneering solutions and worldwide sales and service network, we are very well placed to tackle the challenges of the future. We believe it is important that technotrans remains an attractive, forward-looking, sustainability-focused investment for you.

The Supervisory Board approved this report on March 20, 2024 pursuant to Section 171 (2) AktG.

On behalf of the Supervisory Board



Peter Baumgartner

Chair

Board of Management



[Michael Finger](#)

Board Spokesman - CEO

- Engineering Graduate
- Member of the Board since May 2020
- Spokesman since August 2020
- Responsibilities:
Sales, Marketing, Service,
Quality Management,
Investor Relations, ESG



[Peter Hirsch](#)

Member of the Board - COO/CTO
(until March 11, 2024)

- Engineering Graduate
- Joined technotrans in 2013
- Member of the Board since July 2018
- Responsibilities:
Technology, Development, Production,



[Robin Schaede](#)

Member of the Board - CFO

- Master of Science
- Member of the Board since December 2022
- Responsibilities:
Finance & Controlling, IT,
Legal & Compliance

Supervisory Board



[Peter Baumgartner](#)

Chairman of the Supervisory Board

- Engineering Graduate
- Independent management consultant



[Andrea Bauer](#)

Chairwoman of the Audit Committee

- Graduate in economics
- CFO of ASK Chemicals GmbH, Hilden, Germany
- Independent management consultant



[Dr-Ing Gottfried H. Dutine](#)

Deputy Chairman of the Supervisory Board

- Engineering Graduate
- Independent management consultant



[Andre Peckruhn](#)

Employee Representative

– Operational purchaser at technotrans SE,
Sassenberg, Germany



[Florian Herger](#)

Shareholder Representative (since Sept. 29,2023)
Appointed by court order until 2024 AGM

– Graduate in business administration
– Member of the Supervisory Board of
Nexus AG, Donaueschingen, Germany
– Principal for listed investments at
Luxempart S.A., Luxembourg



[Thorbjørn Ringkamp](#)

Employee Representative

– Senior Sales Manager Global at
gds GmbH, Sassenberg, Germany

Heinz Harling, Honorary Chairman
Sebastian Reppegather (until Aug. 31,2023)

Success Story

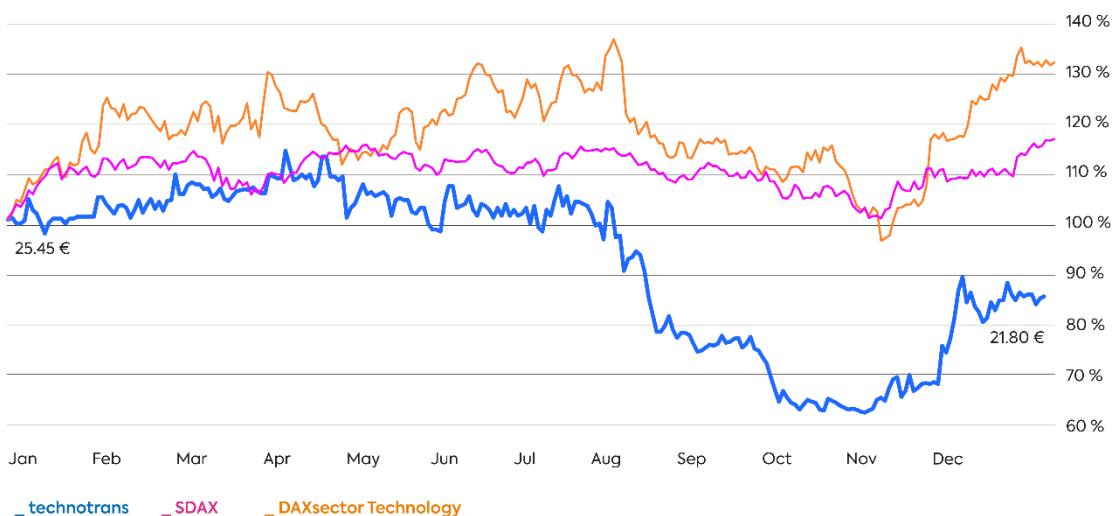
		New production site in Steinhagen goes into operation 2023 Entry into the market for liquid cooling of data centers
	Phase I of the Future Ready 2025 strategy successfully completed 2022 technotrans commits to climate-neutral production by 2030	
		Commissioning of the energy-efficient new building in Holzwickede Establishing the technotrans umbrella brand 2021 technotrans becomes system supplier to leading rail vehicle manufacturers
	New strategy Future Ready 2025: technotrans sets course for the future 2020 50th anniversary of the company	
		2019 Commissioning of the energy-efficient new building in Baden-Baden
	technotrans AG becomes technotrans SE Acquisition of Reisner Cooling Solutions GmbH, Holzwickede (now technotrans solutions GmbH)	
		Acquisition of gwk Gesellschaft Wärme Kältetechnik mbH, Meinerzhagen (now technotrans solutions GmbH) 2016 Entry into the market of plastics processing industry

	<p>2014</p> <p>Expansion of competence in the field of e-mobility to include stationary solutions for batteries and converters in trains</p>
<p>2013</p> <p>Acquisition of klh Kältetechnik GmbH, Bad Doberan (now technotrans SE) Expansion of competence to a fullrange supplier in the laser sector</p>	
	<p>2011</p> <p>Acquisition of termotek AG, Baden-Baden (now technotrans systems GmbH) Entry into the markets of laser, e-mobility, medical and machine tool technology</p>
<p>2009</p> <p>gds is outsourced off as a spin-off with competence for technical documentation</p>	
<p>2000 - 2007</p> <p>Foundation of a worldwide sales-and service network including production sites in the USA and China</p>	
<p>1998</p> <p>Initial public offering</p>	
	<p>1992</p> <p>technotrans becomes original equipment supplier to leading printing press manufacturers worldwide</p>
<p>1970</p> <p>Foundation of the company and start of the success story</p>	

technotrans on the capital market – shares

The volatile environment meant investors broadly took a restrained view on moving into investments in small caps in the 2023 financial year. technotrans shares correspondingly behaved with range-bound volatility until July 2023. The adjusted forecast for the 2023 financial year announced on August 2, 2023 prompted a price correction of almost 40 % down to a year low of € 15.90. The trend was reversed in November following publication of the press release announcing the major contract for liquid cooling for data centres. The positive change in the trend lifted the shares back up close to the opening price, closing the year on € 21.80. That represents a decrease of 14.3 %. Market capitalisation at the end of the year therefore came to € 150.6 million. The SDAX and DAXsector Technology grew by 20.3 % and 32.3 % respectively in the period under review.

Performance of technotrans shares in 2023 financial year (Xetra)



Xetra trading accounted for the majority of trades, or around 69 %. The daily Xetra trading volume of the shares averaged 3,488 units (previous year: 2,257 units).

Investor Relations work

We are pleased to report an intensive level of take-up for our offer of dialogue with our shareholders. The Board of Management and Investor Relations were available to provide comprehensive answers to questions at conferences, roadshows, one-off events and the Annual General Meeting. Conferences at which technotrans was present included the ODDO BHF Digital Forum, the Alster Research Technology Conference (virtual), the Warburg Highlights in Hamburg, the Hamburg Investors Day, the Berenberg & Goldman Sachs German Corporate Conference in Munich, the German Equity Forum in Frankfurt and the CIC Forum (virtual). Analyst webcasts and Börsenradio interviews rounded off the roster of regular financial reporting.

Performance indicators for technotrans shares

	2023	2022	2021	2020
Trading price (Xetra closing price)				
High	€ 29.20	29.50	31.95	28.65
Low	€ 15.90	21.55	23.90	10.14
End of financial year	€ 21.80	25.45	29.50	25.00
Number of shares ¹	6,907,665	6,907,665	6,907,665	6,907,665
Market capitalisation ¹	k€ 150,587	175,800	203,776	172,692
Net profit per share (basic, IFRS)	€ 1.24	1.29	1.02	0.72

¹ End of financial year

Analyst assessments as of December 31, 2023

Institution	Recommendation	Price target
Hauck & Aufhäuser	hold	€ 17.00
Kepler Cheuvreux	buy	€ 24.00
LBBW	buy	€ 23.00
Warburg Research	hold	€ 23.00

Ad hoc announcement

On August 2, 2023 technotrans SE released an ad hoc announcement communicating the adjusted forecast for the year. In this release, the Board of Management indicated that it expected consolidated revenue for the 2023 financial year to reach the upper end of the published range of € 255 to € 265 million. It also adjusted the anticipated range for the EBIT margin from previously 6.2 % to 7.2 % to now 5.0 % to 6.0 %, in a reflection of the challenging economic environment.

[Annual General Meeting](#)

The Annual General Meeting of technotrans SE on May 12, 2023 returned to an in-person format after a three-year interruption due to the pandemic. Including the postal votes received, 62.8 % of the registered share capital was represented. The shareholder resolutions covered such matters as the distribution of a dividend of € 0.64 per dividend-bearing share (previous year: € 0.51). This represents a total distribution of € 4,420,905.60. The Annual General Meeting also gave the Board of Management authorisation to acquire treasury shares for the period up until May 11, 2028. The resolution proposals to authorise the issuance of convertible bonds and bonds with warrants and to create new Authorised and Conditional Capital 2023 did not achieve the required majorities. This does not affect the current plans and specific strategic measures of technotrans SE.

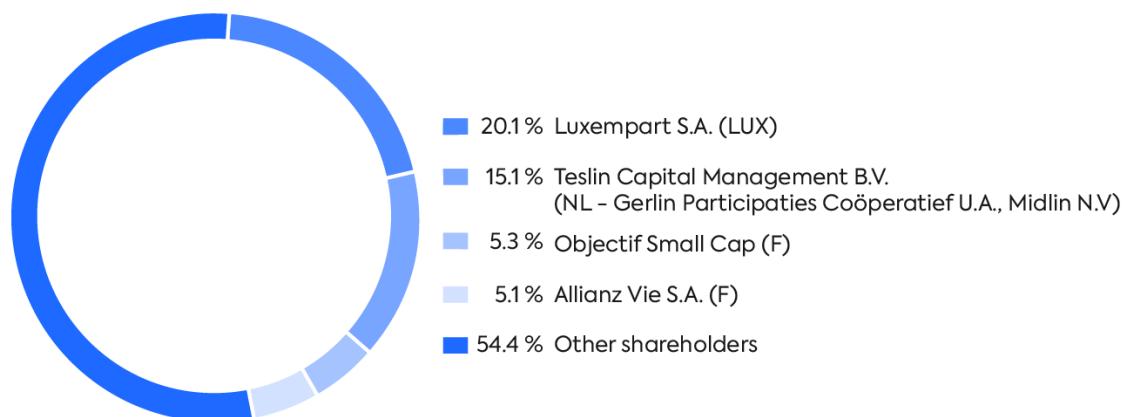
[Investor Relations information](#)

Extensive information on technotrans shares and the economic development of the technotrans Group is available on the technotrans website. There is the convenient option of receiving information via the IR Newsletter. Interested parties can subscribe at any time on the website under the IR Service menu item.

[Composition of shareholders](#)

The shareholder structure remains dominated by European institutional investors with long-term investment intentions. Shareholders with voting rights obligations of more than 3 % hold a total of 45.6 % (previous year: 51.4 %) of shares. Deutsche Börse calculated a free float market capitalisation of 74.81 % as of December 31, 2023.

[Shareholder structure as of December 31, 2023](#)



The Board of Management and Supervisory Board propose a dividend of € 0.62

The Board of Management and Supervisory Board propose to the Annual General Meeting on May 17, 2024 that a dividend of € 0.62 per share be distributed for the financial year of 2023.

The dividend yield based on the Xetra closing price of € 21.80 on December 29, 2023 is 2.8 %. The distribution rate is 50 %. It is in line with the long-established dividend policy of giving shareholders an appropriate share of profit by distributing up to 50 % of consolidated net profit.

Financial Year		2023	2022	2021	2020	2019
Dividend per share	in €	0,62	0,64	0,51	0,36	0
Payout Ratio	in %	50	50	50	50	0
Amount Distributed ¹	in k€	4,283	4,421	3,523	2,487	0
Dividend yield ²	in %	2,8	2,4	1,9	1,4	0,0

2022: proposal to Annual General Meeting

¹ Based on the number of dividend-bearing shares for the past financial year on the day of the Annual General Meeting

² Dividend payment / Xetra closing price of technotrans shares on day of Annual General Meeting

For 2023 financial year: dividend proposal / Xetra closing price of technotrans shares as of December 29, 2023

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Group structure

Organisational and legal corporate structure

technotrans SE is a technology and services group with worldwide operations. The company's core skill focuses on application-specific solutions in the area of thermal management. This comprises energy optimisation along with precision control of the temperatures encountered in liquid and gaseous media in sophisticated technological applications.

From individual concept design and engineering through production to service with 24/7 on-call service arrangements and technical documentation, technotrans offers its customers a wide range of services as a one-stop shop, available worldwide.

The technotrans portfolio comprises primarily energy-efficient, intelligent thermal management systems of various sizes, covering a very broad range of applications and performances. To complement these, technotrans develops and manufactures systems for pumping and spraying as well as filtering and separating liquids.

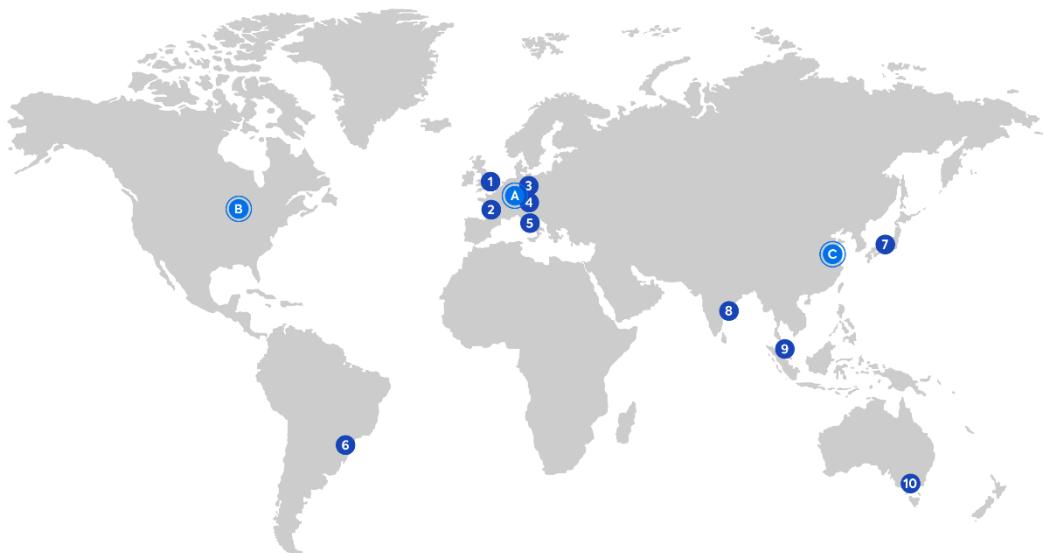
The Group parent is technotrans SE, with its registered office in Sassenberg, North Rhine-Westphalia. The Consolidated Financial Statements cover 15 companies. An overview of shareholdings is provided in the **Notes to the Consolidated Financial Statements**, in the "Consolidated companies" section.

technotrans SE has a dual control corporate governance setup. This comprises the Board of Management and Supervisory Board. The Board of Management of at least two members is responsible for the operational management of the company. The Supervisory Board appoints, advises and oversees the Board of Management. It comprises six members. Of these six, four are representatives of the shareholders and two are employee representatives.

technotrans SE has been a listed company since 1998 and meets the transparency requirements of the Prime Standard, the segment of the Frankfurt Stock Exchange that is regulated by law.

The global network of the technotrans Group

The technotrans Group has eight production plants and ten sales and service locations in Germany and internationally. The production plants specialise in the development and manufacture of customer-specific one-off and series production units. The sales and service companies are responsible for direct sales, installation and service of the systems in their designated regions.



Production sites		Sales and Services sites	
A.1	(DE) Sassenberg HQ	1	(GB) Colchester
A.2	Steinhagen	2	(FR) Saint Maximin
A.3	Meinerzhagen	3	(DE) Berlin
A.4	Holzwickede	4	(DE) Hünfeld
A.5	Bad Doberan	5	(IT) Legnano
A.6	Baden-Baden	6	(BR) Indaiatuba
B	(US) Chicago	7	(JP) Kobe
C	(CN) Taicang	8	(IN) Chennai
		9	(SG) Singapur
		10	(AU) Melbourne

Business model

Core skill of thermal management

Very many industrial processes generate heat, which requires precision control. The megatrends decarbonisation, electrification and digitalisation mean the technical requirements needing to be satisfied are rising. Based on the core skill of thermal management, technotrans can supply its customers with the expertise that is needed. As a partner for technologically sophisticated, sustainable cooling and temperature control systems, technotrans designs and builds custom solutions that are an integral part of customer systems. Their control accuracy, failsafe performance and quality are of the highest calibre. Furthermore, the superior energy efficiency of technotrans systems helps to shrink the carbon footprint. The technology enterprise offers added value through its worldwide sales and service network and financial strength.

Sales teams with comprehensive technical and industry-specific expertise help determine the **customer's needs**. technotrans strives to continuously improve its portfolio of products and services and steadily identify a succession of new applications and sales markets. The customer structure is well diversified. A large number of renowned industrial enterprises have been working with technotrans for many years.

Segments

The business activities of the technotrans Group are reported based on the Technology and Services segments, in line with IFRS requirements.

The Technology segment covers development and production activities. The bulk of the systems manufactured are cooling and temperature control systems covering a performance range of 0.1 kW to 5,000 kW across a temperature range of -80 °C to +400 °C and control accuracy of 0.01 K to 1.0 K. The company also makes systems for pumping, spraying or conditioning liquids, often used in combination with thermal management systems. The Technology segment's share of consolidated revenue in the 2023 financial year was around 76 %.

The Services segment covers a wide range of complementary services that technotrans provides for its customers. These include all-round support for installation, commissioning and modernisation as well as repair and maintenance, including a round-the-clock worldwide supply of parts. The segment also encompasses the full-service offering of Technical Documentation by the Group company gds. This involves compiling technical documentation, including translations into all major foreign languages as well as the accompanying content management and content delivery software. The Services segment accounted for about 24 % of consolidated revenue in the 2023 financial year.

Thermal Management



Cooling power
0.1 kW — 5,000 kW



Temperature range
-80°C — +400°C



Tolerance/precision
0.01 K — 1.0 K



PLASTICS

Temperature Control Units and
Process-Cooling for Injection Moulding,
Plastics and Rubber-Extrusion



ENERGY MANAGEMENT

Technology for Datacenters and E-Mobility e.g.
Battery Thermal Management,
High Power Charging

TECHNOLOGY

Engineering | Production

&

SERVICES

Repair | Maintenance | Spare
parts | techn. documentation |
Modernisation



PRINT

Technology for Sheetfed-,
Flexo- and Digitalprint |
Global Market Leader



HEALTHCARE & ANALYTICS

Thermal Management Systems for Surgery,
Diagnostics and Analytics



Global
player



Customised
solutions



Sustainable
concepts

Markets and customers

Based on the Future Ready 2025 strategy that has been in place since the 2021 financial year and the fine-tuning of the strategy in the period under review, technotrans will in future concentrate its sales and service activities on five focus markets. In addition to the existing focus markets Plastics, Energy Management, Healthcare & Analytics and Print, from the start of the 2024 financial year Laser operations will be treated as a focus market in view of the strong growth in business. The Group holds or targets a leading market position in the focus markets.

Plastics focus market: This is where technotrans supplies custom, energy-efficient cooling and temperature control solutions to machinery manufacturers, mould makers and plastics processors. These handle precision temperature control of machinery and tools for both injection moulding and in plastic and rubber extrusion. Fully integrated, turnkey large-scale cooling systems for producing process refrigeration and equipment for water treatment and tool cleaning complete the product range. The customer base is well diversified and is being steadily expanded.

Energy Management focus market: These activities bring together intelligent thermal management solutions for electric mobility and data centres that represent an effective way of reducing carbon emissions from transport and IT. Battery thermal management systems (BTMS) for e-mobility maintain the consistently high performance of rail, road and special vehicles, and maximise the operating life of the traction batteries. technotrans is listed as a tier 1 supplier (systems supplier) by all major train manufacturers in Europe and is steadily broadening its customer base. Thermal management systems for the rapid-charging infrastructure are a second major area of activity. These systems are used for instance for cooling charging cables, inverters or other components (e.g. displays) in battery-buffered ultra-rapid charging stations. technotrans is steadily reinforcing its market position among suppliers of rapid-charging systems. Energy-efficient solutions for liquid-based cooling of data centres completes the portfolio. technotrans offers custom-built green IT concepts at rack and server level for data centres, both for initial equipping and as retrofit solutions. technotrans made notable progress in the 2023 financial year in building up its position as a technology partner for international providers of IT infrastructure.

Healthcare & Analytics focus market: High-precision technotrans temperature control systems are important components of systems for dermatology and ophthalmology, modern laser-based surgical techniques, cancer treatment, computer tomography (CT), magnetic resonance therapy (MRT) and analytics. Cooling technology for the high-speed baggage scanners used at airports also comes under this market, because it is technologically related. Target customers include manufacturers of medical appliances, diagnostic systems, pharmaceutical products, biological and chemical process systems and baggage scanners. Long-term business relationships have been established by virtue of the high technological demands coupled with a regulatory environment that is a barrier to market entrants.

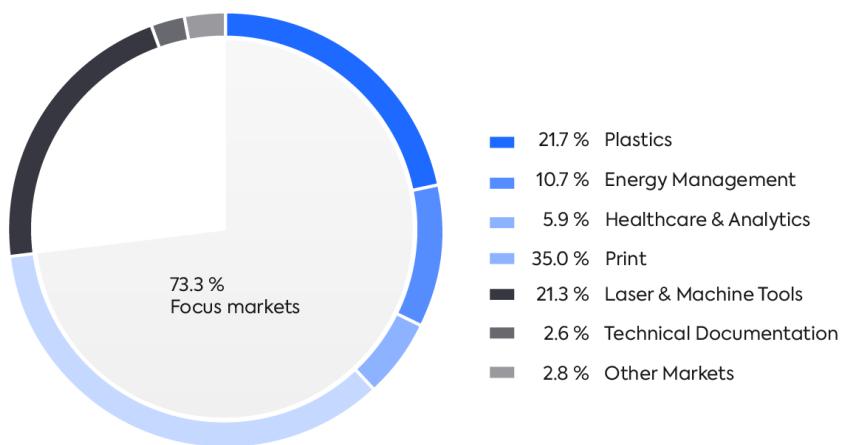
Print focus market: This market was the starting point for the company's long-term successful development. As a technological leader for thermal management, filtration and spraying systems, technotrans can supply the necessary peripherals for all mainstream printing processes (offset, digital or flexo printing). technotrans works with leading printing press manufacturers worldwide and has a market share well in excess of 50 % in certain product groups. The growth impetus of packaging and film printing, compensating for the decline in newspaper printing, will keep the market trend steady overall in the medium term.

Laser focus market: As part of the fine-tuning of the strategy in 2023, the market for highly specialised laser systems will now also be classified as a focus market from the start of the 2024 financial year. The main factors behind this decision are the steady growth achieved since the 2021 financial year and positive future expectations. technotrans has positioned itself as a solutions provider for complex customer-specific requirements. technotrans systems handle the cooling of EUV lasers, for example, which require ultra-precise temperature control. technotrans already been working with leading laser manufacturers and integrators in Europe for many years now. Its systems are in use worldwide.

technotrans offers comprehensive Technical Documentation services across market sectors via the Group company gds. technical documentation involves compiling documentation in digital or analogue form, providing translations into all major languages, and developing and supplying content management and content delivery software.

Non-core business as well as promising activities that do not yet have a critical mass are bracketed together under Other Markets.

Revenue shares by market (Technology & Services) in the 2023 financial year



Research & development

As one of the leading technology businesses in the field of thermal management, technotrans is deeply involved in research and development projects. In keeping with the Future Ready 2025 strategy, technotrans' focus in the 2023 financial year continued to be on increasing the energy and resource efficiency of its solutions. technotrans continued to present itself to customers as a highly innovative technology partner and conducted a significant portion of its research and development activities on behalf of customers. The cost of these activities is shown in the income statement either under "Development costs" or, in the case of contract-related activities, under "Cost of sales". In the 2023 financial year the development costs that were not directly contract-related and reported in the income statement came to € 5.1 million (previous year: € 5.2 million).

Where the appropriate requirements are satisfied, development costs are treated as an intangible asset pursuant to IAS 38 and recognised as such on the Balance Sheet. Development costs recognised as an intangible asset for assets developed for own account in the amount of € 0.9 million (previous year: € 0.1 million) contrasted with depreciation and amortisation of € 0.6 million (previous year: € 0.7 million). Further information is provided in the Notes to the Consolidated Financial Statements, in section 4 "Intangible assets".

Procurement, production and quality management

Ensuring that there is always an adequate supply of input materials and commodities for production operations is a top priority for technotrans. It achieves this through operational and strategic supply chain management. In addition, Group-wide coordination creates procurement synergies while maintaining a high degree of flexibility for the individual production locations.

A Group-wide quality management system ensures that the functional and quality requirements of the systems built are consistently achieved and that customers are supplied on time, even if the development timescale is tight. This system is accredited to DIN EN ISO 9001:2015 and conceived as a multi-site management approach.

To meet the requirements of the rapidly expanding business for applications in rail transport, technotrans SE has introduced special processes based on DIN ISO/TS 22168 (IRIS) at its Sassenberg location. The overarching quality management organisation moreover underwent further development in order to generate synergy effects that are aligned with the Future Ready 2025 strategy.

Goals and strategies

The thrust of the “Future Ready 2025” corporate strategy is to permanently improve both revenue and profitability for the technotrans Group and further expand its market position for its core skill of thermal management.

Two-phase strategy

The strategy is being implemented in two phases. Phase I covered the 2021 and 2022 financial years. The defined targets of “stabilising the business performance” and “increasing profitability” were achieved in full. The strategic focus of Phase II in the years 2023 to 2025 is on accelerating profitable growth by expanding sales activities in the focus markets, increasing the international footprint, targeted investments, increased innovation activity and the integration of new technologies. Acquisitions that are a good fit may increase the pace of growth. Mileposts have been specified for each phase.



Central components of the strategy

Core skill of thermal management

As the basis for growth and profitability and in a reflection of its huge market importance, technotrans concentrates on thermal management and on establishing and developing a technologically leading position for this core skill.

Emphasis on focus markets/market-led organisation

The sales activities concentrate on the five focus markets described above; these are ones that are expected to achieve very dynamic growth or in which technotrans is already a market leader.

Its declared aim is to grow revenue in those markets faster than the market itself is growing in order to steadily increase market penetration. To that end, technotrans presents itself as a preferred

development and system partner for globally active industrial original equipment manufacturers (OEM). The dynamics of the focus markets vary in their manifestation. This reduces the cyclical impact of individual sectors and safeguards the strategically desired level of stability.

[Mergers of Group companies/consolidation](#)

The efficiency of the Group is steadily increased by the combining of Group companies and by expanding shared services in such areas as Procurement, HR, Accounts/Controlling or the international sales and service network.

[technotrans umbrella brand](#)

The aggregation of skills across the Group is highlighted by a market presence under the technotrans umbrella brand. The long-established brands gwk, Reisner, KLH and termotek are the starting point for the technotrans umbrella brand. As a supplier of technical documentation, the Group company gds GmbH retains its independent brand.

[Sustainability & ESG](#)

Sustainability is an integral aspect of the strategy. With its strategic sustainability targets, goal of climate-neutral manufacturing operations by 2030 and a focus on sustainable innovations, technotrans supports its customers with their own drive to become more sustainable. To that end, technotrans has set up its own Sustainability Management area, is a partner in the Blue Competence VDMA initiative and is a member of the UN Global Compact.

[M&A](#)

In Phase II of Future Ready 2025, technotrans is considering how to accelerate growth through targeted corporate acquisitions. Suitable additions to the portfolio would be profitable mid-cap industrial enterprises in Germany and internationally that enable strategic expansion particularly in the focus markets, while also increasing value added. The primary target regions are Europe and North America.

[Internationalisation](#)

technotrans' customers operate mainly on a global scale. Internationalisation is therefore an essential aspect of the growth strategy. The primary objectives are to boost regional expertise, prioritising Europe and North America, expand international production capacities, implement existing projects and acquire new customers abroad.

[2023 Strategy Review](#)

The economic conditions have changed fundamentally since the publication of the Future Ready 2025 strategy. The COVID-19 pandemic and the armed conflicts in Eastern Europe and the Middle East were not yet foreseeable at the time the strategy was published. Following the conclusion of Phase I of the "Future Ready 2025" strategy, the Board of Management therefore considered it appropriate to commission an external consultancy to review the strategic assumptions originally made in 2020.



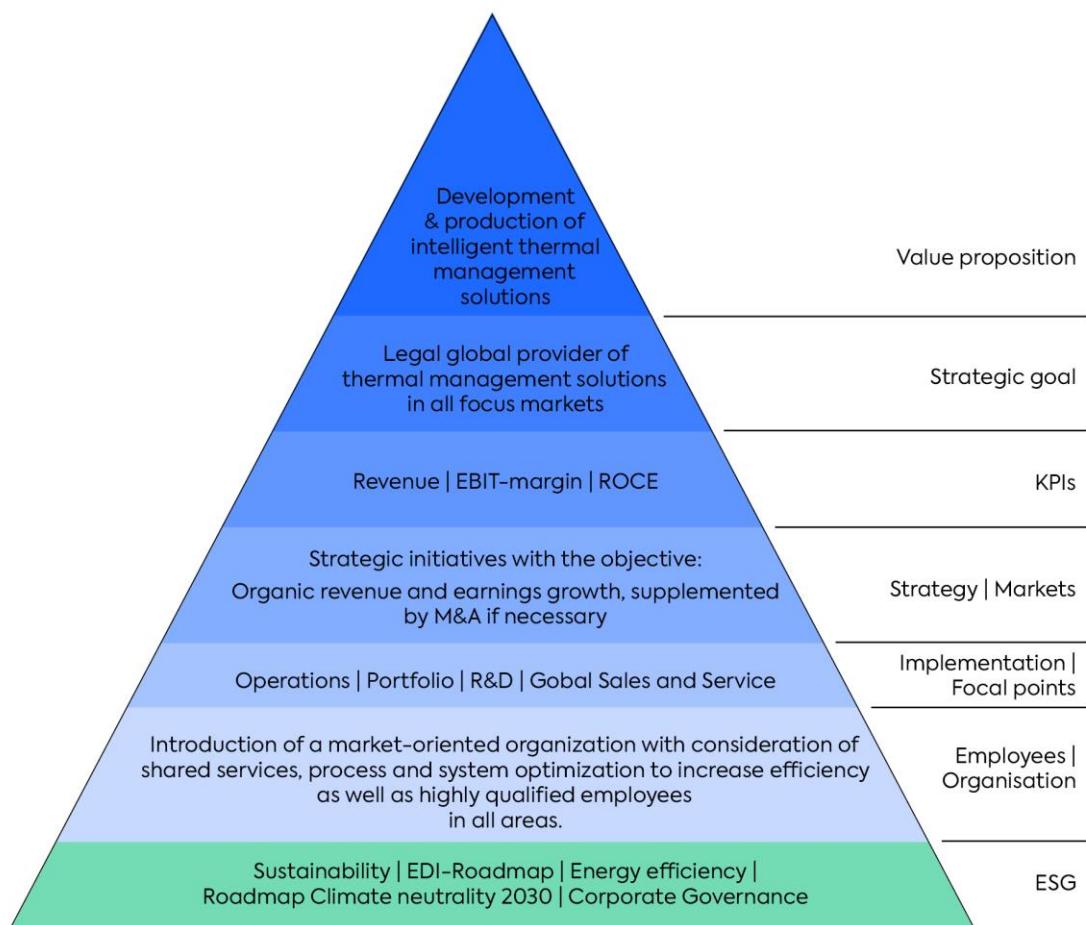
The main finding served to confirm the fundamental strategic direction of the technotrans Group. The core skill of thermal management offers consistently high potential for organic growth and profit. The focus on the Plastics, Healthcare & Analytics, Energy Management and Print markets enables technotrans to serve virtually every market segment that it considers attractive. One visible sign of the technotrans **Group's successful strategic setup is the increased resilience that the Group is able** to demonstrate even in economically unsettled times, thanks to its financial stability. The Laser market, too, affords good potential for development; it is therefore being treated as a focus market in its own right from 2024.

Following the strategic fine-tuning, the principal areas for action therefore comprise the enacting of market-oriented or strategic initiatives, operational implementation priorities, organisational adjustments and sustainability-related aspects informed by environmental, social, governance (ESG). All activities lead to profitable growth, increasing the appeal of the technotrans brand and underlining **the Group's leading role in thermal management.**

One particular focus for Phase II will be the implementation priorities that span the four core topics of production processes, portfolio, research & development and greater international spread for sales and service activities. The actions that have been identified aim to meet the organic growth targets and increase profitability through greater efficiency and optimised costs.

The strategic targets and implementation priorities for Phase II of the Future Ready 2025 strategy are summarised in the following diagram.

The strategic goals of the technotrans Group at a glance



Strategic financial targets for 2025

The financial targets of the Future Ready 2025 strategy were confirmed in the review. Consolidated revenue is to grow organically to € 265 to € 285 million by 2025. The consolidated EBIT margin should reach a range of 9 % to 12 %. Return on capital employed (ROCE) is to exceed 15 %. The expected development will guarantee consistently sound finances, reflected in the form of a sustained ability to distribute dividends and a solid equity ratio.

Goals of financial and liquidity management

Financial management of the Group is the responsibility of technotrans SE. This involves managing liquidity, securing borrowed capital and managing interest and foreign currency risks. The declared aim is to generate internally the financial resources needed for business operations and to fund the investments required for organic growth

Any additional need for financing will be met by raising short, medium and long-term borrowings with a balanced maturities structure, spread across several domestic lenders with good credit standing. Credit facilities are available to cover short-term financing. As a listed company technotrans can, if needed and with the appropriate authorisations by the Annual General Meeting, also make use of equity-based instruments. It aims to keep the gearing ratio consistently at an investment grade level.

Control system

The control system oversees implementation of the technotrans Group's corporate strategy and ensures its goals are attained. Core components are regular Board of Management meetings, strategic discussions of the Board of Management, monthly analyses of business performance as well as intrayear planning talks with the managing directors and local heads of the Group companies and the head of the Services segment. The Board of Management also meets regularly with managers. Group Controlling oversees the overall performance of the Group and reporting segments, while non-central controllers at the Group companies report to Group Controlling on a regular basis.

The information needed for the management of the Group and segments is regularly prepared in the form of Group reporting. In addition, the managing directors and local heads of the Group companies constantly monitor and analyse the development of the markets that are relevant to them, including the competitive environment. They inform the Board of Management of material changes and of any opportunities and risks arising as a result. The Board of Management in turn submits regular reports to the Supervisory Board.

FINANCIAL PERFORMANCE INDICATORS

The central target and control parameters of the technotrans Group are the indicators revenue, EBIT margin and return on capital employed (ROCE), as determined on the basis of the International Financial Reporting Standards (IFRS) and agreed with the Supervisory Board. These performance indicators are planned and continuously monitored for the Group.

ROCE represents EBIT divided by capital employed. Capital employed comprises property, plant and equipment, right-of-use assets, intangible assets, inventories, and trade receivables. Trade payables and advances received are deducted.

Consolidated revenue in the range of € 255 to € 265 million, an EBIT margin of between 6.2 % and 7.2 % and ROCE of 13.5 % to 14.5 % were originally forecast for the 2023 financial year (Forecast 1). As indicated in the ad hoc announcement published on August 2, 2023 the forecast was adjusted to indicate consolidated revenue would reach the upper end of the previous range, with an EBIT margin of between 5.0 % and 6.0 % and ROCE of 13.0 % to 14.0 % (Forecast 2). Despite the additional challenges, technotrans achieved all-time-high **consolidated revenue of € 262.1 million** in the 2023 financial year, and therefore met Forecasts 1 and 2. With regard to the EBIT margin, technotrans achieved the lower target of 5.4 % in Forecast 2. ROCE of 13.3 % was equally in line with the adjusted forecast.

Target attainment for the main control parameters

		Actual 2022	forecast 1 valid until 01/08/2023	forecast 2 valid from 02/08/2023	Actual 2023	Level of achievement forecast 1	Level of achievement forecast 2
Group							
Revenue	m€	238,2	255,0 - 265,0	255,0 - 265,0*	262,1	achieved	achieved
EBIT	m€	14,3	15,8 - 19,1	12,8 - 15,9	14,2	not achieved	achieved
EBIT-Margin	%	6,02	6,2 - 7,2	5,0 - 6,0	5,4	not achieved	achieved
ROCE	%	13,3	13,5 - 14,5	13,0 - 14,0	13,3	not achieved	achieved

*) upper end

EBIT in the table is the figure derived from the limit points of the forecast for revenue and EBIT margin.

NON-FINANCIAL PERFORMANCE INDICATORS (ESG KPIs)

In addition to the financial performance indicators, the technotrans Group pursues non-financial goals. These cover qualitative factors that concern environmental, employee and social matters, respect for human rights as well as combating corruption and bribery.

As part of the Future Ready 2025 strategy, an additional five strategic sustainability goals (ESG KPIs) that relate to the environmental, social and governance areas of responsibility were defined. Building on these, targets were defined for renewable energy, fuel consumption by the vehicle fleet, diversity, human resources development and recycling of packaging material. Details can be found in the Non-Financial Group Statement pursuant to Section 315b ff. HGB, which forms part of this Management Report.

Development of the economic environment

The general economic environment in the 2023 financial year remained fragile and fraught with uncertainty. It was affected especially by geopolitical upheaval in Eastern Europe, the Middle East and China. This state of affairs led to a weakening of economic development coupled with dwindling investment confidence.

Inflation rates continued to fall. For Germany, the Federal Statistical Office calculated average inflation of 5.9 % (previous year: 7.9 %) for 2023. In the eurozone it came down from 8.6 % to 2.9 %, and in the United States it fell from 6.4 % to 3.1 %. The restrictive monetary-policy measures adopted by central banks also played a part in this development. Over the course of the year the US Federal Reserve (FED) raised the key rate range in four moves from 4.25–4.5 % to 5.25–5.5 %. The ECB's main refinancing rate set by the European Central Bank climbed in six stages from 2.5 % to 4.5 %. Helped in part by the sharper key rate rises of the ECB, the euro appreciated moderately against the US dollar and reached a rate of USD 1.10 by the end of the year.

The factors outlined above led to a noticeable decline in investment confidence and had a generally dampening effect on economic development. In its World Economic Outlook dated January 2024 for the year 2023, the International Monetary Fund (IMF) reports global growth of 3.1%, with the eurozone trailing on 0.5 % and Germany on minus 0.3 %. Growth in China, according to government figures, **reached 5.2 % in 2023. China's economic development was nevertheless clearly below expectations.** The decisive factors were the continuing real estate crisis, falling domestic consumption and weaker export demand.

According to an analysis by the VDMA (German Engineering Federation), the German mechanical engineering sector experienced a real decline in orders of 12 % in 2023 compared with the previous year. The figures indicate a slight improvement in the trend in December 2023, when the shortfall was 6 %. Lower orders especially from non-EU countries had an impact. Thanks to the existing cushion of orders, the VDMA estimates the real-terms fall in output at 1 %.

The 2023 business performance at a glance

technotrans launches Phase II of the Future Ready 2025 strategy and increases consolidated revenue to new all-time high. EBIT remains stable despite temporary impacts.

- _ Consolidated revenue reaches the highest level in the company's history at € 262.1 million; prior-year figure bettered by 10.0 %.
- _ Consolidated operating result (EBIT) steady at € 14.2 million (previous year: € 14.3 million).
- _ EBIT margin reaches 5.4 % (previous year: 6.0 %) despite temporary negative factors.
- _ ROCE unchanged from previous year at 13.3 %.
- _ Order backlog of € 74 million. Book-to-bill ratio of 0.9.
- _ Free cash flow climbs significantly to € 12.8 million (previous year: € -3.7 million).
- _ Revenue for Technology segment increased to € 199.6 million. Result for segment reaches € 5.2 million (previous year: € 7.3 million). EBIT margin for segment 2.6 % (previous year: 4.1 %).
- _ Services segment achieves revenue volume of € 62.5 million, with a segment EBIT of € 9.0 million (previous year: € 7.0 million). Marked improvement in segment's profitability by 2.4 percentage points to 14.4 % (previous year: 12.0 %).
- _ Energy Management focus market again highest-growth area with revenue up 76 %.
- _ Phase II of Future Ready 2025 strategy successfully started. Review confirms strategy and leads to sharper focus in response to changing environment.

Key events for the technotrans Group in the 2023 financial year

Phase II of Future Ready 2025 strategy made a successful start. The continuing and new challenges presented by the economic situation served to highlight once again the importance of the sound strategic direction and financial stability of the technotrans Group that had been achieved in Phase I of the strategy.

The Board of Management of technotrans SE is satisfied with the revenue performance in the 2023 financial year. However the earnings performance fell short of expectations. Based on the former market definition of four focus markets, Plastics, Energy Management, Print and the Laser & Machine Tools market again delivered year-on-year revenue growth in the period under review. Energy Management achieved the most dynamic performance, gaining 76 %. The Healthcare & Analytics focus market did not match the revenue level of the previous year.

The consolidated operating result (EBIT) was reduced by temporary effects. These arose as a result of the time lag between price increases for materials and selling price rises, start-up and training costs from setting up the new production location in Steinhagen, the increased use of temporary personnel to clear back orders in the first half, consultancy fees for the Strategy Review, temporary consolidation at customers in the Healthcare & Analytics area and the exceptionally weak economic development in China.

The original planning envisaged consolidated revenue in the order of € 255 to € 265 million with an EBIT margin of between 6.2 % and 7.2 %, and ROCE in the range of 13.5 % to 14.5 %. Due to pressures on earnings, the EBIT forecast was adjusted to a spread of 5.0 % to 6.0 % in the ad hoc announcement published on August 2, 2023, while retaining a revenue target at the upper end of the range. **Consolidated revenue of € 262.1 million meant the original revenue forecast was achieved in full.** EBIT of € 14.2 million is in line with the adjusted forecast. The key performance indicator ROCE was maintained at 13.3 % (previous year: 13.3 %) and is therefore equally within the range of the adjusted forecast (13.0 % to 14.0 %).

The technotrans Group's net assets and financial position performed very soundly. The equity ratio remained constant at 56.0 %. The free cash flow reached € 12.8 million, a significant increase of € 16.5 million on the prior-year figure.

Financial performance, net worth and financial position

REVENUE AND PROFITABILITY PERFORMANCE

Consolidated revenue reached a new all-time high of € 262.1 million. The rise of 10.0 % confirms that the Future Ready 2025 strategy continues to be implemented successfully. Of this total, the Technology segment contributed € 199.6 million (previous year: € 180.2 million) and the Services segment € 62.5 million (previous year: € 58.0 million).

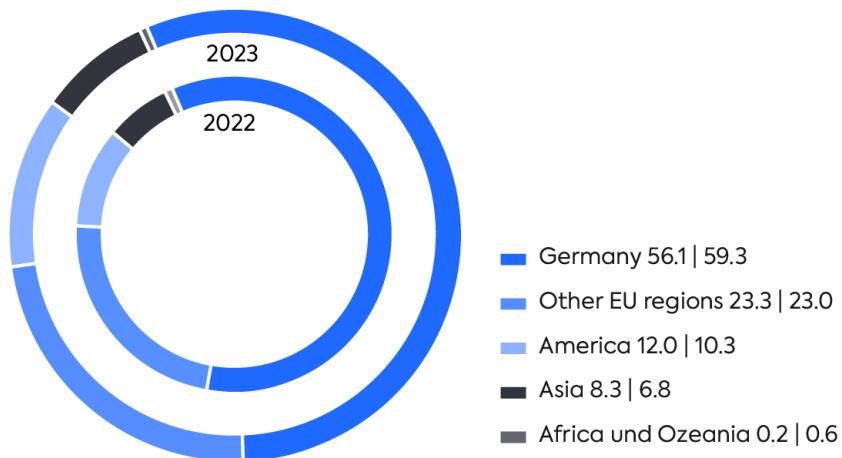
Across both segments, the strategic focus markets Plastics, Energy Management, Healthcare & Analytics and Print were responsible for generating the greater part of revenue, bringing in € 192.0 million or 73 % of the total.

Energy Management experienced the highest growth, with revenue increasing by 76 %. The remaining focus markets likewise advanced year on year. Only Healthcare & Analytics failed to match the prior-year level. This development was due to the consolidation of stocks at customers after the end of the coronavirus pandemic, which led to a production stoppage of several weeks.

technotrans closed the financial year with an order backlog of € 73.6 million (previous year: € 100.8 million). The book-to-bill ratio came to 0.9, reflecting the general economic situation.

In regional terms, the greater part of consolidated revenue is still billed in Germany and Europe.

Revenue breakdown by region, 2023/2022, based on invoices (%)



Results of operations

Gross profit rose by € 2.8 million to € 69.8 million. The cost of sales, which comprises the cost of materials, personnel costs and other allocable costs, climbed to € 192.3 million (previous year: € 171.2 million). The gross margin consequently shed 1.5 percentage points, reaching 26.6 % (previous year: 28.1 %). The change was attributable to temporary pressures in quarters 1 to 3 of the 2023 financial year. They were caused by the time lag between price increases for materials and selling price rises, higher start-up and training costs from setting up the new production location in Steinhagen and the increased use of temporary personnel for clearing back orders in the first half.

	2023		2022		Change in %
	m€	in %	m€	in %	
Gross Income	69.8	26.6	67.0	28.1	4.2
EBIT	14.2	5.4	14.3	6.0	-0.7
Net Profit	8.5	3.2	8.9	3.7	-4.5

Development in margins of the technotrans Group

Distribution costs showed a moderate year-on-year rise of € 0.6 million to € 27.5 million. The increase substantially comes down to pay settlements and increased travel expenses.

Administrative expenses climbed by € 1.7 million to € 22.7 million. The increase stemmed largely from higher labour costs, rising costs for software leasing and expenditure for the Strategy Review conducted by an external firm of consultants. The recognition of development expenditure as an intangible asset produced a profit contribution of € 0.9 million.

EBITDA, which comprises EBIT plus depreciation and amortisation, reached € 21.2 million (previous year: € 21.1 million). Depreciation and amortisation in the amount of € 7.0 million was slightly above the prior-year figure of € 6.8 million.

Despite the temporary pressures on earnings and the customer-led consolidation in the Healthcare & Analytics focus market, both of which were outlined above, the consolidated operating result (EBIT) remained steady at € 14.2 million (previous year: € 14.3 million). The EBIT margin of 5.4 % (previous year: 6.0 %) was in line with the adjusted forecast. The return on capital employed (ROCE) was kept constant at 13.3 % thanks to the substantial reduction in inventories.

Income tax expense declined by € 0.4 million to € 4.2 million. The consolidated result after tax therefore came to € 8.5 million (previous year: € 8.9 million). Earnings per share outstanding correspondingly came to € 1.24 (previous year: € 1.29).

SEGMENT REPORT

The Technology segment generated 76.1 % of consolidated revenue (previous year: 75.6 %). The Services segment accounted for 23.9 % of revenue (previous year: 24.4 %).

Technology segment

Despite extremely challenging conditions, revenue for the Technology segment was increased by around 11 % to € 199.6 million (previous year: € 180.2 million). The revenue growth in the Energy Management focus market was especially notable. Due to the temporary pressures outlined above, EBIT for the segment came to € 5.2 million (previous year: € 7.3 million). The EBIT margin for the segment fell to 2.6 % (previous year: 4.1 %).

Services segment

The Services segment likewise posted a marked rise in revenue of around 8 % to € 62.5 million (previous year: € 58.0 million). All focus markets with the exception of Healthcare & Analytics contributed towards growth. As expected, EBIT for the segment was increased by € 2.0 million to € 9.0 million (previous year: € 7.0 million). The segment's profitability rose to 14.4 % (previous year: 12.0 %).

NET ASSETS

The balance sheet total at December 31, 2023 came to € 170.6 million (previous year: € 162.7 million).

Asset and capital structure (€ million)

Assets	2023	2022
Long-term assets	69.1	68,6
Inventories	45.0	50,2
Receivables	30.2	27,4
Other short-term assets	3.5	4,1
Cash and cash equivalents	22.8	12,4
	170.6	162.7
Equity and liabilities	2023	2022
Equity	95.4	91.1
Long-term debts	34.0	23.1
Short-term debts	41.2	48.5
	170.6	162.7

Assets

Non-current assets were up year on year from € 68.6 million to € 69.1 million. The main factors here were investments of € 7.8 million, which exceeded depreciation and amortisation of € 7.0 million due to the setting-up of the Steinhagen plant as well as work performed by the enterprise and capitalised.

The decline in inventories by € 5.2 million to € 45.0 million is the result of scaling back buffer stocks now that procurement markets have eased and the order backlog has returned to normal. The revenue growth especially in November and December 2023 prompted a rise in receivables of € 2.8 million to € 30.2 million.

Equity and liabilities

Equity as of December 31, 2023 came to € 95.4 million (previous year: € 91.1 million). The equity ratio remained constant at the solid level of 56.0 %.

Long-term debt rose year on year by € 10.9 million to € 34.0 million. Much of this change was attributable to the refinancing of short-term financing as long-term loans.

A lower procurement volume in Q4 led to a slight decline in trade payables and advances received. The income tax payable amounting to € 3.3 million mainly consists of domestic tax liabilities for the past two years, which have not yet been fiscally assessed. The short-term provisions in the amount of € 3.2 million (previous year: € 3.4 million) comprise especially warranty obligations of € 1.6 million (previous year: € 1.9 million).

Net working capital, which represents current assets (inventories and trade receivables) less current liabilities (trade payables and advances received), declined to € 62.0 million (previous year: € 63.4 million). The critical factor here was the reduction in inventories. The net working capital ratio decreased to 23.6 % (previous year: 26.6 %).

FINANCIAL POSITION

Cash and cash equivalents rose by € 10.3 million compared with the previous year to € 22.8 million primarily as a result of the reduced tied-up capital within working capital. Bank borrowings increased by € 4.5 million to € 38.9 million (previous year: € 34.4 million) due to the raising of new loans to finance growth.

Cash flow (€k), condensed statement

	2023	2022
Cash flow from operating activities	21,119	21,649
Net cash flow from operating activities	17,517	-1,043
Cash flow from investing activities	-4,708	-2,695
Free cash flow	12,809	-3,738
Cash and cash equivalents at end of period	22,770	12,445

A cash flow from operating activities before working capital changes (cash inflow) of € 21.1 million was generated in the 2023 financial year (previous year: € 21.6 million). The improvement to working capital produced a positive effect of € 2.3 million that led to a marked improvement in the net cash flow from operating activities of € 17.5 million (previous year: € -1.0 million).

The net cash outflow for investing activities amounted to € 4.7 million (previous year: € 2.7 million). These activities mainly involved replacement investment, development expenditure recognised as an intangible asset and the operating equipment for the new Steinhagen plant.

A positive free cash flow of € 12.8 million was generated on this basis, a marked improvement on the prior-year figure of € -3.7 million.

Based on the adjusted financing strategy, long-term loans of € 20.0 million were raised in the 2023 financial year. Their purpose was to finance corporate growth and refinance short-term loans raised in the 2022 financial year. The high repayments of € 15.5 million are a reflection of the latter. The dividend distribution resulted in an outflow of liquidity of € 4.4 million. Taking into account the repayment of lease liabilities, this led to a cash outflow from financing activities of € -2.5 million (previous year: € -2.5 million). Apart from the general rise in interest rates, there were no significant changes in credit terms compared with the previous year.

The technotrans Group again had a sound liquidity base at December 31, 2023. Unutilised portions of borrowing facilities at the balance sheet date amounted to € 16.8 million (previous year: € 7.1 million). They increased significantly as a result of the above refinancing in particular.

Economic development of technotrans SE

The annual financial statements of technotrans SE are prepared in accordance with the German Commercial Code (HGB) and published in the Business Register. The Management Report of technotrans SE and the Group Management Report are combined in accordance with the requirements of Section 315 (5) HGB in conjunction with Section 298 (2) HGB. The development of technotrans SE as presented below is based on its annual financial statements.

BUSINESS MODEL OF TECHNOTRANS SE AND ECONOMIC ENVIRONMENT

technotrans SE is a listed technology and services enterprise with worldwide operations, with its head office in Sassenberg, in North Rhine-Westphalia. Its core skill involves application-specific solutions in the area of thermal management. This comprises energy optimisation and management of the temperatures encountered in sophisticated technological applications. In addition technotrans SE develops, manufactures and sells plant and systems for industrial applications in the areas of filtering and separating as well as pumping and spraying liquids. It engages its own employees and subsidiaries for its sales operations. It directly and indirectly holds interests in 15 companies and also handles the central functions of the Group. There are production locations in Sassenberg, Bad Doberan and Steinhausen. The economic environment for technotrans SE is essentially the same as for the technotrans Group. The management approach for the Group parent is based on revenue and the EBIT margin.

RESULTS OF OPERATIONS

The general economic environment presented greater challenges for technotrans SE in the financial year. In particular, the weak economic development in Germany and higher interest rates undermined investment confidence in certain sectors. Procurement markets continued to ease. With availability improving, prices for input materials are high despite falling interest rates.

technotrans SE increased its revenue for the 2023 financial year by € 19.9 million to € 133.5 million (previous year: € 111.4 million) and therefore achieved the clear revenue growth that had been expected. The revenue growth was generated especially by the Energy Management, Print and Laser & Machine Tools focus markets. The recognition of development expenditure as an intangible asset produced a profit contribution of € 0.4 million (previous year: € 0.0 million).

The cost of purchased materials increased by € 9.2 million to € 66.5 million. The cost of purchased materials ratio came down to 49.8 % (previous year: 51.4 %). Personnel costs rose by € 5.3 million to € 42.2 million. The fall in the personnel expenses ratio from 33.1 % to 31.6 % is an indication of improved productivity. Other operating expenses amounting to € 18.8 million (previous year: € 19.2 million) mainly comprise freight costs, sales commissions, expenses for temporary personnel, travel expenses, warranty costs and the consultancy costs for the Strategy Review. In the previous year there had been the extraordinary factor of a merger loss of € 2.5 million.

Income Statement

k€	2023	2022
Revenue	133,540	111,364
Inventory change	-619	4,076
Other own work capitalised	428	11
Total output	133,349	115,451
Other operating income	1,865	2,132
Cost of material	66,451	57,272
Personal expenses	42,196	36,900
Depreciation and amortisation	1,939	1,776
Other operating expenses	18,835	19,196
Net finance costs	786	14,796
Result on ordinary activities	6,579	17,235
Taxes	2,280	2,897
Annual net profit	4,299	14,338
Profit carried forward	23,771	12,956
Dividend distribution	4,421	3,523
Net profit	23,649	23,771

The investment assets of the subsidiary technotrans group (taicang) co. ltd., Taicang, China, were depreciated by € 1.4 million in the 2023 financial year. The previous year saw income of € 11.3 million from write-ups on the investment assets. The income from profit and loss transfer agreements (EAV) declined to € 1.3 million (previous year: € 3.3 million) mainly due to the temporary pressures indicated above. There was an overall decline in the financial result to € 0.8 million (previous year: € 14.8 million).

RECONCILIATION OF NET INCOME FOR THE YEAR WITH EARNINGS BEFORE THE FINANCIAL RESULT AND INCOME TAXES (EBIT)

k€	2023	2022
Net profit for the period (Income Statement)	4,299	14,338
Income from investments (-)	831	11,565
Income from profit transfer agreements (-)	1,316	3,291
Interest and similar income (-)	960	279
Expenses from allowance financial assets (-)	1,420	0
Interest and similar expenses (+)	901	339
Income tax expense (+)	2,203	2,821
Earnings before interest and taxes (EBIT)	5,716	2,363

The operating result before interest and taxes (EBIT) came to € 5.7 million (previous year: € 2.4 million). This produced an EBIT margin of 4.3 % (previous year: 2.1 %). A net income for the 2023 financial year of € 4.3 million was achieved (previous year: € 14.3 million).

The moderate rise in revenue planned by the Board of Management in the previous year's report was easily exceeded with revenue growth of 19.9 % to € 133.5 million. The expectation of a moderate rise in EBIT was also exceeded with a 2.2 percentage point rise to 4.3 %.

NET ASSETS AND FINANCIAL POSITION

The balance sheet total for technotrans SE at December 31, 2023 was up € 4.9 million on the previous year at € 137.6 million (previous year: € 132.7 million).

Assets

k€	31/12/2023	31/12/2022
Fixed assets	55,072	58,273
Inventories	23,640	25,146
Receivables and other assets	43,597	42,880
Cash and cash equivalents	14,007	4,963
Current assets	81,244	72,989
Deferred items	885	964
Deferred tax assets	388	443
Total assets	137,589	132,669

Equity and liabilities

k€	31/12/2023	31/12/2022
Issued capital	6,908	6,908
Capital reserve	19,096	19,096
Retained earnings	41,106	41,106
Accumulated profit	23,649	23,771
Equity	90,759	90,881
Provisions	8,423	10,452
Liabilities	37,773	30,670
Deferred items	48	120
Deferred tax liabilities	586	546
Total equity and liabilities	137,589	132,669

Cash payments for investments in fixed assets amounted to € 2.6 million (previous year: € 1.2 million). The investments were principally for development expenditure recognised as an intangible asset amounting to € 0.4 million and the operating equipment for the new Steinhagen plant. The capital reduction of € 2.4 million for the US subsidiary and the write-down of the carrying amount of the participating interest in the subsidiary in China were behind a decrease in shares in affiliated companies to € 44.0 million.

Thanks to the easing of supply chains, inventories could be reduced to € 23.6 million (previous year: € 25.1 million) despite the strong revenue growth. There was a substantial increase in cash from € 5.0 million to € 14.0 million at the balance sheet date mainly because of the lower working capital and the growth-led net loans raised in the amount of € 6.4 million. To finance further growth and refinance short-term loans, long-term loans amounting to € 20.0 million were raised. Bank borrowings rose correspondingly to € 31.3 million (previous year: € 24.9 million).

Equity remained strong at € 90.8 million. This corresponds to an equity ratio of 66.0 % (previous year: € 68.5 %).

Based on the resolution of the Annual General Meeting on May 12, 2023 a dividend of € 4.4 million was distributed to the shareholders of technotrans SE (previous year: € 3.5 million).

EMPLOYEES

The number of employees has risen significantly as a result of growth. On December 31, 2023 technotrans SE had 676 employees (previous year: 595). The number of apprentices was 92 (previous year: 61).

OPPORTUNITIES AND RISKS

The business performance of technotrans SE is essentially subject to the same opportunities and risks as that of the technotrans Group. Merely in the risk categories “General and industry-specific risks” and “Corporate strategy risks” does technotrans SE exhibit certain higher risks than the Group in view of its lower target earnings.

If the expected economic or industry-specific developments or expectations for newly developed products should not prove to be accurate, the revenue and therefore also the earnings target could be missed. The Board of Management currently assesses these risks as moderate. The opportunities and risks for the Group are presented in the Combined Management Report (chapter: “Opportunities and risks profile”).

OUTLOOK

In view of technotrans SE’s ties with the Group companies and its high importance within the Group, the Board of Management refers to the comments made in the Report on Expected Developments. These reflect particularly the expectations for the parent company.

Overall statement by the Board of Management on the 2023 financial year

technotrans launches Phase II of the Future Ready 2025 strategy and achieves all-time-high consolidated revenue.

The protracted difficult economic context remained a challenge in 2023. Despite this environment, technotrans took its consolidated revenue to an all-time high. Conversely the results of operations were affected by temporary pressures especially in the first six months of the financial year. These eased markedly in the second half of 2024.

The focus markets Plastics, Energy Management, Print and the Laser & Machine Tools market achieved clear revenue growth in the period under review. Energy Management proved to be the most dynamic area. In the Healthcare & Analytics focus market, the previous **year's revenue level was** not matched due to customers reducing stock levels for a period, resulting in a production stoppage lasting several weeks.

technotrans embarked on Phase II of the Future Ready 2025 strategy according to schedule at the start of the 2023 financial year. To reflect the fundamental changes in the underlying conditions since the strategy was first implemented, the Board of Management commissioned an external firm of consultants to conduct a Strategy Review. Its findings fundamentally confirmed the general strategic direction and objective of the technotrans Group, with individual aspects given a greater or sharper emphasis in order to maintain the dynamic growth being sought. The initiatives to give the company a sustainable basis were also progressed.

The Board of Management is on the whole satisfied with the revenue performance of technotrans SE and the technotrans Group in the 2023 financial year. The earnings performance nevertheless fell short of expectations due to the difficult underlying conditions.

The Board of Management and Supervisory Board of technotrans SE will propose to the Annual General Meeting on May 17, 2024 that a dividend in the amount of € 0.62 (previous year: € 0.64) per no par value share be distributed for the 2023 financial year. The recommended distributed amount therefore comes to € 4.3 million, representing a distribution rate of 50 %.

Remuneration Report

The remuneration of the members of the Board of Management and Supervisory Board is presented in the Remuneration Report published separately.

The Remuneration Report pursuant to Section 162 AktG, the Independent Auditors' Report pursuant to Section 162 AktG, the current remuneration system of the Board of Management pursuant to Section 87a (1) and (2) first sentence (1) AktG and the most recent resolution of the Annual General Meeting on Supervisory Board remuneration pursuant to Section 113 (3) AktG can be accessed on our website at the following address:

<https://www.technotrans.com/company/corporate-governance/remuneration-board-of-management-supervisory-board>

Further disclosures on the remuneration of governing bodies can also be found in Section 34 of the Notes.

Supplementary disclosures pursuant to Sections 289a, 315a HGB

The following disclosures satisfy the requirements pursuant to Section 289a HGB and Section 315a HGB.

- 1** The issued capital (share capital) at December 31, 2023 comprises 6,907,665 fully paid no par value shares each representing a nominal amount of € 1.00 of the share capital. The shares of technotrans SE are registered shares. Exclusively ordinary shares have been issued. The rights and obligations they carry are in line with the relevant statutory requirements, taking account of the requirements under the Articles of Association of technotrans SE.
- 2** The Board of Management was not notified of any voting trust agreements between shareholders or restrictions on the transfer of shares.
- 3** As of December 31, 2023 Teslin Capital Management BV, Maarsbergen, the Netherlands, and Luxempart S.A., Leudelange, Luxembourg, have shareholdings in the share capital of technotrans SE each exceeding 10 %. Teslin Capital Management BV reported a shareholding of 15.12 % on April 11, 2023. Pursuant to the voting rights notification published on March 9, 2022 Luxempart S.A. has a shareholding of 20.12 %. No other direct or indirect interests in the capital amounting to more than ten percent of the voting rights are known.
- 4** All shares grant identical rights. No shares are equipped with special rights, in particular none imparting authority to control.
- 5** Employees participating in the capital exercise their voting rights directly.
- 6** The statutory requirements pursuant to Articles 39, 40 of the SE Regulation on the appointment and dismissal of the members of the Board of Management are applied. Over and above these, the provisions of the Articles of Association are to be observed. Over and above the requirement of Article 46 of the SE Regulation the Supervisory Board appoints the members of the Board of Management, as specified in the Articles of Association and Section 84 AktG, for a maximum of five years. To amend this point in the Articles of Association, pursuant to Section 179 AktG in conjunction with Section 21 (2) of the Articles of Association the Annual General Meeting must pass a resolution by a simple majority.

7 The Board of Management is authorised until May 11, 2028 to acquire treasury shares of the company up to a total of 10 % of the share capital existing at the time of the resolution, or at the time of this authorisation being exercised if the latter figure is lower. If acquired by stock exchange dealings, the purchase price per share shall not exceed or undercut by more than 10 % the average Xetra closing price (or, insofar as the Xetra closing price serves as the basis for this authorisation, the closing price determined by a successor system taking the place of the Xetra system) on the Frankfurt Stock Exchange on the five trading days preceding the acquisition. If acquired on the basis of a public offer to buy, the acquisition price per share (excluding incidental acquisition costs) shall not exceed or undercut by more than 10 % the average Xetra closing price on the Frankfurt Stock Exchange on the eighth to fourth trading day (in each case inclusive) before disclosure of the offer to buy.

The Board of Management is authorised to retire all or some of the treasury shares acquired on the basis of the authorisation, without the need for a further resolution of the Annual General Meeting.

The Board of Management is furthermore authorised to dispose of the acquired shares via the stock market or to third parties, by cash sale. In these cases the selling price shall not undercut the average Xetra closing price on the Frankfurt Stock Exchange on the five trading days prior to sale by more than 5 %.

The Board of Management is, with the consent of the Supervisory Board, moreover authorised to dispose of the acquired treasury shares in a manner other than by sale on the stock market or by offer to all shareholders if they are offered and transferred to third parties in exchange for contributions in kind, especially for the acquisition of businesses or of participating interests in businesses or of other assets. The price at which the acquired treasury shares are surrendered to a third party shall not significantly undercut the average Xetra closing price on the Frankfurt Stock Exchange on the last five trading days before the concluding of the agreement on the acquisition of the contribution in kind in question. The acquired treasury shares may also be used in fulfilment of obligations in respect of conversion options granted as a result of the issuing of convertible bonds.

The subscription right of the shareholders is excluded for the use of treasury shares in the last three cases.

Until May 17, 2023 there existed authorisations for the Board of Management to increase the share capital as well as to issue bonds with conversion rights. Please refer to the 2022 Annual Report for details. No use was made of these authorisations in 2023.

8 There are no material agreements of the parent company that are conditional on a change of control following a takeover bid.

9 No compensation has been agreed with the members of the Board of Management or with employees in the event of a takeover bid.

Combined Non-Financial Statement of technotrans SE and the technotrans Group in accordance with Sections 289b ff., 315b ff. German Commercial Code (HGB)

Sustainable corporate governance is an integral component of the technotrans Group strategy Future Ready 2025. It is of fundamental importance for acquiring new customers, obtaining secure financing and being an attractive employer.

In publishing this section of its report, technotrans meets its obligation to disclose non-financial information for the 2023 financial year in accordance with the provisions of Sections 289b–e HGB on the Non-Financial Statement, and of Sections 315b–c HGB on the Non-Financial Group Statement and Non-Financial Group Report. Pursuant to Section 315b (1) sentence 1 HGB, this report applies to both technotrans SE and the technotrans Group. The purpose is to inform all stakeholders about the sustainable setup and about aspects that are relevant in that context.

We used recognised frameworks such as the German Sustainability Code (GSC) and the guidelines of the United Nations Global Compact (UDGC), as well as the EFFAS (European Federation of Financial Analyst Societies) performance indicators, as our basis in preparing the Non-Financial Statement. Additionally, technotrans reports in accordance with the requirements of the EU Taxonomy Regulation.

The Non-Financial Statement was reviewed by the Supervisory Board of technotrans SE.

BUSINESS MODEL

The technotrans Group is a technology and services group with worldwide operations, with its head office in Sassenberg. **The company's core skill involves application-specific solutions for thermal management.** The Group parent is technotrans SE. A detailed description of the business model can be found in the Combined Management Report in the section "Basic profile of the Group".

SUSTAINABILITY MANAGEMENT

technotrans is exposed to a constantly changing environment. That also includes sustainable corporate governance requirements in respect of our stakeholders. We safeguard our long-term successful business development by maintaining a transparent and constructive dialogue and by approaching opportunities and risks responsibly.

At Board of Management level, CEO Michael Finger holds responsibility for the sustainable corporate governance portfolio. It is handled operationally by the Sustainability Management area.

An effective compliance and Risk Management System as well as an effective Internal Control System (ICS) assure the long-term viability and competitiveness of the technotrans Group by satisfying the legal requirements and contributing towards the attainment of achieve strategic targets.

All entrepreneurial decisions throughout the Group conform to the applicable laws as well as internal rules and voluntary commitments. We are a member of Blue Competence, the sustainability initiative of the German Engineering Federation. We mention especially our membership of the UN Global Compact (UNGC). This core worldwide initiative for sustainable corporate governance revolves around ten principles covering human rights, labour standards, environmental protection and anti-corruption. To embed this bigger perspective in the corporate culture at technotrans, the principles have been incorporated into the technotrans Code of Conduct, which is binding for all employees throughout the Group and serves as a corporate compliance guideline. As such, it constitutes a meaningful tool for implementing the sustainability strategy. In addition to setting fundamental standards for cooperation within the company, it defines how to behave towards external stakeholders. It also contains important regulations on issues such as occupational safety, data protection and IT security. All new employees receive a written copy of the code. Awareness of sustainability aspects is also raised through individual target agreements. Updates to the Code of Conduct and other compliance provisions are communicated via the e-learning platform “technotrans Campus” that has been rolled out Group-wide. The current version of the technotrans Code of Conduct can be accessed on our website.

An effective compliance management system according to DIN ISO 19600 has moreover been implemented; the Board of Management bears overall responsibility for it. It is an effective means of assuring Group-wide compliance with statutory requirements and voluntarily adopted principles. The managing directors/general managers of the national and international Group companies are likewise obliged to uphold it and are supported in this by local compliance officers. The latter coordinate, train and monitor application of the compliance regulations and arrange updates as necessary, for example by revising organisational guidelines.

The whistleblower system is an important element of the compliance management system. It serves to identify and rectify breaches of applicable law and internal corporate guidelines. It also guarantees protection for the whistleblower against civil-law, criminal-law and internal consequences or reprisals. Within their respective responsibilities for compliance and supervision, the Board of Management and Supervisory Board are informed regularly of current compliance topics through an annual compliance report, as well as directly if necessary. Regular checks are also conducted proactively.

A further important component is the Group-wide Risk Management System based on DIN ISO 31000. This helps technotrans to identify and respond early on to potential opportunities and risks in respect of sustainability aspects, for example. It involves regular, prompt reporting to the Board of Management, among other things. For further information, please refer to the section “Risk Management and Internal Control System” in the Combined Management Report of this Annual Report.

The German Supply Chain Act (LkSG) took effect on January 1, 2023. It requires sustainable and responsible entrepreneurial behaviour along the global value chain. Enterprises are expected to identify potentially negative effects of their activity on human rights and the environment, and if necessary prevent, remedy or mitigate the consequences of such effects. The obligations include for example guarding against child and forced labour and discrimination, protecting against land grabs, upholding labour and health protection, the right to fair pay and to create trade unions, and protecting

against environmental breaches. In order to promote the above human rights and environmental protection, the enterprises in question are obliged to meet defined due diligence obligations. These cover their own area of business, the actions of direct contractual partners in the supply chain and also indirect suppliers if any breaches involving them come to light. Enterprises thus bear responsibility along the entire supply chain.

technotrans has already been indirectly affected by LkSG since the 2023 financial year via a number of customers because the provisions of LkSG already applied from the time it came into force for larger enterprises with over 3,000 employees. From January 1, 2024 it also applies directly to enterprises with over 1,000 employees and therefore to technotrans. In order to handle the complexity of global supply chains and suitably implement LkSG and the due diligence obligations that follow on from it, our Group subsidiary gds has developed a software solution that enables technotrans to monitor supply chains effectively in terms of LkSG compliance.

STAKEHOLDER DIALOGUE

We regard the requirements of our stakeholders as highly relevant. We identify the needs of key stakeholders through regular dialogue. We use a variety of information sources and dialogue formats to that end, differentiating between internal communications. The latter comprise communications with customers, press relations (PR) and investor relations (IR) activities.

The technotrans website serves as a key information medium for highlighting sustainability as an area in its own right. Internal communications take the form of interviews, intranet, e-mails, discussions and physical and virtual meetings. Employees receive regular updates across all locations, and where necessary are given training and encouragement to share their suggestions and ideas. In its dialogue with customers, technotrans emphasises its added value as an expert system partner for sustainable production processes. Initial contact with counterparts is often made at trade shows or in one-to-one talks.

The Investor Relations area is available to facilitate open-handed communications with private and institutional shareholders, investors and analysts. It can call upon Sustainability Management for specialist support as necessary. The dialogue is conducted in bilateral talks and at conferences and roadshows. technotrans pursues a transparent and open information policy with all stakeholders. The findings from these dialogues shape our business activities, the development of new products and services and our sustainability management work.

MATERIALITY

Relevant sustainability topics for the technotrans Group involve on the one hand those that are crucial to business, and on the other hand those where technotrans can contribute to sustainable development. Activities that have a major impact on the use of resources, the environment and the climate are also relevant. Social aspects such as treatment of employees, regard for human rights and anti-corruption measures are also key aspects of how we do things.

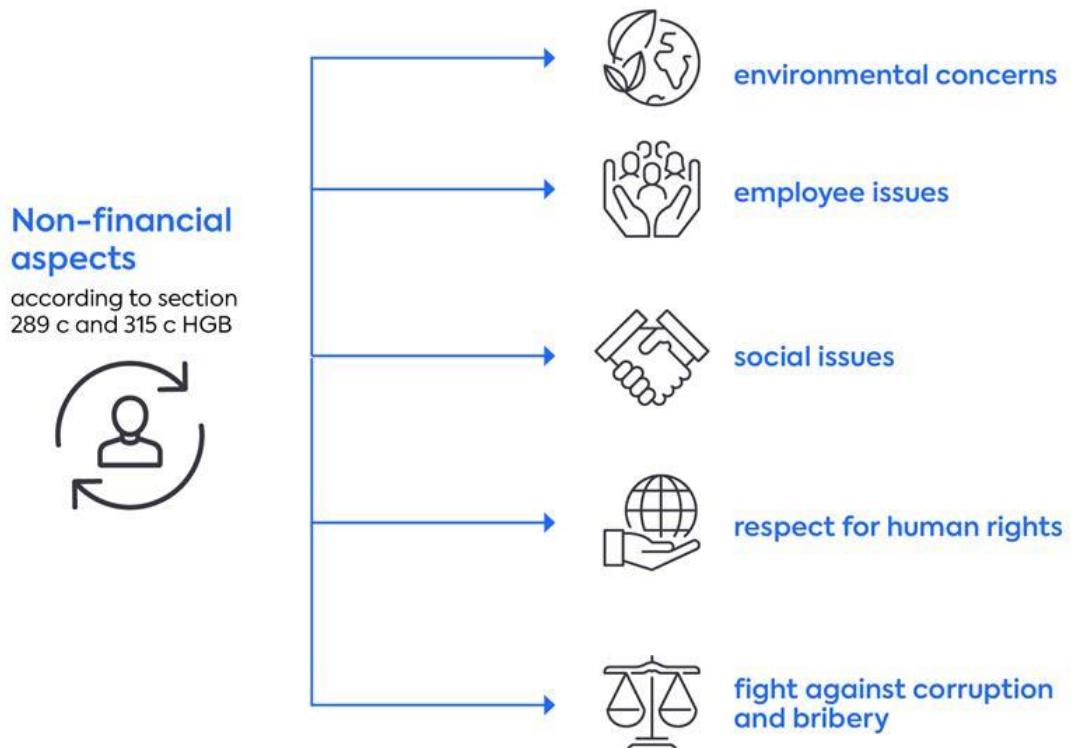
In the following, we present the key non-financial aspects for the technotrans Group that we have also identified from communications with our stakeholders.

Quantitative reporting uses for example the EFFAS performance indicators selected by the GSC, of which we report on 11 out of 16 on the basis of materiality. These indicators are supplemented by internal key figures that are rated as significant for the technotrans Group based on the materiality

analysis. They include the strategic sustainability goals as well as the reporting obligations under the EU Taxonomy Regulation. The scope of the key figures is regularly reviewed and gradually broadened. The development of the key figures over time forms the basis for targeted adjustments. A summary table can be found at the end of this report section.

Based on the principle of materiality, we report selected key figures such as energy consumption only for the domestic production locations and for the Taicang (CN) and Mt Prospect (USA) locations.

NON-FINANCIAL ASPECTS



a) Environmental matters

Protecting the environment and climate is an ambitious but important challenge. In developing innovative solutions for its customers, technotrans makes a significant contribution to protecting precious resources throughout the entire product life-cycle. Sustainable environmental, energy and resource management is especially important at the production locations.

Alongside technotrans' own efforts, regulations are creating increasingly tough sustainability requirements for products and their production process. They include the Ecodesign Directive and the F-Gas Regulation. technotrans always assures conformity at an early point in the process and sets itself the goal of reducing the environmental impact of its own activities and products beyond what is required by law.

This drive inspired the xtend product line in the ECOtec.chiller equipment family, for example, which systematically features power-regulated compressors, fans and pumps. This product line came as a timely response to growing demands for energy and therefore cost efficiency. It has been enthusiastically received by customers. In the ECOtec.chiller product family, almost two-thirds of equipment sold is a high-efficiency xtend version.

Resource-light product development

Developing efficient systems and technical processes is one of technotrans' **core skills**. This expertise is secured and steadily increased through partnerships with universities and research establishments. As a development partner, technotrans uses its innovative capability to find just the right solution in close collaboration with customers. Its aim is always to come up with products and processes that bring added value for technotrans' **customers** thanks to their **resource-saving**, environment-friendly features. The product development process is standardised and is controlled by means of defined stages, or quality gates. Especially for custom product solutions, it delivers the high quality standards, the cost and time savings for which technotrans is noted.

Resource-saving products

technotrans Group solutions not only provide value added in the form of high quality and performance; they also bring environmental benefits. Examples include our innovations for electric mobility, the ongoing expansion of our ultra-energy-efficient product range and successive additions to the range of solutions that use natural refrigerants.

Electric mobility – Electrification is the key to decarbonising the overwhelming part of the mobility sector. This is both a challenge and a huge opportunity. technotrans draws on its expertise in thermal management solutions in selectively and steadily expanding its product portfolio. Needs-based thermal management is indispensable for electrification applications in the mobility sector. For example, technotrans supplies temperature control for battery systems for road and rail vehicles and for high-power charging (HPC) stations and HPC parks. Wherever out-and-out electrification is stretched to the limit, hydrogen-based drive concepts represent an alternative. technotrans is developing thermal management solutions for this area too.

The 2023 financial year saw technotrans make its debut at the EV Trend Korea industry exhibition in Seoul, its first show appearance in the South Korean market. It presented solutions for e-mobility thermal management such as cooling modules for HPC charging stations and 850 Volt DC coolers. It also showcased cooling modules for megawatt charging systems (MCS). Compared to HPC, MCS have many times the charging capacity and represent the future standard for applications with high charging power, e.g. for buses, trucks and off-road vehicles.

In the electric mobility area of the growing Energy Management focus market, technotrans also secured two major contracts in the 2023 financial year. A leading German technology group placed an order for type e.cool charging-cable coolers that are used in rapid-charging parks in the United States and Europe and are the key to HPC over long periods almost without efficiency losses.

The second major contract was awarded by ADS-TEC Energy. For that contract, technotrans developed a custom cooling solution for battery-storage quick-charging stations. These permit high-power charging even if no high-voltage network is available – for instance at filling stations and shopping malls or in company car parks. One of the main development challenges was to combine an ultra-compact design with a high cooling performance because the footprint is less than two square metres.

Environmentally friendly refrigerants – Refrigerants are indispensable in active cooling systems. Conventional refrigerants often have the downside of high global warming potential (GWP). Most cooling circuits in technotrans equipment are hermetically sealed. However if cooling systems sustain

damage, refrigerant could potentially leak out. technotrans is therefore methodically conducting projects to enable it to offer natural refrigerants with low GWP in its products as alternatives to conventional refrigerants. We are thus demonstrating our environmental responsibility and pre-empting restrictions such as the F-Gas Regulation.

By the end of 2024 we aim to achieve an average GWP of 651 for the refrigerants technotrans uses. In the year under review, the PRO300 product line with a cooling performance of up to 4,200 watts for use in extra-compact analytics and medical technology applications was unveiled, with the natural refrigerant propane (R290) and a GWP of 3. Another new chiller product line that is available with the natural refrigerant R290 generated plenty of interest at the Fakuma industry exhibition. We presented a chilled water unit with a cooling performance of 100 to 1,500 kW, also available with energy efficiency module.

Depending on product mix, technotrans reported a slight rise of 6.5 % in the average GWP in 2023 compared with the previous year, to 1,065 (2022: 1,000). With the addition of natural refrigerants to the product range, this figure will come down more sharply in the future. In smaller performance categories, we already offer product solutions that actually run entirely without refrigerant and therefore no longer feature in the average GWP calculation. Reducing the absolute quantity of refrigerant used by adopting volume-efficient components is another measure that helps to minimise potential global warming effects.

Efficient heat and refrigeration technology – As well as presenting the energy-efficient temperature control product line eco.line at KUTENO 2023, technotrans highlighted especially its expertise in energy-efficient commercial and industrial heat pumps and refrigeration plants, which can also be designed to run on the natural refrigerant R290 in all performance categories and across wide temperature ranges. So that refrigeration plant runs even more cost-effectively and is even more environment-friendly, a winter relief feature and integral heat recovery are also possible. Conversely, on heat pumps the cooled heat source can be used to support cooling applications in order to boost energy efficiency. The performance range available also includes high-temperature heat pumps achieving up to 165 °C as a means of raising residual heat to a process-ready temperature.

Resource-light production

In terms of its own production operations, technotrans constantly seeks to use finite resources as efficiently as possible. Its declared aim is to reduce consumption of materials, water and energy. The employees are trained to treat resources with care and also encouraged to contribute their own ideas on how to do so. Environmentally harmful substances in production or in products are only used if they cannot be avoided; this also improves safety for all employees and customers. Such substances already in use are regularly examined and substituted where possible.

technotrans observes and complies with all applicable statutory requirements as a matter of course. New requirements and changes are therefore promptly incorporated into work instructions. The technotrans Group in the first instance manufactures equipment that conforms to the REACH regulation, the RoHS II Directive and CE identification requirements. Implementing special customer requirements in some cases calls for conformity with the RoHS II Directive including for products that are not actually covered by the statutory requirements. Suppliers, too, therefore need to give an undertaking not to use any environmentally hazardous substances as defined by the REACH regulation. technotrans furthermore expects them to comply strictly with the RoHS II Directive. The REACH and

RoHS II conformity of input materials is captured in ERP systems. Compliance with the requirements and therefore EC conformity is documented using the bill of materials for an end product.

In the 2023 financial year we rolled out use of the “digital only” concept beyond the main Sassenberg location and across all production locations; it means we now supply our customers with purely digital technical documentation via the easybrowse platform created by the Group subsidiary gds GmbH. By using the platform, we can limit paper documentation to the minimum level of information required by law. The saving in the number of A4 sheets printed double-sided was increased from 1.3 million in 2022 to a total of more than 3 million in 2023. Digital documentation also enabled us to cut spending on binders, folders and printed matter and ensure that customers always have access to the latest version of documentation.

Other significant environmental aspects include the reduction of waste, recycling reusable materials and minimising water consumption. A total of 1023 t of waste and recyclable material was generated at our production locations in 2023, of which some 74 % (756.6 t) could be recovered and used for high-grade recycling. The overall amount of waste and recyclable material rose by 5 % (2022: 973.4 t). In revenue terms, a reduction of 4 % to 17 MWh per €m was achieved (2022: 18 MWh per €m).

Water consumption at our production locations increased by 14 % or 1,119 m³ in the 2023 financial year, and therefore amounted to 8,916 m³ (2022: 7,797 m³). Expressed as a ratio of consolidated revenue, **fresh water consumption rose slightly to 34.0 m³ per €m (2022: 32.7 m³ per €m)**. This increase was prompted by retroactive capture of water consumption due to weighting performed by the water supplier in the previous year. One location for which elevated water consumption was recorded was extensively fitted out with drinking water dispensers for employees. Another major factor was the occupation of the new production location in Steinhagen. Despite the rise, technotrans' **water consumption** can nevertheless be considered to be very low overall. For technical purposes, water is required at test benches but this water is systematically recirculated, treated and reused. The greater part of the drinking water is consumed by employees and technotrans' **consumption of water is comparable** to that of office buildings housing a similar number of employees.

Energy consumption

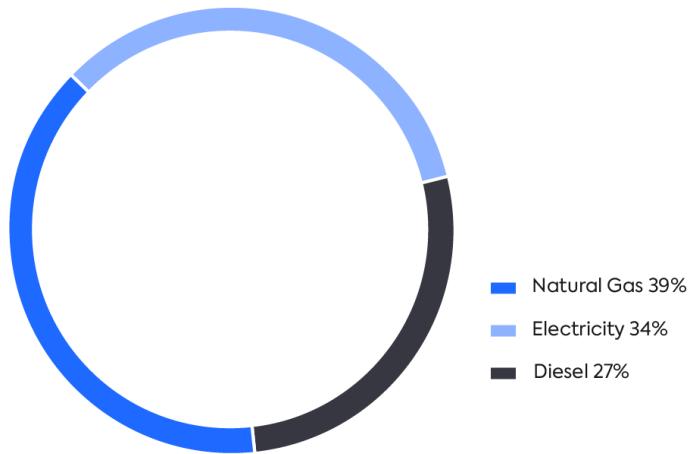
The efficient use of energy and the eco-friendly handling of resources are high priorities for us. We are therefore always looking for scope to improve the energy efficiency of our operating processes and products, and conduct the statutorily required energy audits according to DIN EN 16247-1 on a four-year cycle. Some examples of how we cut our energy consumption in the 2023 financial year are the **installation of a photovoltaic (PV) system at our location in Brazil**. This PV system covers the branch's entire electricity requirements. We have also applied for a grant towards switching the lighting at Sassenberg to LEDs. The work will be carried out in the 2024 financial year. In the production halls at Meinerzhagen, the last bright radiators have now been replaced with dark versions. Although they still run on natural gas, they are now much more efficient. This change equally helps to cut our consumption of fossil fuels and therefore reduce carbon emissions.

In accordance with the materiality principle, the following data refers to the eight production locations of the technotrans Group and the energy sources power, natural gas and fuels, plus green hydrogen at the Holzwiede location.

Total energy consumption of 15.1 GWh in the 2023 financial year was lower than in the previous year (2022: 15.2 GWh). In terms of revenue performance, consumption fell to 58 MWh per €m (2022: 64

MWh per €m). The energy mix remained almost identical compared to previous years. Due to its low share of 0.3 %, hydrogen is not included in the following diagram.

Aggregate energy mix across the locations



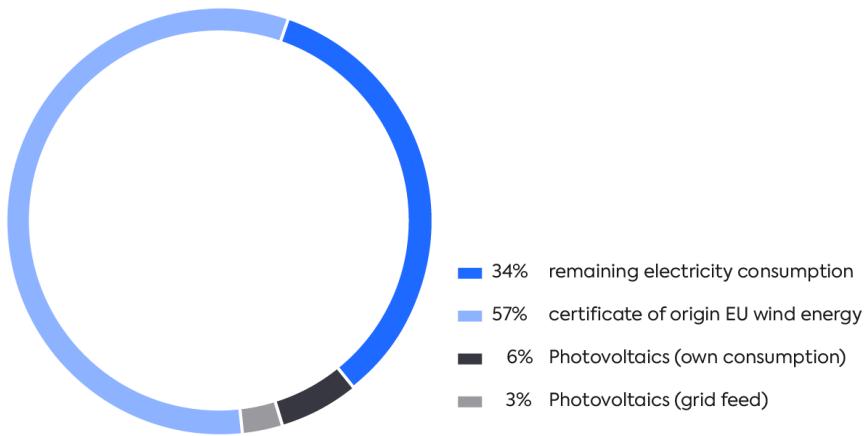
technotrans believes it is important to handle resources responsibly; that includes both the raw materials for products but especially the use of energy. The Future Ready 2025 Group strategy therefore includes the following defined sustainability goals:

- Electricity: increasing the share from renewable resources to 100 % by 2030.
- Fuel: cutting fuel consumption by an average of 5 % annually.

Power consumption – in 2023 technotrans succeeded in reducing its power consumption slightly to 5.09 GWh (2022: 5.12 GWh). In revenue terms, it achieved a sizeable reduction of 10 % to 19 MWh per €m (2022: 22 MWh per €m). As a means of incentivising the expansion of renewable energy even before EEG electricity is taken into account, we seek to meet this consumption entirely from renewables; in keeping with our sustainability goal we therefore use both self-generated power at our locations and purchase certificates of origin from European wind and PV farms, paying an additional levy to promote environmental protection and nature conservation projects.

The PV system at the technotrans systems location in Baden-Baden was commissioned in the second half of 2022 and was operational for a full year in the past financial year. As a result, the amount of self-generated solar power increased year on year by 123 %, with the result that just under 6 % of total power consumption across all production locations was covered from self-generation. If power fed into the grid is also taken into consideration, the figure is actually 9 %. These levels are set to rise steadily over the coming years with the installation of PV systems at other locations and improved energy efficiency. In terms of our goal, we achieved a share of around 66 % for 2023 based on the definition stated, representing a year-on-year rise of 22 percentage points.

Status of ESG target: 100 % renewable power



Power consumption – A further goal of the Future Ready 2025 strategy was to reduce fuel consumption by an average of 5 % per year, amounting to a target reduction of 25 % by the end of 2025. **Specific fuel consumption measured against revenue was reduced to 15.5 MWh per €m**, down 6.9 % on the previous year. Compared to the reference year 2019 with a specific fuel consumption of 20.0 MWh per €m, the reduction amounts to 22.5 %. To cut fuel consumption, technotrans has adopted measures such as increasingly hybrid working hours models, increased use of digital communication platforms, remote service solutions and field service management software in the service area to optimise itineraries. Since the target was defined, technotrans has therefore succeeded in decoupling revenue growth from fuel consumption and has achieved significant improvements. According to the target set in the 2021 reporting year, the vehicle fleet was to be electrified as far as technically possible and economically justifiable. The first electric vehicles are already in use at technotrans. However the global economy experienced shortages of materials and supply difficulties in 2022; these impacted the availability of electrified vehicles and their effect was still being felt in 2023. As a result of the continuing high demand coupled with a limited supply of electric cars, the current assessment is that the further electrification of the vehicle fleet is not economically justifiable. This development makes it necessary to acquire vehicles run on fossil fuels; the associated contracts therefore create lock-in effects for the medium term. From the 2023 reporting year, technotrans sets itself the goal of realising further efficiency improvements and generating added value by further reducing its fuel-based energy consumption as a proportion of revenue. technotrans will painstakingly monitor developments in the field of electric mobility and continuously assess its economic viability. The installation of a charging infrastructure was kicked off in the year under review of 2023 and its commissioning is scheduled for 2024. This will provide the framework for the continuing electrification of the vehicle fleet and allow it to be implemented swiftly once it is economically justifiable.

Gas consumption – Natural gas is the third major fuel source at the locations and therefore among the drivers of CO₂e emissions, which is why technotrans aims to successively scale back use of this fossil fuel. Year on year, consumption at our eight production locations fell to 6.0 GWh (2022: 6.1 GWh). Measured against revenue, this represents a notable reduction of 11 % to 23 MWh per €m (2022: 26 MWh per €m). The factors behind the reduction in the fossil fuel natural gas included the completion of conversion work on the heating system in the production halls at our Meinerzhagen location and the inclusion of green hydrogen in the energy mix at our Holzwickede location for a first full year in

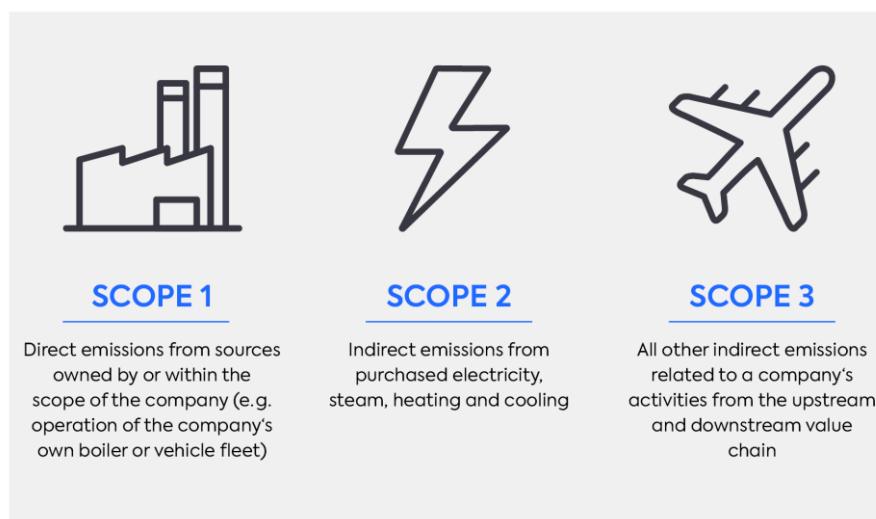
2023; the project only started in October 2022 and therefore affected energy consumption for only part of that year.

For the future, we would like to scale back natural gas consumption further by for example using a substitute fuel, modernising the heat generation and distribution system, and reducing thermal losses at the locations.

[Greenhouse gas performance of the technotrans Group](#)

Climate neutrality – technotrans supports the Paris Climate Agreement signed in 2015 with the aim of limiting global warming to no more than 1.5 °C. To complement the goals from the Future Ready 2025 strategy and based on the corporate carbon footprint, a roadmap was drawn up in 2022 to map out how to achieve climate neutrality at the eight production locations and in the sales and service units (SSU) by 2030. The primary ways of achieving this goal are by improving energy efficiency and generating renewable energy at the locations. In line with its goal from the Future Ready 2025 strategy to use 100 % renewable power at the production locations, technotrans also plans to buy in renewable power as necessary. It will then use certified climate protection projects only to compensate for the remaining CO₂e emissions from 2030 on. This is how we are translating our responsibility to limit climate change into action.

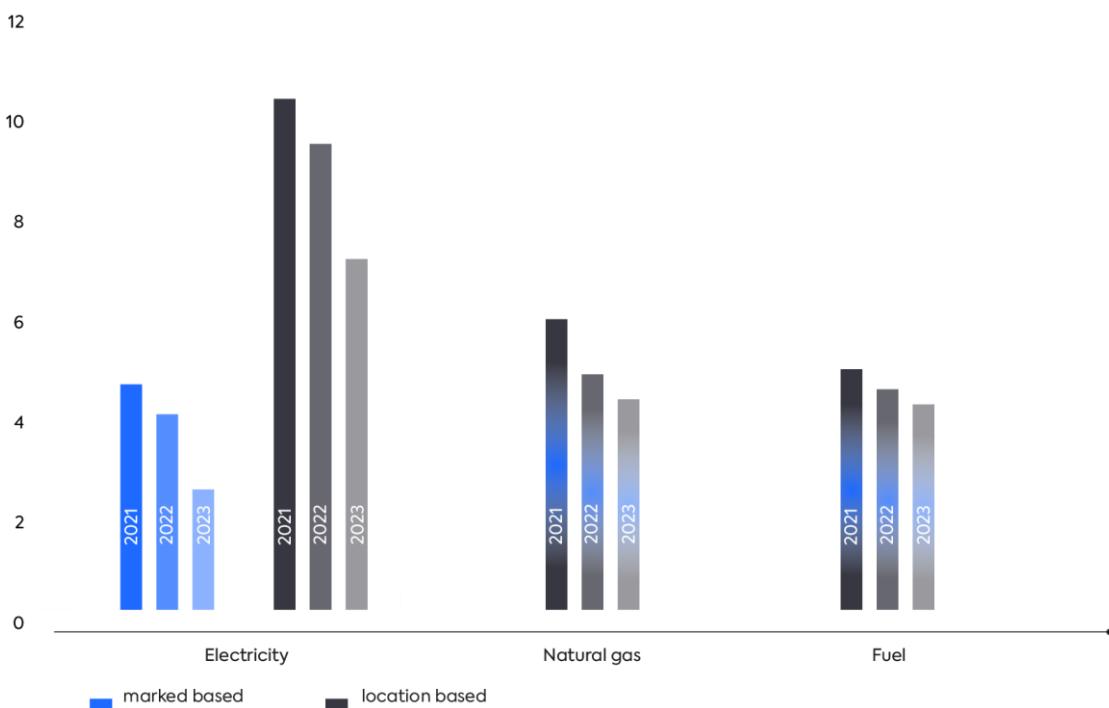
Greenhouse gas performance – One key matter that goes hand in hand with the use of fossil fuels is CO₂e emissions. To be transparent and highlight progress for instance through the use of renewables, we have been reporting our Scope 1 and Scope 2 emissions based on the Greenhouse Gas Protocol (GHG) since the 2021 financial year. The underlying reporting approach serves as our basis for clearly defined measures that will improve our performance.



In view of the lesser relevance of the sales and service units for CO₂e emissions (< 7 % in 2022), as is the case for energy consumption the following results refer to the eight production locations of the technotrans Group.

In 2023 the market-based¹ CO₂e emissions caused by technotrans in Scopes 1 and 2 came to 2,816 t CO₂e (2022: 3,097 t CO₂e), which relative to revenue is a reduction of 17 % to 10.7 t CO₂e per €m (2022: 13.0 t CO₂e per €m). Scope 1 emissions account for 77 % (2,174 t CO₂e) of market-based CO₂e emissions, and Scope 2 emissions for the remaining 23 % (642 t CO₂e). Disregarding the renewable power purchased by technotrans (location-based view), the absolute emissions declined to 4,021 t CO₂e (2022: 4,379 t CO₂e) because according to initial estimates Germany's electricity mix in 2023 was much less CO₂-intensive than in 2022. Specific CO₂e emissions per €m of revenue equally fell by 17 % to 15.3 t (2022: 18.4 t)². In the location-based view, the Scope 1 emissions are responsible for 54.1 % (2,174 t CO₂e) of total emissions and the Scope 2 emissions for 45.9 % (1,847 t CO₂e). The following summary shows the weighting and development of emission sources.

Market and location-based CO₂e emissions in t per €m of consolidated revenue



In the 2023 financial year, technotrans initially internally broadened the scope of reporting to include Scope 3. The project revealed potential for improvement especially in the quality of the data. This potential is to be realised in the 2024 financial year in order to create a suitable data basis for reporting Scope 3 emissions in the coming year.

¹ Market-based: emissions that include individual supply contracts and certificates of origin for power; location-based: emissions based on the electricity mix in Germany (electricity mix in Germany according to Agora Energiewende (2024): Energiewende in Deutschland: Stand der Dinge 2023. Rückblick auf die wesentlichen Entwicklungen sowie Ausblick auf 2024. [Energy transition in Germany: 2023 snapshot. Review of key developments and outlook for 2024.] P. 41)

² Emission factor for the aggregate electricity mix for all technotrans production locations: 126 g/kWh (market-based), 363 g/kWh (location-based)

EU Taxonomy Regulation 2020/852

The goal of the EU Taxonomy Regulation is to classify economic activities consistently across the EU in terms of how they contribute to six defined environmental objectives, based on defined requirements. These environmental objectives are: (1) climate change mitigation, (2) climate change adaptation, (3) sustainable use and protection of water and marine resources, (4) transition to a circular economy, waste avoidance and recycling, (5) pollution prevention and control, and (6) protection of ecosystems. Economic activities are taxonomy-eligible if they make a substantial contribution to attainment of one or more of the six environmental objectives. Over and above the requirements of taxonomy eligibility, economic activities are taxonomy-conforming if they satisfy certain screening criteria. They must then not impede other environmental objectives. Moreover, minimum safeguards must be met. Reportable economic activities comprise revenue, operational expenditures (OpEx) and capital expenditures (CapEx), which are assigned to the above criteria.

Whereas it was merely necessary to report on environmental objectives 1 and 2 in the previous two years, this year reporting also had to cover taxonomy eligibility in respect of the remaining four environmental objectives. The economic activities that contribute towards these four environmental objectives according to the classification of the EU Commission as well as the corresponding technical screening criteria were published in the Annexes to Delegated Regulation (EU) 2023/2486 dated June 27, 2023.

Approach to the determination of key performance indicators

The basis for the reporting below is a reconciliation of the economic activities described in the EU Taxonomy with those of the technotrans Group. This serves as the starting point for discussions with the experts from each area in order to identify those activities for which the technical screening criteria are or may be fulfilled. The experts' assessments were captured accordingly. This mapping and the expert interviews refer to revenue, CapEx and OpEx.

The purpose of many of the products made by the technotrans Group is to reduce energy consumption and therefore also carbon emissions, as well as to enable applications in the area of electric mobility. In the drafting of the EU Taxonomy, mechanical and plant engineering (MPE) was not treated as a separate branch of industry. Some of the products of technotrans can be directly allocated above all to category 3.6 (Manufacture of other low-carbon technologies) of environmental objective 1 from Annex I of EU IR 2021/2139. The allocated products are high-efficiency versions that enable energy and emission savings compared with their standard version.

To identify the potentially taxonomy-conforming products that come under category 3.6, the portfolio was filtered for those solutions that demonstrably produce material efficiency gains and reduce carbon emissions compared with standard systems.

As the technical criteria for economic activity 3.6 from Annex I of Regulation (EU) 2021/2139 require interpretation for them to be usable, ambiguities were addressed according to the following definitions:

- technotrans supplies its customers with individual product solutions. The comparison with the best alternative on the market required by the taxonomy is therefore not achievable. To enable it nevertheless, in each case we compare our standard product versions with our high-efficiency product versions for the same applications.

- The taxonomy requires a material saving in carbon emissions compared with the benchmark but does not define that term more closely. For this purpose it was decided that this saving must be at least 20 % in a comparison of product versions.
- According to the taxonomy, screening must involve a life cycle assessment. Because the standard version and the corresponding high-efficiency version with which it is being compared are extensively identical in design and differ by merely a few components, the comparison of carbon emissions is based only on the components that differ and on the emissions that occur in use from the product versions' difference in energy consumption.

In addition to revenue from products that meet the requirements of category 3.6 in their own right, technotrans **can also show relevant revenue in the area of what are referred to as “enabling activities” under Article 10 paragraph 1 letter i of the Taxonomy Regulation.** Such an enabling activity exists if a technotrans product is used in a larger product system that can in turn itself be allocated to a taxonomy-eligible economic activity. That is the case for various products in the Energy Management area, **for example (see section “Resource-saving products”).**

Revenue was already generated from enabling activities in that area in the 2022 financial year. However due to regulatory ambiguity it was not included under taxonomy-eligible or taxonomy-conforming revenue in the reporting for that year. Now that the EU Commission has addressed and resolved this ambiguity in EU IR 2023/2485 dated June 27, 2023, the applicable revenue is included in the reporting for the 2023 financial year.

Revenue of technotrans that can be classified as enabling taxonomy-eligible or taxonomy-conforming because it is enabling technology can be allocated to the categories 3.18 (Manufacture of automotive and mobility components), 3.19 (Manufacture of rail rolling stock constituents), 3.20 (Manufacture of high, medium and low voltage electrical equipment for electrical transmission and distribution) and 6.14 (Infrastructure for rail transport). To that end revenue from suitable products is broken down and allocated to the relevant category based on target application.

EU IR 2023/2486 dated June 27, 2023, the annexes of which contain the technical screening criteria for environmental objectives 3 to 6, in addition identifies two further economic activities with regard to environmental goal 4 on which technotrans can report taxonomy-eligible revenue for the 2023 financial year. They relate to the categories 5.1 (Repair, refurbishment and remanufacturing) and 5.4 (Sale of second-hand goods) from Annex II of IR 2023/2486.

An examination of taxonomy conformity was mandatory merely for environmental goals 1 and 2 in the 2023 reporting year. This extends beyond taxonomy eligibility and involves meeting further test criteria: technical screening criteria to demonstrate a substantial contribution to the environmental goal in question, DNSH criteria and the criteria for minimum safeguards. With regard to the analysis of the DNSH criteria that follow on from the “substantial contribution” step, it is principally a matter of compliance with statutory requirements at product and location level. While the examination of the DNSH criteria for the environment 2, 3, 5 and 6 is carried out at location level, environmental goal 4 is considered at product level.

For the minimum safeguards criteria, conformity was examined at Group level. Existing compliance management structures within the Group are used to examine and assure compliance, such as the whistleblower system, the binding Suppliers Code, the Code of Conduct for our employees, minimum standards in employment, risk management and supplier audits.

During the internally conducted analysis, contributions to environmental objective 1 “climate protection” and environmental objective 4 “transition to a circular economy” were identified.

Taxonomy-eligible and taxonomy-conforming economic activities

Revenue – The basis is revenue (€m 262.1), as presented in the technotrans Consolidated Financial Statements principally under V. Notes to the Segment Report. It is possible to allocate taxonomy-eligible and taxonomy-conforming revenue to several economic activities.

technotrans makes a significant contribution through the “manufacture of other low-carbon technologies” (economic activity 3.6 pursuant to Annex I of EU IR 2021/2139) with the high-efficiency versions of products that lead to considerable energy savings in operation through the systematic use of performance-controlled components and additionally through the integration of free cooling to support compression cooling in central refrigeration systems. For some efficient product versions, compliance with the criteria as set out in the above interpretations of the technical screening criteria could not be clearly ascertained and for that reason they are identified as merely taxonomy-eligible.

For the economic activities 3.18 (Manufacture of automotive and mobility components), 3.19 (Manufacture of rail rolling stock constituents), 3.20 (Manufacture of high, medium and low voltage electrical equipment for electrical transmission and distribution) and 6.14 (Infrastructure for rail transport) pursuant to Annex I of EU IR 2021/2139 and IR 2023/2485, technotrans makes a significant contribution with enabling technologies in the form of heat management systems.

Through activities in the service area, technotrans contributes to the transition to a circular economy. These activities include repair services and the sale of remanufactured spare parts. The revenues from these activities are taxonomy-eligible pursuant to categories 5.1 (Repair, refurbishment and remanufacturing) and 5.4 (Sale of second-hand goods) from Annex II of EU IR 2023/2486.

Operational expenditures (OpEx) – OpEx within the meaning of the EU Taxonomy (€ 7.7 million) covers expenditure captured in the Consolidated Income Statement that cannot be capitalised, or spending on research and development, building renovation measures, short-term leases, maintenance and repair as well as all other direct expenditure from the repair of property, plant and equipment to keep the taxonomy-eligible assets operational. No direct reference to the income statement is possible. This primarily covers research and development expenditure for currently or foreseeably taxonomy-conforming products (9.1 “Close to market research, development and innovation”). The goals of the research and development projects included were to increase the energy efficiency or the use of low-GWP or natural refrigerants or avoid refrigerants in order to reduce CO₂e emissions over the product life-cycle. There is also the development of solutions for battery-electric rail and road transport. Smaller amounts of expenditure in the area of e-mobility that cannot be capitalised (6.5 “Transport by [...] passenger cars”) also deserve mention.

Capital expenditures (CapEx) – The basis of the economic activities to be analysed comprises additions to both property, plant and equipment and to intangible assets in the amount of € 7.7 million (see also III “Notes to the Balance Sheet, Consolidated Statement of Changes in Fixed Assets”). Taxonomy-conforming capital expenditures are primarily the expenditures to create a charging infrastructure for electric cars at the Sassenberg and Meinerzhagen locations (7.4, Installation [...] of charging stations for electric vehicles [...]) and the acquisition of an electric forklift truck at the production location in Bad Doberan, to replace the diesel-powered forklift truck there (6.5, Transport by [...] light commercial vehicles).

In addition, capital expenditures that improve energy efficiency at our company's locations can be reported in category 7.3 (Installation, maintenance and repair of energy efficiency equipment) from Annex I of IR 2021/2139. The investment in energy-saving LED lighting constitutes such a taxonomy-conforming activity. The completion of the changeover to an energy-efficient heating concept for production halls can also be reported as a taxonomy-eligible investment, pursuant to category 7.3 from Annex I of IR 2021/2139. For the latter, it was not possible to confirm beyond doubt that all requirements had been met, so this investment cannot be reported as taxonomy-conforming.

In addition, the optimisation of the PV system at the production location in Baden-Baden can be reported under category 7.5 (Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings) pursuant to IR 2021/2139 because the measure increased the internal consumption rate of the solar power generated.

The following KPIs as well as the key figures in the following comprehensive reporting forms are correspondingly reduced in line with the descriptions.

Share of revenue from taxonomy-conforming and taxonomy-eligible economic activities

Financial year 2023		Year		Substantial contribution criteria		DNSH criteria ("Does Not Significantly Harm")			
Economic Activities (1)	Code (2)	Turnover (3)	Proportion of Turnover, year 2023 (4)	Circular Economy (9)	Water (7)	Pollution (14)	Climate Change Adaptation (5)	Climate Change Adaptation (5)	Category transitional activity (20)
Text		EUR	%	Y/N	Y/N	Y/N	Y/N	Y/N	Category enabling activity (19)
A. TAXONOMY-ELIGIBLE ACTIVITIES									
Manufacture of other low carbon technologies	CCM 3.6	18.537	7.1%	Y	N	N/EL	N/EL	-	Y
Manufacture of rail rolling stock constituents	CCM 3.19	9.500	3.6%	Y	N	N/EL	N/EL	-	Y
Manufacture of high, medium and low voltage electrical equipment	CCM 3.20	6.815	2.6%	Y	N	N/EL	N/EL	-	Y
Infrastructure for rail transport	CCM 6.14	424	0.2%	Y	N	N/EL	N/EL	-	Y
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A1)		35.276	13.0%	100%	0%	0%	0%	-	Y
Of which enabling		16.739	47.5%	47.5%	0%	0%	0%	-	Y
Of which transitional		0	0%	0%				-	Y
A1 Environmentally sustainable activities (Taxonomy-aligned)									
Manufacture of other low carbon technologies	CCM 3.6	2.127	0.8%	EL	EL	EL	EL	EL	Y
Manufacture of automotive and mobility components	CCM 3.18	2.629	1.0%	EL	EL	N/EL	N/EL	N/EL	Y
Repair, refurbishment and remanufacturing	CE 5.1	18.879	7.2%	N/EL	N/EL	N/EL	EL	N/EL	Y
Sale of second-hand goods	CE 5.4	95	0.0%	N/EL	N/EL	N/EL	EL	EL	Y
Turnover of Taxonomy eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A2)		23.730	9.1%	20.0%	20.0%	0%	0%	80.0%	0%
A. Turnover of Taxonomy-eligible activities (A1+A2)		59.006	22.5%	67.8%	8.1%	0%	0%	32.2%	0%
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES									
Turnover of Taxonomy-non-eligible activities		203.110	77.5%						
TOTAL		262.116	100%						

Share of OpEx from taxonomy-conforming and taxonomy-eligible economic activities

Financial year 2023		Year		Substantial contribution criteria					DNSH criteria ("Does Not Significantly Harm")											
Economic Activities (1)	Code (2)	OpEx (3)	Proportion of OpEx, year 2023 (4)	Mitigation Change (5)	Climatic Change (6)	Adaptation (7)	Water (8)	Pollution (9)	Circular Economy (10)	Biodiversity (11)	Climate Change (12)	Adaptation (13)	Water (14)	Biodiversity (15)	Circular Economy (16)	Minimum Safeguards (17)	Enabling activity (18)	Transitional activity (20)		
Text		EUR		%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T		
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A1 Environmentally sustainable activities (Taxonomy-aligned)																				
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	14	0,2%	Y	N	N/EL	N/EL	N/EL	-	Y	Y	Y	Y	Y	Y	Y	0,0%			
Close to market research, development and innovation	CCM 9.1	428	5,6%	Y	N	N/EL	N/EL	N/EL	-	Y	Y	Y	Y	Y	Y	Y	6,0%			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A1)	442	5,7%	100%	0%	0%	0%	0%	0%	-	Y	Y	Y	Y	Y	Y	Y	6,2%			
Of which enabling	-	0%	0%	0%	0%	0%	0%	0%	-	-	-	-	-	-	-	-	0,0%	E		
Of which transitional	-	0%	0%	0%	0%	0%	0%	0%	-	-	-	-	-	-	-	-	0,0%	T		
A2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
OpEx of Taxonomy eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A2)		0	0%	-	-	-	-	-	-	-	-	-	-	-	-	0,0%				
A. OpEx of Taxonomy-eligible activities (A1+A2)	442	5,7%	-	-	-	-	-	-	-	-	-	-	-	-	-	6,2%				
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
OpEx of Taxonomy-non-eligible activities																				
TOTAL																				

Share of CapEx from taxonomy-conforming and taxonomy-eligible economic activities

		Financial year 2023	Year	Propor-tion of CapEx, year 2023 (4)	Code (2)	CapEx (3)	Substantial contribution criteria			DNSH criteria ("Does Not Significantly Harm")			Category enabling activity (19)	Category transitional activity (20)
Economic Activities (1)	Text						Y/N	Y/N	N/EL	Y/N	Y/N	Y/N		
A. TAXONOMY-ELIGIBLE ACTIVITIES														
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	108	1.4%	Y	N	N/EL	N/EL	N/EL	-	Y	Y	Y	Y	0%
Installation of energy efficiency equipment	CCM 7.3	15	0.2%	Y	N	N/EL	N/EL	N/EL	-	Y	Y	Y	Y	0%
Installation, maintenance and repair of charging stations for electric vehicles	CCM 7.4	58	0.7%	Y	N	N/EL	N/EL	N/EL	-	Y	Y	Y	Y	0%
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5	10	0.1%	Y	N	N/EL	N/EL	N/EL	-	Y	Y	Y	Y	0%
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		191	2.5%	100%	0%	0%	0%	0%	-	Y	Y	Y	Y	7.6%
Of which enabling		-	0%	0%	0%	0%	0%	0%	-	-	-	-	-	
Of which transitional		-	0%	0%					-	-	-	-	-	
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)														
Installation of energy efficiency equipment	CCM 7.3	151	1.9%	El	El	El	El	El	El	El	El	El	El	1.4%
CapEx of Taxonomy eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		151	1.9%	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	1.4%
A. CapEx of Taxonomy-eligible activities (A.1+A.2)		342	4.4%	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	7.6%
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES														
CapEx of Taxonomy-non-eligible activities		7408	95.6%											
TOTAL		7750	100%											

Highlights of 2023 and outlook

Sustainable service – technotrans is increasingly shifting to digitalisation for its service operations. The adoption of augmented reality (AR) headsets permits comprehensive remote service that benefits the environment and customers alike. The technology enables a swift response to many customer issues and therefore saves resources for any travel. Essential call-outs for service engineers are optimised using field service management software that compiles the most time-efficient and economical itinerary.

Electric mobility – Having secured two major contracts for charging infrastructure cooling solutions, technotrans is helping to drive the switch to climate-friendly mobility. For example, ADS-TEC Energy is using technotrans cooling systems for its battery-based ultra-fast charging stations. technotrans also secured a major contract from a leading German technology group for the cooling of rapid-charging cables for use in rapid-charging parks in the United States.

Green hydrogen – The H₂HoWi pilot project, which was run jointly with Westnetz, demonstrates the technical feasibility of converting a natural gas main to purely hydrogen. From the end of October 2022, technotrans had been sourcing hydrogen to heat the Holzwickede location. The project reached a successful conclusion at the end of 2023 and its continuation is planned.

Photovoltaic systems – Our PV system at Baden-Baden was in operation year-round for the first time in 2023. Over 252,400 kWh of green power was generated and used directly on-site. The PV system therefore covers 33 % of total electricity requirements. In accounting terms, including the 119,800 kWh of power fed into the grid, 49 % of electricity requirements were actually met with renewable power. At our location in Brazil, we installed a PV system that will prospectively cover the entire power requirements thanks to the many hours of sunlight.

Circular economy – The switch to 100 % single-grade-recyclable forms of packaging material was achieved at a further location in the past year. Meinerzhagen now joins Sassenberg and Baden-Baden in using sustainable solutions for product packaging. Bad Doberan is currently also in the process of switching to single-grade-recyclable packaging.

Protecting natural resources – The roll-out of the “Digital Only” concept by the Group company gds GmbH across all technotrans locations was completed successfully. Building on the remarkable yearly saving of 1.3 million sheets of paper printed double-sided at Sassenberg alone, the annual saving has now reached 3 million pages.

b) Employee matters, training and qualification

Committed employees with excellent skills are the bedrock of our success. We attach huge importance to targeted promotion and career development to ensure that our specialists and managers progress personally and professionally. We consider attractive development opportunities and a positive corporate culture to be very important. We encourage a work-life balance involving flexible working hours models and opportunities to work from home. Particular emphasis is placed on the training of apprentices at technotrans. We regard this activity as part of our social responsibility and an investment in the future. Apprentices and those on dual study programmes play a substantial part in the further development of our technology company.

Employee structure of the technotrans Group

The following table indicates the employee structure of the technotrans Group:

	2023		2022	
	Number	In %	Number	In %
Employees as of Dec. 31	1,598		1,500	
Employees by segment				
Technology	1,193	74.7	1,123	74.9
Services	405	25.3	377	25.1
Age structure				
Employees up to 20 years	114	7.1	84	5.6
Employees 21 to 30 years	310	19.4	305	20.3
Employees 31 to 40 years	385	24.1	373	24.9
Employees 41 to 50 years	327	20.5	312	20.8
Employees over 50 years	462	28.9	426	28.4
Period of employment				
up to 5 years	760	47.6	694	46.3
6-10 years	269	16.8	245	16.3
11-20 years	272	17.0	268	17.9
21-30 years	229	14.3	226	15.1
over 30 years	68	4.3	67	4.5
Employees by qualifications				
Employees with vocational training	819	51.3	763	50.9
Employees with an academic degree	315	19.7	319	21.3
Employees with an engineering qualification	232	14.5	220	14.7
Employees without qualification	97	6.1	91	6.1
Trainees	135	8.4	107	7.1
Diversity				
Number of male employees	1,287	80.5	1,205	80.3
Numer of female / diverse employees	311	19.5	295	19.7

Demographic change and the growing shortage of skilled labour represent significant challenges for human resources management. To avoid potentially negative consequences for the technotrans Group for instance in the form of unfilled positions, we strive for a consistently high proportion of apprentices. As part of our strategic human resources planning, we have also taken steps to guarantee optimum staffing levels to cover the future growth of the technotrans Group.

We offer our employees and juniors excellent prospects. We give preference to the recruitment of **specialists and management employees from our own ranks and from our Group companies' home regions**. High-potentials are specifically prepared for taking on wider-ranging specialist or managerial tasks through the #ttalents development programme launched in 2022. A further building block was added in the 2023 financial year in the shape of a new trainee programme for university graduates. The initial programme focuses on sales.

The number of apprentices rose significantly by 28 compared with the previous year. At December 31, 2023 the technotrans Group had 135 (previous year: 107) apprentices. The steepest growth occurred at technotrans SE, which had 90 apprentices at the balance sheet date (previous year: 59). The proportion of apprentices across the Group rose to 8 % (previous year: 7 %). The figure of 12 % at technotrans SE represents a significant rise on the prior-year figure of 9 %.

Apprentices are trained in 30 different vocations. To encourage specialist and personal exchanges, we enable our apprentices to take on assignments at different locations. On the one hand this acknowledges the growing importance of collaboration within the technotrans Group in order to achieve the goals of Future Ready 2025, and on the other hand it increases the appeal of our apprenticeships.

We have our own teaching workshops at our manufacturing companies. They include a special electrical training room for apprentices. By attending in-house instruction and training courses in various departments, our apprentices receive the ideal preparation for their future tasks. Our instructors, too, receive regular advanced training to ensure they are always up to speed. 29 apprentices successfully completed their training in the 2023 financial year. Of this total, 27 opted to accept permanent positions at technotrans. The retention rate was therefore 93 % (previous year: 83 %).

We offer former apprentices who have chosen to pursue a course of studies or higher school education the opportunity to work for us out of term. This way of maintaining contact with them puts us in a good position to take them on again after they have completed their studies or further training.

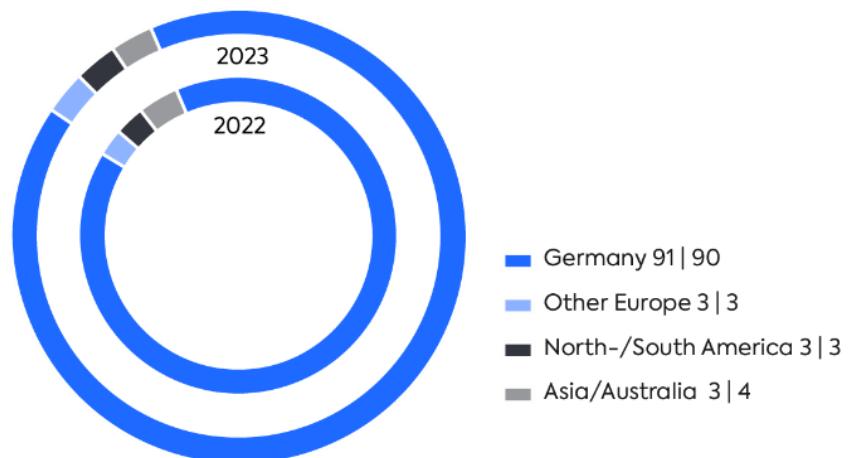
There were comprehensive training courses and further training conducted by internal specialists and external instructors in the 2023 financial year. The goal is to ensure everyone throughout the Group always has access to sound specialist expertise. Employees define their training requirements with their line managers at least once a year. Additional reviews can be arranged at any time. For further-reaching measures Human Resources is brought in to plan tailored professional development. Annual planning talks are held between Human Resources and the heads of department to identify requirements. Priorities are set for the year in progress based on budgets. The measures are then assessed at the next evaluation. Employees of technotrans SE and gds can access the full spectrum of human

resources development opportunities through a structured online training catalogue (“technotrans Campus”). Work is in progress to make it available Group-wide through a new application.

Human resources development is a major component of the Future Ready 2025 strategy. As a strategic ESG target, it was therefore specified that human resources spending should therefore rise by 5 % annually. An increase of around 46 % compared with the base year 2019 means that we have already easily exceeded the strategic goal for 2025.

The regional composition of our workforce remained virtually unchanged from the previous year. In light of our Future Ready 2025 strategy, the proportion of employees at our international locations is likely to rise in the medium term.

Composition of Group workforce by location, 2023/2022 (%)



Employee structure of technotrans SE

The following table indicates the employee structure of technotrans SE. It differs from the summary in the HGB annual financial statements.

	2023		2022	
	Number	in %	Number	in %
Employees as of Dec. 31 ¹	771		676	
Employees by segment				
Technology	640	83.0	560	82.8
Services	131	17.0	116	17.2
Age structure				
Employees up to 20 years	77	10.0	51	7.5
Employees 21 to 30 years	177	23.0	160	23.7
Employees 31 to 40 years	162	21.0	149	22.0
Employees 41 to 50 years	146	18.9	132	19.5
Employees over 50 years	209	27.1	184	27.2
Period of employment				
up to 5 years	422	54.7	329	48.7
6-10 years	100	13.0	97	14.3
11-20 years	108	14.0	103	15.2
21-30 years	114	14.8	122	18.0
over 30 years	27	3.5	25	3.7
Employees by qualifications				
Employees with vocational training	410	53.2	365	54.0
Employees with an academic degree	130	16.9	124	18.3
Employees with an engineering qualification	102	13.2	94	13.9
Employees without qualification	39	5.1	34	5.0
Trainees	90	11.7	59	8.7
Diversity				
Number of male employees	625	81.1	548	81.1
Numer of female / diverse employees	146	18.9	128	18.9

Health management

Promoting the health of our employees is a major priority for us. Our active health management seeks to ensure that our employees perform well along the entire process chain. The occupational health service conducts the check-ups required by law on a regular basis. technotrans employees have the option of free flu vaccinations and enjoy employer-financed supplementary dental insurance. technotrans also offers leasing of bikes for its employees. This healthy mobility option has been enthusiastically received: 235 lease agreements had been taken out as of December 31, 2023. Employees also receive special terms for gym membership and can take part in company runs –a both healthy and sociable activity.

Remuneration and employee rights

Employees are remunerated in line with the market; remuneration comprises fixed and variable components that are standardised across the domestic locations. Employees are placed in specific remuneration bands depending on position and grade, also taking into account how well the targets agreed with their line manager have been achieved. Managers receive an individually agreed bonus that is based in equal parts on the attainment of company targets and on their personal performance. Annual pay increases for the entire workforce are negotiated between the Board of Management, management (of subsidiaries) and Works Council based on the business performance of the technotrans Group. We additionally offer certain fringe benefits on a location-by-location basis to reflect local circumstances and options. There were remuneration adjustments in the 2023 financial year to help employees absorb some of the burden of higher inflation in 2022.

Safety at the workplace for our employees is among our priorities. It is a matter of course that we observe all applicable statutory regulations regarding industrial, operational, occupational and fire safety as well as environmental protection. Our occupational safety specialists support our management employees on hazard assessments at each location so that workplaces are at all times guaranteed to be safe, healthy and state-of-the-art. Managers are moreover responsible for ensuring that employees comply with all the relevant provisions. Every employee receives instruction on the guidelines as part of training that is repeated regularly.

The premises and manufacturing processes at our production locations are by their very nature varied. We have accordingly developed individual safety concepts. These ensure that the relevant statutory requirements are complied with and include quarterly meetings of the industrial safety committee. The meetings are attended by the occupational safety officer, the medical officer, members of the Works Council, safety officers and a representative of the company management. To maintain a constant sharing of insights, we hold scheduled or impromptu site inspections and meetings with first responders and with fire and safety officers. The aim of these activities is to identify potential hazards early on and take preventive action.

The interests of employees are represented by the Works Council and Group Works Council. The Group Works Council comprises two members of each of the Works Councils of technotrans SE at the Sassenberg and Bad Doberan locations, technotrans solutions GmbH, technotrans Systems GmbH and gds GmbH. Its members regularly discuss employee matters at the domestic Group companies. Among other things they draw up cross-site, standard agreements for the Group. The Works Council of technotrans SE currently comprises ten members from the Group Works Council and three members from the European branches. This committee draws up employee-related agreements at European level. A professional, non-discriminatory dialogue between the employee representatives and

management is part and parcel of the corporate culture at technotrans. Openness and trust are hallmarks of cooperation. The declared aim is to strike an equitable balance of interests between employees and employer.

Equal opportunities, diversity and work-life balance

The Group's corporate culture ensures that no discrimination of any kind is tolerated against persons based on factors such as age, nationality, skin colour, gender, religion, social background or disability. We adopt a zero-tolerance stance towards any such misconduct at the workplace. Human resources decisions on appointments, promotions, remuneration and dismissals are always reached in accordance with these principles. We value the diversity of our workforce. It is a hallmark of our corporate culture that we treat each other openly, fairly and respectfully – principles that are firmly anchored in our global Code of Conduct and are put into practice on a day-by-day basis. We steadily develop the aspects equity, diversity and inclusion, or EDI for short.

At technotrans SE, there were employees of 20 different nationalities at the Sassenberg, Bad Doberan and Steinhagen locations at December 31, 2023. 39 nations were represented across the Group. We believe this yields a diversity of experience and working styles that enriches the innovative capability of the technotrans Group.

One important priority among our diversity initiatives is to promote an appropriate proportion of women to specialist and management positions. The proportion of women in the overall workforce was 19.46 % across the Group. This meant the target figure of at least 20 % according to the Future Ready 2025 strategy was just missed. The proportion of 1st and 2nd tier female managers was 8 % and 14 % respectively at the end of the financial year.

As an employee-friendly operation, we actively help our employees to strike a balance between their work and private sphere. To that end, we offer flexible working hours models such as flexitime, a range of part-time options and scope to work from home. These enable us to respond to the needs of each individual employee. Around 12 % of all employees across the Group work part-time, and home-working opportunities are also readily taken up. technotrans has teamed up with a municipal day care centre to provide childcare for parents at the Sassenberg location.

The satisfaction and motivation of our employees are crucial to the long-term success of the Group. Open, amicable and fair communication between management and workforce is firmly embedded in our corporate culture. Our human resources policy aims to promote that culture and further enhance the attractiveness of the technotrans Group as an employer in order to ensure there are always enough qualified specialists within the company.

technotrans conducted an employee survey at its German locations in the 2023 financial year to identify possible areas for improvement and gauge the level of satisfaction among the workforce. 1,037 employees took part in the survey; this was a response rate of around 77 %. Overall, we detected a pleasingly high level of satisfaction and identification with the company among employees across all locations. The feedback on the areas Work, Team & Cooperation and Responsibility & Diversity was especially positive. The survey also covered aspects such as Framework Conditions, Further Training,

New Work, Leadership, Organisation and Health. Employees can now get involved in workshops to develop their working environment collaboratively.

If an employee hands in their notice, we for instance hold an exit interview with them. Our goal is to identify the causes of fluctuation and address them swiftly. The fluctuation rate for the Group as a whole was around 7 % in 2023.

At December 31, 2023 there were 1,598 (previous year: 1,500) employees in the technotrans Group. This represents an increase of around 7 % on the previous year. technotrans SE had 754 (previous year: 676) employees at the balance sheet date, representing an increase in personnel of around 12 %.

c) Social matters

technotrans attaches considerable importance to data protection and data security. The spread of digitalisation and connectivity goes hand in hand with tougher statutory requirements. Upholding data privacy laws is a key basis for cooperation with our employees and business partners. We regard it as a given that our IT systems implement the law, including GDPR, in a compliant manner. We collect, save and process personal data exclusively for its intended purpose and in keeping with the applicable laws.

As a medium-sized company with an international network, we are also committed to our community. We therefore get involved at our various locations in community projects and initiatives. In the 2023 financial year these included the involvement of apprentices from the Sassenberg location in Social Day 2023 and the collaboration of the Baden-Baden location with Lebenshilfe WDL Nordschwarzwald counselling centre and the Murgtal Werkstätten workshops for people with disabilities. These activities emphasise our strong ties with the regions in which we want to conduct business operations over the long term. Our social engagement varies from location to location and involves both strategic partnerships and individual projects for employees. Social commitment activities are handled on a regional basis, in close consultation with Group headquarters. Our engagement also included making a donation to German Cancer Aid.

technotrans **systematically seeks to recruit new employees based at the company's locations. In partnership with federations and regional schools and colleges, we organise regular events to promote juniors in technical disciplines and support them with the process of making their career choices. We seek to promote interest in MINT subjects (mathematics, information technology, natural sciences, technology) through various initiatives and projects. We also offer approved student internships to young people as an opportunity to gain an insight into the world of work. These internships for career orientation are offered regularly during school holiday. The same approach is taken to vocational fact-finding days, where school students can get to know the wide range of vocational qualifications available within the technotrans Group.**

d) Respect for human rights

Equal opportunities, equal rights, fairness as well as mutual acceptance and tolerance are fundamental principles of the technotrans **Group's corporate culture. We appreciate diversity both within our organisation and among our business partners. Our goal is to ensure that all employees of the technotrans Group operate in line with internationally recognised human rights and the principal labour and social standards.**

We actively advocate the protection of human rights and uphold compliance with labour standards. We emphatically reject child and forced labour. Through our membership of the UN Global Compact (UNGC) and by enshrining the UNGC principles in our Code of Conduct, we bind all technotrans employees worldwide into these rules. The implementation of national standards is the responsibility of local management, which is reviewed regularly. All Group-wide directives on labour standards and human rights were complied with in the 2023 financial year.

Nor do we accept human rights abuses by service providers and suppliers. New suppliers of technotrans SE have to complete a standardised clearance process that requires positive ratings for the compliance code for suppliers, compliance with working conditions and social standards, and also environmental protection requirements. This process is also implemented in a similar form by our subsidiaries. Correspondingly, there are uniform criteria across the Group for purchasing processes.

We therefore require our direct suppliers to make their upstream suppliers aware of our requirements and oblige them to comply with our compliance code. Our ongoing aim remains to achieve transparency and compliance along the entire supply chain. However the high number of suppliers and sub-suppliers means we have only limited scope to supervise or scrutinise the preceding stage of the supply chain. Because no direct contractual relationship exists with suppliers further upstream, there is only indirect scope for intervening. We are reporting based on German LkSG from the start of the 2024 financial year. As outlined in the Sustainability Management section, we have developed our own software to check compliance with the legal requirements.

Compliance with appropriate environmental standards and implementation of occupational safety measures at our suppliers are assessed and documented through regular on-site audits.

e) Combating of corruption and bribery

Relationships with our business partners are based on quality, reliability, competitive prices and compliance with ecological and social standards. Systematic compliance with these standards by all employees is a major factor in technotrans' **excellent reputation in procurement and sales markets**. It also plays a significant role in our continuing ability to acquire new customers.

To protect the technotrans Group against potential losses, we maintain transparency and implement internal control mechanisms. Strict compliance with our anti-corruption guideline – which is valid company-wide and mandatory – plays a crucial role in what is an integral part of our compliance management system. Our employees are under an obligation to notify the relevant manager immediately of any form of actual or attempted bribery. In cases of doubt, the Legal & Compliance department or the Group Board of Management should be contacted.

Contractual provisions that depart from the norm and special blanket agreements must fundamentally be cleared by the Legal & Compliance department and documented. By way of preventive anti-corruption measures, we run internal training courses to provide instruction on how to recognise and meet these and other compliance requirements, which are tested on a random basis. In addition, a Group-wide signatory policy that foresees exclusively joint authorisation prevents illegal dealings. No cases of corruption came to our attention in the 2023 financial year. Compliance with the anti-corruption principles based on the statutory requirements is monitored worldwide throughout the Group. The Group has a firmly embedded whistleblower system that is in line with the current statutory EU regulations.

Across the Group, all new employees are comprehensively familiarised with the applicable compliance regulations on their first day at work. Employees must also complete regular refresher training courses. This training is delivered Group-wide through a workplace training app. This approach upholds integrity and compliance with the law throughout the Group at all times without restriction.

Strategic sustainability goals

The level of target attainment of the strategic sustainability goals in the 2023 financial year is summarised in the following table:

ESG-criteria	Description	Target / KPI	Status 2023
1. Electricity	Use of renewable energies	share 2025: 100 % „green power“	67 % renewable power
2. Vehicle fleet	Reduced revenue-related fuel consumption	Reduction of 5% p.a. on average	22,6 % reduction compared to base year 2019
3. Diversity	Continuous upholding of the group wide share of female / diverse employees (HC)	min. 20%	Share on Dec. 31, 2023: 19.5 %
4. Personnel development	Increase of expenses	Increase of 5% p.a.	46 % increase compared to base year 2019, target for 2025 exceeded
5. Reduction of packaging waste	Sole use of single-origin recyclable packaging material	share 2025: 100%	3 out of 7 sites converted ¹

¹ The leased production location Steinhagen is not included

Overview of selected sustainability key figures:

	Indicator	EFFAS Indicator	Unit	2021	2022	2023	YOY
Environment	Energy consumption*						
	Energy consumption, total	EO1-01	MWh	15,606	15,162	15,119	0%
	Energy per turnover		MWh/m€	74	64	58	-10%
	Gas		MWh	6,581	6,077	5,973	-2%
	Fuel		MWh	3,827	3,963	4,061	2%
	Electricity		MWh	5,198	5,122	5,085	-1%
	thereof GoO "EU-Wind and PV-power"**		MWh	1,900	2,065	2,920	41%
	thereof PV-power, production		MWh	81	203	451	123%
	Greenhousegas emissions*						
	location-based CO ₂ e-emissions scope 1 and 2	EO2-01	t CO ₂ e	4,385	4,379	4,021	-8%
	market-based CO ₂ e-emissions scope 1 and 2		t CO ₂ e	3,183	3,097	2,816	-9%
	market-based CO ₂ e-emissions scope 1 and 2 per turnover		t CO ₂ e/m€	15.1	13.0	10.7	-17%
	average greenhouse gas potential of refrigerants		GWP	1,115	1,000	1,065	6%
	Waste and water*						
	Waste, total	EO4-01	t	1,143	973	1023	5%
	Waste per turnover		t/m€	5.4	4.1	3.9	-5%
	Share of material recycling	EO5-01	%	-	78	75	-
Human	Water, total		m ³	8,884	7,797	8,916	14%
	Water per turnover		m ³ /m€	42	33	34	4%
	Products						
	operational life of products		years	> 15	> 15	> 15	-
	Recyclability of products		%	> 95	> 95	> 95	-
	Employee structure						
	Age structure	SO3-01					
	up to 20 years		FTE	3	2	4,5	125%
	21-30 years		FTE	223	235	245,3	4%
	31-40 years		FTE	346	337	362,2	7%
Process	41-50 years		FTE	294	292	314,3	8%
	from 51 years		FTE	380	407	438,6	8%
	Female/diverse employees in the group	S10-01	%	18,5	17,7	17,8	1%
	Female managers in the Group (first and second management level)		%	11,4	12	12	0%
	Trainees in the Group***		number	104	107	135	26%
	Fluctuation		%	8	7	7	9%
	Employee health						
	Sickness rate as a percentage of total working hours		%	6	6	5,6	-7%
	Employee qualification						
	Employees in the Group who have received the technotrans Code of Conduct		%	100	100	100	-
Social	Qualification, education and training	SO2-02	€/FTE	332	403	411	2 %
	Supply chain						
	Percentage of suppliers assessed for compliance with ESG criteria	SO6-01	%	100	100	100	-
	Percentage of suppliers audited for compliance with ESG criteria	SO6-02	%	100	100	100	-
	Corporate Governance						
	Payments to political parties	GO1-01	%	0	0	0	-
	Penalties for anti-competitive practices	VO1-01	€	0	0	0	-

* Production facilities Germany (Sassenberg, Meinerzhagen, Baden-Baden, Bad Doberan, Holzwickede), Taicang and Mt. Prospect

** Adjusted value for 2020

*** Figures incomplete, retrospective determination not possible

Corporate Governance Declaration pursuant to Sections 289f, 315d German Commercial Code (HGB)

The Corporate Governance Declaration in accordance with Section 289f HGB and Section 315d HGB contains the disclosures in accordance with Section 289f (2) HGB and in particular the Declaration of Compliance with the German Corporate Governance Code (GCGC), notes on the publication of the Remuneration Report and remuneration system and of the Independent Auditor's Report pursuant to Section 162 AktG and notes on the remuneration resolution, relevant disclosures on corporate governance practices, information on the management and control of the company, the description of the modus operandi of the Board of Management and Supervisory Board as well as of their composition and the modus operandi of Supervisory Board committees, the specified targets according to Section 76 (4) and Section 111 (5) AktG and the disclosures on attainment of the targets as well as a description of the diversity concept pursuant to Section 289f (2) No. 6 HGB.

The Corporate Governance Declaration in accordance with Section 289f HGB and Section 315d HGB as presented below is also posted on the company's website under the menu item Company/Corporate Governance.

Fundamentals of corporate governance

General disclosures on the company and the governing bodies

technotrans SE is a German company with the legal form of a European Company (Societas Europaea) with its registered office in Sassenberg, North Rhine-Westphalia. It is entered on the Commercial Register of the Local Court of Münster under HRB 17351. technotrans SE is listed on the stock exchange and its reporting reflects the transparency requirements of the Prime Standard of the Frankfurt Stock Exchange.

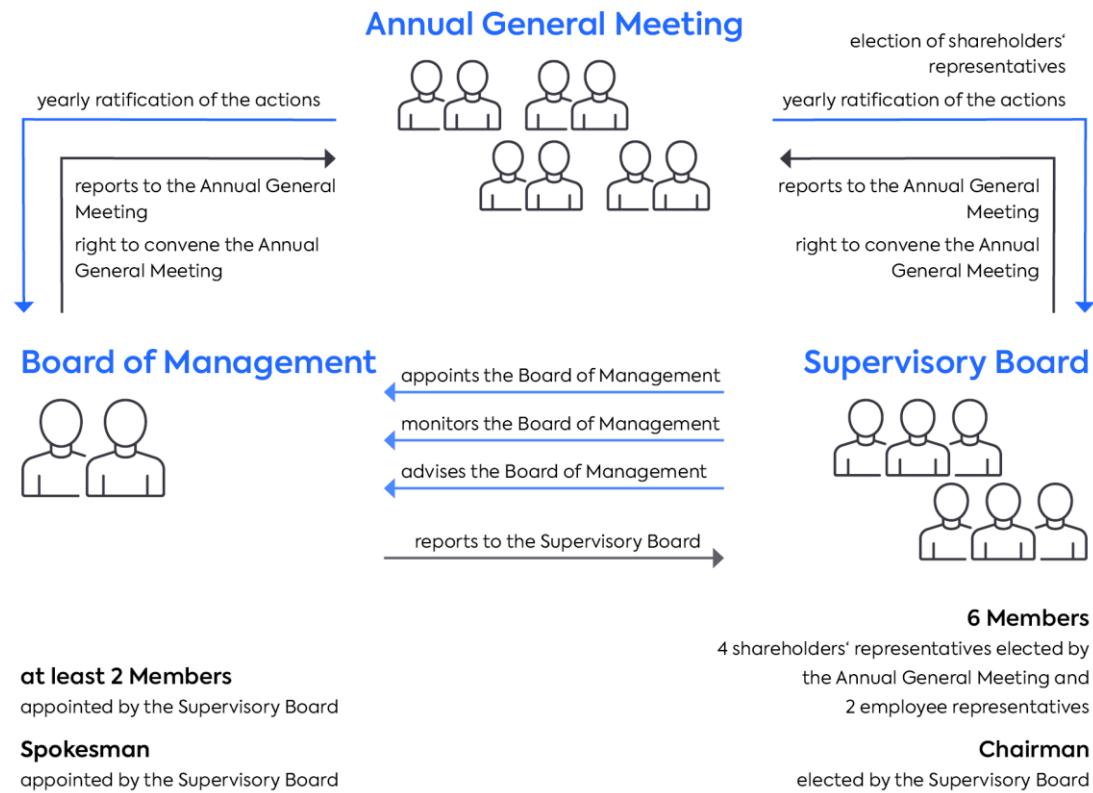
The purpose of the company pursuant to its Articles of Association includes the development, manufacture, construction, sale, installation, repair and servicing of technical plant, systems and components, the trading in such plant, systems and components, and the provision of maintenance and other services, including technical services. technotrans SE may also set up branches, establish subsidiaries or acquire identical or similar companies, or invest therein.

technotrans SE has a dual-board management structure comprising Board of Management and Supervisory Board. The Board of Management is responsible for the operational management of the company. The Supervisory Board performs a supervisory role. Both boards work together on a basis of trust in the interests of technotrans SE and the technotrans Group.

The Articles of Association can be accessed on the company's website.

The Board of Management has set up an Internal Control and Risk Management System within the Group. From dealing with internal control and risk management, the Board of Management is not aware of any circumstances that suggest the system is not adequate or effective. Independent supervision of the Internal Control and Risk Management System is performed by the Supervisory Board. The adequacy and effectiveness of areas of the Internal Control System are also examined by independent external auditors.

The governing bodies of technotrans SE



Corporate and Group structure

technotrans SE is an operationally active Group parent. The Consolidated Financial Statements currently cover a total of 15 companies.

Declaration of Compliance Pursuant to Section 161 of the German Stock Corporation Act (AktG)

Corporate governance means a responsible form of management and control of companies in a manner that strives for long-term value creation. This especially includes purposeful, effective collaboration between the Board of Management and Supervisory Board, regard for the interests of shareholders and employees, openness and transparency in corporate communications, and the suitable handling of risks.

The Board of Management and Supervisory Board consider themselves obliged to protect the company as a going concern and create value sustainably. Our corporate bodies believe sound corporate governance is an essential component of sustained corporate success. Responsible, value-led corporate management and transparent corporate information are important elements in every area of the company. Corporate governance at technotrans SE takes the recommendations of the GCGC, in each case as amended, as its benchmark.

On December 15, 2023 the Board of Management and Supervisory Board issued the following Declaration of Compliance pursuant to Section 161 AktG on the basis of GCGC as amended on April 28, 2022:

“Since December 16, 2022 (publication of the previous Declaration of Compliance) and going forward, technotrans SE has complied and will comply with the recommendations of the German Corporate Governance Code (GCGC) as amended on April 28, 2022 (announced in the Federal Gazette on June 27, 2022) with the exception of the following departures:

[Article B.1 \(Composition of the Board of Management; diversity\)](#)

GCGC recommends in Article B.1 of its current version that the Supervisory Board also heed diversity in the composition of the Board of Management, with the company particularly taking the recommendation to mean that women are to be adequately represented. The Supervisory Board still considers that a particular gender is not an attribute that would specially qualify a female or male candidate for a particular position as a primary consideration. When deciding on the appointment of new members of the Board of Management, the emphasis will therefore be placed on the personal and professional qualifications of the candidates and not on the secondary consideration of gender. **The Supervisory Board’s options and decisions when appointing new Board of Management members** would otherwise be severely limited. The Supervisory Board also takes this approach as its basis in specifying the targets for the proportion of women on the Board of Management in accordance with Section 111 (5) of the German Stock Corporation Act in conjunction with Article 9 (1) letter c) (ii) of the SE Regulation. A departure from Article B.1 of GCGC is therefore declared.

[Article C.1 \(Composition of the Supervisory Board; skills profile\) – temporarily](#)

Pursuant to Article C.1, the GCGC recommendations include disclosing the implementation status of the profile of skills in the form of a qualification matrix in the Corporate Governance Declaration. The company implemented this recommendation, which took effect in June 2022, for the first time with the publication of the Corporate Governance Declaration in the 2022 Annual Report on March 16, 2023. It is to be retained in the future. The temporary departure from the recommendations pursuant to Article C.1 therefore already ceased to apply at the time this new Declaration of Compliance was made for the present and future.

[Article D.3 \(Supervisory Board committees; expertise within the Audit Committee\) – temporarily](#)

Pursuant to Article D.3 of GCGC, since the GCGC update in 2022 it has been recommended that the members of the Audit Committee who have expertise in the fields of accounting and auditing be named in the Corporate Governance Declaration. Further details of their expertise in the areas mentioned should also be provided. The company also implemented this recommendation with the publication of the Corporate Governance Declaration in the 2022 Annual Report on March 16, 2023. This temporary departure therefore likewise ceases to apply in the future.

A merely temporary departure in respect of Article D.3 arose through the resignation with effect from August 31, 2023 of Supervisory Board member Sebastian Reppegather, who as a member of the Audit Committee had been appointed for his expertise in the field of accounting. With his exit, the position of member with expertise in the field of accounting was temporarily not filled. This temporary departure has ceased to apply with the appointment by court order dated September 29, 2023 of Mr Florian Herger, who equally possesses this specialist knowledge, and then the immediate election of Mr Herger to the Audit Committee on October 25, 2023.”

The versions of the Declaration of Compliance as amended as well as previous versions are available [on the company's website](#).

Remuneration of governing bodies

The current remuneration systems of the Board of Management and Supervisory Board comply with the recommendations of GCGC. They were approved by the Annual General Meeting on May 7, 2021. The Remuneration Report for the 2022 financial year was approved by the Annual General Meeting on May 12, 2023.

The Remuneration Report in each case for the previous financial year within the meaning of **Section 162 AktG, the Independent Auditor's Report pursuant to Section 162 AktG, the current remuneration system of the Board of Management pursuant to Section 87a (1) and (2) first sentence (1) AktG**, the most recent resolution of the Annual General Meeting on Supervisory Board remuneration pursuant to Section 113 (3) AktG and Remuneration Reports for past financial years from 2021 can be accessed on the technotrans website pursuant to Section 162 (4) AktG.

Board of Management

Composition of the Board of Management and diversity

In accordance with the Articles of Association of the company, the Board of Management of technotrans SE comprises at least two members. One of them may be appointed Chief Executive Officer. The Board of Management currently has the three members Michael Finger (CEO), Peter Hirsch (COO and CTO) and Robin Schaede (CFO).

Michael Finger is appointed to the Board of Management of technotrans SE until December 31, 2026, Peter Hirsch until December 31, 2025 and Robin Schaede until November 30, 2025.

Michael Finger, DOB 1970, Engineering graduate in Mechanical Engineering, is responsible for the Sales, Marketing, Service, Quality Management and Sustainability areas, as well as Investor Relations. Having held various senior positions at major international companies in the automotive supply industry, Finger possesses comprehensive expertise particularly in the domain of strategic corporate governance and sales.

Peter Hirsch, DOB 1972, Engineering graduate in Mechanical Engineering, is responsible for the Technology, Development, Production, Procurement, Logistics and HR areas. Based on his scientific work and various senior positions at mid-corporate businesses in the refrigeration technology sector, Hirsch

has comprehensive expertise particularly in operational business management and lean management.

Robin Schaede, DOB 1975, Master of Science in International Business Studies, is responsible for the Finance & Controlling, IT and Legal & Compliance areas. From his many years as CFO at a variety of companies, Schade has extensive international expertise in the finance, controlling, internal audit and tax areas.

The Supervisory Board considers that the present composition of the Board of Management satisfies the diversity concept currently in place for technotrans SE, with its particular focus on expertise and experience. The Supervisory Board sees diversity among senior management as a key aspect for the development of the company. In that connection it would like to actively promote especially the proportion of women in leadership positions. That includes appointing female candidates with the right personal and professional skills to the Board of Management. The Supervisory Board furthermore aims to appoint a woman to the three-member Board of Management during the currently applicable implementation period from July 1, 2022 to June 30, 2027 if a new member needs to be appointed. The target for the proportion of women on the Board of Management is therefore 33.3 % by June 30, 2027 (one Board of Management member). Achieving this target is dependent on any such vacancy and the availability of a suitable female candidate who is available to take up such a position in the near term.

Long-term succession planning for the members of the Board of Management is laid down by the Supervisory Board on the basis of an intensive dialogue between the Board of Management and Supervisory Board. As part of its long-term succession planning, based on the recommendations of the German Corporate Governance Code and in keeping with the statutory regulations the Supervisory Board has adopted job profiles for members of the Board of Management that are designed to assure an appropriate composition of that management body.

When appointing to Board of Management positions, the Supervisory Board takes account of the following aspects in particular:

- Supplementary knowledge: when a new appointment needs to be made, it is necessary first to check what required professional knowledge is missing from the Board of Management or needs to be improved. Candidates who possess this professional knowledge are to be identified.
- Diversity: for diversity in the composition of the Board of Management, the Supervisory Board seeks a variety of professional and international experience as well as a suitable proportion of women.
- International character: at least one member of the Board of Management should have particular international experience.
- Balanced age structure: breadth of life experience in line with age should be considered when selecting candidates.
- Professional experience and expertise: the members of the Board of Management are to bring a range of professional experience and expertise. This should comprise both professional training and specialist experience at various companies and in various positions over their career.

- Age limit: a candidate for the Board of Management may be appointed up until to their 65th birthday.

At regular intervals the Supervisory Board examines to what extent the Board of Management members meet the above criteria, whether the composition of the Board of Management as a whole is suitable and whether the targets in the job profile are still appropriate.

Ultimately the Supervisory Board decides which candidate to choose for the Board of Management position based on the interests of the company and after due consideration of the particular case.

Modus operandi of the Board of Management

The Rules of Procedure for the Board of Management lay down the specific tasks of the Chief Executive Officer, which matters are to be addressed by the Board of Management as a whole, what decision-making process is followed, what majority is required for individual decisions and for which measures and transactions the prior consent of the Supervisory Board needs to be obtained. The portfolios of the individual Board of Management members are specified in the schedule of responsibilities. The Board of Management normally holds an in-person meeting each week. The Board of Management may also vote on matters away from in-person meetings or by circulation procedure.

The Board of Management and Supervisory Board of technotrans SE work together to the benefit of the company. The Board of Management submits regular, comprehensive reports to the Supervisory Board on the current business performance, the corporate strategy as well as possible risks. Furthermore, the Board of Management regularly informs the Supervisory Board Chair of current developments.

The principles that apply within the company are also implemented on the basis of existing programmes and management systems. The most senior management body of the technotrans Group below the Board of Management is the Executive Board. On behalf of the whole Group and across all locations, it advises the Board of Management and drafts proposals on the ongoing development of the strategy, structure and culture of the technotrans Group. It comprises the managing directors of the German Group companies technotrans solutions GmbH, technotrans systems GmbH and gds GmbH, the local head of the technotrans SE permanent establishment in Bad Doberan, the international Head of HR, the international Head of Services, the Head of Group Accounts, the international Head of Purchasing, the Head of Sales for technotrans SE and the Head of Group Controlling. The committee meets at least six times a year. Other management bodies are the Global Management Board, which meets one to two times a year, as well as other specialist management bodies which conduct specialist dialogues on an ad hoc basis.

Corporate governance practices

Information on the activities and decisions of the Board of Management appears regularly in the form of annual reports, interim reports and quarterly communications. The publication dates of this publication can be found in the Financial Calendar on the technotrans website at:

<https://www.technotrans.com/en/investor-relations/financial-calendar.html>

technotrans also issues press releases and ad hoc announcements to report on events within the Group that are relevant for the capital market. In addition, employees receive information in employee meetings and through the intranet.

Sustainably economic, ecological and socially responsible activity in keeping with applicable law is an indispensable element of entrepreneurial culture for technotrans and an integral part of its corporate strategy. technotrans regularly updates stakeholders on the current status and relevance of sustainability. A report is also published in the form of a Combined Non-Financial Statement (CSR report) in accordance with the regulations of Sections 289b-e HGB on the Non-Financial Statement, and of Sections 315b-c HGB on the Non-Financial Group Statement. Pursuant to Section 315b (1) sentence 2 HGB this Non-Financial Statement applies both to technotrans SE and to the technotrans Group, and is published annually as part of the Combined Management Report.

Employees are also actively encouraged to embrace sustainability in their day-to-day actions. technotrans is a member of the UN Global Compact and has incorporated its principles into the technotrans Code of Conduct, which is binding for all employees worldwide. This document constitutes the corporate compliance guideline at Group level. It defines standards on how all employees should deal with each other and on how to behave towards external stakeholders such as customers, suppliers, government agencies and business partners. It also contains important regulations on compliance with employment standards, data protection, IT security, anti-corruption, competition law, money laundering legislation and environmental protection. As such, it constitutes an important tool for governance and for implementing the sustainability strategy. The current version can in each case be accessed on the technotrans website at:

<https://www.technotrans.com/company/corporate-governance/compliance>

To ensure compliance with statutory requirements and voluntarily adopted principles, the technotrans Group uses an effective compliance management system, which is certified according to DIN ISO 19600. The Board of Management bears overall responsibility for it. The managing directors/general managers of the national and international Group companies have likewise committed to uphold it. They are supported in their efforts by local compliance officers. This permanently guarantees the uniform management and control of Group regulations as well as compliance with statutory requirements and voluntary commitments at all locations.

A further major component of the sustainability strategy is the Group-wide Risk Management System based on DIN ISO 31000. This helps employees and managers to identify and respond to potential opportunities and risks early on. It involves regular, prompt reporting to the Board of Management, among other things.

Board of Management remuneration and securities transactions

On February 2, 2021, with the approval of the Annual General Meeting on May 7, 2021, the Supervisory Board resolved a new remuneration system for the Board of Management members that meets the requirements of the Shareholder Rights Directive Implementation Act (ARUG II) and takes account of the recommendations of GCGC. The remuneration system comprises a fixed basic salary, short term incentives (STI), long term incentives (LTI) and variable remuneration components, the latter linked directly to the share price. Further details of the features of the remuneration system and the actual

level of total remuneration are provided in the Remuneration Report, which is available on the technotrans website at the following address:

<https://www.technotrans.com/company/corporate-governance/remuneration-board-of-management-supervisory-board>

According to Article 19 of the EU Market Abuse Regulation, the members of the Board of Management are obliged to make a public declaration if they acquire or sell shares in technotrans SE with a total volume of € 20,000 or more within one calendar year. In the 2023 financial year Michael Finger acquired a total of 2,300 technotrans shares for a total price of € 59,710.00. Peter Hirsch purchased 2,400 technotrans shares for a total price of € 60,442.45. The securities portfolios of the Board of Management members are stated in the Annual Report.

There were no advance payments and/or loans to Board of Management members in the 2023 financial year. Nor did the company enter into any contingent liabilities on their behalf.

Mandates held by Board of Management members at other companies

No member of the Board of Management currently holds mandates for governing bodies of other companies outside the technotrans Group.

Please refer to the technotrans website for current information on this matter.

Supervisory Board

Composition and diversity of the Supervisory Board

The Supervisory Board of technotrans SE comprises six members. In accordance with the company's Articles of Association and the agreement between the company and the shareholders following the completion of the modifying conversion in 2018, it comprises four representatives of the shareholders and two employee representatives.

Information on the members of the Board of Management is available on the technotrans website. This includes particulars of their professional background, the year and period of appointment, other mandates outside technotrans SE, membership of committees and information on professional knowledge.

The target for the proportion of women on the Supervisory Board is 33.3 % by June 30, 2027. For the six-member Supervisory Board, this corresponds to two women members. Currently there is one female member of the Supervisory Board. The proportion of women is therefore 16.7 %. Based on the defined target, the Supervisory Board would like to develop the composition of the board to reflect the expertise and various diversity aspects set out in the qualification matrix. The Supervisory Board has a right to make proposals for the shareholder representatives on the Supervisory Board. Supervisory Board members are appointed by the Annual General Meeting, which is bound by the proposals on the appointment of the employee representatives.

The Supervisory Board has declined to stipulate a limit on how long a person may serve on the Supervisory Board. It believes the interests of the company are best served by selecting members solely on the basis of their knowledge and professional qualifications.

The Supervisory Board has adopted its own expertise and job profile to ensure that the process for selecting new members follows objective suitability criteria. The line-up of the board should always be such that it is qualified to perform its supervisory and advisory functions as intended in accordance with the SE Regulation, SEAG and SEBG as well as AktG and GCGC, and can therefore perform these **functions properly**. For each aspect of the Supervisory Board's activities there should be at least one competent person on the board, so that the necessary range of expertise and experience is fully covered by the Supervisory Board members as a whole.

The Supervisory Board updated the expertise and job profile for its members at its meeting on February 2, 2021. It currently covers the following criteria:

Supervisory Board members should as a whole meet the following standards over and above general requirements regarding education, reliability, professional experience and specialist suitability, or acquire this expertise where it goes the minimum standard required under the German Stock Corporation Act:

- An understanding of the business activities of the technotrans Group, including its market and competitive environment, the focus markets, the customer structure and the strategic direction
- The ability to make a qualified assessment of reports to the Supervisory Board and draw their own conclusions
- The ability to evaluate the correctness, cost effectiveness, appropriateness and legality of the decision papers to be examined

With regard to special knowledge of individual Supervisory Board members that needs to be exhibited by the board as a whole, the following subject areas in particular are highly relevant:

- Appropriate expertise and personal experience in the technology sector, knowledge of its political importance and of how the various stakeholder interests in the sector interact
- Leadership experience
- International experience
- Appropriate expertise in matters of capital market law
- Expertise in the fields of accounting or auditing held in each case by one independent member of the Supervisory Board
- Sustainable corporate governance/ESG
- Particular knowledge of and experience in the application of accounting standards and internal control procedures held by the Chair of the Audit Committee. That person must equally be independent and should not be a former Board of Management member of the company whose term of office ended less than two years ago.

Andrea Bauer, Economics graduate, Chair of the Audit Committee, is especially conversant in the areas of accounting and auditing as a tax consultant, chartered accountant and US Certified Public Accountant (CPA) thanks to her many years of experience in a variety of CFO positions.

Florian Herger, member of the Audit Committee, is a further Supervisory Board member possessing particular knowledge of accounting and auditing on the basis of his qualifications as Business Administration graduate, CFA and MBA as well as his many years of professional experience working with businesses, consultants and investors. Following the resignation of Sebastian Reppegather, Mr Herger was appointed member of the Supervisory Board until the next Annual General Meeting by court order dated September 29, 2023. Until the exit of Sebastian Reppegather on August 30, 2023 the Supervisory Board had a further Supervisory Board member with particular knowledge in the fields of accounting and auditing.

There is an age cap for members of the Supervisory Board. Only persons who are not above the age of 70 at the time of the election may be proposed for election or re-election to the Supervisory Board. The composition of the Supervisory Board meets the recommendations of GCGC as amended on April 28, 2022. The Supervisory Board of technotrans SE in addition satisfies all other defined requirements. The members of the Supervisory Board of technotrans SE between them have all the key knowledge, abilities and experience that are required for them to perform their duties properly. New Supervisory Board members receive a comprehensive information package comprising the Articles of Association and the Rules of Procedure for the Supervisory Board, Audit Committee and Board of Management, as well as information on capital market regulations for Supervisory Board members, information on liability insurance (D&O policy) and training information. Further information about its organisation is given in the Rules of Procedure for the Supervisory Board, which are available on the technotrans website.

Modus operandi of the Supervisory Board

The Supervisory Board appoints the Board of Management, approves its schedule of responsibilities, **oversees the Board of Management's running of the company and advises it. The board also holds responsibility for dismissing Board of Management members.** In addition it determines the structure and amount of Board of Management remuneration, with the remuneration system being presented to the Annual General Meeting for approval. The Board of Management involves the Supervisory Board in all key entrepreneurial decisions. The principles of cooperation for the whole Supervisory Board of technotrans SE and its committees are set forth in the Rules of Procedure of the Supervisory Board. As a fundamental rule the members of the Supervisory Board are individually responsible for obtaining the training and professional development required for their duties and are supported in this by the company, possibly with independent consultancy firms brought in to advise on specific matters. Board of Management members and specialist managers moreover provide extensive assistance throughout the induction phase of new Supervisory Board members by providing detailed information about the company and governance structure in personal discussions and being available to answer any questions. Detailed training on capital market law and training on specific topics by company employees complete the range of training and professional development. Once a year, the Supervisory Board examines the effectiveness of its activities in the form of a structured questionnaire. The topics covered by the self-evaluation include in particular whether the Board of Management has supplied the Supervisory Board with prompt, substantively adequate information, the processes within the Supervisory Board and the flow of information between the committees and the Supervisory Board. The most recent self-evaluation was carried out in December 2023. For detailed

information on the work of the Supervisory Board and its committees, please refer in each case to the current Report of the Supervisory Board published in the Annual Report.

Qualification matrix for the Supervisory Board

	Andrea Bauer	Peter Baumgartner
Position in the Supervisory Board	Member	Chairman Committee for Personnel and Organizational Development
Committee chair	Audit Committee	Shareholder representative
Shareholder / Employee representative	Shareholder representative	Shareholder representative
Member of the Supervisory Board since	2020	2021
Personal skills		
Regulatory requirement	X	X
Independence ¹	X	X
No overboarding ²	X	X
Previous pos. in Board of Management of technotrans SE	no	no
Diversity		
Sex	female	male
Year of birth	1966	1954
Nationality/ies	german	german, swiss
Professional education	Dipl.-oec, tax consultant, auditor, US Certified Public Accountant	Engineering Graduate, Mechanical Engineering
Current profession	CFO, AKS Chemicals GmbH, Hilden	Independent Management Consultant
Professional skills		
Strategy & Transformation		
Strategy Development & Realisation	(X)	X
Mergers & Acquisitions	X	X
Innovation / R & D		
Industry experience / Markets & Products	X	X
Corporate Governance & Controlling	X	X
International Experience	X	(X)
Legal & Compliance	X	(X)
Riskmanagement	X	(X)
Digitalisation / Digital Transformation	(X)	
HR / HR-Management	X	(X)
Operations / Production/ Procurement	(X)	(X)
Sales / Marketing	(X)	
Finance- and Accounting		
Financial Expertise acc. to § 100 (5) AktG	X	
Expertise in Accounting	X	
Expertise in Auditing	X	
Corporateplanning & -steering	X	X
Corporate Finance & Capital Markets	X	(X)
Sustainable Corporate Governance / ESG	(X)	X

X = Criterion met / core expertise

(X) = Complementary expertise

1 Pursuant to recommendations of the German Corporate Governance Code

2 Pursuant to Section 100 AktG as well as Principle 12, Recommendations C.4 and C.5 of GCGC

Corporate Governance Declaration

Dr.-Ing. Gottfried H. Dutiné	Andre Peckruhn	Florian Herger	Thorbjørn Ringkamp
Shareholder representative 2021	Employee representative 2019	Shareholder representative 2023 (appointed by court)	Employee representative 2019
X	X	X	X
X	X	X	X
X	X	X	X
no	no	no	no
male	male	male	male
1952	1977	1981	1976
german	german	german	german
Dr. Engineering Graduate	Industrial Manager	Business Administration Graduate	Business Administration Graduate
Independent Management Consultant	Operational Purchaser, technotrans SE, Sassenberg	Principal of Listed Investments, Luxempart S.A., Luxembourg	Senior Sales Manager Global, gds GmbH, Sassenberg
X	(X)	X	(X)
X		X	(X)
X	(X)		(X)
X	X	(X)	X
X		X	(X)
X	X	X	X
(X)	X	X	X
(X)	X	X	(X)
(X)	(X)	(X)	(X)
(X)	X		(X)
X	X	(X)	X
	(X)	X	
	(X)	X	
X	(X)	X	(X)
		X	
X	(X)	X	(X)

Activities of the Supervisory Board in the year under review

The Supervisory Board of technotrans SE performed the duties incumbent upon it under the law and in accordance with the Articles of Association and the Rules of Procedure in full and with great care in the 2023 financial year. It regularly advised the Board of Management on the running of the company and continuously oversaw its activities. It was involved directly and at an early stage in all decisions of fundamental significance. The Board of Management at all times fulfilled its duties to report and inform under the statutory requirements and the Articles of Association and informed the Supervisory Board regularly, promptly and comprehensively of the current status of transactions, the business performance and the economic position, aspects of sustainability, the prevailing risks, risk management as well as relevant questions of compliance, strategy and planning. Significant business transactions were discussed in the committees and the plenary meetings on the basis of reports. Deviations in the business performance from the plans and targets were explained individually and discussed at length by the Supervisory Board. For details of the matters discussed in the meetings, please refer in each case to the Report of the Supervisory Board in the Annual Report. No conflicts of interest between Supervisory Board and Board of Management members arose in the 2023 financial year. Should these arise, they must be disclosed without delay to the Supervisory Board. The Annual General Meeting must also be notified.

Committees and their modus operandi

To enable it to fulfil its duties more efficiently, the Supervisory Board has formed three standing committees: the Audit Committee, the Committee for Personnel and Organisation Development, and the Committee for Strategy and Innovation.

Members of the committees

Audit Committee

Currently: Andrea Bauer (Chair), Florian Herger (from September 29, 2023), Andre Peckruhn, Peter Baumgartner (September 1, 2023 to December 31, 2023).

In the course of 2023 financial year: Sebastian Reppegather (until August 31, 2023)

Both Andrea Bauer and Florian Herger possess financial expertise pursuant to Section 100 (5) AktG in respect of particular knowledge of accounting and particular knowledge of auditing.

Committee for Personnel and Organisation Development

Currently: Peter Baumgartner (Chair), Andrea Bauer, Florian Herger (from September 29, 2023), Thorbjørn Ringkamp.

In the course of 2023 financial year: Sebastian Reppegather (until August 31, 2023)

Committee for Strategy and Innovation

Dr-Ing Gottfried H Dutiné (Chair), Andre Peckruhn, Thorbjørn Ringkamp.

In addition, a Nominating Committee is formed as required prior to the expiry of the term of office of a shareholder representative on the Supervisory Board. This committee has the task of proposing suitable candidates to the Supervisory Board for its election proposals to the Annual General Meeting. The Nominating Committee consists exclusively of Supervisory Board members who have been elected by the shareholders.

For details of the tasks of the committees, please refer to Sections 7 ff. of the Rules of Procedure of the Supervisory Board. The chairs of the committees regularly brief the Group Supervisory Board on their work. Details of the work of the committees are provided in the Report of the Supervisory Board, within the Annual Report. The Chair of the Supervisory Board and the committee chairs also maintained an intensive dialogue with the Board of Management outside the regular board meetings.

Supervisory Board remuneration and securities transactions

The remuneration of the Supervisory Board is based on the relevant resolutions passed by the Annual General Meeting and is laid down in Article 17 of the Articles of Association of technotrans SE. Detailed disclosures on the remuneration of the Supervisory Board and the amounts paid to its individual members are contained in the Remuneration Report. It can be accessed on the technotrans website at the following address: <https://www.technotrans.com/company/corporate-governance/remuneration-board-of-management-supervisory-board>

In accordance with Article 19 of the EU Market Abuse Regulation the members of the Supervisory Board are obliged to make a public declaration if they acquire or dispose of shares in technotrans SE **with a total volume of € 20,000 or more within one calendar year** **No transactions were reported by** the Supervisory Board members in 2023. There were no advance payments and/or loans to members of the Supervisory Board in the 2023 financial year. Nor did the company enter into any contingent liabilities on their behalf.

Mandates held by Supervisory Board members at other companies

Mandates held by Supervisory Board members for governing bodies of other companies are listed on the technotrans website.

Management structure

In the interests of efficient entrepreneurial decision-making, technotrans SE has a lean management structure, with three to four management tiers depending on location. This setup assures short decision-making paths at all times, which is a prerequisite of agile, market-led corporate governance. Alongside specialist expertise, when filling management functions in the company the Board of Management attaches special importance to the criterion of diversity and in particular seeks to give appropriate consideration to women. The Board of Management is therefore receptive to involving and promoting women to senior positions. In light of the fairly small number of senior positions at technotrans SE, it does not treat a particular gender in itself to be an appropriate criterion for the **selection of management employees. Rather, it looks at overall picture of all candidates' professional and personal qualifications** when recruiting for senior positions. On June 30, 2022 the Board of Management had specified targets of 6 % (first management tier) and 15 % (second tier) as the proportion of women in the two management tiers below the Board of Management by June 30, 2023. As of June 30, 2023 the proportion of women in the top two management tiers was 8 % and 15 % respectively. The targets were therefore exceeded and met respectively. The Board of Management seeks to increase the proportion of women in these management tiers provided female candidates with the right personal and specialist skills can be found. On June 30, 2023 the Board of Management correspondingly specified updated targets of 7 % for the first management tier and 15 % for the second management tier. These targets apply until June 30, 2028. technotrans SE will report regularly on the implementation of the targets in accordance with the statutory provisions. As of December 31, 2023 the proportion of women in management tiers 1 and 2 was 8 % and 14 % respectively.

Corporate reporting and auditing

Corporate reporting

technotrans SE prepares annual financial statements and consolidated financial statements. For the Group, it also prepares an Interim Financial Report pursuant to Section 115 of the German Securities Trading Act (WpHG) and quarterly communications pursuant to Section 53 of the Rules and Regulations of the Frankfurt Stock Exchange. The separate financial statements of technotrans SE on which the dividend payment is based are prepared according to the provisions of the German Commercial Code (HGB). The Consolidated Financial Statements are prepared in accordance with the International Financial Reporting Standards (IFRS). technotrans also publishes a Combined Management Report pursuant to Section 315 HGB in conjunction with Section 289 HGB, in which the business performance and situation of the company are presented. technotrans provides information on relevant aspects of sustainability in the Combined Non-Financial Statement, which forms part of the Combined Management Report pursuant to Sections 289b, 315b HGB. This satisfies the statutory requirements on sustainability reporting under the CSR Directive Implementation Act.

Financial reports including their dates of publication as well as other information about the company and Group, such as press releases, ad hoc announcements and voting rights notifications, can be found on the technotrans website.

The company holds video conferences for financial analysts and investors when trading figures are published. Recordings are subsequently made freely available on the technotrans website. Above and beyond these publication dates, information is shared with financial analysts, investors and other capital market operators.

Other instruments used for investor dialogue are talks at roadshows, conferences and plant tours. In line with the recommendations of GCGC, the Chair of the Supervisory Board is involved in these activities. There were several meetings in the 2023 financial year where the Supervisory Board Chair discussed matters relating to the Supervisory Board with institutional investors.

Inside information pursuant to Art. 17 (1) of the EU Market Abuse Regulation is disclosed in the form of ad hoc announcements. Such an announcement was published on August 2, 2023 on the adjusted forecast. No other ad hoc announcements were made during the 2023 financial year. Current and past announcements are available on the technotrans website.

Auditing of the Financial Statements

The Audit Committee of the Supervisory Board oversees auditing of the financial statements from a professional and quality perspective. It examines the independence of the auditors and appraises the supplementary services provided by the auditors. It also prepares the proposal to the Annual General Meeting on the election of the auditors and makes a recommendation on the matter. It is moreover responsible for awarding the audit mandate, specifying supplementary audit priorities and agreeing the fee with the auditors. During the audit the Chair of the Audit Committee maintains constant contact with the auditors and discusses the content of the financial statements audit with them. In accordance with legal requirements the auditors of the annual financial statements and Consolidated Financial Statements are elected by the Annual General Meeting for one financial year at a time. Most recently the Annual General Meeting on May 12, 2023 appointed PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC), Osnabrück, as auditors for the 2023 financial year at the

proposal of the Supervisory Board. Under the currently applicable statutory requirements to rotate auditors, PwC may be commissioned with the audit for a final time for the 2028 financial year.

By means of internal rotation PwC furthermore ensures that the audit procedures are always conducted with the requisite independence from the company. Before the Audit Committee makes a recommendation to the Supervisory Board on the appointment of the auditors, it obtains a statement from the firm of auditors on whether and to what extent there exist any commercial, financial, personal or other relationships between it, its governing bodies and its audit managers on the one hand, and the audited technotrans companies and their governing bodies on the other hand, that could raise doubts about the independence of the auditors. If, during the audit, matters should arise that **undermine the auditor's impartiality or are grounds for their exclusion and cannot be immediately remedied**, the auditor shall notify the Chair of the Audit Committee immediately. They must equally notify the Supervisory Board of all material matters relating to their tasks which come to their attention during the audit. Also, they must inform the Supervisory Board or note in the audit report if they establish facts that are at odds with the company's Declaration of Compliance.

The company provides information in the Consolidated Financial Statements on the fees paid for the statutory audit of the annual financial statements and Consolidated Financial Statements. PwC audited the annual financial statements and Consolidated Financial Statements of technotrans for the 2023 financial year. The fee for the auditor of the financial statements in the 2023 financial year was € 374 thousand. No fees were paid to the auditor for consultancy services.

Risk Management and Internal Control System

pursuant to Section 289 (4) of German Commercial Code (HGB), Section 315 (4) of German Commercial Code (HGB)

The goal of entrepreneurial activity is to continuously identify opportunities and exploit them to increase corporate value. The taking of risks is an intrinsic part of that. The Opportunity and Risk Management System in place at technotrans serves to optimise the balance between opportunities and risks in the interests of sustained business success. To achieve this balance, technotrans employs suitable tools, which it continuously refines.

A systematic and efficient risk management system includes defining risk policy principles. Current developments are regularly logged, analysed and evaluated. Where necessary, effective counter-measures are taken. The Risk Management System helps to safeguard the technotrans Group permanently as a going concern by early identification of all risks that could materially impair the net assets, financial position and results of operations of the Group. The cross-divisional, cross-disciplinary Internal Control System (ICS) is an integral component of Group-wide risk management. It provides legally sound control over all relevant risk-exposed areas of the Group. The Risk Management System is summarised in the following.

THE GROUP-WIDE RISK MANAGEMENT SYSTEM OBSERVES THE FOLLOWING RISK PRINCIPLES, AMONG OTHERS:

- The overriding risk principle in the technotrans Group is to protect the company as a going concern. Actions or decisions may not endanger the company as a going concern and must always be consistent with the company's risk strategy and risk policy.
- Any risks to the company as a going concern must be reported to the Board of Management without delay.
- Unavoidable risks are consciously accepted to a justifiable extent as opportunities for economic success. Risks to income must always be balanced out by the prospect of appropriate opportunities of a return.
- Risks are fundamentally to be avoided. Where economically advisable, risks are to be insured against. They are to be monitored continuously and communicated to the Board of Management as part of regular risk reporting, as well as to the Supervisory Board if their scale is especially high. Appropriate measures are to be taken to minimise residual risks.

The Risk Management System at technotrans promotes the awareness of opportunities and risks among technotrans employees and guards against potential risks. The processes and rules of communication that apply for all corporate divisions have been defined by the Board of

Management and laid down as binding in a Group-wide organisational guideline. Risks are recorded non-centrally and reported regularly in a standardised form to the Legal & Compliance department.

The operational managers are responsible for compliance with the applicable regulations and for risk management in their respective areas. The Legal & Compliance department conducts regular examinations to monitor the proper implementation of the current guideline.

The Risk Management System including the ICS is continuously updated. It serves as the basis for the systematic identification, analysis, evaluation, management, documentation and communication of the various risk types and profiles. The same applies to the compliance management system. technotrans does not tolerate any contravention of applicable law. The internal set of rules as well as the compliance organisation set up within the Group are regularly examined, developed and taught in response to recent court decisions. With regard to the adequacy and effectiveness of the Risk Management System and Internal Control System, we refer to the remarks in the Corporate Governance Declaration.

ORGANISATION OF THE RISK MANAGEMENT SYSTEM

A responsible approach to entrepreneurial opportunities and risks is inherent to sound corporate management and promotes the risk culture. The Board of Management reports to the Audit Committee, and if necessary to the full Supervisory Board, on existing risks and how they develop. Organisationally, risk management comes under the Legal & Compliance department, which ensures that reports are submitted to the Board of Management regularly and promptly with the support of Group Controlling. The organisational structure implemented makes it possible to identify risks quantitatively at an early stage based on key performance indicators, and pick up on trends. This approach ensures that the Board of Management is always informed of material shifts and can immediately take appropriate measures.

The reach and setup of the ICS lie within the scope of judgement and responsibility of the Board of Management. One key objective of the ICS is to ensure that the (Consolidated) Financial Statements are legally compliant. The ICS contains the principles, processes and measures involved in assuring proper accounting. It is structured such that the annual financial statements are prepared according to the relevant requirements of the German Commercial Code (HGB) and the German Stock Corporation Act (AktG). The Consolidated Financial Statements are prepared according to the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the commercial law requirements additionally to be observed in accordance with Section 315e (1) HGB.

The Group financial reporting processes are managed by the relevant employees in Group Accounting. The Accounting organisation features a uniform, centrally defined reporting system which is based on the prevailing statutory requirements and is in harmony with the Group principles. The subsidiaries report periodically according to IFRS, for Group reporting purposes. Newly established or acquired companies are integrated into this reporting process without delay.

A uniform ERO and bookkeeping system has been implemented at all production locations since January 8, 2024. The reporting and consolidation processes for all Group companies are performed using an IT system that is made available centrally by technotrans SE.

There are regular internal checks on the Group companies' financial reporting, as well as non-central compliance audits. These also take the form of random examinations and plausibility checks with IT support. At the end of the financial year the Group companies' financial statements are audited internally before they are released for the Consolidated Financial Statements.

Risk management is organised uniformly across the Group. The risk early-warning system meets the requirements of the German Corporate Control and Transparency Act (KonTraG) and of Section 91 (2) AktG.

Group-wide risk communication is handled using a standardised format, in consultation with the Legal & Compliance corporate department at technotrans SE as well as between the non-central units of the subsidiaries. Depending on the risk characteristic that is determined based on a list of criteria, reporting takes place bi-annually, quarterly or immediately. The reports comprise a substantive and economic assessment of the risks as well as suggestions of effective countermeasures. The risks are analysed and assessed based on their probability, the potential loss (gross view) and taking account of the proposed countermeasures (net view). Residual risks are evaluated separately, with additional measures earmarked for them as required. If a crisis is reported, the company responds without delay based on established emergency plans or by deploying an appropriate crisis team headed up by the Board of Management.

The approach described is the following, as illustrated by receivables management: to avoid defaults, every customer is assigned general and individual credit limits (which may reflect trade credit insurance, for example). Receivables are regularly analysed and payment histories monitored to assess what measures are needed in the event of default. For standard business, first a suspension of supplies is announced; if the customer remains in arrears, this status remains in place until they are back below the credit limit. Customer creditworthiness is also monitored based on external sources. The limits are adjusted to reflect changes. Particularly repeated suspensions and/or arrears occur, the limits are reduced.

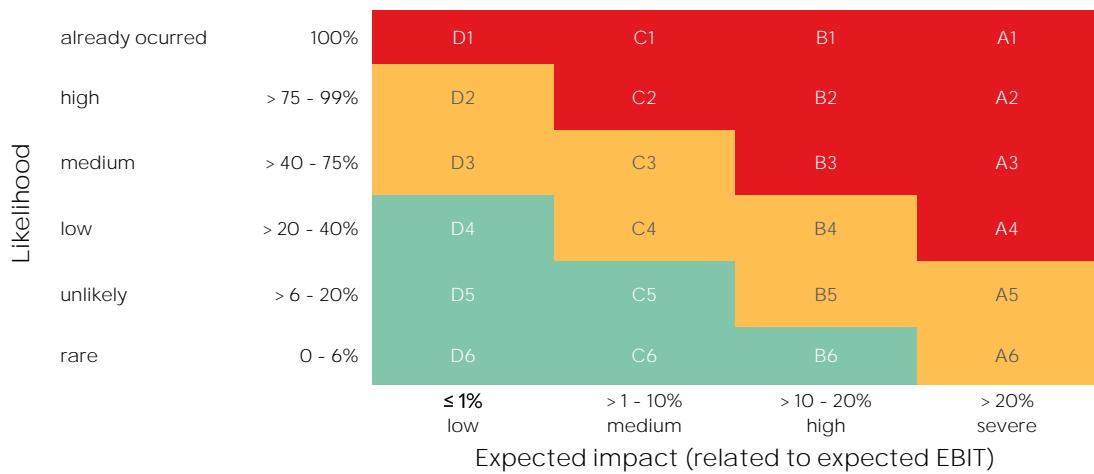
The Board of Management discusses in detail the risks determined and how they are rated in one-to-one talks and at routine meetings with top-tier management.

Those circumstances and events that cause a percentage deviation in the expected EBIT value in the annual planning are defined as risks and classified using a risk matrix.

Risks are also classified qualitatively as low, medium and high. Taking account of the potential scale of a loss and the probability of risks materialising, the quantified individual risks are aggregated into risk categories (A1 to D6). These are then placed in relation to the planned net profit for the period (plan EBIT) to obtain the assessment basis for each risk category.

The current risk strategy of the technotrans Group is represented in the following risk matrix. technotrans takes this as the starting point in defining its risk categories for the financial year in question.

Risk matrix



A risk category is correspondingly classified as

- low if the risk potential of the individual risk is in the green zone of the matrix
- moderate if the risk potential of the individual risk is in the amber zone
- high or a threat to the company as a going concern if the risk potential of the individual risk is in the red zone of the risk matrix.

Opportunities and risks profile

As a technology company, technotrans operates in a market environment in which new opportunities and risks continually arise. technotrans' long-term success depends on identifying and seizing opportunities at an early stage. Meanwhile the company is exposed to risks that could hinder the attainment of its short and medium-term targets. Opportunity and risk management supports the management in achieving the corporate targets.

technotrans perceives opportunities in advantageous developments that mean it exceeds defined targets, therefore promoting the development of the business. Risks are taken to mean uncertain internal and external events that could adversely affect the attainment of corporate targets.

Opportunities and risks are inseparably linked and may compensate for each other. The structures and processes of the risk management system as presented in the Risks Report correspondingly also support the managing of opportunities. All employees of the technotrans Group fundamentally share responsibility for identifying opportunities and risks.

The risk management system groups together individual risks that are substantively related and treats them as a single overall risk. Based on the recommendations of German Accounting Standard No. 20 (DRS 20), technotrans categorises its risks as general economic, corporate strategy, financial, economic performance and legal risks.

The individual risk categories are explained below. Unless otherwise indicated, the risks apply to both the Technology and Services reporting segments. The Board of Management assessed the probability of all risks occurring simultaneously as low.

GENERAL AND INDUSTRY-SPECIFIC RISKS

The success of the technotrans Group depends substantially on the macroeconomic developments in its sales markets. These include especially the focus markets Plastics, Energy Management, Healthcare & Analytics and Print. From the start of the 2024 financial year, the market for highly specialised laser systems is classified as an additional focus market.

technotrans is equally not immune to cyclical fluctuations in the global economy. If this weakens, it must expect impacts on consolidated revenue and profit. technotrans has a well-diversified portfolio covering a range of sectors and regions. It is therefore in a position to absorb adverse effects to some degree. Management of the risk from the business cycle therefore primarily involves controlling capacities and costs. Flexible production structures allow technotrans to adjust at short notice to changes in the order situation.

As described in the section "Development of the economic environment", the economic and geopolitical environment remains tense and fraught with considerable uncertainty. This is increasingly undermining investment confidence in the German mechanical and plant engineering sector, which translates into falling levels of orders. It is proving increasingly difficult to compensate for this with the order backlog that has arisen in the past due to supply-end conditions. The VDMA consequently expects output to fall by around 4 percent in the 2024 financial year.

For technotrans, the availability of input materials has improved, with the exception of certain electronic components and control equipment. However prices of materials and components remain high despite the fall in commodity prices. That presents a correspondingly stiff challenge to Purchasing and Sales. Revenue, the cost of purchased materials ratio and the development in working capital are therefore monitored very closely.

The world's leading printing press manufacturers (OEMs) continue to account for a substantial portion of revenue. Economic difficulties or the market exit of a customer in this category could temporarily have a considerable impact on the financial position and results of operations of the company. The Board of Management does not expect this would have any lasting consequences because consolidation among manufacturers would probably not exercise any influence on the volume of the market for printing presses. The stimulus from packaging for films and cartons continues to keep the Print market on a steady course, in a reflection of the increased online retail volume.

As previously, the Board of Management assesses the risks in this risk category as high.

CORPORATE STRATEGY RISKS

The effects of past strategic decisions in the form of corporate acquisitions as well as risks arising from the ongoing Future Ready 2025 strategy are regarded as corporate strategy risks.

technotrans SE has also achieved growth in the past through corporate acquisitions. Such ventures entail fundamental risks to the net assets, financial position and results of operations of the Group if expectations with regard to the economic development of the acquired companies are not met. To reduce these risks, acquired companies are included immediately in the technotrans **Group's reporting** and risk management system. The Group reported goodwill from past acquisitions amounting to **€ 23.5 million (previous year: € 23.5 million)**. Pursuant to IAS 36 this must be tested for impairment at least once a year. If impairment is established, the goodwill for the asset in question is to be written down. In the year under review no write-downs were recognised.

The Future Ready 2025 Group strategy defines measures designed to safeguard attainment of the medium-term revenue and earnings targets. To expand the market position both nationally and internationally, technotrans concentrates Group-wide on the core skill of thermal management. It specifically targets niche markets where the Group companies can succeed as system partners. Over and above organic growth, technotrans also considers options to expand its technological expertise through acquisitions that are a perfect fit, access attractive international markets, further improve its services for customers and broaden the portfolio of products and services.

To maintain competitiveness, meet market requirements and attract new customers, technotrans is investing steadily in the further development and optimisation of its own technologies, products and processes, especially in the focus markets.

In unlocking new markets and customers as well as launching new products, there is fundamentally the risk that the defined targets will not be achieved. However the probability of such risks is assessed as low because of the steadily growing number of customers. Nevertheless, it is impossible to rule out miscalculations with regard to the strategic direction of the Group and its market potential, along with a lack of customer acceptance of newly developed products; these could have adverse effects

on the competitive position and revenue of the technotrans Group. At the balance sheet date there is development expenditure recognised as an intangible asset for development projects with a **residual carrying amount of € 2.3 million (previous year: € 1.9 million)**. If impairment is established for these projects, the respective residual carrying amounts of the projects are written down. In the year under review no write-downs were recognised.

technotrans tackles these risks and systematically expands its market position by maintaining an intensive dialogue with customers and conducting its own market observations.

In summary, as previously the Board of Management assesses the corporate strategy risks as low.

FINANCIAL RISKS

Financial risks include especially the liquidity, interest and exchange risk, as well as the bad debt risk.

The individual Group companies fundamentally finance themselves from their business operations. If they are in need of financing, technotrans SE supports them in its capacity as the central lending institution for the Group. technotrans SE holds appropriate liquidity reserves to keep all Group companies in a position to act at all times.

Credit financing for the Group is spread across several core banks with good credit standing. This approach has the result of minimising financing risks from the failure of individual lenders. Thanks to its solid economic circumstances, technotrans has a credit rating in the upper investment grade range.

The maturity of borrowings has been substantially extended through the refinancing of short-term loans with medium-term working capital finance arrangements. Fixed-interest agreements mean there are no interest rate risks to long-term financing. Of the **medium-term financing, € 11.5 million of the total of € 20.0 million is at a floating rate. The resulting interest rate risk has consciously been taken in order to benefit from future key rate cuts, given the prospect of falling inflation rates.**

A major negative variation in the results of operations, financial position and net assets from the plan for the 2024 financial year could necessitate drawing on the available borrowing facilities to a greater extent than planned. The Board of Management continues to assess this risk as low.

In view of the company's structure and the growth of its international activities, exchange rate movements influence the business activities of the technotrans Group. Because business operations are billed overwhelmingly in euros, there are only limited exchange rate risks. Exchange-rate developments can also affect the competitiveness of our customers and therefore affect the technotrans Group indirectly.

Exchange rate risks at financial reporting level arise at Group companies outside the eurozone from the translation of revenue, income and expenses as well as intragroup receivables and liabilities into euros. Exchange rate movements may correspondingly increase or reduce the consolidated result.

The armed conflict between Russia and Ukraine since 2022 and the new conflict in the Red Sea in the 2023 financial year are not expected to have any direct impact on the technotrans **Group's economic development because of the only minor level of business activity in those countries. The indirect risks that arise, for example in the form of trade restrictions or higher financing costs due to inflation,**

continue to apply. As described in the section “Development of the economic environment”, output in the mechanical and plant engineering sector is expected to decline in the coming year. The bad-debt and insolvency risk on the debtor side has increased since the previous year due to economic developments and is therefore rated as moderate overall (previous year: low). Systems to continuously monitor creditworthiness, demand collateral and implement trade credit insurance are effective ways of minimising the risk for technotrans.

There are systematic checks to reduce financial risks from potential compliance cases and fraud. Targeted, ongoing employee communications, effective IT security standards and observance of the General Data Protection Regulation (GDPR) are especially relevant in this connection.

As previously, the Board of Management assesses the financial risks for the Group as moderate.

ECONOMIC PERFORMANCE RISKS

Upheaval in procurement markets creates economic performance risks in the form of supply bottlenecks, price increases and dependence on individual suppliers. Production shutdowns are the principal risk from such factors.

technotrans is dependent on receiving supplies of the required volume and quality at all times. Supplier management is therefore closely dovetailed with the risk management system. technotrans addresses expected shortages of raw materials and the associated price risks through long-term framework contracts with selected suppliers, for example. The strategic procurement arrangements established across the Group help to realise economies of scale for the procurement of the principal categories of materials.

As a whole, availability on procurement markets improved in the 2023 financial year. All the same, the technotrans Group still anticipates restricted availability and a persistently high price level for isolated input materials such as electronic components or circuitry. The challenges for materials purchasing, logistics, stock management, pricing, production planning and sales remain demanding. A shortage of input materials can have an adverse effect on agreed delivery dates and therefore on the revenue performance. Purchasing-side price rises cannot always be passed on directly and in full to customers. The Board of Management therefore does not expect a slight drop in the cost of purchased materials ratio until approaching the second half of 2024. The risk is rated as moderate (previous year: high).

The sales risk represents another risk in this category. This refers to the failure to meet customer expectations. Thanks to improved punctuality of delivery and the better availability of materials, the risks in this category have fallen. The risk is rated overall as moderate (previous year: high).

A secure and effective IT infrastructure is the basis of a modern process-led organisation. technotrans has had a uniform SAP ERP system in operation at all manufacturing companies since January 8, 2024. The integration of numerous IT systems and the need for permanent, unrestricted availability place high demands on the information technology used. Software-based mapping of business processes means technotrans’ **business data is exposed to a general IT risk. This includes above all the dangers** of system failures, data losses as well as virus and hacker attacks, which could lead to an interruption in business activities. Technically and organisationally, technotrans addresses potential risks from the failure of computer systems and networks, unauthorised accessing of data and data misuse through a central shared service function as well as by continuously investing in state-of-the-art hardware

and software. To limit future IT risks, technotrans uses preventive measures for system security. That includes the use of virus scanners and the introduction of firewall systems, as well as penetration tests and access controls. Businesses worldwide increasingly face cyber attacks. technotrans has not yet been affected by this issue. Insurance has been taken out to limit cyber risks. The Board of Management continues to assess the IT risks as moderate.

The Group's success is critically influenced by having qualified and motivated employees and managers. technotrans therefore invests both in retaining its employees and in improving job appeal, to rise to the challenge of impending digitalisation and demographic change. There exist possible risks mainly in the areas of personnel recruitment and human resources development. Changes to structures or processes harbour the risk of losing employees and their expertise if they are unable to identify with the measures taken and are therefore prompted to move. technotrans reduces this risk through focused training and advancement measures, by spreading individual expertise among teams and by offering commensurate pay.

The Board of Management continues to assess the economic performance risks as moderate.

LEGAL RISKS

The international business activities of technotrans SE and its Group companies mean the companies are exposed to a variety of legal risks. The national and international drafting of contracts is of particular relevance. **The nature of the individual companies' business operations means there are risks especially regarding guarantee and product liability claims from customer complaints.** These risks are extensively covered by insurance policies as an element of the risk management system. To guard against the risks, provisions for payments to be made under warranty amounting to € 1.6 million (previous year: € 2.4 million) were accounted for in 2023.

In response to material individual risks of Group companies from litigation and associated litigation risks, a provision is formed as soon as litigation is pending and the amount in question can be estimated reasonably. There is currently no litigation with a potential outcome that we believe could significantly impact the results of operations or net assets.

Risks may also arise from changing regulations and laws, and from the associated changes in standards – for example regarding the use of commodities or constituents – especially in Germany and the EU (Green Deal). The imposition of trade and competition restraints can have a negative impact. Effective contract and quality management plus a compliance management system can minimise these risks but not neutralise them altogether. As a precaution, technotrans has taken out insurance policies to cover these risks. In addition, provisions are created on a case-by-case basis.

The Board of Management again assesses all legal risks as low.

Overall statement of the Board of Management on the opportunity and risk situation

In the view of the Board of Management, the risk management system in place is suitable for identifying, analysing and quantifying the existing risks in order to manage them adequately.

Risks that pose an existential threat either by themselves or combined with other factors are not currently in evidence. The Group is well placed in that respect. With an acceptable risk profile, everything is in place for Technotrans to achieve the goals of the medium-term corporate strategy and successfully maintain a course of profitable growth.

The risk resilience of the Group is determined by aggregating all categories for all business units and functions to obtain a risk inventory, which is compared with the risk coverage potential. Adequate risk resilience remains assured.

The overall opportunity and risk position has not changed to any notable degree from the previous year.

In the Board of Management's view, the Group continues to be well positioned to achieve the goals of the Future Ready 2025 strategy with regard to its risk positions and resilience.

Future parameters

As indicated in its World Economic Outlook (WEO) published in January 2024, the International Monetary Fund (IMF) expects global economic growth of 3.1 % in 2024 and of 3.2 % in 2025. This forecast for 2024 is 0.2 percentage points higher than in the WEO dated October 2023. That is because of the better-than-expected resilience of the United States and some major emerging economies, as well as fiscal support measures in China. Nevertheless the forecasts are below the historical average of 3.8 % because of elevated central bank interest rates to tackle inflation, a scaling-back of fiscal support coupled with high indebtedness and low productivity growth. The IMF believes inflation will come down faster than expected, forecasting 5.8 % for 2024 and 4.4 % for 2025. After the weak development in 2023, growth in the eurozone will pick up momentum again. The IMF expects growth rates of 0.9 % and 1.7 % respectively for 2024 and 2025. The recovery will be driven by stronger consumer spending as the lingering effects of the energy price shock subside and inflation falls. A comparable trend is expected for the German economy, albeit at a lower level. The IMF forecasts growth of 0.5 % for 2024, then 1.6 % in 2025. The ifo Institute makes a similar forecast of 0.7 % for 2024. These modest expectations are also reflected in the ifo Business Climate Index, which was on 85.2 points in January, its lowest level since 2020. Both the assessment of the current situation and businesses' expectations for the future deteriorated compared with December. It is also the view of the German government that the economic environment in Germany has deteriorated further since autumn 2023. The Annual Economic Report 2024 therefore forecasts price-adjusted GDP growth of merely 0.2 % for 2024. The VDMA anticipates a muted level of orders for the 2024 financial year due to low economic confidence in major sales markets such as Europe, the United States and China. It is proving increasingly difficult to make up for this slack demand with a cushion of orders. The VDMA therefore expects a real-terms drop of 4 % in output for 2024.

Based on the economic forecasts, the Board of Management anticipates a subdued start to the first half of the 2024 financial year, with the economic environment seeing growing momentum in the second half.

EXPECTED CHANGE IN GROSS DOMESTIC PRODUCT (GDP, %)

	2024	2025
World	3,1	3,2
USA	2,1	1,7
Euro-Zone	0,9	1,7
Germany	0,5	1,6
Emerging Economies	4,6	4,1

Source: International Monetary Fund, World Economic Outlook, January 2024

Expected development of the markets of relevance for technotrans

The megatrends digitalisation, decarbonisation and electrification remain the key drivers of the steady rise in demand for technotrans' high-precision and energy-efficient thermal management solutions. Temporary economic cycles such as short periods of low investment confidence may impact economic performance in the relevant markets. As one of the technological leaders in the field of thermal management, technotrans considers itself to be optimally positioned to extend its market positions in the strategic focus markets thanks to its role as a long-term development and system partner for specific customer requirements.

The expected development in the markets that are relevant for technotrans is as follows:

Plastics

The plan is to build further on the already highly diversified market penetration for temperature control systems and large-scale refrigeration plants especially among OEMs. The technological emphasis will continue to be on variothermal temperature control systems, ultra-low-temperature systems and large-scale refrigeration plants.

As previously, the focus of development activities will be to increase the energy efficiency for which these products are already noted, and widen the range of thermal management solutions that use the natural refrigerant R290. With regard to regional sales development, activities in the United States are being stepped up with the recruitment of local staff and a debut appearance at the NPE2024 show (The Plastics Show) in Orlando.

Due to the subdued economic outlook that has resulted in short-time at leading OEMs in the industry, the reluctance to invest which was already noticeable in the 2023 financial year and especially affected large-scale refrigeration plants will be a defining feature of the new financial year. Expectations of an uptick in the second half mean the overall development should be stable.

Energy Management

Energy Management will once again be the focus market with the most dynamic growth in the 2024 financial year. Efforts to reduce carbon emissions from transport, spurred on by political factors among others, will continue for the time being. They will result in continuing high demand for mobile battery cooling systems and systems for an efficient rapid-charging infrastructure. On this basis technotrans continues to build on its leading position in Europe for battery thermal management systems (BTMS) for rail vehicles and specifically aims to raise its market penetration for special vehicles (e.g. mining trucks, HGVs).

The spread of all-electric individual transport has slowed with the expiry of the German government's environmental bonus at the end of 2023. After a rise in new registrations of around 11 % to 524,000 passenger cars in 2023, the Center of Automotive Management (CAM) expects sales to fall by between 50,000 and 100,000 vehicles in 2024. The existing vehicle population and the shortage of charging options in many places mean there will be continuing demand for a high-performance (rapid-) charging infrastructure. technotrans anticipates that it will continue to receive substantial orders for cooling systems for battery-storage rapid-charging systems.

In the field of data centres, which are treated as part of the Energy Management focus market, the growing adoption and use of artificial intelligence technologies (such as ChatGPT) and the growing need for high-performance computers are driving up demand for computer and cooling capacity. The significance of direct liquid-based cooling on the chip surface is emerging as a pioneering key technology with the scope to increase and stabilise efficiency while also reducing energy consumption by data centres. This trend was confirmed by leading manufacturers at the most recent Super Computing Show in Denver (USA). technotrans possesses the required expertise in this area and supplies custom cooling solutions for racks, servers and entire data centres, both for initial equipping and for retrofitting.

technotrans made a successful market entry in the period under review with a major contract in the single-digit million euros. The order volume is already expected to double in the 2024 financial year.

Healthcare & Analytics

Medical advances in laser and temperature-based treatment methods continue to be the main driver of growth in Healthcare & Analytics in the 2024 financial year. As a technology partner for sustainable thermal management systems with superlative accuracy of control and failsafe performance, technotrans is very well placed and continues to build up its expertise.

The main focus of its development work is on thermal management systems that use the natural refrigerant R290 and on new, very high-performance control electronics. Sales activities concentrate especially on establishing long-term partnerships with other international-scale businesses in the healthcare and analytics sector. Especially the area of temperature-based process control in analytics is a major area of activity for technotrans.

After the consolidation of stocks by customers that led to production being halted for several weeks, the reporting period for the 2024 financial year is expected to see revenue bounce back to pre-COVID levels. On the strength of the expected economic development, technotrans anticipates a muted start to the year to be followed by a recovery in the second half of 2024.

[Print](#)

Continuing high demand for solutions for packaging and label printing and the trend towards customisation of printed products are the basis for a sound business performance. There is also growing awareness of the need for sustainable, energy-efficient systems and production processes.

Development will also be bolstered by the drupa in May, the world's leading trade show, which should provide an innovation-based demand stimulus. As a world-leading technology partner, technotrans is helping the printing get future-ready with innovative and sustainable solutions.

Progress could be held back in the first quarter by the delaying of orders until after the drupa and the impact of weak economic development on investment propensity in such areas as advertising and packaging printing.

[Laser](#)

The market for customer-specific laser applications is classified as a focus market from the start of the 2024 financial year. Its new status is based on its consistent growth over the past two years thanks to selective market activities in Phase I of the Future Ready 2025 strategy. Even if the outlook for the 2024 financial year points more to a consolidation of the sales market, the promising prospects for the future justify its classification as a focus market.

technotrans acts as technology partner in supporting its customers with implementing new applications, complying with increasingly tough regulatory requirements and effectively shrinking their carbon footprint thanks to energy-efficient cooling and temperature control technology.

The Group benefits here from long-term business relationships. technotrans develops, among other things, intelligent cooling solutions for EUV lithography, currently the most advanced method of producing ultra-high-performance semiconductors. There are currently also promising opportunities for laser-based production of battery packs and fuel cells in the electric mobility area.

With regard to the expected economic environment, we expect revenue to follow a slower trajectory than in the previous year but to pick up speed in the fourth quarter.

Prospective development of the technotrans Group in the 2023 financial year

technotrans will again have to contend with numerous challenges in the 2024 financial year. The forecast overall economic environment points towards Germany flatlining in 2024. The forecasts for Europe, the United States and China are also modest. The deterioration of the ifo Business Climate in January 2024 suggests Germany's development will backtrack in the first quarter of 2024. The majority of technotrans customers and suppliers equally expect economic development to go into reverse in the first half of the financial year. A recovery is not expected until the approach of Q3 2024 at the earliest.

technotrans is tackling this challenging environment with a clear strategic direction. The sharper strategy adopted in the 2023 financial year reflects the substantial changes in the economic environment. Based on clearly defined measures, the Board of Management is systematically pursuing its defined objectives. As well as optimising the cost structure, one particular priority is to acquire and develop new customers to compensate for any downturn in business among existing customers.

The impact of economic development is expected to vary from one focus market to another. In the Energy Management focus market, substantial revenue growth is expected irrespective of the economic environment thanks to the strong political momentum. In the Laser, Plastics, Print and Healthcare & Analytics focus markets, the Board of Management anticipates that economic developments will have a damping effect especially in the first half, with lost ground probably only being made up in the second half of the year. We correspondingly expect a marked uptick in the level of orders in the second half of the year, especially for the Laser, Plastics, Print and Healthcare & Analytics markets. Overall, we therefore expect the 2024 financial year to bring consolidated revenue in line with the previous year.

The Board of Management fundamentally anticipates an adequate supply of input materials in the 2024 financial year. It does not expect a repeat of the disruptions to supply chains that have been experienced in the past two years. Merely isolated components could be affected again by certain temporary restrictions. Prices of materials are expected to fall slightly as the year progresses. The purchasing and sales requirements remain consistently high.

In terms of human resources, no further buildup or substantial pay rises are planned. The priorities for the 2024 financial year will be to increase staff retention and satisfaction. The employee survey conducted in the period under review will serve as the basis for this. The project on strategic HR planning, the internal technotrans talent programme for future executives and the trainee programme launched in 2023 will be continued.

All activities in the 2024 financial year will revolve around improving the results of operations in order to achieve the strategic objectives of Future Ready 2025. To reflect the shift in the environment, the existing measures were adjusted again and in some cases supplemented as part of the fine-tuning of the strategy. They include the further development of the market-led organisation, the prioritising of modular, scalable products, an expanded range of services, optimised production processes, optimised working capital and a geographical focus on Europe and North America. Activities and products that appear unlikely to meet the defined earnings targets will be reviewed separately. Implementation of the measures will be coordinated and overseen centrally by a specially created Project Management Office.

The Board of Management expects consolidated revenue for the 2024 financial year to be in the range of € 245 to € 270 million, with an EBIT margin of between 5.5 % and 7.5 %. The expected consolidated operating result (EBT), based on the limit points for the revenue and EBIT margin forecasts, is therefore between € 13.5 and € 20.3 million. The return on capital employed (ROCE) will prospectively be in the range of 14.0 % to 16.0 %. This forecast is subject to no new strains from the general geopolitical and economic environment. In light of the above, the Board of Management anticipates weaker business for the first half. The expected gradual stabilisation of the economic environment in the second half should pave the way for an uptick in business, meaning that the forecast targets will on average be met.

Group			
	Actual 2023	Forecast 2024	
Revenue	€ million	262.1	245.0 - 270.0
EBIT	€ million	14.2	13.5 - 20.3
EBIT margin	%	5.4	5.5 - 7.5
ROCE	%	13.3	14.0 - 16.0

Based on the expected earnings performance, cash flows from operating activities should be at least on a par with the previous year. The continuing easing of procurement markets means it is possible to hold lower stock levels, resulting in less tied-up capital. Investment projects in the volume of € 0.3 million are planned at the balance sheet date. A positive free cash flow is expected. It should therefore be possible to finance debt service and distributions from internal resources. The Group equity ratio should remain well above 50 %.

The Board of Management confirms the medium-range targets of the Future Ready 2025 strategy. Revenue for 2025 is expected to be the range of € 265 to € 285 million, ROCE above 15 % and the EBIT margin 9.0 % to 12.0 %. This represents a consolidated operating result (EBIT) of € 23.8 to € 34.2 million. The figures do not include any M&A transactions.

Prospective development of technotrans SE in the 2024 financial year

The hallmark of the HGB separate financial statements of technotrans SE for the 2024 financial year will be the steady development of technotrans SE. The Board of Management expects slightly reduced revenue and a slight fall in the EBIT margin for the 2024 financial year.

This forecast takes account of specific developments in the focus markets. It has also been assumed that implementation of the Future Ready 2025 strategy will progress according to plan. Effects of the war in Ukraine and the more recent armed conflict in the Middle East on the business performance along with any negative consequences for operating activities have not been taken into account.

Overall statement of the Board of Management on the future business performance in the 2024 financial year

The economic and geopolitical environment remains challenging in the 2024 financial year. With its Future Ready 2025 strategy, technotrans is primed to strengthen its market position and steadily improve profitability despite a difficult environment. Now that the company's fundamental direction has been confirmed by the Strategy Review carried out in 2023 and brought in line with the changed environment, the aim is to implement the identified measures and options for action in Phase II of the strategy. The company's strategic development revolves around the further development of a market-led organisation; the basis for this was established in Phase I of the strategy. The measures defined start with the key revenue and earnings drivers for the Group and affect the sales, service, purchasing, product portfolio, and research and development aspects. In the focus markets, the company's market positions will be systematically developed. Irrespective of the expected economic weakness, the Energy Management focus market is still expected to perform especially dynamically. In the remaining markets, the Board of Management anticipates a slight downturn in the first half of the year; this will be compensated for in the second half by rising activity and the acquisition and development of new customers in the field of energy-efficient thermal management. With its existing manufacturing capacities, highly qualified personnel and intact procurement markets, the Group is focusing on realising the forecasts for revenue and earnings growth over the coming years.

Thanks to the technological expertise in thermal management, which is becoming ever more important in light of the megatrends presented above, coupled with a clear strategic direction, the Board of Management looks to the future with confidence and is convinced that the expected revenue and EBIT targets for 2024 and 2025 will be achieved.

DISCLAIMER

The Combined Management Report contains future-related statements. Considerable variation between anticipated developments and actual outcomes is possible due to any aforementioned or other element of uncertainty, or if the assumptions on the basis of which the forecasts are made prove to be incorrect.

Sassenberg, March 19, 2024

The Board of Management


Michael Finger


Robin Schaede

Consolidated Balance Sheet

Assets

	Note	31/12/2023 k€	31/12/2022 k€
Non-current assets			
Property, plant and equipment	(1)	36,253	35,670
Right-of-use assets	(2)	4,479	3,925
Goodwill	(3)	23,513	23,513
Intangible assets	(4)	4,028	4,531
Other financial assets		210	215
Deferred tax	(27)	631	741
		69,114	68,595
Current assets			
Inventories	(5)	44,990	50,203
Trade receivables	(6)	30,212	27,394
Income tax receivable	(7)	233	565
Other financial assets	(8)	859	967
Other assets	(8)	2,390	2,546
Cash and cash equivalents	(9)	22,770	12,445
		101,454	94,120
Total assets		170,568	162,715

Equity and liabilities

	Note	31/12/2023	31/12/2022
		k€	k€
Equity	(10)		
Issued capital		6,908	6,908
Capital reserve		19,097	19,097
Retained earnings		65,982	61,494
Other reserves		-5,086	-5,329
Net profit for the period		8,532	8,900
Total equity attributable to technotrans SE shareholders		95,433	91,070
Non-controlling interests in equity		0	0
		95,433	91,070
Non-current liabilities			
Financial liabilities	(11)	29,668	18,908
Employee benefits	(15)	1,092	1058
Other financial liabilities	(12)	2,504	2,350
Deferred tax	(27)	726	821
		33,990	23,137
Current liabilities			
Financial liabilities	(11)	9,240	15,492
Trade payables	(13)	7,165	7,363
Advances received	(14)	6,066	6,820
Employee benefits	(15)	5,607	5,730
Provisions	(16)	3,200	3,394
Income tax payable	(17)	3,259	4,359
Other financial liabilities	(18)	3,004	3,267
Other liabilities	(18)	3,604	2,083
		41,145	48,508
Total equity and liabilities		170,568	162,715

Consolidated Income Statement

	Note	2023 k€	2022 k€
Revenue	(19)	262,116	238,218
of which Technology		199,590	180,203
of which Services		62,526	58,015
Cost of sales	(20)	-192,274	-171,178
Gross profit		69,842	67,040
Distribution costs	(21)	-27,505	-26,907
Administrative expenses	(22)	-22,678	-21,008
Development costs	(23)	-5,059	-5,165
Income/expenses from value adjustment of financial assets and contract assets	(6)	-226	-122
Other operating income	(24)	1,501	2,227
Other operating expenses	(25)	-1,700	-1,736
Earnings before interest and taxes (EBIT)		14,175	14,329
Financial income		135	147
Financial expenses		-1567	-949
Financial result	(26)	-1432	-802
Earnings before taxes		12,743	13,527
Income tax expense	(27)	-4,211	-4,623
Net profit for the period		8,532	8,904
of which:			
Profit attributable to technotrans SE shareholders		8,532	8,900
Profit attributable to non-controlling interests		0	4
Earnings per share (€)	(28)		
Basic		1,24	1,29
Diluted		1,24	1,29

Consolidated Statement of Other Comprehensive Income

	Note	2023 k€	2022 k€
Net profit for the period		8,532	8,904
Other result			
Items not reclassified to the income statement			
Revaluation of the net liability from defined benefit pension plans	(15)	14	105
Deferred tax		-5	-43
		9	62
Items reclassified to the income statement or available for subsequent classification			
Exchange differences from the translation of foreign Group companies		-23	-182
Change in the amount recognised within equity (net investments in a foreign operation)	(10)	135	889
Change in the market values of cash flow hedges		-40	119
Deferred tax		7	-19
Change in the amount recognised within equity (cash flow hedges)	(30)	-33	100
		79	807
Other profit after tax		88	869
Overall result for the financial year		8,620	9,773
of which:			
Profit attributable to technotrans SE shareholders		8,620	9,769
Profit attributable to non-controlling interests		0	4

Consolidated Cash Flow Statement

	Note	2023 k€	2022 k€
Cash flow from operating activities			
Net profit for the period		8,532	8,904
Adjustments for:			
Depreciation and amortisation		7,010	6,778
Income tax expense	(27)	4,211	4,623
Gain (-)/loss (+) on the disposal of property, plant and equipment	(24), (25)	-126	-129
Foreign exchange losses (+)/gains (-)		190	40
Financial result	(26)	1,432	802
Other non-cash changes		-130	631
Cash flow from operating activities before working capital changes		21,119	21,649
Change in:			
Inventories	(5)	5,213	-16,507
Receivables and other assets		-2,549	-6,249
Liabilities and advances received		-90	2,310
Provisions and employee benefits	(15), (16)	-283	73
Cash from operating activities		23,410	1,276
Interest income		117	4
Interest expense		-1,046	-603
Income taxes paid/income tax rebates		-4,964	-1,720
Net cash from operating activities		17,517	-1,043
Cash flow from investing activities			
Cash payments for investments in property, plant and equipment and in intangible assets		-4,853	-2,899
Proceeds from the sale of property, plant and equipment		145	204
Net cash used for investing activities		-4,708	-2,695

	Note	2023	2022
		k€	k€
Cash flow from financing activities			
Cash receipts from the raising of short-term and long-term loans		20,000	12,000
Cash payments from the repayment of loans		-15,492	-9,073
Distribution to investors		-4,421	-3,523
Cash payments from the repayment of lease liabilities		-2,578	-1,946
Net cash used in financing activities		-2,491	-2,542
Change in cash and cash equivalents		10,318	-6,280
Cash and cash equivalents at start of period		12,445	18,651
Effects of currency translation on cash and cash equivalents		7	74
Cash and cash equivalents at end of period	(9)	22,770	12,445

Consolidated Statement of Changes in Equity

(Notes 11)

	Issued capital k€	Capital reserve k€	Retained earnings k€
01/01/2022	6,908	19,097	64,955
Net profit for the period	0	0	8,900
Other result	0	0	62
Overall result for the financial year	0	0	8,962
Distributions	0	0	-3,523
Share-based payments	0	0	0
Transactions with owners	0	0	-3,523
Total transactions with owners of the company	0	0	-3,523
31/12/2022 / 01/01/2023	6,908	19,097	70,394
Net profit for the period	0	0	8,532
Other result	0	0	9
Overall result for the financial year	0	0	8,541
Distributions	0	0	-4,421
Share-based payments	0	0	0
Transactions with owners	0	0	-4,421
Total transactions with owners of the company	0	0	-4,421
31/12/2023	6,908	19,097	74,514

Notes

Other reserves						
Exchange differences	Reserve for exchange rate differences from the financing of investments	Hedging reserve	Share-based payments	Total equity attributable to technotrans SE shareholders	Non-controlling interests in equity	Group equity
k€	k€	k€	k€	k€	k€	k€
-3,161	-3,239	-27	247	84,780	-4	84,776
0	0	0	0	8,900	4	8,904
-182	889	100	0	869	0	869
-182	889	100	0	9,769	4	9,773
0	0	0	0	-3,523	0	-3,523
0	0	0	44	44	0	44
0	0	0	44	-3,479	0	-3,479
0	0	0	44	-3,479	0	-3,479
-3,343	-2,350	73	291	91,070	0	91,070
0	0	0	0	8,532	0	8,532
-23	135	-33	0	88	0	88
-23	135	-33	0	8,620	0	8,620
0	0	0	0	-4,421	0	-4,421
0	0	0	164	164	0	164
0	0	0	164	-4,257	0	-4,257
0	0	0	164	-4,257	0	-4,257
-3,366	-2,215	40	455	95,433	0	95,433

I. APPLICATION OF IFRS – BASIC NOTES

technotrans SE is a publicly traded corporation domiciled in Sassenberg (Robert-Linnemann-Str. 17, 48336 Sassenberg), Germany. The company is entered on the register of the local Court of Münster under the number HRB 17351. These Consolidated Financial Statements of technotrans SE and its subsidiaries (**the “Group”**) at December 31, 2023 were approved for forwarding to the Supervisory Board by resolution of the Board of Management dated March 19, 2024. The task of the Supervisory Board is to examine the Consolidated Financial Statements and declare whether it will sign off the Consolidated Financial Statements.

The object of the technotrans Group is the development, manufacture, construction, sale, installation, repair and servicing of technical plant, systems and components, the trading in such plant, systems and components, and the provision of maintenance and services, including technical services in the area of thermal management. The Group is divided into the Technology and Services segments.

The Consolidated Financial Statements have been prepared on the basis of Section 315e of the German Commercial Code (HGB) (“Consolidated financial statements to International Financial Reporting Standards”) in accordance with the International Financial Reporting Standards (IFRS) and the related interpretations of the International Accounting Standards Board (IASB). All standards the application of which is mandatory, as adopted by the European Union, were applied.

The Consolidated Financial Statements are based on standard accounting and valuation principles and relate to the financial year from January 1 to December 31, 2023. Details of the accounting policies are provided in the section “II. Group c) Accounting and valuation principles”. Changes to key accounting policies are presented in the section “Accounting and valuation principles”. The financial statements are prepared in euros (€); unless otherwise stated the figures reported are in thousand euros (€k).

II. Group

a) Scope of consolidation

The Consolidated Financial Statements include technotrans SE and its 15 subsidiaries over which it exercises control. Control is routinely deemed to exist where a majority of voting rights is held. technotrans SE directly or indirectly holds a majority of voting rights in 14 subsidiaries. The Group does not hold a majority of voting rights in SHT Immobilienbesitz GmbH & Co. Vermietungs KG, which exclusively holds and manages the factory premises in Bad Doberan that are let out to technotrans SE. However, based on the terms of the lease agreement the Group essentially receives the entire income from this activity. The Board of Management consequently arrives at the conclusion that SHT Immobilienbesitz GmbH & Co. Vermietungs KG is a subsidiary and is therefore to be included in consolidation.

Subsidiaries that are of minor significance for the Group and for the presentation of a true and fair view of the net assets, financial position and results of operations in view of their suspended or only minor level of business activity are fundamentally not included in the Consolidated Financial Statements. Three subsidiaries that are already in liquidation were not included in the Consolidated Financial Statements for reasons of minor significance.

Companies	Country	Domicile	Interest
			in %
technotrans SE	D	Sassenberg	Parent company
technotrans solutions GmbH	D	Meinerzhagen	100 ²⁾
technotrans systems GmbH	D	Baden-Baden	100 ²⁾
SHT Immobilienbesitz GmbH & Co. Vermietungs KG	D	Mainz	94 ¹⁾
technotrans Grundstücksverwaltungs GmbH	D	Sassenberg	100 ²⁾
gds GmbH	D	Sassenberg	100 ²⁾
gds Sprachenwelt GmbH	D	Hünfeld	100 ^{2) 3)}
technotrans graphics Ltd.	GB	Colchester	100
technotrans france s.a.r.l.	F	Saint-Maximin	100
technotrans italia s.r.l.	I	Legnano	100
technotrans america inc.	USA	Mt. Prospect	100
technotrans américa latina Itda.	BR	Indaiatuba	100
technotrans group (taicang) co. Ltd.	CHN	Taicang	100
technotrans technologies pte. Ltd., (Singapore und Melbourne)	SGP	Singapore	100
technotrans india pvt Ltd	IN	Chennai	100 ⁴⁾
technotrans japan K.K.	JP	Kobe	100
gwk Heating & Cooling Technology (Nanchang) Co. Ltd	CHN	Nanchang	100 ⁵⁾

¹⁾ Limited partnership interest held by technotrans SE; consolidation according to IFRS 10

²⁾ The domestic subsidiary has met the necessary conditions for taking advantage of the exemption provisions pursuant to Section 264 (3) of German Commercial Code (HGB) and uses the option not to prepare and disclose the documentation pertaining to its annual financial statements

³⁾ Indirect interest held through gds GmbH

⁴⁾ Indirect interest held through technotrans technologies pte. Ltd.

⁵⁾ Indirect interest held through technotrans solutions GmbH: company is currently in liquidation and was not included in consolidation for reasons of minor significance

b) Consolidation methods

The Consolidated Financial Statements are based on the Group companies' annual financial statements and interim financial statements (Commercial Balance Sheet II based on IFRS) prepared in accordance with standard accounting and valuation principles at December 31, 2023.

Capital consolidation for the subsidiaries is performed according to the purchase method pursuant to IFRS 3. The acquisition costs of the business combination in each case correspond to the cash components paid and the liabilities arising and acquired at the time of acquisition. These acquisition costs are distributed between the identifiable assets, liabilities and contingent liabilities of the acquiree by their recognition at the respective fair values at the time of acquisition. The positive differences remaining after purchase price allocation are recognised as goodwill. The non-controlling interests are measured at acquisition cost (partial goodwill method). Changes in the Group's interest in a subsidiary that do not lead to a loss of control are accounted for as equity transactions. Goodwill is recognised as an asset and subjected to an impairment test annually. The costs associated with the business combination are recognised as an expense when they arise.

All intra-group receivables and liabilities, revenues, expenses and income as well as balances from intra-group supplies are eliminated on consolidation. Deferred taxes are recognised, where necessary, for consolidation processes recognised through profit or loss.

c) Balance sheet recognition and measurement principles

With the exception of certain financial instruments that are reported at fair value, the Consolidated Financial Statements are prepared based on historical cost.

Accounting estimates and judgements

The preparation of the Consolidated Financial Statements in accordance with IFRS requires the Board of Management to make estimates and assumptions which influence the amounts reported and the disclosures made on them in the Notes. Significant judgements outside the context of estimates concern the definition of the cash-generating units, the consolidation of companies in which no majority of voting rights is held, the point of revenue realisation and the term of leases.

All estimates and assumptions are made to the best of our knowledge, in the interests of providing a true and fair view of the net assets, financial position and results of operations of the Group. Such estimates and assumption-based policies involve uncertainty and may change in the course of time. The actual results may deviate from these assessments. Responsibility for regularly monitoring all key fair value measurements, including the Level 3 fair values, rests with Group Controlling. Changes are reported to the Finance Director. Regular reviews of the key non-observable input factors and of fair value adjustments are carried out.

The estimates and underlying assumptions are examined on a regular basis. If a reassessment results in a difference, that difference is recognised in the accounting period in which the reassessment was made if it relates to that period only. It is recorded in the accounting period in which the reassessment was made, as well as in subsequent periods if it also influences the subsequent periods.

Assessments made by the Board of Management that are subject to a significant degree of uncertainty and bring with them the risk of significant adjustments in future financial years concern the following matters in particular:

1) Accounting of acquisition

Goodwill is recognised in the Group's balance sheet as a result of acquisitions. Upon initial consolidation of an acquisition, all identifiable assets, liabilities and potential liabilities are stated at their fair value at the date of acquisition. Assets such as land, buildings, plant and equipment are normally measured on the basis of independent appraisals, while the fair value of an intangible asset is determined internally using an appropriate valuation technique depending on its nature and the complexity of its determination. The assumptions made for this purpose are regularly subject to forecast uncertainty. There is goodwill from corporate acquisitions. Goodwill is tested for impairment annually or whenever any basis for impairment is identified. With regard to significant accounting judgements for 2023, see Note 3 "Goodwill" and Note 4 "Intangible assets".

2) Recoverability of assets

At each balance sheet date the Board of Management is to assess whether there is an indication that the carrying amount of a property, plant and equipment item, a right-of-use asset or an intangible asset might be impaired. In that case, the "recoverable amount" of the asset in question is estimated. The "recoverable amount" is the higher of the fair value less the costs of disposal, or the value in use. In order to determine the value in use, the discounted future cash flows of the asset in question need to be determined. This estimate includes significant assumptions regarding the economic environment and future cash flows. Changes in these assumptions or circumstances could result in additional reductions for impairment in the future, or in reversals. With regard to significant accounting judgements for 2023, see Note 1 "Property, plant and equipment", Note 2 "Leases" and Note 4 "Intangible assets".

3) Recognition and measurement of provisions

For the recognition and measurement of provisions, the level and probability of future drawdowns are estimated. The level of the actual drawdowns may differ from the estimates. The assumptions and estimates are based in each case on the current state of knowledge and the data currently available. With regard to significant accounting judgements for 2023, see Note 15 "Employee benefits" and Note 16 "Provisions".

4) Income tax expense

As the Group operates and earns income in numerous countries, it is subject to a wide variety of tax laws in a number of tax jurisdictions. Although management believes it has made a reasonable estimate of tax contingencies, no assurance can be given that the actual outcome of such tax contingencies will be the same as the original estimate. Any differences could have an impact on tax liabilities and deferred taxes. At each balance sheet date, the Board of Management assesses whether the realisability of future tax benefits is sufficiently probable for the recognition of deferred tax assets. This requires the board to assess, among other things, the tax benefits arising from available tax planning strategies and future taxable income. The recognised deferred tax assets could decrease if estimates of projected taxable income are lowered or if changes in current tax legislation limit the realisability of future tax benefits. With regard to significant accounting judgements in 2022, see Note 27 "Income taxes".

5) Revenue recognition

IFRS 15 establishes a comprehensive framework for determining whether, in what amount and at what time revenue is recognised. According to IFRS 15, revenue is recognised when a customer obtains

control of goods or services. The Group recognises revenue when a customer obtains control over the goods or, in the case of services, when the service is rendered. Consolidated revenue is in principle recognised on a point-in-time basis.

Where contracts include two or more delivery obligations, the transaction price is allocated to the products or the product and service based on the relative stand-alone selling prices. For contracts that include a delivery obligation and an installation obligation, an individual assessment of the status of fulfilment of the delivery obligation at the balance sheet date and the terms of the contract, including the INCO terms, is necessary. In the event of a temporal discrepancy between the fulfilment of the delivery and installation obligations across periods, the revenue and expense portion attributable to the delivery obligation is recognised, provided that the power of control was provided to the customer in the financial year and the other criteria of IFRS 15 are fulfilled.

As a rule, the Group's sales contracts do not contain any financing components.

If a discount is granted, it is allocated to both obligations based on their relative stand-alone selling prices. Management determines the individual selling prices at the beginning of the contract. With regard to significant accounting judgements for 2023, see Note 19 "Revenue".

6) Valuation of financial assets

For trade receivables and any contract assets pursuant to IFRS 15, the simplified approach for determining value adjustments for financial assets according to IFRS 9 is adopted. Upon initial recognition and at every subsequent reporting date, risk provisioning over the total term in the amount of the expected credit loss is recognised through profit or loss. The Group uses an allowance matrix to measure expected credit losses on trade receivables and contract assets. The Group uses past default rates and forward-looking information to determine expected loss rates. The assumptions used to determine the loss ratios are based on the Group's estimates. With regard to significant accounting judgements for 2023, see Note 30 "Financial instruments".

7) Leases

The term of leases is included in the measurement of assets and liabilities from leases. In determining the term of leases, all facts and circumstances that provide an economic incentive to exercise renewal options or not to exercise termination options are taken into account. Term changes resulting from the exercise of renewal or termination options shall only be included in the contract term if renewal is reasonably certain. Estimates are necessary in determining the marginal borrowing rate of the lease. With regard to significant accounting judgements for 2023, see Note 2 "Leases".

Accounting and valuation methods

The application of a specific IFRS is explained in the notes to the individual items of the financial statements. In principle the following accounting and valuation methods were applied:

Property, plant and equipment are valued at historical cost less depreciation and accumulated impairment losses. Subsequent acquisition costs are capitalised where they increase the value of the property, plant and equipment. In the case of internally generated assets, the production cost is calculated on the basis of direct costs as well as the systematically allocable fixed and variable production overheads, including depreciation. Ongoing maintenance and repair costs are recorded as an expense after they have occurred.

With the exception of land, items of property, plant and equipment are depreciated according to the straight-line method over their useful life. The useful life and method of depreciation are reassessed annually.

The components of property, plant and equipment with a significant acquisition value in relation to the total value are depreciated separately. Upon sale or decommissioning, the carrying amounts of the assets are derecognised from the balance sheet; any gains or losses arising are recognised through profit or loss.

Useful life of property, plant and equipment

Buildings	20 to 50 years
Land improvements, fixtures and fittings	10 to 15 years
Tools, plant and equipment	3 to 10 years
Hardware, vehicle fleet	3 to 6 years

If there are indications of impairment, property, plant and equipment are tested for impairment pursuant to IAS 36. Where necessary, property, plant and equipment are written down to the “recoverable amount”. If the underlying circumstances subsequently cease to apply, these value adjustments are reversed up to a maximum of the net carrying amount that would have resulted if no such value adjustments had been made.

Lease assets and liabilities are recognised as right-of-use assets and lease liabilities at the inception of a lease. At the inception of a contract, the Group assesses whether it creates or contains a lease. If the contract includes the right to control the use of an identified asset for a specified period of time in exchange for consideration, the contract creates or contains a lease. In order to assess whether a contract confers the right to control the use of an identified asset, the technotrans Group applies the definition of a lease in accordance with IFRS 16.

At the inception or revaluation of a contract that includes a lease component, the Group allocates the consideration agreed in the contract on a relative unit basis. There is thus a separation of lease and non-lease components.

The lease is recognised at present value. The lease liability includes the present value of the following lease payments:

- Fixed lease payments, including substantial fixed payments, less any lease incentives to be received;
- Variable lease payments that depend on an index or a price, initially measured at the index or the price at the commencement date;
- Expected payments from the utilisation of residual value guarantees;
- The exercise price of a call option, the exercise of which is sufficiently certain for the Group;
- Lease payments for a renewal option if the Group is reasonably certain to exercise it; and

- Penalty payments for the early termination of a lease, provided that the term takes into account that the Group will exercise the corresponding termination option.

Lease payments are discounted at the implicit interest rate underlying the lease, if determinable. As this is usually not the case in the Group, discounting is carried out at the lessee's marginal borrowing rate. This is the interest rate at which the lessee would have to borrow under similar economic conditions for a loan with a similar term and comparable collateral in order to acquire an asset with a similar value in a comparable economic environment.

To determine a marginal borrowing rate, the Group uses a risk-free interest rate as a starting point and adjusts it to the credit risk. Other adjustments relate to the term of the lease, the economic environment and the currency of the lease.

The lease liability is revalued if there is a change in the future lease payments due to a change in an index or a rate, a change in the estimate of residual value guarantees to be paid or a change in the Group's estimate of the exercise of purchase, renewal or termination options. If there is a revaluation of the lease liability, a corresponding adjustment is made to the carrying amount of the right-of-use asset.

Lease payments are divided into principal and interest payments. The interest component of the lease payment is recognised through profit or loss, resulting in interest on the balance of the liability for each period.

Right-of-use assets are valued at acquisition cost. This is composed as follows:

- The amount of the initial measurement of the lease liability;
- Lease payments made at or before the commencement date, less any lease incentives received from the lessor;
- Initial direct costs incurred; and
- Estimate of the costs incurred to dismantle and remove a leased asset, restore the site on which it is located, or restore the underlying asset to the condition required under the lease agreement.

The right-of-use assets are written down on a straight-line basis over the term of the underlying lease. The term for lease contracts for vehicles is usually 3 to 4 years, and for real estate 1 to 5 years. Depreciation begins at the inception of the lease. If the carrying amount of a right-of-use asset is impaired in the course of a revaluation in accordance with IAS 36, the adjustment is recognised through profit or loss.

The Group has leases with contractual terms of 12 months or less or leases of low-value assets. Neither right-of-use assets nor lease liabilities are recognised for these leases. The expenses associated with these leases are recognised on a straight-line basis over the term of the lease.

The goodwill recognised represents the difference between the purchase price and the fair value of the net assets acquired in business combinations. Pursuant to IAS 36, goodwill must be tested for impairment once a year or whenever there are indications of impairment. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each

of the Group's cash-generating units that expect to benefit from the synergies of the business combination. Where necessary, value adjustments are made to the "recoverable amount". Pursuant to IAS 36.124, such a value adjustment is not reversed if the reasons subsequently cease to apply.

Intangible assets acquired for consideration, namely concessions, industrial property rights and similar assets, are recognised at cost. They are reduced by scheduled depreciation using the straight-line method, according to their useful life. Trademarks, licences and customer bases acquired in business combinations are recognised at fair value at the acquisition date. Intangible assets identified from previous acquisitions have finite useful lives and are subsequently carried at cost less accumulated depreciation. The residual carrying amount, useful life and method of depreciation are reviewed annually.

Internally generated intangible assets are recognised at cost. Development expenditure on the fundamental reengineering of a product is capitalised if the product is technically and economically realisable, the development is marketable, the expenditure can reliably be measured and the Group has sufficient resources to complete the development project. Pursuant to IAS 38.65 ff, it comprises the directly allocable direct costs as well as the production overheads that can be directly allocated to the creation, manufacture and preparation of the asset, where they arise between the start of the development phase and its completion. The capitalisation requirements of IAS 38.21, 38.22 and 38.57 are observed. Amortisation of development expenditure recognised as an intangible asset commences as soon as the asset is available for use. This usually coincides with the start of its commercial use.

Useful life of intangible assets

Patents, licences	3 to 10 years
Capitalised development costs	5 years
Customer base, order backlog, brand	2 to 10 years

All internally generated intangible assets acquired for consideration, with the exception of goodwill, have a finite useful life. The notes on property, plant and equipment apply analogously to any necessary value adjustments to the "recoverable amount" of the intangible assets.

Taxes for the period comprise current and deferred taxes. Tax is recognised in the income statement unless it relates to items recognised directly in equity or other comprehensive income. In these cases, the corresponding taxes are likewise recognised in equity or in other comprehensive income. In accordance with IAS 12, deferred taxes are accounted for using the balance sheet method in respect of temporary differences between the carrying amounts in the IFRS Balance Sheet and the Tax Balance Sheet (liability method) and in respect of tax loss carryforwards for creditable tax. Deferred tax assets for temporary differences as well as tax loss carryforwards are only recognised to the extent that it is probable that sufficient taxable income will be available in the future to make use of them. Deferred taxes are measured using the locally applicable tax rates that have been enacted or announced at the balance sheet date.

Deferred tax assets and liabilities are also recognised on temporary differences arising from business combinations, except for temporary differences on goodwill where the latter are not fiscally

recognised. Deferred tax assets and liabilities are offset if there is a right of set-off and the items relate to income taxes levied by the same taxation authorities.

In principle, inventories are valued at acquisition or production cost using the average cost method or, if lower, at net realisable value. In accordance with IAS 2, production costs include not only direct material and production costs, but also fixed and variable production overheads that can be allocated by way of overhead costing and are incurred during production.

Net realisable value is the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale. If the reasons that led to a devaluation no longer exist, the impairment loss is reversed.

Trade receivables and other current receivables are generally recognised at amortised cost using the effective interest method. Impairments, which are made in the form of individual and group portfolio value adjustments, take sufficient account of the default risk. For further information on Group accounting for trade receivables and a description of the Group's impairment policy, see Note 31 "Financial instruments". Objective defaults lead to a derecognition of the receivable in question.

Cash and cash equivalents are stated at nominal value and are translated into euros at the exchange rate prevailing on the balance sheet date. They comprise cash on hand and demand deposits as well as financial assets that can be converted into cash at any time.

Issued capital (no-par value shares) is recognised at nominal value.

If the Group acquires treasury shares, these are deducted from equity. The purchase and sale, issuance and retirement of treasury shares are not recognised through profit or loss, but as an addition to or disposal from equity. Differences between the acquisition costs of the issued shares and their fair values upon their sale or issuance are offset against the capital reserves.

Liabilities are generally recognised at amortised cost. Liabilities in foreign currency are translated in accordance with IAS 21.21 and 23 (a). Financial liabilities are initially measured at fair value including the transaction costs and subsequently at amortised cost using the effective interest method.

Provisions are recognised for obligations to third parties if it is probable that an outflow of resources will be required to settle the obligation at the balance sheet date and a reliable estimate can be made of the amount of the obligation. They are recognised at the expected settlement amount. Long-term provisions are discounted.

Provisions for warranties are created at the time of sale of the goods in question. The amount is based on the historical development of warranties and a consideration of all possible future warranty cases weighted with their probability of occurrence. An individually assessed warranty provision is created for separable warranty cases.

Provisions for litigation settlements are created in the amount of the expected claim and the costs of the proceedings.

Employee benefits are measured at the amounts expected to be paid to settle the liabilities. They are recognised as current liabilities if the benefits are expected to be settled in full within 12 months of the end of the period in which the employees render the service in question.

Post-employment benefits are both defined benefit and defined contribution plans. Provisions for pensions and for similar obligations are measured using the projected unit credit method. Gains and losses resulting from the change in expectations regarding life expectancy, future expected pension and pay increases and the discount rate compared to actual development during the period are recognised directly in other comprehensive income in the Statement of Other Comprehensive Income.

Termination benefits are payable when employment is terminated by the Group or when an employee voluntarily leaves employment in return for a termination payment. The Group recognises such benefits if the Group can no longer withdraw the offer for such benefits.

Financial instruments in the Group consist mainly of trade receivables and other financial assets and liabilities. Financial assets and liabilities are recognised for the first time on the trade date when the company becomes a party to the contract under the contractual provisions of the instrument. Upon initial recognition, a financial asset is classified and measured as follows:

- At amortised cost,
- At fair value through other comprehensive income (FVOCI), or
- At fair value through profit or loss (FVTPL).

The classification of financial assets and liabilities is based on the company's business model for the management of financial assets and liabilities and the characteristics of the contractual cash flows.

Financial assets are not reclassified after initial recognition unless the Group changes its business model for the management of financial assets. For classification, see Note 31 "Financial instruments".

The Group measures its financial assets at amortised cost if the financial assets are held in the ordinary course of business with the objective of collecting the contractual cash flows and the contractual terms of the financial asset give rise to cash flows at specified dates that are solely payments of principal and interest on the principal outstanding.

A debt instrument is designated as FVOCI if the debt instrument is held within a business model whose objective is to collect the contractual cash flows and sell financial assets and where the cash flows are solely payments of interest and principal. Changes in the carrying amount are recognised in other comprehensive income. When the debt instrument is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

Financial liabilities are classified and measured at amortised cost or fair value through profit or loss (FVTPL). A financial liability is classified at FVTPL if it is classified as held for trading, is a derivative or is designated as such upon initial recognition.

For the accounting of derivative financial instruments, the Group ensures that the hedging relationships are in line with the Group's risk management objectives and strategy. The Group designates

certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions resulting from changes in interest rates. The technotrans Group currently uses exclusively interest rate swaps to hedge future interest payment flows. Where they qualify as cash flow hedges, the correspondingly effective adjustments to the market price are recognised directly in equity. The amount recognised in equity is reclassified to profit or loss in the period in which the hedged expected future cash flows affect the profit or loss.

Government grants are recognised at fair value if there is reasonable assurance that the grant will be received and the Group will comply with all grant conditions. The grants are treated as income and are in principle offset in the periods in which the expenses they are intended to compensate are incurred. Government grants for assets are offset against the acquisition and production costs of the subsidised asset and thus represent a reduction in acquisition costs. The grants are recognised pro rata within income in the form of lower depreciation. In financial year 2023, income from funding programmes **in the amount of € 184 thousand (2022: € 0 thousand) was received. Work support scheme** money passed on to our employees in the 2023 financial year is treated as a pass-through item for accounting purposes. At December 31, 2023 this resulted in claims for reimbursement against the **Federal Labour Office in the amount of € 50 thousand for the work support scheme money paid in advance** in the financial year.

Financial income and expenses are recognised on an accrual basis in accordance with the effective interest method. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset in accordance with IAS 23. As in the previous year, no financing costs were capitalised in the 2023 financial year.

Currency translation: The financial statements of all foreign Group companies prepared in foreign currency are translated according to the functional currency concept (IAS 21). The functional currency of the companies included in the Consolidated Financial Statements is generally the respective local currency.

Transactions that a Group company conducts in a currency other than its functional currency are initially translated into the functional currency and accounted for using the prevailing spot exchange rate on the date of the transaction. At each subsequent balance sheet date, monetary items (cash and cash equivalents, receivables and liabilities) denominated in a currency other than the functional currency are translated at the closing rate; the resulting exchange rate differences are recognised in profit or loss. Non-monetary items are translated at the historical rate.

The assets and liabilities of foreign subsidiaries are translated at the mean exchange rate on the balance sheet date (closing rate) and included in the Consolidated Financial Statements. Expenses and income are translated at the daily exchange rate, approximated to the average exchange rate for the year; the resulting differences are recognised directly in equity.

Exchange rate differences from the net investment in a foreign operation (Group company) are recognised directly in equity. These differences are only recognised through profit or loss upon the ceasing of operations.

The following exchange rates used for currency translation:

	Average exchange rates for the financial year		Mean exchange rates at balance sheet date	
	2023	2022	31/12/2023	31/12/2022
USD	1.081	1.053	1.105	1.067
JPY	151.990	138.035	156.330	140.660
GBP	0.870	0.853	0.869	0.887
CNY	7.660	7.080	7.851	7.358
BRL	5.401	5.441	5.362	5.639
INR	89.300	82.695	91.905	88.171

d) Change in accounting and valuation methods

The Consolidated Financial Statements of technotrans SE at December 31, 2023 take account of all standards and interpretations adopted by the European Union and whose application is mandatory for the 2023 financial year.

The following standards were applicable for the first time in the 2023 financial year:

Standard/amendment/interpretation		Effective date	Impact on technotrans
IFRS 17	Insurance Contracts	January 1, 2023	None
IAS 1	Disclosure requirements for accounting and valuation policies	January 1, 2023	None
IAS 8	Definition of accounting estimates	January 1, 2023	None
IAS 12	Deferred taxes relating to assets and liabilities from a single transaction	January 1, 2023	None
IAS 12	International tax reform - Two-Pillar model rules	January 1, 2023	None

New accounting standards

A number of new standards and interpretations are to be adopted in the first reporting period of a financial year beginning on or after January 1, 2024, with early adoption being possible; in the technotrans Group, however, the new or amended standards were not adopted early in the preparation of these Consolidated Financial Statements.

Standard/amendment/interpretation		Effective Date	Impact on technotrans
IFRS 16	Liability in a Sale and Leaseback (amendment to IFRS 16)	January 1, 2024	None
IAS 1	Classification of liabilities as current or non-current (amendments to IAS 1)	January 1, 2024	None
IAS 1	Non-current Liabilities with Covenants (Amendments to IAS 1)	January 1, 2024	None
IAS 7	Supplier Finance Arrangements (Amendments to IAS 7)	January 1, 2024	None

III. Notes to the Consolidated Balance Sheet

Consolidated Statement of Changes in Fixed Assets

	2022	Cost					
		Position at 01/01/2022		Exchange differences	Additions	Disposals	Transfers
		k€	k€	k€	k€	k€	k€
Property, plant and equipment	(1)						
Real estate*		44,635	2	83	0	1,302	46,022
Technical equipment and machinery		6,710	16	187	0	1,640	8,553
Other equipment, plant and office equipment		14,338	3	2,046	-962	-2,916	12,509
Construction in progress		29	0	43	0	-26	46
		65,712	21	2,359	-962	0	67,130
Right-of-use assets	(2)						
Land and buildings		3,589	14	2,392	-915	0	5,080
Technical equipment and machinery		419	0	29	0	0	448
Other equipment, plant and office equipment		3,810	-5	981	-986	0	3,800
		7,818	9	3,402	-1,901	0	9,328
Intangible assets	(4)						
Goodwill	(3)	23,513	0	0	0	0	23,513
Concessions, industrial property rights and similar rights		22,098	46	256	-7,340	184	15,244
Capitalised development costs		11,807	12	71	-5,660	0	6,230
Payments on account		218	0	213	0	-184	247
		57,636	58	540	-13,000	0	45,234
2023		Cost					
	2023	Position at 01/01/2023		Exchange differences	Additions	Disposals	Transfers
		k€	k€	k€	k€	k€	k€
		Property, plant and equipment	(1)				
Real estate*		46,022	-25	164	0	696	46,857
Technical equipment and machinery		8,553	-19	483	-492	390	8,915
Other equipment, plant and office equipment		12,509	-19	2,539	-517	-981	13,531
Construction in progress		46	0	456	0	-46	456
		67,130	-63	3,642	-1,009	59	69,759
Right-of-use assets	(2)						
Land and buildings		5,080	-99	1,130	-128	0	5,983
Technical equipment and machinery		448	0	132	0	0	580
Other equipment, plant and office equipment		3,800	2	1,637	-1,267	0	4,172
		9,328	-97	2,899	-1,395	0	10,735
Intangible assets	(4)						
Goodwill	(3)	23,513	0	0	0	0	23,513
Concessions, industrial property rights and similar rights		15,244	-24	168	-117	123	15,394
Capitalised development costs		6,230	0	918	-191	0	6,957
Payments on account		247	0	127	0	-182	192
		45,234	-24	1,213	-308	-59	46,056

*Land, land rights and buildings, including buildings on land owned by others

Depreciation and amortisation						Residual carrying amounts	
Position at 01/01/2022	Exchange differences	Depreciation for the year	Disposals	Transfers	Position at 31/12/2022	Position at 31/12/2022	
k€	k€	k€	k€	k€	k€	k€	
15,002	2	1,128	0	1,302	17,434	28,588	
4,409	65	442	0	1,640	6,556	1,997	
10,089	0	1,240	-917	-2,942	7,470	5,039	
0	0	0	0	0	0	46	
29,500	67	2,810	-917	0	31,460	35,670	
2,687	10	854	-915	0	2,636	2,444	
230	0	81	0	0	311	137	
2,425	-5	1,022	-986	0	2,456	1,344	
5,342	5	1,957	-1,901	0	5,403	3,925	
0	0	0	0	0	0	23,513	
18,934	11	1,302	-7,340	0	12,907	2,337	
9,188	18	709	-5,632	0	4,283	1,947	
0	0	0	0	0	0	247	
28,122	29	2,011	-12,972	0	17,190	28,044	
Depreciation and amortisation						Residual carrying amounts	
Position at 01/01/2023	Exchange differences	Depreciation for the year	Disposals	Transfers	Position at 31/12/2023	Position at 31/12/2023	
k€	k€	k€	k€	k€	k€	k€	
17,434	-18	1,277	0	24	18,717	28,140	
6,556	-18	434	-462	121	6,631	2,284	
7,470	-11	1,354	-510	-145	8,158	5,373	
0	0	0	0	0	0	456	
31,460	-47	3,065	-972	0	33,506	36,253	
2,636	-56	1,152	-124	0	3,608	2,375	
311	0	89	0	0	400	180	
2,456	2	1,049	-1,259	0	2,248	1,924	
5,403	-54	2,290	-1,383	0	6,256	4,479	
0	0	0	0	0	0	23,513	
12,907	-23	1,081	-117	0	13,848	1,546	
4,283	0	575	-191	0	4,667	2,290	
0	0	0	0	0	0	192	
17,190	-23	1,656	-308	0	18,515	27,541	

1) Property, plant and equipment

The additions to technical equipment and machinery as well as to other equipment, plant and office equipment mainly relate to replacement purchases. Extraordinary write-downs and write-ups in the amount of € 20 thousand (2022: € 0 thousand) were made in the year under review. Real estate amounting to € 10,049 thousand (2022: € 10,585 thousand) serves as collateral for long-term loans (cf. Note 12 "Financial liabilities").

2) Leases

The Group has leases on various properties, vehicles, IT equipment and technical equipment and machinery. Because lease contracts are individually negotiated, they exhibit a wide range of different terms and conditions. The term for lease contracts for vehicles is usually 3 to 4 years, and for real estate 1 to 5 years. A number of property and equipment contracts contain renewal options. These contractual conditions are used to maintain maximum operational flexibility within the Group. The development of the right-of-use-assets can be seen in the Consolidated Statement of Changes in Fixed Assets. The lease liabilities are reported under other financial liabilities.

Lease liabilities

	31/12/2023	31/12/2022
	k€	k€
Up to 1 year	2,048	1,659
More than 1 year and up to 5 years	2,504	2,338
More than 5 years	0	5
	4,552	4,002

Amounts recognised in the income statement

	2023	2022
	k€	k€
Interest expenses on lease liabilities	149	50
Expenses for short-term leases	109	160
Expenses for leases of low-value assets	25	26
Expense for variable lease payments not included in the measurement of the lease liability	173	133
	456	369

3) Goodwill

The following table shows the residual carrying amounts of technotrans goodwill, broken down by segment:

	31/12/2023 k€	31/12/2022 k€
Technology segment: laser cooling	5,672	5,672
Technology segment: plastics engineering	5,757	5,757
Technology segment: cooling technology	4,152	4,152
	15,581	15,581
Services segment: services	7,171	7,171
Services segment: translation services	585	585
Services segment: software solutions for technical documentation	176	176
	7,932	7,932
	23,513	23,513

The allocation of the purchase prices to the acquired assets and liabilities is in accordance with IFRS 3.

Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired.

As scheduled in December, all six cash-generating units or groups of cash-generating units were subjected to an impairment test in the 2023 financial year in accordance with IAS 36.10. This involves comparing the carrying amount of a cash-generating unit with the recoverable amount. The recoverable amount is the higher of the fair value less the costs of disposal or the value in use.

At technotrans, the recoverable amount corresponds to the value in use. This value in use was based on key assumptions. The starting point for the cash flow forecasts for goodwill was the 2024 budget and revenue trends of the respective cash-generating unit for the financial years 2025 to 2028. For the subsequent financial years, no separate revenue planning was carried out for the cash-generating units concerned; instead, further average and constant revenue growth rates were assumed for the cash-generating units (long-term market trend for the respective industry). In addition, the costs (material, personnel and other costs) for each cash-generating unit were estimated on the basis of assumptions for the forecast period; cost increases were taken into account accordingly. All assumptions made by the Board of Management are based on experience and reflect the expectations of the relevant customers and the industry.

The growth rates for the planning period used for the impairment test in 2022 and 2023, the average EBIT margins, the capital cost rates used to discount the forecast cash flows and the assumed constant growth rates after the planning period are shown in the following table:

	Revenue growth		Average EBIT margin		Pre-tax capital cost rate		Growth rate (perpetual annuity)	
	2023	2022	2023	2022	2023	2022	2023	2022
Parameters for the impairment test	%	%	%	%	%	%	%	%
Technology segment: laser cooling	4.8	7.2	8.5	9.7	14.6	14.6	1.5	1.5
Technology segment: plastics engineering	9.8	7.3	4.3	4.1	14.7	14.7	1.0	1.5
Technology segment: cooling technology	3.3	4.3	5.4	6.0	11.8	12.0	0.9	1.0
Services segment: services	4.4	4.1	15.0	15.0	13.2	13.4	0.7	0.9
Services segment: translation services	3.7	4.3	13.5	16.1	13.2	13.1	1.5	1.5
Services segment: software solutions for technical documentation	2.5	4.9	11.3	4.3	13.7	13.0	1.5	1.5

The values in use determined on the basis of these assumptions in each case exceed the carrying amounts of the cash-generating units. Within the framework of each impairment test, two sensitivity analyses were carried out. The analyses included a reduction of the EBIT margin by 10 % and an increase in the capital cost rate of 1% point. The sensitivity analyses did not indicate a need for impairment of the carrying amounts of the cash-generating units for any of the six segments.

4) Intangible assets

Scheduled depreciation and amortisation of € 653 thousand (2022: € 850 thousand) relates to the intangible assets recognised as part of the purchase price allocation, all with a definite useful life.

Intangible assets arising from development are capitalised in accordance with IAS 38 if it is probable that a future economic benefit is associated with the use of the asset and the cost of the asset can be reliably determined. In the 2023 financial year, the Group capitalised intangible assets arising from development for own account in the amount of € 918 thousand (2022: € 71 thousand). Due to non-fulfilment of the recognition requirements of IAS 38, € 5,059 thousand (2022: € 5,165 thousand) of the development costs was recognised as an expense. These development expenses include costs for the development of products whose technical completion, sale or subsequent use is not sufficiently certain, cf. IAS 38.57.

There are no concessions, industrial and similar assets or capitalised development costs with an indefinite useful life. The useful life underlying the scheduled amortisation of software and capitalised development expenditure is three to five years.

The scheduled amortisation of capitalised development costs is allocated to the cost of sales in the income statement according to the cost of sales method. Scheduled amortisation of concessions, industrial property rights and similar assets is allocated to cost of sales, distribution costs, general administrative expenses and development costs by means of cost centre accounting.

5) Inventories

	31/12/2023 k€	31/12/2022 k€
Raw materials and supplies	30,792	33,795
Work in progress	8,027	10,977
Finished goods and merchandise	6,171	5,431
	44,990	50,203

Of the total inventories, € 3,178 thousand (2022: € 8,017 thousand) is recognised at fair value less production costs and distribution costs still to be incurred. In the 2023 financial year, impairment on inventories amounting to € 2,068 thousand (2022: € 1,615 thousand) was recognised as an expense. In the same period, reversals of impairment in the amount of € 785 thousand (2022: € 1,397 thousand) resulted in income, as higher net realisable values were achieved than assumed in the previous year.

The vast majority of raw materials and supplies held in inventories at the balance sheet date and not yet paid for are subject to retention of title by our suppliers.

6) Trade receivables

Receivables from contracts with customers are included exclusively in trade receivables. At the reporting date, receivables from contracts with customers amount to € 30,212 thousand (2022: € 27,394 thousand).

In the year under review, the balance of income from the reversal of value adjustments and expenses from the addition to value adjustments on receivables in the amount of € -226 thousand (2022: € -122 thousand) is recognised through profit or loss. Impairment is applied in order to measure the receivables at the lower fair value. Impairment amounts to € 532 thousand individually (2022: € 500 thousand) and to € 361 thousand collectively (2022: € 285 thousand). € 680 thousand of impairment relates to the Technology segment and € 213 thousand to the Services segment. The figures are measured on the basis of the expected default risk. Impairment is applied in particular if the debtor has significant financial difficulties. The valuations of trade receivables are in principle corrected via an allowance account. Receivables are only derecognised when the debtor has opened insolvency proceedings or the receivable has become irrecoverable. For the calculation of the value adjustment, see Note 30 "Financial instruments".

The following table provides an overview of the impairment on the receivables portfolio:

	31/12/2023	31/12/2022
	k€	k€
Opening balance	785	895
Additions/reversals	226	122
Derecognition of receivables	-50	-189
Cash receipts for receivables written off	-77	-30
Exchange differences	9	-13
Closing balance	893	785

The gross receivables of € 31,105 thousand (2022: € 28,179 thousand) are reduced by impairments of € 893 thousand (2022: € 785 thousand) to the amount of the reported net receivables of € 30,212 thousand (2022: € 27,394 thousand).

7) Income tax receivable

This mainly comprises income tax refund claims for the years 2022 and 2023.

8) Other current assets

	31/12/2023	31/12/2022
	k€	k€
Other financial assets		
Receivables from suppliers	165	422
Current assets from derivative financial instruments	48	87
Deposits	33	37
Other	613	421
	859	967
Other assets		
Prepayments	1,193	1252
Creditable input tax	811	912
Other	386	382
	2,390	2,546
	3,249	3,513

9) Cash and cash equivalents

Cash and cash equivalents comprise balances with banks and cash on hand. The fair value of cash and cash equivalents corresponds to the carrying amount. There were no marketable securities at the balance sheet date.

The development of cash and cash equivalents is shown in the cash flow statement.

10) Equity

The development of equity is shown in the Consolidated Statement of Changes in Equity. The equity of the Group totalled € 95,433 thousand at December 31, 2023 (2022: € 91,070 thousand).

Issued capital

The issued capital (share capital) of technotrans SE at December 31, 2023 comprises 6,907,665 no par value registered shares issued and outstanding. The shares outstanding are fully paid up. The arithmetical share in the share capital is € 1 per no par value share. All shares grant identical rights. No special rights or preferences are granted to individual shareholders. This also applies to the dividend subscription right.

Authorised capital

The Board of Management was, with the consent of the Supervisory Board, authorised until May 17, 2023 to increase the share capital on one or more occasions by up to a total of € 3,450,000.00, through the issuance of new shares against contributions in kind or in cash. The shareholders' subscription right may be excluded if the requirements of Section 186 (3) sentence 4 of the German Stock Corporation (AktG) are met or if it concerns the acquisition of companies or participations in companies where the acquisition or participation is in the properly understood interests of the company; the subscription right may moreover be excluded if fractional amounts are to be compensated. No use was made of this expired authorisation in 2023.

Conditional capital

The Board of Management was, with the consent of the Supervisory Board, authorised until May 17, 2023 to issue bearer and/or registered bonds with a maximum term of 20 years and a total nominal amount of up to € 100 million on one or more occasions and to grant the bondholders conversion and/or option rights to a total of up to € 3,450,000.00 in no par value registered shares of the company. No use was made of this expired authorisation in 2023.

Capital reserve

The premium from the past share issues in the context of the issuance of subscription shares of the conditional capital and the issuance of ordinary shares of the authorised capital (capital increase for contribution in kind) was put into the capital reserve. The costs of the share issues were deducted. The IFRS capital reserve corresponds to the capital reserve of the parent company according to German Commercial Code (HGB).

Retained earnings

Retained earnings include the results of the companies included in the Consolidated Financial Statements **to the extent that they have not been distributed**. Of this amount, € 691 thousand (2022: € 691 thousand) relates to the legal reserve of technotrans SE pursuant to Section 150 (2) AktG.

Pursuant to Section 268 (8) HGB, an amount of € 1,271 thousand (2022: € 822 thousand) of retained earnings cannot be distributed due to the capitalisation of internally generated intangible assets and **an amount of € 347 thousand (2022: € 249 thousand)** cannot be distributed due to the capitalisation of deferred taxes. In addition, an amount of € 1 thousand (2022: € 7 thousand) is blocked for distribution due to the difference in accordance with Section 253 (6) HGB from the measurement of the provisions for pensions.

A dividend of € 0.64 per no par value share was distributed in the year under review on share capital of € 6,907,665.00 bearing dividend entitlements

Other reserves

	31/12/2023 k€	31/12/2022 k€
Exchange differences	-3,366	-3,343
Reserve for net investments in a foreign operation	-2,215	-2,350
Hedging reserve	40	73
Share-based payment	455	291
	-5,086	-5,329

Pursuant to IFRS 9, the negative market value of the interest rate swaps used was offset in the hedging reserve after deduction of deferred taxes (see Note 31 "Financial instruments"). In the 2023 financial year, a loss of € 40 thousand (2022: gain of € 119 thousand) was recognised within equity with no effect on income. In return, deferred tax income of € 7 thousand (2022: tax expense of € 19 thousand) was recognised directly in equity.

technotrans SE has granted its subsidiaries loans that are to be regarded as net investments in foreign business operations. Pursuant to IAS 21.32 and IAS 12.61A, the accumulated translation differences up to the balance sheet date and any taxes on them are offset directly within equity. In the 2023 financial year, translation gains from the aforementioned loans in the amount of € 135 thousand (2022: € 889 thousand) were offset directly within equity. The total amount of the net investment in a foreign operation is € -2,215 thousand (2022: € -2,350 thousand).

The exchange differences include differences from the translation of the subsidiaries' equity to be consolidated at the historical rate and at the rate on the balance sheet date. This item furthermore includes the differences resulting from the translation of the assets and liabilities of the international subsidiaries at the exchange rate on the balance sheet date and from the translation of the expenses and income at the average rate for the year.

Treasury stock

The authorisation of the Board of Management granted on May 18, 2018 to acquire treasury shares pursuant to Section 71 (1) No. 8 of the German Stock Corporation Act (AktG), which was limited until May 17, 2023, was renewed by the Annual General Meeting on May 12, 2023 and granted for a further five years, i.e. with a limit date of May 11, 2028. The features of the authorisation broadly correspond to those of the previous authorisation from 2018. The authorisation extends to the acquisition of treasury shares of up to a total of 10 % of the share capital of the company at the time of the resolution or – if this value is lower – at the time of exercise of the authorisation. Pursuant to IAS 32.33 the reacquired shares are deducted from equity at their cost (including incidental acquisition costs). The buy-back is based on the strategic goals of the company. No transactions with treasury stock were conducted in the 2023 financial year.

Capital management

At December 31, 2023 the equity ratio was 56.0 % (2022: 56.0 %). The most important financial objectives of technotrans SE include ensuring solvency at all times and achieving a sustained increase in value of the Group.

The creation of sufficient liquidity reserves is of great importance in this context. To ensure this objective is achieved, various measures to reduce capital costs and optimise the capital structure are implemented and effective risk management is practised. technotrans is not subject to any capital requirements under the Articles of Association.

11) Financial liabilities

	31/12/2023	31/12/2022
	k€	k€
Short-term financial liabilities	9,240	15,492
Long-term financial liabilities	29,668	18,908
	38,908	34,400

There were no hedged liabilities as at the balance sheet date. Interest rate hedges only exist for financial liabilities.

Residual maturities of financial liabilities

2023	Collateral	Up to 1 year	1 to 5 years	Over 5 years	Total	Interest p.a.
		k€	k€	k€		
€ fixed rate credit	None	4,842	13,970	0	18,812	0.92 % - 3.99 %
	Land charge	1,591	4,540	1,108	7,239	0.80 % - 2.05 %
	Chattel mortgage	7	0	0	7	2.10 % - 2.35 %
Variable € credit	None	2,800	10,050	0	12,850	6M EURIBOR interest rate swap (fixed rate: 1.91 %) - 3M EURIBOR (5.27 %)
		9,240	28,560	1,108	38,908	
2022	Collateral	Up to 1 year	1 to 5 years	Over 5 years	Total	Interest p.a.
		k€	k€	k€		
€ fixed rate credit	None	13,442	10,311	0	23,753	0.92 % - 2.05 %
	Land charge	1,591	5,453	1,787	8,831	0.80 % - 2.05 %
	Chattel mortgage	30	7	0	37	2.10 % - 2.35 %
Variable € credit	None	429	1,350	0	1,779	0 % - 6-month EURIBOR interest rate swap (fixed rate: 1.91 %)
		15,492	17,121	1,787	34,400	

The secured bank loans are collateralised with land and buildings with a carrying amount of € 10,049 thousand (2022: € 10,585 thousand).

No collateral was provided for loans in the amount of € 31,662 thousand (2022: € 25,532 thousand).

12) Other non-current financial liabilities

The other non-current financial liabilities mainly include the non-current lease liabilities of € 2,504 thousand (2022: € 2,343 thousand) resulting from the adoption of IFRS 16.

13) Trade payables

	31/12/2023 k€	31/12/2022 k€
Trade payables	5,483	5,064
Outstanding purchase invoices	1,682	2,299
	7,165	7,363

All trade payables have a term of up to one year, as in the previous year.

14) Advances received

The advances received are mainly from project business. They finance the customer contracts currently in progress included in the inventories for which revenue could not yet be realised.

15) Employee benefits

	Obligations to personnel k€	Provisions for pensions k€	Total k€
	k€	k€	k€
Opening balance at 01/01/2023	6,398	390	6,788
Exchange rate movements	-30	0	-30
Used	6,132	11	6,143
Reversed	236	13	249
Compounding	0	13	13
Allocated	6,308	12	6,320
Closing balance at 31/12/2023	6,308	391	6,699
Long-term employee benefits	712	380	1,092
Short-term employee benefits	5,596	11	5,607

Obligations to personnel mainly consist of staff gratuities, employee bonuses as well as time accounts. These obligations are primarily uncertain in terms of their maturity.

A partial retirement employment contract that expires in the 2024 financial year was concluded with one employee. The obligation from this partial retirement employment contract was determined actuarially. This calculation is based on an interest rate of 0.64 % (2022: 0.30 %). Partial retirement obligations are secured against possible insolvency pursuant to Section 8a of the German Partial Retirement Act. As a hedge, cash was deposited in a money market fund (Deka Investments) and pledged in favour of the employee. In accordance with IAS 19.7 the assets represent “plan assets” and are netted with the corresponding provision. Income from the plan assets is netted against the corresponding expenses. No income was generated in the 2023 financial year and in the previous year. At December 31, 2023 cash and cash equivalents in the amount of € 23 thousand (2022: € 93 thousand) were invested.

The Group has concluded defined post-employment benefit plans in Germany and France. In Germany they promise lifetime pension payments; in France, a one-off payment is made. The amount of the benefits depends on the length of employment and the salary of the beneficiary.

In Germany, a direct pension commitment has been made to the employees of the former BVS Beratung Verkauf Service Grafische Technik GmbH. The three remaining pension beneficiaries have already left the company. Pensions are paid for all employees. To calculate the pension provisions, the defined benefit obligation (DBO) was determined by an actuarial report using the 2018 G mortality tables by Prof Dr Klaus Heubeck. The interest costs on the DBO in 2023 amount to € 5 thousand (2022: € 2 thousand), and the actuarial gain recognised in other comprehensive income actuarial amounts to € 7 thousand (2022: € 55 thousand). In 2023, payments for pensions amounting to € 11 thousand (2022: € 11 thousand) were made.

Employees of technotrans france s.a.r.l., France, are also entitled to post-employment benefits. The plans are not fund-financed. Pensions are paid out immediately to the beneficiaries when they fall due. Of the 16 pension beneficiaries, 16 employees (2022: 15) are actively working for the company. The calculation of the defined benefit obligation (DBO) is based on an actuarial report. The mortality probabilities used are based on standard mortality tables and empirical values for the country. The interest costs on the DBO in 2023 amount to € 8 thousand (2022: € 2 thousand), and the actuarial gain recognised in other comprehensive income amounts to € 6 thousand (2022: € 49 thousand gain). No pension payments were made in 2023 (2022: € 0 thousand).

The defined benefit pension commitments developed as follows in the financial year:

Notes

Present value of the obligation	2023		2022
	k€	k€	
Opening balance at 01/01	390	488	
Current service cost	12	13	
Interest expense	13	4	
Pensions paid	-11	-11	
Total amount recognised in the income statement	14	6	
Revaluations			
Actuarial gain/loss from change in financial assumptions	-13	-105	
Experience adjustments	0	1	
Total amount recognised in other comprehensive income	-13	-104	
Closing balance at 31/12	391	390	

The calculations are based on the following actuarial assumptions:

	Actuarial assumptions			
	Germany		France	
	2023	2022	2023	2022
	%	%	%	%
Discount rate	4.25	3.80	3.10	3.20
Salary growth rate	n/a	n/a	3.00	3.00
Fluctuation	n/a	n/a	1.33	1.33
Pension growth rate	2.00	2.00	n/a	n/a

The sensitivities of the defined benefit obligations with regard to changes in the key assumptions are as follows:

	Impact on defined benefit obligation				
	Increase in assumption		Decrease in assumption		
	2023	2022	2023	2022	
	k€	k€	k€	k€	
Discount rate	1.0 %	-39	-35	45	41
Salary growth rate	1.0 %	42	42	-36	-36
Pension growth rate	1.0 %	13	7	-12	-7

*1% at technotrans france s.a.r.l., France

16) Provisions

	Payments to be made under warranty	Other provisions	Total
	k€	k€	k€
Opening balance at 01/01/2023	1,908	1,486	3,394
Exchange rate movements	-6	-2	-8
Used	952	1,024	1,976
Reversed	591	104	695
Allocated	1,227	1,258	2,485
Closing balance at 31/12/2023	1,586	1,614	3,200
Short-term provisions	1,586	1,614	3,200

The provisions for warranty and retrofit obligations are created for current statutory, contractual and constructive obligations towards third parties. The provisions are measured on the basis of past experience, taking into account the circumstances on the balance sheet date.

In the course of its general business activities technotrans is involved in litigation both in and out of court, of which the outcome cannot be predicted with certainty. Litigation may arise for example in connection with product liability cases and warranties. Provisions are set up for risks resulting from this that are not already covered by insurance, provided that the claim is probable and the anticipated amount of the provision required can be reliably estimated. At the 2023 balance sheet date, there were provisions for litigation of € 10 thousand (2022: € 0 thousand) recognised under other provisions.

Miscellaneous other provisions comprise costs relating to the annual financial statements, commissions and other obligations. Here again, the amount is the factor of uncertainty. A provision for onerous contracts of € 64 thousand (2022: € 0 thousand) was recognised for onerous contracts.

17) Income tax payable

In the year under review, income tax payable relates primarily to technotrans SE and its controlled companies as well as technotrans solutions GmbH.

18) Other current liabilities

	31/12/2023 k€	31/12/2022 k€
Other financial liabilities		
Lease liabilities	2,048	1,659
Debtors with credit balances	879	1,397
Current liabilities from derivative financial instruments	0	0
Miscellaneous other financial liabilities	77	211
	3,004	3,267
Other liabilities		
Sales tax	1,675	525
Operating taxes	848	844
Liabilities in respect of social insurance	149	121
Miscellaneous other liabilities	932	593
	3,604	2,083
	6,608	5,350

In the context of adopting IFRS 16, recognised lease liabilities that exhibit a short-term character are reported under other financial liabilities.

IV. Notes to the Consolidated Income Statement

19) Revenue

The Group generates revenue primarily from the sale of products and the provision of services to its customers amounting to € 262,116 thousand (2022: € 238,218 thousand). Revenue recognition in the Group is in principle date-based.

For greater clarity, all revenue-related information is explained in the Segment Report (see Section V. “Notes to the Segment Report”).

Contract balances

The following table provides information on contract assets and contract liabilities from contracts with customers:

	31/12/2023 k€	31/12/2022 k€
Contract assets	527	733
Contract liabilities	6,719	7,376

Contract assets mainly relate to the Group’s claims for consideration for services completed but not yet invoiced at the reporting date. Contract assets are reported in the balance sheet under trade receivables.

Contract liabilities are reported in the balance sheet mainly under advances received and other liabilities. Of the contract liabilities of € 7,376 thousand reported at the beginning of the period, € 7,239 thousand was recognised as revenue in the 2023 financial year. It is expected that the contract liabilities will essentially be fulfilled within the next financial year.

Performance obligations and revenue recognition methods

Revenue is measured on the basis of the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control of the product or service to a customer. Invoices are issued in accordance with the contractual agreements. There are no significant financing components, as short-term, standard market payment terms are generally agreed.

20) Cost of sales

Cost of sales includes the cost of goods sold and the purchase costs of merchandise sold. In accordance with IAS 2, it includes not only directly attributable costs such as material and personnel costs, but also overhead costs including pro rata depreciation on property, plant and equipment, right-of-use assets and intangible assets. The amount for inventories recognised as an expense in the reporting period essentially corresponds to the cost of materials (raw materials, consumables and changes in

inventories of finished goods and work in progress). The costs of the service sales force and the expenses incurred in connection with warranty obligations are also reported in the cost of sales. Other cost of sales mainly includes other building costs.

	2023	2022
	k€	k€
Cost of materials	112,179	99,319
Personnel costs	58,978	51,820
Subcontractors, personnel leasing	8,687	8,778
Depreciation and amortisation	3,754	3,500
Travel expenses	2,400	2,090
Operating requirements	1,388	1,247
Warranty and goodwill	1,328	796
Energy costs	991	1,317
Other	2,569	2,311
	192,274	171,178

21) Distribution costs

In addition to the costs of the sales department and the internal service department, the distribution costs include the costs of advertising and logistics. Furthermore, the amortisation of intangible assets (customer relationships and brands) recognised as part of the purchase price allocation is reported under distribution costs. This item also contains sales-related commission expenses.

	2023	2022
	k€	k€
Personnel costs	16,818	16,335
Logistics costs	4,727	4,658
Depreciation and amortisation	1,796	1,858
Promotional and exhibition costs	1,248	1,458
Travel expenses	903	734
Other	2,013	1,864
	27,505	26,907

22) Administrative expenses

Administrative expenses include personnel and material costs of the management and administration units, except where these have been charged to other cost centres as internal services.

	2023	2022
	k€	k€
Personnel costs	12,746	12,009
IT costs	2,098	1,943
Consultancy, audits	1,963	1,473
Depreciation and amortisation	1,217	1,231
Insurances	1,050	873
Rent and leasing costs	1,008	684
Energy and building costs	675	749
Other	1,921	2,046
	22,678	21,008
	2023	2022
	k€	k€
Fees for		
Auditing of the financial statements	374	351
Tax consultancy services	0	4
Other services	0	0
	374	355

In the 2023 financial year, the auditor's fee recognised as an expense within the meaning of Section 319 (1) sentences 1, 2 HGB totalled € 374 thousand (2022: € 355 thousand), which includes € 0 thousand (2022: € 4 thousand) in consultancy expenses unrelated to the accounting period. The disclosures for the 2023 financial year include fees and expenses paid to the auditor of the Consolidated Financial Statements, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft ("PwC"), for the statutory audit of the separate financial statements and Consolidated Financial Statements of technotontrans SE. This sum is in line with PwC's worldwide professional fee structure.

23) Development costs

No research costs were incurred in the period under review. Development costs are charged to current expense until the criteria of IAS 38.57 are cumulatively met. From that point on, the development costs are capitalised (see Note 4 "Intangible assets"). Development costs relating to billed orders are recognised in cost of sales.

24) Other operating income

	2023	2022
	k€	k€
Income unrelated to the accounting period		
Reversal of provisions	51	291
Book profits on the disposal of assets	145	204
Other income unrelated to the accounting period	227	433
	423	928
Other operating income		
Foreign currency gains	324	649
Personnel-related revenue	232	169
Insurance payments	98	141
Other	424	340
	1,078	1,299
	1,501	2,227

25) Other operating expenses

	2023	2022
	k€	k€
Expenses unrelated to the accounting period		
Book losses on the disposal of assets	18	75
Other expenses unrelated to the accounting period	55	78
	73	153
Other operating expenses		
Foreign currency losses	514	689
Other operating taxes	283	269
Other	830	625
	1,627	1,583
	1,700	1,736

26) Financial result

	2023	2022
	k€	k€
Financial income	135	147
Financial expenses	-1,567	-949
Financial result	-1,432	-802

Financial income in the amount of € 117 thousand (2022: € 4 thousand) results from interest on bank balances, and in the amount of € 18 thousand (2022: € 143 thousand) from the measurement of employee benefits.

Financial expenses mainly comprise interest on the Group's financial debt.

In addition, financial expenses from the compounding of lease liabilities in the amount of € 149 thousand (2022: € 50 thousand), (see Note 2 "Leases") and from the compounding of employee benefits in the amount of € 13 thousand (2022: € 11 thousand) are included in this item.

No borrowing costs were capitalised in the reporting period.

27) Income tax expense

	2023	2022
	k€	k€
Actual income tax expense		
Tax expense for the period	-4,142	-3,914
Tax expense unrelated to the accounting period	-54	-659
	-4,196	-4,573
Deferred tax		
Occurrence or reversal of temporary differences	35	-17
Reduction in tax rate	-1	26
Recognition or utilisation of tax loss carryforwards previously unrecognised	-49	-59
Recognition of previously unrecognised or derecognition of previously recognised deductible temporary differences	0	0
	-15	-50
Income tax expense	-4,211	-4,623

Income tax expense includes the corporation and trade income taxes of the domestic companies as well as income taxes of the foreign businesses. Other operating taxes are included in other operating expenses.

Deferred taxes result from temporary differences between the tax balance sheets of the companies and the values in the Consolidated Balance Sheet according to the balance sheet liability method.

The recognised deferred tax assets also include tax reduction claims insofar as the use of existing loss carryforwards is expected in subsequent years. Deferred taxes are calculated on the basis of the tax rates that apply or will soon apply in the individual countries at the time of realisation.

The calculation of the domestic applicable tax rate for the reporting year of 30.06 % (2022: 29.98 %) is based on a corporate income tax rate of 15.00 %, a solidarity surcharge of 5.50 % and an effective trade tax rate of 14.24 % (2022: 14.15 %).

The tax rates applied to the foreign companies in the financial year ranged from 17.0 % to 34.6 %.

The following recognised deferred tax assets and liabilities are attributable to accounting and valuation differences in the individual balance sheet items and to loss carryforwards that can be used in the future:

2023	Position at 01/01	Exchange rate differences	Recognised in profit or loss	Recognised in OCI	Position at 31/12		
					Net	Deferred tax assets	Deferred tax liabilities
					k€	k€	k€
Non-current assets	-1,841	0	-266	0	-2,107	369	2,476
Inventories	404	0	-65	0	339	419	79
Receivables	-30	0	55	6	31	204	173
Provisions	250	0	80	-4	326	385	59
Liabilities	1,107	0	185	0	1,292	1,292	0
Loss carryforwards	30	0	-7	0	23	23	0
Tax assets (liabilities) before offsetting	-80	0	-18	2	-96	2,692	2,787
Offsetting						2,061	2,061
Tax assets (liabilities) net					-96	631	726

2022	Position at 01/01	Exchange rate differences	Recognised in profit or loss	Recognised in OCI	Position at 31/12		
					Net	Deferred tax assets	Deferred tax liabilities
					k€	k€	k€
Non-current assets	-1,808	0	-33	0	-1,841	497	2,338
Inventories	415	0	-11	0	404	536	132
Receivables	119	0	-117	-32	-30	250	280
Provisions	376	0	-156	30	250	307	57
Liabilities	638	0	469	0	1,107	1,107	0
Loss carryforwards	230	0	-200	0	30	30	0
Tax assets (liabilities) before offsetting	-30	0	-48	-2	-80	2,727	2,807
Offsetting					0	1,986	1,986
Tax assets (liabilities) net					-80	741	821

Exchange differences from deferred taxes are recognised through profit or loss. Deferred tax liabilities from non-current assets include deferred taxes in the amount of € 260 thousand (2022: € 444 thousand) on intangible assets capitalised within the scope of the business combinations.

No deferred taxes on tax loss carryforwards were adjusted in value in the financial year (2022: € 0 thousand). In total, there are tax loss carryforwards of € 1,697 thousand in 2023 (2022: € 1,623 thousand). Deferred taxes in the amount of € 23 thousand (2022: € 30 thousand) were capitalised on € 97 thousand (2022: € 98 thousand) in accordance with IAS 12.34. For the remaining loss carryforwards amounting to € 1,600 thousand (2022: € 1,525 thousand), no or only a proportionate amount of deferred tax assets were capitalised. The unrecognised loss carryforwards can be used indefinitely.

The following table shows the reconciliation of expected tax expense with actual income tax expense.

	2023	2022
	k€	k€
Applicable tax rate	30.06%	29.98%
Consolidated earnings before taxes on income	12,743	13,527
Theoretical tax expense/income	-3,831	-4,055
Differences compared with local tax rates	129	-3
Impairment (-) or reversal of impairment (+) on deferred tax assets on tax loss carryforwards and temporary differences	0	0
Expense or income from the non-recognition of deferred tax assets on tax losses occurring in the financial year and temporary differences	-115	7
Tax effect from the use of deferred taxes on temporary differences and from tax loss carryforwards following impairment	0	-59
Tax effect of non-deductibility of business expenses and tax-exempt income	-264	120
Changes to deferred tax resulting from tax rate changes	-1	26
Other taxes not relating to the period	-129	-659
Actual and deferred income tax expense	-4,211	-4,623

The change in cash flow hedges in the year under review resulted in deferred tax income amounting to € 7 thousand (2022: tax expense of € 19 thousand), which is recognised in other comprehensive income. The change in the pension obligation and other effects resulted in a deferred tax expense in the amount of € 5 thousand (2022: € 43 thousand).

28) Earnings per share

		2023	2022
	k€	8,532	8,904
Net profit for the period			
of which:			
Profit attributable to technotrans SE shareholders		8,532	8,900
Profit attributable to non-controlling interests		0	4
Average number of ordinary shares outstanding in the year		6,907,665	6,907,665
Basic/diluted earnings per share	in €	1.24	1.29

In the 2023 financial year and in the previous year, there were again no subscription rights issued that would have had a dilutive effect on earnings per share in accordance with IAS 33.

V. Notes to the Segment Report

	Technology	Services	Consolidated/ not allocated		Group
			k€	k€	
External revenue	2023	199,590	62,526	0	262,116
	2022	180,203	58,015	0	238,218
Inter-segment revenue	2023	0	1,504	-1,504	0
	2022	0	1,197	-1,197	0
Segment result	2023	5,180	9,040	-45	14,175
	2022	7,349	7,047	-67	14,329
Depreciation and amortisation	2023	4,571	2,439	0	7,010
	2022	4,369	2,409	0	6,778

Segment information is presented based on the internally reported business segments. The segmentation into the Technology and Services divisions is in line with the internal reporting structure of the technotrans Group.

The Technology segment generates revenue through the sale of equipment and plant in the area of thermal management as well as revenue from the initial installation of plant. If revenues are generated in connection with customised developments, these are also allocated to this segment.

The Services segment generates revenue from after-sales service, installation, commissioning, maintenance, repair and the spare parts supply, as well as from compiling technical documentation and producing and distributing document creation software. The revenue generated by gds Sprachenwelt GmbH from translation services is also allocated to the Services segment.

The Board of Management assesses the performance of the segment on the basis of revenue and segment results. Assets, liabilities, financial income, financial expenses and income taxes are not determined for each segment, nor are they regularly reported to or reviewed by the Board of Management. The delivery prices for revenues are generally agreed between the segments as between third parties and mainly relate to the provision of technical documentation and translation services within the Group. **Inter-segment revenue includes intercompany margins of € 45 thousand (2022: € 67 thousand).**

Segment information includes both directly allocable and reasonably allocable variables. A reconciliation of segment data to Group data is not necessary, as the information in the segment reporting is consistent with the information in the Consolidated Income Statement and the Consolidated Cash Flow Statement. **The cumulative result of both segments of € 14,220 thousand (2022: € 14,396 thousand) less intercompany margins in the amount of € 45 thousand (2022: € 67 thousand), reduced by the financial result of € -1,432 thousand (2022: € -802 thousand) recognised in the income statement, produces earnings before taxes of € 12,743 thousand (2022: € 13,527 thousand).**

The revenue was generated in the following areas:

	2023	2022
	k€	k€
Technology		
Sale of equipment and systems	189,459	171,110
Initial installation	8,891	7,722
Development cost refunds	1,240	1371
	199,590	180,203
Services		
Spare parts	38,023	34,335
Conversions and retrofits of equipment and plant	1,541	1,388
After-sales services	16,106	14,831
Technical documentation	6,856	7,461
	62,526	58,015

Geographically, revenue is made up as follows:

	2023	2022
	k€	k€
Technology		
Germany	114,969	111,237
Rest of Europe	45,094	40,011
America	21,516	15,175
Asia	17,840	13,006
Africa/Oceania	171	774
	199,590	180,203
Services		
Germany	32,094	30,081
Rest of Europe	16,056	14,705
America	10,063	9,425
Asia	3,852	3,175
Africa/Oceania	461	629
	62,526	58,015

Note

The revenue amounting to € 262,116 thousand (2022: € 238,218 thousand) comprises € 147,063 thousand (2022: 141,318 thousand) generated in Germany and € 115,053 thousand (2022: € 96,900 thousand) generated internationally. The composition of revenue is based on the registered office of the customer with which the revenue is realised.

The revenue was generated in the following markets:

	2023	2022
	k€	k€
Technology		
Plastics	45,444	44,877
Energy Management	26,682	14,613
Healthcare & Analytics	14,369	18,786
Print	59,641	52,526
Laser & Machine Tools	47,661	43,409
Other Markets	5,793	5,992
	199,590	180,203
Services		
Plastics	11,344	10,304
Energy Management	1,347	1,312
Healthcare & Analytics	1,062	1,296
Print	32,155	29,628
Laser & Machine Tools	8,152	6,687
Technical Documentation	6,856	7,461
Other Markets	1,610	1,327
	62,526	58,015

In the 2023 and 2022 financial years, no single customer generated more than 10 % of total sales.

The non-current assets of € 68,483 thousand (2022: € 67,854 thousand) can be broken down by region as follows: Germany € 66,082 thousand (2022: € 65,370 thousand) and international € 2,401 thousand (2022: € 2,484 thousand). The non-current assets do not include any deferred tax assets.

Other notes

29) Notes to the Consolidated Cash Flow Statement

The cash flow statement in accordance with IAS 7 "Cash Flow Statements" records cash flows for a financial year in order to present information on the movements of the company's cash and cash equivalents. The cash flow statement is structured according to cash flows from operating activities, investing activities and financing activities. Cash and cash equivalents comprise cash and demand deposits. They correspond to the cash and cash equivalents shown on the balance sheet.

30) Financial instruments

The financial instruments (financial assets and liabilities) have been allocated to the classification categories "measured at amortised cost", "measured at fair value through profit or loss" (FVTPL) and "measured at fair value through other comprehensive income" (FVOCI).

Classifications and fair values

The following table shows the categories to which the financial instruments were allocated and the carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. The different levels are as follows:

Level 1: Quoted prices for identical assets and liabilities in active markets

Level 2: Valuation factors other than quoted market prices that are observable for assets or liabilities either directly (i.e. as a price) or indirectly (i.e. derived from the price)

Level 3: Valuation factors for assets and liabilities not based on observable market data

There were no transfers between the fair value hierarchy levels in the financial year.

Note

Note	31/12/2023		31/12/2022		Fair value hierarchy	
	Carrying amount	Fair value	Carrying amount	Fair value		
	k€	k€	k€	k€		
Derivatives in hedging relationships						
Market value of interest rate swaps	(19)	48	48	87	87	Level 2
Assets measured at amortised costs						
Rent deposits	(5), (9)	210	210	215	215	Level 2
Financial liabilities not measured at fair value						
Financial liabilities	(12)	-38,908	-37,996	-34,400	-32,776	Level 2
Other non-current liabilities	(13)	0	0	-7	-7	Level 2
		-38,908	-37,996	-34,407	-32,783	
		-38,650	-37,738	-34,105	-32,481	
Gains (+) or losses (-) not entered			912		1,624	

The carrying amounts of financial instruments (for example, cash and cash equivalents, trade receivables and payable, and other receivables and liabilities) in principle reflect their fair values. For receivables with a term to maturity of up to one year, their nominal value less any value adjustments made is the most reliable estimate of fair value. The fair value of receivables with a term to maturity of more than one year is derived from their discounted cash flows.

In contrast, there are differences between the carrying amounts and fair values of financial liabilities. The fair value of interest-bearing liabilities is calculated from the discounted cash flows from principal and interest payments. Current reference interest rates were requested from banks and used to determine the fair values at the balance sheet date. In accordance with the term, the reference interest rates were between 2.05 % and 5.5 %. An appropriate risk premium was added.

The market values of the interest rate swaps are calculated using observable yield expectations from major German banks based on the expected present value of future cash flows.

Net gains or losses on financial instruments by measurement category

	From interest	From subsequent measurement			2023	2022
		At fair value	Currency translation	Allowance		
		k€	k€	k€	k€	k€
Derivatives in hedging relationships	0	0	0	0	0	0
Financial liabilities measured at fair value (FVTPL)	0	0	0	0	0	0
Assets measured at amortised costs	84	0	-113	-192	-221	-18
Financial liabilities not measured at fair value	-1,046	0	0	0	-1,046	-564
	-962	0	-113	-192	-1,267	-582

Nature and extent of risks arising from financial instruments

The Group is exposed to the following risks from the use of financial instruments:

- Default risk
- Liquidity risk
- Market risk

Default risk is the risk that one party to a financial instrument will cause a loss to the other party by failing to meet its obligations. Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The market risk is materialised in interest rate risks and exchange rate risks. Liquidity risk is the risk that the Group may not be able to meet its financial obligations as contractually agreed, e.g. the risk of not being able to extend loans or raise new loans to repay maturing loans.

Default risk

At technotrans, significant risks relate to the default risk on trade receivables, other financial assets, contract assets and theoretically also the insolvency risk of the banks with which technotrans holds credit balances.

Banks are selected on the basis of many years of positive experience as well as on the basis of the banks' ratings. The Group considers its cash and cash equivalents to be at low risk of default based on the external ratings of banks and financial institutions.

The credit risks exist in the amount of the reported carrying amounts of € 54,051 thousand (2022: € 41,021 thousand). Trade receivables and contract assets are partly credit-insured. The credit-insured volume of € 11,256 thousand at the reporting date (2022: € 10,423 thousands) was not included in impairment.

Note

The bad debt risk involves a certain concentration of risk, as a significant proportion of the receivables portfolio is attributable to OEMs in the various industries. No significant losses on receivables occurred in the financial year.

With regard to new customers, the risk of bad debts is limited by obtaining credit information and by the IT-supported observance of credit limits. In addition to observing credit limits, retention of title is regularly agreed until final payment of the delivery or service. A significant portion of the trade receivables is insured through trade credit insurance. As a rule, technotrans does not require customers to provide collateral.

The Group recognises allowances for expected credit losses on financial assets. In determining the expected loss, the Group considers reasonable and robust information that is relevant and available with reasonable outlay.

At each reporting date the Group assesses whether financial assets at amortised cost are credit impaired. Indicators for this are significant financial difficulties of the debtor, breach of contract, insolvency of the debtor or other reorganisation procedures. Impairment of financial assets is deducted from the gross carrying amount after deduction of value added tax. The assessment of the timing and amount of depreciation is made individually for each financial asset.

In addition to the individually determined allowances, the Group uses an allowance matrix to measure the expected credit losses of trade receivables and contract assets. The loss rates used here are calculated based on past experience with defaults. This calculation takes account of the trade credit insurance and the country risk.

The following table provides information on the estimated default risk and expected credit losses for trade receivables and contract assets:

	31/12/2023			31/12/2022		
	Loss rate	Gross carrying amount	Allowance	Loss rate	Gross carrying amount	Allowance
		%	k€		k€	k€
Not individually impaired receivables:						
Not overdue	0.1	22,518	-24	0.1	20,238	-12
Overdue by up to 30 days	0.4	5,071	-19	0.1	5,401	-4
Overdue by between 31 and 60 days	3.7	1,470	-54	1.3	1,136	-15
Overdue by between 61 and 90 days	16.8	555	-93	10.4	59	-6
Overdue by more than 90 days	17.8	959	-171	29.5	843	-248
		30,573	-361		27,678	-285
Individually impaired receivables:		532	-532		501	-500
		31,105	-893		28,179	-785

For the purpose of measuring expected credit losses, trade receivables and contract assets were aggregated based on common credit risk characteristics and days past due. Contract assets relate to work in progress that has not yet been invoiced, and have essentially the same risk characteristics as trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for contract assets.

The expected loss rates are based on the payment behaviour of the contractual partners over recent years prior to January 1, 2024. This rate is uplifted by a risk premium to reflect current and forward-looking information on macroeconomic factors that affect customers' ability to pay receivables.

Impairment from trade receivables is shown in the income statement under impairment losses on financial assets and contract assets.

Liquidity risk

technotrans SE uses rolling financial and liquidity planning to determine its liquidity requirements. Care is taken to ensure that sufficient liquid funds are available at all times to settle liabilities. The Group is not subject to any financial covenants.

The future cash flows from the interest rate swap may differ from the amounts shown in the following table as interest rates or the relevant terms are subject to change.

Except for these financial liabilities, it is not expected that a cash flow included in the maturity analysis could occur significantly earlier or at a significantly different amount.

Note

The available liquid funds are held exclusively with financial institutions that have a very good credit rating. In addition, there are unused credit lines of up to € 16.8 million (2022: € 7.1 million) at the balance sheet date.

The following table shows the contractual maturities of financial liabilities, including any interest payments:

	Carrying amount	Contractual/expected payment	Due within				
			6 months	6-12 months	1-2 years	2-5 years	Over 5 years
			k€	k€	k€	k€	k€
At 31/12/2023:							
Financial liabilities	38,908	41,580	3,856	6,417	13,963	16,161	1,183
Lease liabilities	4,552	4,869	1161	1015	1,538	1142	13
Other non-current financial liabilities	0	0	0	0	0	0	0
Trade payables	7,165	7,165	7,165	0	0	0	0
Other current financial liabilities	955	955	955	0	0	0	0
	51,580	54,569	13,137	7,432	15,501	17,303	1,196
At 31/12/2022:							
Financial liabilities	34,400	35,405	9,739	6,216	4,111	13,466	1,873
Lease liabilities	4,002	4,084	914	775	1,168	1,222	5
Other non-current financial liabilities	7	7	0	0	7	0	0
Trade payables	7,363	7,363	7,363	0	0	0	0
Other current financial liabilities	1,607	1,607	1,607	0	0	0	0
Interest rate swaps	0	0	0	0	0	0	0
	47,379	48,466	19,623	6,991	5,286	14,688	1,878

Market risks

technotrans pursues the objective of only limited exposure to interest rate risks. Financial liabilities in the amount of € 26,058 thousand (2022: € 32,121 thousand) were therefore taken out at a fixed interest rate. A variable-rate long-term loan in the amount of € 1,350 thousand (2022: € 1,350 thousand) was converted into a fixed-rate loan using an interest rate swap. No interest rate hedging instruments were concluded for two long-term variable-rate loans with a volume of € 11,500 thousand (2022: € 0 thousand). The Group does not recognise fixed-rate financial assets and liabilities at fair value through profit or loss. Derivatives (interest rate swaps) are not designated as fair value hedging instruments. A change in the interest rate at the reporting date would therefore not affect profit or loss.

The carrying amounts of the interest rate swaps are equally exposed to an interest rate risk. An interest rate change of 1 % leads to an increase (interest rate rise) or decrease (interest rate reduction) of approximately € 35 thousand in the fair value of the interest rate swap.

The Group is exposed to exchange rate risks in the course of its operating activities. At December 31, 2023, trade receivables and cash and cash equivalents are mainly denominated in euros; significant partial amounts are denominated in US dollars, Chinese renminbi and British pounds. The above-mentioned foreign currency holdings are essentially held by technotrans SE and the respective national companies of the Group.

	k	31/12/2023			31/12/2022		
		USD	CNY	GBP	USD	CNY	GBP
Trade receivables	k	3,287	3,076	231	3,082	4,504	196
	k€	2,975	392	266	2,890	612	220
Cash and cash equivalents	k	917	4,779	804	1,952	5,073	762
	k€	829	609	925	1,830	689	859

Financial liabilities are mainly denominated in euros.

Further foreign currency risks are limited within the technotrans Group by the fact that production is essentially carried out within the euro zone and the invoicing currency is generally the same as the production currency. In the event of significant deviations, this exchange risk is hedged by derivative financial instruments. As in the previous year, there were no currency hedges at December 31, 2023.

Sensitivity analysis

A possible strengthening or weakening of the most important foreign currency closing rates by 10 % against the euro in the Group would have had the following effects on equity and profit after tax at the balance sheet date, assuming that all other variables, in particular interest rates, remain unchanged:

	k€	Effect on equity		Effect on profit after tax	
		Strengthening + 10 %	Weakening - 10 %	Strengthening + 10 %	Weakening - 10 %
At 31/12/2023					
USD		-409	409	-213	213
GBP		-48	48	-16	16
BRL		419	-419	-1	1
At 31/12/2022					
USD		-452	452	-193	193
GBP		-53	53	-12	12
BRL		412	-412	9	-9

Note

In the presentation, a change in both the closing rate and the average rate was included in the consideration of the reporting period, each with a change of 10 % compared to the exchange rates used in the respective Consolidated Financial Statements.

Market risks due to interest rate fluctuations only exist for the interest rate swap. A reduction in the interest rate by one percentage point would have only a minor negative impact on the valuation of the interest rate swap and thus on equity.

Hedging instruments

At the balance sheet date, the following derivative financial instruments were in place to hedge the interest rate risk of the variable-rate loans denominated in euros (see Note 12 “Financial liabilities”); including these derivative financial instruments, the financial assets and financial liabilities are not exposed to any significant interest rate risk.

The fair values result from the valuation of the outstanding positions without taking into account opposing value developments from the underlying transactions. The fair values are determined (Level 2 in accordance with IFRS 13.82) by major German banks on the basis of discounted cash flows.

Interest rate swap

	Nominal amount	Repaid	Balance	Fixed rate	Variable Interest	Maturity	Fair Value
	k€	k€	k€	% p.a.			k€
Payer swap	1,350	0	1,350	1,91	6 month EURIBOR	Oct 2025	48

The hedged item and hedging instrument match in terms of nominal value or principal amount, maturities, interest payment dates, interest adjustment dates, maturity dates and currencies. In cases where a hedging transaction exists to hedge a future transaction, hedge accounting was only applied if the occurrence of this transaction was considered highly probable. The efficiency of the hedging transaction within the meaning of IFRS 9.6.4.1 (c) (iii) is high, amounting to almost 100 %. Otherwise the requirements of IFRS 9.6.4.1 are met.

The interest rate swaps are accounted for as cash flow hedges at market price; valuation gains and losses from changes in market price are recognised directly in equity in the hedging reserve. The fair value of the hedging instruments of € +48 thousand at the balance sheet date is recognised under other financial assets (2022: € 87 thousand). The underlying loan transactions are measured at amortised cost using the effective interest method.

The deferred taxes attributable to the change in market prices are offset directly against the hedging reserve. The hedging reserve thus developed as follows:

	k€
Opening balance at 01/01/2022	-27
Amount reclassified to the income statement	0
Change in the market values of cash flow hedges	119
Deferred tax on these not affecting income	-19
Balance at 31/12/2022 / 01/01/2023	73
Amount reclassified to the income statement	0
Change in the market values of cash flow hedges	-40
Deferred tax on these not affecting income	7
Closing balance at 31/12/2023	40

Note

Reconciliation of movements in liabilities with cash flows from financing activities

Financing activities

	Liabilities	
	Financial liabilities	Lease liabilities
	k€	k€
01/01/2022	31,473	2,522
Change in cash flow from financing activities		
Cash receipts from the raising of loans	12,000	0
Cash payments from the repayment of loans	-9,073	0
Cash payments from the repayment of lease liabilities	0	-1,946
Overall change in cash flow from financing activities	2,927	-1,946
Other changes		
Interest expense	603	50
Interest paid	-603	0
Repayment bonus	0	0
Other reductions of lease liabilities	0	0
Additions to lease liabilities	0	3,376
Total other changes related to liabilities	0	3,376
31/12/2022 / 01/01/2023	34,400	4,002
Change in cash flow from financing activities		
Cash receipts from the raising of loans	20,000	0
Cash payments from the repayment of loans	-15,492	0
Cash payments from the repayment of lease liabilities	0	-2,578
Overall change in cash flow from financing activities	4,508	-2,578
Other changes		
Interest expense	1046	149
Interest paid	-1046	0
Other reductions of lease liabilities	0	0
Additions to lease liabilities	0	2,979
Total other changes relating to liabilities	0	3,128
31/12/2023	38,908	4,552

31) Future payment obligations

	31/12/2023			31/12/2022	
	Up to 1 year	1 to 5 years	Over 5 years	Total	Total
	k€	k€	k€	k€	k€
Rent and operating lease agreements	661	717	2	1,380	759
Maintenance contracts	956	324	0	1,280	1,746
Framework contracts	6,971	3,772	0	10,743	11,776
Investment commitments for property, plant and equipment	262	0	0	262	918
Leases (IFRS 16)	187	529	0	716	1,057
Other	65	0	0	65	70
	9,102	5,342	2	14,446	16,326

Future payment obligations are measured at their nominal amount; foreign currency amounts were converted using the exchange rate on the reporting date.

The future obligations for rental and lease agreements mainly relate to rental obligations that are classified as current or low-value according to IFRS 16 and are thus not recognised as a lease liability, exercising the option on reporting. Expenses from rental and lease liabilities (minimum lease payments) amount to € 1,393 thousand in the reporting year (2022: € 991 thousand). The maintenance contracts mainly concern the ERP IT system..

Framework agreements exist with suppliers for the purchase of agreed quantities of goods.

32) Personnel expenses

	2023		2022
	k€	k€	k€
Wages and salaries	76,655		69,768
Social insurance	15,043		13,748
Expenses for retirement benefits and maintenance payments	1,125		988
	92,823		84,504

The wages and salaries item also includes termination benefits in the amount of € 280 thousand (2022: € 106 thousand). Social insurance includes expenses for defined contribution plans in the amount of € 949 thousand (2022: € 891 thousand).

33) Average number of employees over the year

	2023	2022
Average number of employees	<u>1,567</u>	1,448
of which in Germany	1,421	1,309
of which internationally	146	139
Technicians/skilled workers	1,042	960
Academic background	322	307
Trainees	106	93
Other	97	88

34) Related parties

Related parties include the members of the Board of Management and Supervisory Board of technotrans SE and their close family members, in line with IAS 24.

The remuneration system for the Board of Management complies with the legal requirements of the Act on the Appropriateness of Management Board Compensation (German VorstAG). Regarding the remuneration components, please refer to the Remuneration Report, which is published separately.

No related party transactions that go beyond regular remuneration as an employee of the technotrans Group or Supervisory Board remuneration were recorded in the financial year.

The members of the Board of Management have not received any pension commitments, no loans have been granted to them and no guarantee obligations have been assumed in their favour.

The members of the Board of Management and Supervisory Board are listed separately in the section “**Corporate bodies**”.

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

	Michael Finger	Peter Hirsch	Robin Schaede (since December 1, 2022)	
2023	Granted	Granted	Granted	Total
Fixed remuneration	330	300	300	930
Short-term incentive (STI)	49	47	47	143
Long-term incentive (LTI)	84	77	77	238
Pension (defined contribution plans)	30	30	30	90
Fringe benefits	30	19	23	72
Total remuneration 2023	523	473	477	1,473
2022	Granted	Granted	Granted	Total
	300	263	23	586
Short-term incentive (STI)	115	102	9	226
Long-term incentive (LTI)	95	87	7	189
Pension (defined contribution plans)	30	30	3	63
Fringe benefits	29	18	19	66
Total remuneration 2022	569	500	61	1,130

The total amount of the personnel expenses for Board of Management members reported in the financial year within the meaning of IAS 24.17 is € 1,634 thousand (2022: € 1,376 thousand), of which € 1,191 thousand is for short-term benefits, € 90 thousand (2022: € 63 thousand) for post-employment benefits and € 353 thousand (2022: € 264 thousand) for share-based payments. The long-term incentive is a share-based payment in accordance with IFRS 2 (see Note 36 “Share-based payment”).

	2023	2022
	k€	k€
Supervisory Board		
Regular payments (short-term)		
- Fixed payments	370	354
- Variable payments	0	0
	370	354

As in the previous year, all payments constitute short-term benefits in accordance with IAS 24.17.

Shareholdings of the members of the Board of Managementm Supervisory Board and their family members

	Number of Shares	
	31/12/2023	31/12/2022
Board of Management		
Michael Finger	9,000	6,700
Peter Hirsch	7,500	5,100
Robin Schaede	500	0
Supervisory Board		
Andrea Bauer	0	0
Peter Baumgartner	100	100
Dr Ing Gottfried H. Dutiné	0	0
Florian Herger ¹⁾	0	0
Andre Peckruhn	76	76
Sebastian Reppegather ²⁾	0	0
Thorbjørn Ringkamp	385	385
Family members		
relatives of the supervisory board	1,050	650
relatives of the board of management	71	71

¹⁾ Board of Management member since December 1, 2022

²⁾ Supervisory Board member until May 13, 2022

³⁾ Supervisory Board member since May 13, 2022

35) Share-based payment

On May 7, 2021 the Long Term Incentive Plan (“LTI”) was approved by the Annual General Meeting as part of the current Board of Management contracts. The LTI provides for an annual bonus payment in favour of the Board of Management for the contractual term of the Board of Management employment contracts. Long-term variable remuneration is determined on the basis of a planning-oriented ROCE target. The ROCE target is set with a +/- range of 1.5 %. If the lower threshold (-1.5 % ROCE compared to the ROCE target) is reached, a 50 % shortfall is assumed; if the upper threshold is reached (+1.5 % ROCE compared to the ROCE target), a 50 % overshoot is assumed. If the ROCE figure achieved is below this range, the remuneration component lapses, and if the range is exceeded there is no further increase in the remuneration component. The LTI is paid to the Board of Management within three months after the approval of the Consolidated Financial Statements for the year in question. The Board of Management must then, within three months, invest the amount paid out after tax in shares of the company, which are to be held for at least four years and may then be disposed of freely in accordance with the statutory regulations. No opportunities or risks arise for the technotrans Group from the performance of the shares acquired by the respective Board of Management member.

The grant date was defined as the date of signing the employment contract. The vesting period was defined as vesting of the last LTI remuneration tranche. Vesting is accounted for using the graded vesting method. The fair value of the total commitment at the grant date is € 279 thousand for Michel

Finger for the old employment contract until 2023, € 372 thousand for Michel Finger for the new employment contract, € 172 thousand for Peter Hirsch for the old employment contract until 2022, € 283 thousand for Peter Hirsch for the new employment contract and € 281 thousand for Robin Schaede. In the 2023 financial year, a total personnel expense of € 353 thousand (2022: € 264 thousand) was recognised. Equity includes € 455 thousand under other reserves for share-based payments (2022: € 291 thousand).

The fair value was determined taking account of expected target attainment. It is based on the price volatility of technotrans shares on the basis of a peer group analysis for the four target markets. The holding period was considered as a non-vesting condition. The holding period was set at 4 years, and the risk-free interest rate and dividend factor were set at 0 %.

For the 2023 financial year the LTI amounts to € 84 thousand for Michael Finger (2021: € 95 thousand), to € 77 thousand for Peter Hirsch (2022: € 87 thousand) and to € 77 thousand for Robin Schaede (2022: € 7 thousand). These amounts will be paid in April 2024.

The early termination of the employment contract of Peter Hirsch with effect from April 30, 2024, as a material event, was not taken into account in the calculation of the share-based payment at December 31, 2023.

36) Corporate governance

The Board of Management and Supervisory Board issued the Declaration of Compliance pursuant to Section 161 AktG on December 15, 2023 and made it permanently available to shareholders and interested parties on the company's website (<https://www.technotrans.com>).

37) Subsequent events

The date for release of the annual financial statements by the Board of Management in accordance with IAS 10.17 is March 19, 2024. These Consolidated Financial Statements are subject to approval by the Supervisory Board (Section 171 (2) AktG).

On March 11, 2024 the company and Peter Hirsch reached mutual agreement on the termination of his employment contract with effect from April 30, 2024 (original term: December 31, 2025). The appointment of Peter Hirsch to the Board of Management ends with effect from March 11, 2024. The financial impact in the 2024 financial year as a result of his exit as a Board of Management member, for example on the valuation of the share-based payment, cannot be reliably estimated at the current time.

No further events of particular significance occurred after the end of the 2023 financial year.

Proposal on the appropriation of profit

In accordance with the German Stock Corporation Act, the dividends distributable to the shareholders are based exclusively on the accumulated profit at December 31, 2023, as reported in the annual financial statements of technotrans SE under commercial law.

The Board of Management and Supervisory Board will propose to the Annual General Meeting that the accumulated profit of technotrans SE of € 23,649,021.20 as reported in the annual financial statements be distributed as follows:

Distribution of a dividend of € 4,282,752.30 (€ 0.62 per no par value share) on the dividend-bearing share capital of € 6,907,665.00. The remaining accumulated profit will be carried forward to new account.

The dividend shall be payable on May 23, 2024.

Sassenberg, March 19, 2024

technotrans SE

The Board of Management


Michael Finger


Robin Schaede

Responsibility Statement by the Board of Management

To the best of our knowledge, and in accordance with the applicable reporting principles for financial reporting, the Consolidated Financial Statements give a true and fair view of the net assets, financial position and results of operations of the Group, and the Combined Management Report of the Group 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.

Sassenberg, March 19, 2024

technotrans SE

The Board of Management



Michael Finger



Robin Schaede

Independent Auditor's report

INDEPENDENT AUDITOR'S REPORT

To technotrans SE, Sassenberg

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

Audit Opinions

We have audited the consolidated financial statements of technotrans SE, Sassenberg, and its subsidiaries (the group) – comprising the consolidated balance sheet at December 31, 2023, the consolidated statement of comprehensive income, the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the financial year from January 1 to December 31, 2023 as well as the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of technotrans SE, which is combined with the management report of the company, for the financial year from January 1 to December 31, 2023. In accordance with German legal requirements, we have not audited the content of the part of the group management report mentioned in the section "Other information" of our 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 law pursuant to Section 315e (1) of the German Commercial Code (HGB), and, in accordance with these requirements, give a true and fair view of the net assets and financial position of the group at December 31, 2023 and of its results of operations for the financial year from January 1 to December 31, 2023, and
- the accompanying group management report as a whole provides an appropriate view of the group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not extend to the content of the part of the group management report mentioned in the section "Other information".

In accordance with Section 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 Audit Opinions

We conducted our audit of the consolidated financial statements and the group management report in accordance with Section 317 HGB and the EU Audit Regulation (No. 537/2014; referred to subsequently as "EU Audit Regulation") 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, we declare that, pursuant to Article 10 (2) letter f) of EU Audit Regulation, we did not perform any prohibited non-audit services within the meaning of Article 5 (1) of EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and 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 judgement, were of most significance in our audit of the consolidated financial statements for the financial year from January 1 to December 31, 2013. Those 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 audit opinion on these matters.

In our view, the matter of most significance in our audit was as follows:

[Recoverability of the carrying amount of goodwill](#)

Our presentation of this key audit matter has been structured as follows:

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

Hereinafter we present the key audit matter:

[Recoverability of the carrying amount of goodwill](#)

- 1) In the consolidated financial statements of the company, goodwill totalling € 23.5 million (13.8 % of total assets and 24.6 % of equity) is reported under the balance sheet item "Goodwill". Goodwill is subject to an impairment test by the company once a year or as and when required in order to determine a possible need for amortisation. The impairment test is performed at the level of the cash-generating units or groups of cash-generating units to which the respective goodwill is allocated. As part of the impairment test, the carrying amount of the respective cash-generating units or groups of cash-generating units including goodwill is compared with the corresponding recoverable amount. The recoverable amount is determined based on the value in use. The basis of measurement is the present value of future cash flows from the cash-generating units or groups of cash-generating units. The present values are determined using discounted cash flow models. The group's approved medium-term plan forms the starting point, which is extrapolated on the basis of assumptions regarding long-term growth rates. This also takes into account expectations about future market developments and assumptions about the development of macroeconomic factors. Discounting is based on the weighted average cost of capital of the cash-generating units or groups of cash-generating units. As a result of the impairment test, no need for impairment was identified.

The result of this valuation depends to a large extent on the assessment of the legal representatives with regard to the future cash inflows of the cash-generating units or groups of cash-

generating units, the discount rate used, the growth rate and other assumptions and is therefore subject to considerable uncertainty. Against this background and due to the complexity of the valuation, this matter was of particular importance within the scope of our audit.

- 2) As part of our audit, we have among other things reviewed the methodological procedure for carrying out the impairment test. After comparing the future cash inflows used in the calculation with **the group's approved medium-term planning**, we assessed the appropriateness of the calculation, in particular by comparing it with general and sector-specific market expectations. In addition, we have also assessed the proper recognition of the costs of corporate functions. With the knowledge that even relatively small changes in the cost of capital used or the growth rate can have a significant impact on the amount of the enterprise value determined in this way, we have intensively studied the parameters used to determine the discount rate applied and have reproduced the calculation scheme.

In order to account for the existing forecast uncertainties, we have reproduced the sensitivity analyses prepared by the company. We have determined that the carrying amounts of the cash-generating units or groups of cash-generating units including the allocated goodwill are sufficiently covered by the discounted future cash surpluses, taking into account the information available. The valuation parameters and assumptions applied by the legal representatives are generally in line with our expectations and are also within the ranges that we consider to be acceptable.

- 3) The information provided by the company on the impairment test is contained in Section III, Note 3 of the notes to the consolidated financial statements.

[Other Information](#)

Management is responsible for the other information. The other information comprises the following not-audited parts of the group management report:

- The group statement on corporate governance pursuant to Section 289f HGB and Section 315d HGB in the section "Corporate Governance Declaration in accordance with Section 289f HGB and Section 315d HGB" of the management report
- The non-financial statement pursuant to Sections 289b to 289e HGB and Sections 315d to 315c HGB in the section "Combined non-financial statement of technotrans SE and the technotrans group in accordance with Section 289b et seq., 315b et seq. HGB" of the management report

Other information also includes all the remaining parts of the Annual Report – without further cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our audit opinion.

Our audit 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 audit opinion or any other form of assurance conclusion thereon.

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

- is materially inconsistent with the consolidated financial statements, with the content-verified group management report disclosures or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

[**Responsibilities of Management and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report**](#)

Management is responsible for the preparation of the consolidated financial statements, which comply in all material respects with the IFRSs as adopted in the EU, and the additional requirements of German law pursuant to Section 315e (1) HGB, and for ensuring that in accordance with these requirements the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the group. In addition, management is responsible for such internal controls 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, management is responsible for assessing the **group's ability to continue as a going concern**. It also has the responsibility for disclosing, as applicable, matters relating to going concern. In addition, it is responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, management is 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 misstatements due to fraudulent acts or errors, and whether the group management report as a whole provides an appropriate view of the group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise through fraudulent acts or errors 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 judgement and maintain professional scepticism throughout the assurance engagement. We also

- identify and assess the risks of material misstatements in the consolidated financial statements and the group management report, whether due to fraudulent acts or errors, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting material misstatements resulting from fraudulent acts is higher than the risk of not uncovering material misstatements resulting from errors, because fraudulent acts may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- obtain an understanding of internal control relevant to the audit of the 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 audit opinion on the effectiveness of these systems.
- evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- **conclude on the appropriateness of the executive directors' use of the going concern basis** of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the **group's ability** to continue as a going concern. If we conclude that a material uncertainty exists, we are **required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions.** Our conclusions are based on the audit **evidence obtained up to the date of our auditor's report. However, future events or conditions** may cause the group to cease to be able to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and results of operations of the group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express audit opinions on the consolidated financial statements and on the 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 audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken or safeguards introduced to eliminate threats to our independence.

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 for 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 STATUTORY REQUIREMENTS

Assurance Report in Accordance with Section 317 (3a) HGB on the Electronic Reproduction of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes

Audit opinion

We have performed an assurance engagement in accordance with Section 317 (3a) HGB to obtain reasonable assurance about whether the reproduction of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the electronic file technotrans SE_KA_KLB_ESEF-2023-12-31.zip and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance engagement only extends to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within this reproduction nor to any other information contained in the above-mentioned electronic file.

In our opinion, the reproduction of the consolidated financial statements and the group management report contained in the above-mentioned electronic file and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained in the above-mentioned electronic file beyond this reasonable assurance conclusion opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from January 1 to December 31, 2023 contained in the "Report on the Audit of the Consolidated Financial Statements and on the Group Management Report" above.

Basis for the audit opinion

We conducted our assurance engagement of the reproduction of the consolidated financial statements and the group management report contained in the above-mentioned electronic file in accordance with Section 317 (3a) HGB and the IDW Assurance Standard: Assurance in Accordance with Section 317 (3a) HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (IDW AsS 410 [06/2022]) and the International Standard on Assurance Engagements 3000 (Revised). Accordingly, our responsibilities are further described below in the "Group Auditor's Responsibilities for the Assurance Engagement on the ESEF Documents" section. Our audit firm has applied the Requirements for a Quality Management System under the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QMS 1 [09/2022]).

[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 reproduction of the consolidated financial statements and the group management report in accordance with Section 328 (1) sentence 4 No. 1 HGB and for the tagging of the consolidated financial statements in accordance with Section 328 (1) sentence 4 No. 2 HGB.

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

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

[Group Auditor's Responsibilities for the Assurance Engagement on the ESEF documents](#)

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

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

- obtain an understanding of internal control relevant to the assurance engagement of the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance conclusion on the effectiveness of these controls.
- evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version applicable as at the balance sheet date on the technical specification for this electronic file.
- evaluate whether the ESEF documents enable an XHTML reproduction 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 Articles 4 and 6 of the Delegated Regulation (EU) 2019/815 as applicable on the reporting date enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the Annual General Meeting on May 12, 2023. We were engaged by the Supervisory Board on October 25, 2023. We have been the group auditor of technotrans SE, Sassenberg, without interruption since the 2019 financial year.

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

NOTE ON OTHER MATTERS – USAGE OF THE AUDIT OPINION

Our audit opinion should always be read in conjunction with the audited consolidated financial statements and the audited group management report as well as the audited ESEF documents. The consolidated financial statements and the group management report converted to the ESEF format – including the versions to be published in the Federal Gazette – are merely electronic reproductions of the audited consolidated financial statements and the audited group management report and do not replace them. In particular, the “Report on the audit of the electronic reproductions of the consolidated financial statements and the group management report prepared for disclosure purposes in accordance with Section 317 (3a) HGB” and our audit opinion contained therein can only be used in conjunction with the audited ESEF documents provided in electronic form.

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Dr Achim Lienau.

Osnabrück, March 19, 2024

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft

Dr Achim Lienau
Wirtschaftsprüfer
[German Public Auditor]

ppa Philipp Bußmann
Wirtschaftsprüfer
[German Public Auditor]

Glossary

Explanation of technical terms and key figures

BOOK-TO-BILL RATIO

Book-to-bill ratio = order intake for the period / revenue for the period

GROSS PROFIT

Gross profit = revenue – cost of goods sold (COGS)

CAGR

Compound annual growth rate

CO_{2e}

CO₂ equivalents are a unit of measurement for standardising the climate impact of the various greenhouse gases, usually considered over a period of 100 years. In addition to carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O) are particularly relevant greenhouse gases, but fluorinated gases (F gases) are also relevant.

COGS

Cost of goods sold

EBIT

Earnings before interest and taxes

EBITDA

EBITDA = EBIT + depreciation and amortisation

ESG KPI – environmental, social, governance key performance indicator

Generic term for sustainability indicators

FREE CASH FLOW

Free cash flow = net cash from operating activities + net cash from investing activities

Net cash from operating activities = net cash from operating activities + interest and taxes paid

Net cash from operating activities = cash flow from operating activities before working capital changes + change in working capital

Change in working capital = inventories + receivables and other assets + liabilities and advances received + provisions

GEARING

Gearing = net debt / equity

GHG

Greenhouse gases are a group of gases that contribute to global warming and climate change. The Kyoto Protocol covers several greenhouse gases: carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), and some fluorinated gases (F gases).

GWP

Global warming potential is a term that describes the relative effectiveness of a greenhouse gas, taking into account how long it remains active in the atmosphere. GWP is usually calculated over 100 years. Carbon dioxide (CO_2) is used as a reference gas and given a 100-year GWP of 1.

COO

Certificates Of Origin are electronic documents that certify that a certain amount of electricity from renewable energy sources was produced and fed into the grid by a specific plant, thus defining the electricity quality. Producers receive a COO for each megawatt hour (MWh) of renewable electricity, which they can market if it is not remunerated under the Renewable Energies Act (German EEG). The COO is decommissioned (cancelled) after its one-time marketing; this avoids duplicate reporting.

GROSS MARGIN

Gross margin = gross profit / revenue

NET WORKING CAPITAL

Net working capital = inventories + receivables – trade payables – advances received

NET WORKING CAPITAL RATIO

Net working capital ratio = net working capital / rolling revenue

NET DEBT

Net debt = financial liabilities + lease liabilities – cash and cash equivalents

SCOPE 1

Direct greenhouse gas emissions from own or directly controlled sources. These include emissions from the combustion of fossil fuels in boilers or vehicles.

SCOPE 2

Indirect greenhouse gas emissions from the generation of purchased forms of energy. These include electricity, heating, cooling and compressed air, insofar as these are purchased from utilities. Scope 2 emissions occur physically in the generation plant, e.g. in the case of electricity in a coal-fired power plant or a combined heat and power plant for district heating.

SCOPE 3

This scope includes all indirect greenhouse gas emissions not included in Scope 2 that occur in the value chain, including upstream and downstream emissions. They range from the extraction of raw materials and the production of purchased parts to the transport and use of the products and services sold and their recycling or disposal.

ROCE - Return on Capital Employed

ROCE = EBIT / capital employed

Capital employed = property, plant and equipment + right-of-use assets + intangible assets + inventories + trade receivables – trade payables – advances received

Financial Calendar

Publication	Date
Quarterly Communication 1-3/2024	May 14, 2024
Interim Financial Report 1-6/2024	August 14, 2024
Quarterly Communication 1-9/2024	November 19, 2024

Events	
Annual General Meeting	May 17, 2024
German Equity Forum	November 25 – 27, 2024

Current information on events can be found on our website at
<https://www.technotrans.com/investor-relations/financial-calendar>

This Version of the Annual Report in English language is a translation provided for information purposes only. The original German text shall prevail in the event of any discrepancies between the English translation and the German original. We do not accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may arise from the translation.

Rounding differences may occur.

Contact



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Key figures of the technotrans Group (IFRS)

		Δprevious year	2023	2022	2021	2020	2019
Revenue	k€	10.0 %	262,116	238,218	211,102	190,454	207,927
Technology	k€	10.8 %	199,590	180,203	156,890	141,916	148,424
Services	k€	7.8 %	62,526	58,015	54,212	48,538	59,503
EBITDA	k€	0.4 %	21,185	21,107	18,069	13,849	16,008
EBITDA margin	%		8.1	8.9	8.6	7.3	7.7
EBIT	k€	-1.1 %	14,175	14,329	11,030	6,780	8,338
EBIT margin	%		5.4	6.0	5.2	3.6	4.0
Net profit for the period¹	k€	-4.1 %	8,532	8,900	7,020	4,956	6,088
as percentage of revenue	%		3.3	3.7	3.3	2.6	2.9
ROCE	%		13.3	13.3	12.5	7.8	9.6
Net profit per share	€		1.24	1.29	1.02	0.72	0.88
Dividend ²	€	-3.1 %	0.62	0.64	0.51	0.36	0.00
Balance sheet	k€	4.8 %	170,568	162,715	147,197	148,117	146,003
Equity	k€	4.8 %	95,433	91,070	84,776	79,418	75,067
Equity ratio	%		56.0	56.0	57.6	53.6	51.4
Return on equity ³	%		8.9	9.8	8.3	6.2	8.1
Net debt⁴	k€	-20.3 %	20,690	25,957	15,344	21,539	24,232
Net working capital ratio⁵	%		23.6	26.6	20.6	21.0	20.2
Free cash flow⁶	k€	-442.7 %	12,809	-3,738	9,955	3,915	7,648
Employees (balance sheet date)		6.5 %	1,598	1,500	1,433	1,409	1,474
Employee (FTE) (average)	Ø	7.1 %	1,365	1,275	1,247	1,263	1,280
Personnel expenses	k€	9.8 %	92,823	84,504	78,750	75,879	77,679
as percentage of revenue	%		35.4	35.5	37.3	39.8	37.4
Revenue per employee (FTE)	k€	2.7 %	192	187	169	151	175
Number of shares outstanding at end of period			6,907,665	6,907,665	6,907,665	6,907,665	6,907,665
Share price max ⁷	€		29.20	29.50	31.95	#N/A	30.00
Share price min ⁷	€		15.90	21.55	23.90	#N/A	15.52

¹ Net profit for the period:

Profit attributable to shareholders of technotrans SE

² Dividend:

Proposal to the Annual General Meeting

³ Return on equity:

Net profit of the period/equity of technotrans SE's shareholders

⁴ Net debt:

Interest-bearing financial liabilities (including lease liabilities in accordance to IFRS 16 – cash and cash equivalents

⁵ Net working capital ratio:

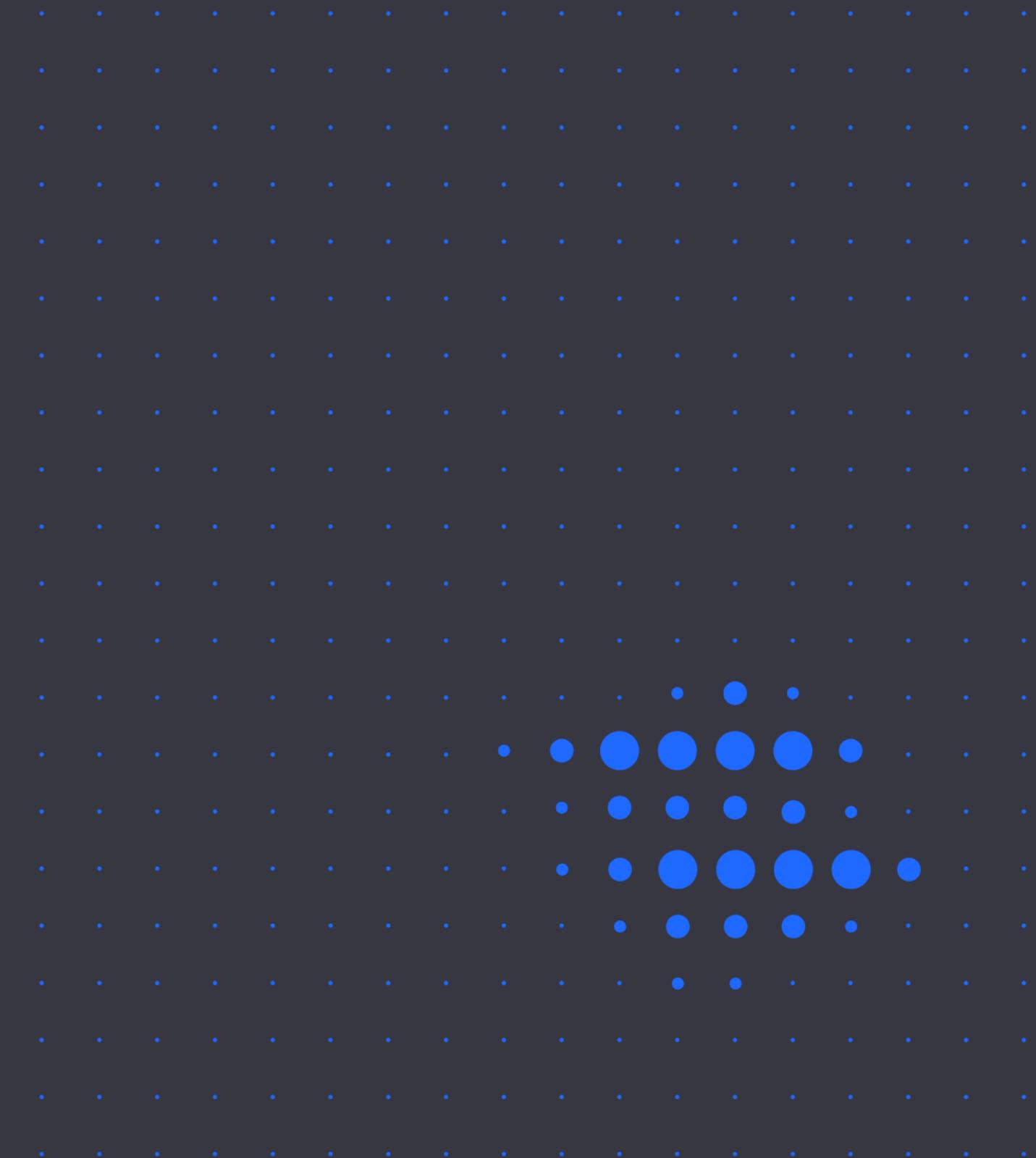
Net working capital/revenue

⁶ Free cashflow:

Net cash from operating activities

+ net cash used for investments according to cash flow statement

⁷ Xetra closing price



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