

RESPONSIBLE.  
RESILIENT.  
RESOURCEFUL.

# KEY FIGURES<sup>1</sup>

		2022	2021	2020 <sup>1</sup>	2022/2021 Change in %
Incoming orders	€ million	5,008.4	4,291.0	3,283.2	16.7
Orders on hand (Dec. 31)	€ million	4,014.0	3,361.0	2,556.7	19.4
Sales revenues	€ million	4,314.1	3,536.7	3,324.8	22.0
of which abroad	%	85.2	84.2	83.1	1.0 pp
Gross profit	€ million	938.7	819.4	596.3	14.6
EBITDA	€ million	337.5	299.4	125.3	12.7
EBIT	€ million	205.9	175.7	11.1	17.2
EBIT before extraordinary effects	€ million	232.2	199.1	99.5	16.6
EBT	€ million	188.1	132.6	-18.5	41.9
Net profit/loss	€ million	134.3	84.9	-13.9	58.1
Earnings per share (basic)	€	1.89	1.20	-0.23	57.5
Earnings per share (diluted)	€	1.81	1.16	-0.23	56.0
Dividend per share	€	0.70 <sup>2</sup>	0.50	0.30	40.0
Cash flow from operating activities	€ million	264.7	257.0	215.0	3.0
Cash flow from investing activities	€ million	13.3	-121.9	-119.2	-
Cash flow from financing activities	€ million	-141.3	-334.2	27.4	57.7
Free cash flow	€ million	117.1	120.8	110.7	-3.1
Equity (with non-controlling interests) (Dec. 31)	€ million	1,124.2	1,005.6	908.1	11.8
Net financial status (Dec. 31)	€ million	-46.4	-99.5	-49.0	53.4
Net working capital (Dec. 31)	€ million	415.9	427.9	382.6	-2.8
Employees (Dec. 31)		18,514	17,802	16,525	4.0
of which abroad	%	52.2	51.4	52.0	0.8 pp
Gearing (Dec. 31)	%	4.0	9.0	5.1	-5.0 pp
Equity ratio (Dec. 31)	%	24.8	24.2	23.4	0.6 pp
Gross margin	%	21.8	23.2	17.9	-1.4 pp
EBITDA margin	%	7.8	8.5	3.8	-0.7 pp
EBIT margin	%	4.8	5.0	0.3	-0.2 pp
EBIT margin before extraordinary effects	%	5.4	5.6	3.0	-0.2 pp
Net financial debt / EBITDA		0.1	0.3	0.4	-
ROCE	%	17.3	15.5	1.1	1.8 pp
EVA	€ million	18.3	38.8	-66.0	-52.8

<sup>1</sup> Please note the information on page 76 concerning the figures.

<sup>2</sup> Dividend proposal for the annual general meeting.

# THE DÜRR GROUP

As one of the world's leading mechanical and plant engineering firms, we help our customers establish sustainable and efficient production. In 2022, automotive customers accounted for 46% of our sales and 37% came from furniture and timber house manufacturers. Other customer segments include the chemical, pharmaceutical, medical products, and battery manufacturing industries. Our technology boasts energy efficiency, automation and a high degree of digitalization.

## Our five divisions

### PAINT AND FINAL ASSEMBLY SYSTEMS

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

**€1,436.2 M**  
SALES

**€57.3 M**  
EBIT BEFORE EXTRA-ORDINARY EFFECTS

**5,439**  
EMPLOYEES



### APPLICATION TECHNOLOGY

- Paint application technology
- Gluing technology
- Sealing technology

**€586.6 M**  
SALES

**€48.8 M**  
EBIT BEFORE EXTRA-ORDINARY EFFECTS

**2,040**  
EMPLOYEES



### CLEAN TECHNOLOGY SYSTEMS

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

**€456.1 M**  
SALES

**€11.4 M**  
EBIT BEFORE EXTRA-ORDINARY EFFECTS

**1,363**  
EMPLOYEES



### MEASURING AND PROCESS SYSTEMS

- Balancing equipment
- Diagnostic technology
- Industrial filling technology
- Tooling systems

**€276.2 M**  
SALES

**€17.2 M**  
EBIT BEFORE EXTRA-ORDINARY EFFECTS

**1,707**  
EMPLOYEES



### WOODWORKING MACHINERY AND SYSTEMS

- Machinery and equipment for the woodworking industry

**€1,602.1 M**  
SALES

**€124.8 M**  
EBIT BEFORE EXTRA-ORDINARY EFFECTS

**7,525**  
EMPLOYEES



**Responsible. Resilient. Resourceful.**  
These three “Rs” say a lot about us and  
the opportunities our business holds.

## RESPONSIBLE

stands for our focus on sustainability principles. We reduce emissions, develop low-consumption technologies, and enable the series production of climate-friendly products. This makes us a trailblazer for a largely CO<sub>2</sub>-free society.

## RESILIENT

means we have the strength to withstand economic headwinds. Even during difficult times, our customers still invest. This is because our solutions have them well prepared for the transformation toward sustainability, e-mobility, and automation.

## RESOURCEFUL

perfectly captures the spirit of the people in the Dürr Group. They think independently and develop tailor-made solutions for the customers' requirements.

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# CHAIRMAN'S LETTER



**Dr. Jochen Weyrauch**

## Dear readers,

In 2022, the Dürr Group performed better than expected given the challenging environment. In spite of supply chain chaos, price inflation for materials, and tough lockdowns in China, we surpassed our sales target and significantly increased our earnings. Even more telling is our order intake, which exceeded the €5 billion threshold for the first time and was thus well above the original target corridor (€4.1 to €4.4 billion).

Our flexible approach to the adverse circumstances was pivotal in our robust performance. Thanks to the extraordinary commitment of our staff in purchasing, manufacturing, project execution, logistics, and many other areas, we completed orders in a reliable and customer-oriented way – and always with utmost personal dedication. This is symbolized by our colleagues in Shanghai, who slept in the plants and kept operations going during the spring lockdowns. My thanks go to them and all other employees who have contributed to our success.

Another reason for our good performance is the resilience of our business model. We have aligned the Dürr Group strategically with the topics of the future: sustainability, electromobility, and automation. This offers us growth potential and stabilizes our business. The year 2022 showed that customers go ahead with their investments in decarbonization, e-mobility factories, and intelligent automation even in the face of economic headwinds, since this is crucial for remaining competitive.

Sustainability, e-mobility, and automation will continue to carry our business in the years to come. For many customers, the switch to energy-efficient production processes is only just beginning. We are ready to support them in this process. We can already build carbon-free paint shops today that run on green electricity instead of fossil fuels. Business in coating lines for electrode manufacture is only just starting to gain momentum, too. Here, for the first time, we exceeded the €100 million order intake threshold in 2022. Since e-mobility is driving a need for many additional battery factories, we see potential for expansion to between €300 and €500 million.

The sustainability trend is also offering new opportunities for growth at HOMAG. More and more houses are being built using timber as a climate-friendly material. The corresponding production technology is provided by HOMAG and is in high demand, since HOMAG is at the cutting edge of technology and can deliver entire factories for the automated production of construction elements. This makes HOMAG a pioneer in the industrialization of timber house construction and enables customers to erect even large buildings and entire residential complexes efficiently using timber.

Automation is one of the Dürr Group's core competences. We invest in this field, as automated solutions are becoming increasingly important in view of the labor shortage. In addition, requirements in terms of both quantity and quality in many sectors are so high that products can only be manufactured efficiently with high-performance automation. Medical plastic products such as insulin pens or syringes are examples of this. In this growth area, we are active with the Teamtechnik Group and will expand our position further.

In view of our robust core business and our focus on the future topics outlined above, we increased our medium-term sales targets at the end of 2022. Instead of the previous 2% to 3% p.a., we are now targeting average growth of 5% to 6% with an aim to generate sales of over €6 billion by 2030. Furthermore, we are striving to achieve a more advantageous business mix: The proportion of sales accounted for by fast-growing activities such as automation and battery production is to rise from 15%

to 30% by 2030. With its above-average profitability, HOMAG's business is to contribute the largest proportion of sales, at 40% on a sustainable basis. The share of the automotive business, on the other hand, will shift from around 45% toward 30%. This is based on our new "value before volume" strategy: In automotive plant engineering, we are focusing on projects that offer attractive margins rather than size at any price.

## **We have aligned the Dürr Group strategically with the topics of the future: sustainability, electromobility, and automation.**

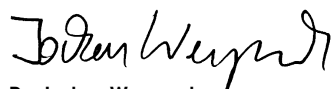
For the 2022 fiscal year, we propose a dividend increase of 40% to €0.70 per share. In view of our anticipated earnings, I am confident that we can continue the

trend of a dividend increase going forward. In 2023, we want to raise the EBIT margin before extraordinary effects to between 6.0% and 7.0%, thus taking a big step toward our target margin of at least 8% in 2024. Sales should grow to up to €4.8 billion, while order intake is to reach €4.4 to €4.8 billion.

Together with the heads of our divisions, Dietmar Heinrich and I are optimistic about the future. The Dürr Group showed resilience in dealing with the years 2020 to 2022, which were marked by supply chain problems and the pandemic. The trend toward sustainability and decarbonization, in particular, offers many opportunities, since we are the pioneer in energy-efficient solutions in our markets. We will take advantage of this technological edge to achieve profitable growth. In addition, we will continue to invest in climate protection at our sites to make our contribution toward the 1.5°C target.

Together with our employees, we are strengthening our cohesiveness within the company. The basis for this is a jointly developed corporate statement, consisting of vision, mission, purpose, and values, which we will introduce this year. In view of the war in Ukraine and growing unilateralism, we hope that we can return to the principle of international understanding. At the Dürr Group, we believe in the positive power of cross-border cooperation and economic interdependence. At the same time, we are represented in all key markets with a strong local presence. International reach is a pillar of our success, as are our strength of innovation, reliability, and openness to new things. On this basis, we will develop our company further – for our customers, partners, employees, and shareholders, whom I want to thank for their trust.

Yours sincerely



**Dr. Jochen Weyrauch**  
CEO

Bietigheim-Bissingen, March 15, 2023



# BOARD OF MANAGEMENT OF DÜRR AG



**Dr. Jochen Weyrauch (56)**  
CEO

**Dietmar Heinrich (59)**  
CFO

# REPORT OF THE SUPERVISORY BOARD

## Dear readers,

The year 2022 showed us that economic and political stability cannot be taken for granted as much as we thought it could. The Russian attack on Ukraine caused peace in Europe to shatter, posed new challenges for Western democracies, and resulted in a serious energy crisis, especially in Germany. High inflation put a burden on consumers and companies. Added to that were persistent supply chain problems and lockdowns, which, at times, significantly limited business in China.

Given the extent of this turmoil, the Dürr Group showed remarkable resilience last year. This could be seen, above all, in order intake, which was considerably higher than initially predicted, exceeding the €5 billion mark for the first time. Sales increased from quarter to quarter and, despite tense supply chains, were slightly above the target corridor. In May, the Board of Management had to revise the initial earnings forecast, since the war in Ukraine and the lockdowns in China had resulted in additional burdens. In the second half of the year, however, earnings performed very solidly. On this basis, and thanks to the high level of incoming payments, free cash flow exceeded the target range, even though investments rose and management accepted the need for higher levels of stock to ensure the company's ability to deliver. The latter proved to be right: Despite the adverse environment, the Dürr Group demonstrated its reliability and completed the vast majority of its projects on schedule and with a high level of quality – which is precisely what customers all over the world appreciate in Dürr, HOMAG, and Schenck.

The Board of Management carefully steered the company through these turbulent times. In addition, Dr. Jochen Weyrauch, CEO since the beginning of last year, defined new strategic focal points, in close cooperation with CFO Dietmar Heinrich and with the divisions' management, in order to achieve the targeted EBIT margin before extraordinary effects of over 8% from 2024. The focal points include: the "Value before Volume" sales strategy in plant engineering; strengthening the service activities, especially at HOMAG; and stepping up the Group-wide OneDürrGroup synergy program.

At the same time, the Board of Management aligned the Group even more systematically with the topics of the future: sustainability, electromobility, and automation. This, too, will boost the resilience of the business, since these three trends are being prioritized by many customers and are prompting extensive investments. Their implementation is relatively unaffected by economic fluctuations. Considering, above all, the great potential offered by the fields of the future – timber house construction, battery production, and automation technology – the Supervisory Board firmly believes that the Board of Management has set the right target. In November, the Board of Management announced an average increase in sales of 5% to 6% p.a. until 2030, along with a higher level of earnings.



**Gerhard Federer**  
Chair of the Supervisory Board

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

The Supervisory Board supported and advised the Board of Management continuously in 2022. The Board of Management promptly and comprehensively provided and explained all the necessary information on business performance, strategic measures, planning, and activities requiring consent. The Supervisory Board adopted its resolutions following thorough review and debate, and based on written decision-making materials and discussions. The Supervisory Board carefully monitored the Board of Management's conduct of the company's affairs and confirms that the Board of Management always acted lawfully, diligently, and economically. The Board of Management used the risk management system effectively in operational, financial, legal, and sustainability-related matters, while receiving support from various corporate departments such as Compliance, Legal, Controlling, and Internal Auditing. The Board of Management provided the Supervisory Board with regular and comprehensive information on risks and opportunities.

In 2022, the Supervisory Board held five regular and three extraordinary meetings. Six meetings were held in hybrid format, i.e. with both in-person and video participation, while two meetings were exclusively held by videoconference. In the case of the hybrid meetings, the clear majority of the Supervisory Board members opted to attend in person. All regular meetings were attended by all Supervisory Board members, the only exception being the meeting on October 5, 2022, which

Mr. Hayo Raich was unable to attend. Prof. Alexandra Dürr was absent from the extraordinary meetings held on June 3 and July 13, and Dr. Anja Schuler was unable to attend on July 13. Three of the ten committee meetings held in 2022 took place in hybrid format, while seven were held virtually. All meetings were attended by all members, with one exception. Mr. Richard Bauer was unable to attend the Nominating Committee meeting held on November 10. As a result, the participation rate at the Supervisory Board and committee meetings was 100% for two thirds of the members and over 80% for all members. The members of the Board of Management took part in the Supervisory Board meetings unless the Supervisory Board Chair had made other provisions. Any meeting segments not attended by the Board of Management usually covered issues concerning the Board of Management itself. In my capacity as Chair of the Supervisory Board, I had regular contact with the Board of Management between the meetings. There were no conflicts of interest for any of the Supervisory Board members in 2022.

The majority of the Supervisory Board members took part in Supervisory-Board-specific further training in 2022. This included internal training, offered by experts from within the Dürr Group and by external staff on the topics of sustainability, digitalization, mergers & acquisitions, and the German Financial Market Integrity Strengthening Act (FISG). In addition, some Supervisory Board members took part in various external training events. Key topics for these included artificial intelligence and digitalization, sustainability and EU Taxonomy, as well as the German Act on Corporate Due Diligence Obligations in Supply Chains. The plan for the current year includes further training on future sustainability reporting, for which Dürr AG will offer the members of the Supervisory Board at least one internal event.

## COMPOSITION OF THE SUPERVISORY BOARD UNCHANGED

The composition of the Supervisory Board remained unchanged in 2022. The current term of office for all members began in 2021. The shareholder representatives are elected for a term of four years, while the employee representatives' term of office is five years, in accordance with the German Co-determination Act. On the shareholder representatives' side, Mr. Bauer has announced his resignation. The Supervisory Board is thus proposing to the annual general meeting that Dr. Markus Kerber be elected as his successor, as proposed by the Nominating Committee.

## KEY TOPICS

At all meetings held in 2022, the Supervisory Board received information about the company's business performance. Among other things, it looked at the impact of the war in Ukraine, the supply chain problems, and the coronavirus lockdowns in China. In this context, it was also briefed about the company's handling of the high level of inflation and of the energy crisis in Europe. The Supervisory Board also paid regular attention to the financial situation and the outlook. When assessing the economic situation, it primarily looked at the development of incoming orders, sales, EBIT and EBIT margin, as well as ROCE, free cash flow, net working capital, net financial status, and liquidity. Another focus was on investments for modernization and expansion, especially at HOMAG, and on the development in areas of growth such as timber house construction and battery production. The Supervisory Board also paid close attention to the topic of corporate governance. In 2022, no discussions were held between institutional investors and myself as Chair of the Supervisory Board.

The key topic of the meeting held on March 16, 2022, to approve the financial statements was the review and approval of the annual and consolidated financial statements for 2021. Furthermore, the agenda for the virtual annual general meeting on May 13 was discussed and approved. During the further course of the meeting, the Supervisory Board analyzed the effects of the German Act on Corporate Due Diligence Obligations in Supply Chains, which came into force at the beginning of 2023. In his capacity as Employee Affairs Director, Dr. Weyrauch presented the latest personnel report.

The first extraordinary meeting of the year took place on April 26, 2022. It started with a look at business in China, which had been impacted by the coronavirus lockdown. The Supervisory Board then moved on to the meeting's main topic and was given in-depth information by the Board of Management on the strategy of the Dürr Group and the HOMAG subgroup.

On the day of the annual general meeting (May 13, 2022), the Supervisory Board held a short meeting in the morning and first discussed the option of increasing the two-strong Board of Management. Similarly to the Personnel Committee, which had previously addressed this topic, the full Supervisory Board decided that the appointment of a third Board of Management member would not be necessary for the time being. In making its decision, the Supervisory Board took into account that, even though the Board of Management has a lean setup, the size of the Group's top management team is sufficient, thanks to the enhanced cooperation between the Board of Management and the division heads. Another key topic was the percentage of women on the Board of Management. The Supervisory Board decided to set the target for the number of women on the Board of Management at one. The deadline for achieving this target is June 30, 2027. The previous resolution adopted in 2017 ended on June 30, 2022. It had set a target of 0%, which was no longer in keeping with modern practice.

During the extraordinary meeting on June 3, 2022, the Supervisory Board approved the conclusion of a consultancy contract between Mr. Arnd Zinnhardt and iTAC Software AG, which is part of the Dürr Group. In addition, it decided to follow the recommendation of the Personnel Committee to adjust the short-term incentive (STI) for fiscal 2022 during the year, in view of the EBIT target, and to lower to 130% the cap for total target achievement of the STI for fiscal 2022. This was based on the option included in the remuneration system that remuneration may be adjusted in the case of extraordinary developments or events. The Supervisory Board made use of this option, since the business targets initially set for the fiscal year were no longer achievable due to the ongoing pandemic, the lockdowns in China, the war in Ukraine, and significant supply chain problems. In connection with this resolution, the Declaration of Compliance with the German Corporate Governance Code was updated on the same day. Further explanations can be found in the remuneration report on page 124.

The strategy meeting that had started on April 26 continued at the extraordinary meeting on July 13, 2022. The heads of the Paint and Final Assembly Systems, Application Technology, Clean Technology Systems, and Measuring and Process Systems divisions provided a comprehensive overview of the respective strategies. They also answered questions from the Supervisory Board members. In addition, the schedule of responsibilities for the Board of Management was modified slightly with effect from August 1, 2022.

The meeting held on August 3, 2022, started with the decision to reappoint Mr. Heinrich as a member of the Board of Management, as proposed by the Personnel Committee. Then, Mr. Zinnhardt reported on the Audit Committee meeting held the previous evening. In this context, the Supervisory Board discussed, among other things, the increase in net risk potential shown in the latest Group risk report. The Board of Management reported on current activities in the field of sustainability, targets for the percentage of women at the first and second senior management levels below the Board of Management, and the OneHR program for optimizing human resources. Further items on the agenda were the Supervisory Board's approval for a new building at the Group company Benz GmbH Werkzeugsysteme as well as the first-time instruction of Deloitte GmbH Wirtschaftsprüfungsgesellschaft to audit the 2022 annual financial statements, the 2022 non-financial statement, and the 2022 remuneration report. Finally, the Supervisory Board approved various consultancy contracts with IMU Institut GmbH, for which Dr. Martin Schwarz-Kocher works.

One of the key points of the meeting on October 5, 2022, was the second personnel report, presented by Dr. Weyrauch, and its discussion. In the corporate governance context, the Supervisory Board reviewed its skills profile, adopted in September 2021, and saw no need for amendments. In addition, it prepared the qualification matrix required by the German Corporate Governance Code. This matrix is based on the skills model. Following a detailed discussion, the Supervisory Board endorsed the option for individual members to acquire specific expert knowledge, adjusted its rules of procedure accordingly, and appointed Dr. Schuler as sustainability expert with effect from January 1, 2023. It took this step, not least to stay abreast of the growing importance that sustainability holds for the Dürr Group. Finally, the Declaration of Compliance with the German Corporate Governance Code was approved.

The final meeting of the year took place on December 14, 2022. During that meeting, the Supervisory Board approved the budget for 2023 and acknowledged the medium-term planning for the period between 2024 and 2026. It also discussed the second risk report. Following a report by Mr. Zinnhardt on the work of the Audit Committee, the Supervisory Board analyzed the second risk report of the year and acknowledged the Dürr Group's policy statement required under the German Act on Corporate Due Diligence Obligations in Supply Chains. Further key topics were refinancing issues and – following the Personnel Committee's recommendation – defining the parameters for the short-term variable remuneration components (STI) for 2023 and determining the LTI for the three-year period between 2023 and 2025. Furthermore, the Supervisory Board approved the Board of Management's plan to increase the stake in the Italian Group company CPM S.p.A. from 51% to 100%. Regarding the succession of Mr. Bauer, the Supervisory Board received a report from the Nominating Committee, which had convened on November 10.

## PERSONNEL COMMITTEE

The Personnel Committee, which is also the Executive Committee, convened six times in 2022. On March 15, in preparation for the Supervisory Board meeting the following day, it determined the target achievement for the variable Board of Management remuneration for 2022. Furthermore, it discussed whether an additional member, specializing in digitalization matters, should be appointed to the Board of Management. However, this option was dismissed, since the digitalization requirements within the Group are highly complex and would thus be better fulfilled at division level.



On April 21, 2022, the Personnel Committee revisited the question of increasing the Board of Management. In this context, it also sought Dr. Weyrauch's opinion and asked him to clarify the demands placed on the Board of Management by the OneDürrGroup synergy program and to explain the cooperation with the divisions' management. Consequently, the committee formulated the recommendation not to increase the Board of Management for the time being but to keep this option in mind, going forward.

On May 31, 2022, the Personnel Committee met to prepare the Supervisory Board's resolution scheduled for June 3 to adjust the short-term incentive targets for fiscal 2022 during the year. In doing so, it also recognized the relevant legal requirements and recommended an update of the Declaration of Compliance with the German Corporate Governance Code.

The Personnel Committee meeting held on July 13 focused on the reappointment of Mr. Heinrich as CFO. The committee recommended that his appointment be extended, with a contract term expiring on September 30, 2026. On November 18, the Personnel Committee discussed the Board of Management's remuneration system and made preparations for its adjustment, especially in view of the regulations on variable remuneration. The adjustment of the Board of Management's remuneration system was also a key topic at the last meeting of the year (December 9). In addition, the committee prepared the resolution, to be adopted by the full Supervisory Board, on the targets for the 2023 STI and for the LTI for the three-year period between 2023 and 2025.

## AUDIT COMMITTEE

The Audit Committee held three regular meetings in 2022. Recurring tasks were discussions about the consolidated and individual financial statements of Dürr AG and about new accounting matters. The committee sees no indication that the internal control system, the risk management system, and the internal auditing system could be ineffective. It reviewed the financial reporting process and the compliance management system. It also monitored compliance with statutory regulations governing capital markets and with the requirements for dealing with non-audit services. In his capacity as Committee Chair, Mr. Zinnhardt had both regular and ad-hoc discussions with the auditors, who also attended two Audit Committee meetings.

At the first regular meeting on March 15, 2022, the committee reviewed the annual and consolidated financial statements, the non-financial statement, and the remuneration report for 2021. In addition, it received a current internal auditing report and focused on the review of the 2021 risk reports.

On August 2, the Audit Committee analyzed the latest risk report, paying special attention to the increased risks resulting from the war in Ukraine and the pandemic-related lockdowns in China. During the risk function review, for which the committee is responsible, the decision was taken to conduct a completeness and efficiency review of the risk management system with the help of an auditing firm. Following an internal auditing report, the Audit Committee adjusted the rules for the approval of non-audit services and received a report on the compliance management system and the compliance situation. Furthermore, it looked at the impairment test of goodwill, the current situation of two US pension funds, and the induction of the new auditor, Deloitte. In view of the upcoming audit

season, it defined the Supervisory Board's key points for the audit of the consolidated and individual financial statements. In addition, it decided to recommend that the full Supervisory Board instruct Deloitte GmbH Wirtschaftsprüfungsgesellschaft to audit the consolidated and individual financial statements, to perform a limited assurance audit of the non-financial statement, and to audit the remuneration report in terms of form and content.

The third Audit Committee meeting took place on December 14. It started with a discussion about the second Group risk report of the year and about reports on the internal control system, the compliance management system, and the internal auditing work. Afterwards, the auditing firm PwC provided information on a readiness check it had conducted to examine the requirements for the risk management system review that had been agreed in August. The discussion about the agenda item "accounting topics" focused on sustainability reporting, the impairment test, and tax-related matters. Further topics of the meeting were: the budget for the review of the consolidated and annual financial statements, the non-audit services provided by the auditor, the status of the auditing work, the dividend potential for 2022, and IT governance at the Dürr Group.

## **NOMINATING COMMITTEE AND MEDIATION COMMITTEE**

The Nominating Committee held one meeting in 2022 (November 10) to discuss the succession of Mr. Bauer, following his resignation announcement. As in previous years, the Mediation Committee did not have to convene in 2022.

## **AUDIT AND ADOPTION OF THE ANNUAL FINANCIAL STATEMENTS**

Deloitte GmbH Wirtschaftsprüfungsgesellschaft audited Dürr AG's annual financial statements, Dürr's consolidated financial statements, and the combined management report prepared by the Board of Management for the period ended December 31, 2022, and issued unqualified audit opinions. The annual financial statements, the consolidated financial statements, and the combined management report were submitted to the members of the Supervisory Board in good time. They were discussed in detail with the Board of Management and reviewed on March 15, 2023, at the Supervisory Board meeting held to approve the financial statements. The same applies to the auditors' reports, which were also submitted in due time. The auditors signing the audit opinion participated in that meeting and in the Audit Committee meeting held on the previous day. They reported on their audit and were available for further explanations and discussions. Mr. Jan Bühler from Deloitte GmbH was responsible for carrying out the audit for the first time. The remuneration report, prepared together with the Board of Management and agreed by the Board of Management and the Supervisory Board, was reviewed by the auditor. It was noted in the auditor's report that the remuneration report had been prepared, in all material respects, in accordance with Section 162 (1) and (2) of the German Stock Corporation Act (AktG).



At the Supervisory Board meeting held to approve the financial statements, the Audit Committee Chair, Mr. Zinnhardt, gave his detailed opinion on the audit documents, on the preliminary talks with the auditors, and on the Supervisory Board's key audit points. The latter were: the up-to-date status of registry entries in connection with management, supervisory bodies, authorized representatives, and authorized signatories as well as the separation of functions in IT change management processes.

Based on the documents presented to it and the reports of the Audit Committee and the auditors, the Supervisory Board examined and accepted the annual financial statements, the consolidated financial statements, and the combined management report (including the non-financial consolidated statement). The Supervisory Board's own review found no cause for objection. The Supervisory Board approves the results of the audits of both sets of financial statements, agrees with the Board of Management in its assessment of the situation of the Group and of Dürr AG, and approves the annual financial statements and the consolidated financial statements prepared for the period ended December 31, 2022. The annual financial statements are thereby adopted. Considering the Audit Committee's recommendation and its own review, the Supervisory Board approves the Board of Management's proposal on the use of net retained profit – a dividend of €0.70 per share is planned for 2022.

The Supervisory Board thanks the Board of Management, the senior managers, and the employee representatives as well as all employees for their commitment in 2022. Thanks also go to the shareholders for their trust.



**Gerhard Federer**

Chair of the Supervisory Board

Bietigheim-Bissingen, March 15, 2023

# CAPITAL MARKET

## New growth targets

By providing transparent, factual, and timely information, we help to achieve a fair valuation of the Dürr share. In doing so, we attach importance to sustainable relations based on a spirit of mutual trust with private investors, institutional investors, and equity analysts.

In 2022, our capital market communications focused on the fall-out from the war in Ukraine, the lockdowns in China, and inflation, as well as the implications of a possible recession. Many questions concerned our response to the supply chain constraints and increases in the price of materials. Sustainability also continued to grow in importance as an issue. The fact that we were one of only four companies in the DAX family to report not only on EU taxonomy-eligible business activities but voluntarily also on taxonomy-aligned activities attracted great attention.

### **CAPITAL MARKET DAY WITH NEW GROWTH TARGETS IN NOVEMBER**

During a capital markets day in November, we organized a visit with our guests to HOMAG in Schopfloch and Teamtechnik in Freiberg in addition to the Group headquarters in Bietigheim-Bissingen. Interested parties were also able to follow the Board of Management's presentation online. With a total of more than 70 participants, the event focused on margin targets, earnings resilience, and our long-term growth potential. We presented in detail the growth drivers of electromobility, automation, and

sustainability and outlined concrete growth targets for the future fields of timber house construction, automation technology, and battery production for the first time. All in all, these three growth fields are to increase their sales to between €1.3 and 1.5 billion by 2030. We also defined targets for cash flow, the cash conversion rate, and leverage. Further details can be found in the chapter entitled "Strategy and medium-term objectives" on page 30 of the management report.

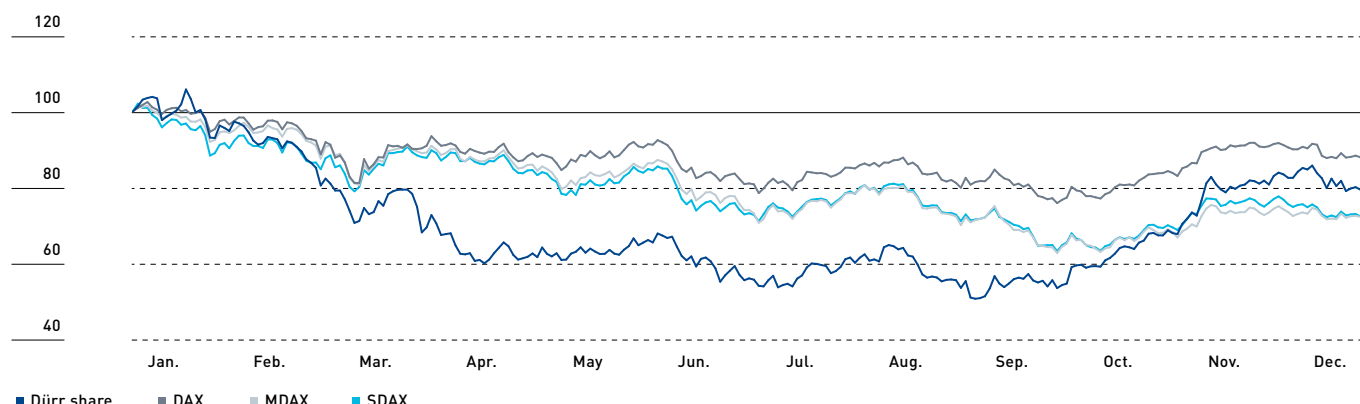
With travel still severely restricted in the first half of the year due to the coronavirus pandemic, we again attended many investor conferences and roadshows in person following the summer break. In addition, the investor relations team communicated with capital market participants in numerous telephone calls, video conferences, and e-mails.

### **TOP RANKING FOR THE INVESTOR RELATIONS TEAM**

Our investor relations activities received excellent ratings in the important "Institutional Investor" capital market survey. In the Capital Goods category, we ranked third across all sector companies and first in the Small & MidCap segment. In this segment, we also achieved top-three positions in the ratings "Combined: Best Company Board" (first place) as well as "Best ESG", "Best IR Program", and "Best CFO" (third place in each case).

## 1.1 — PERFORMANCE OF DÜRR SHARE IN XETRA TRADING, JANUARY – DECEMBER 2022

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



### PEER GROUP AND CONSENSUS

The peer group of listed companies relevant for us includes mechanical engineering companies and engineering service providers such as Andritz, Bertrandt, Deutz, EDAG, GEA, Heidelberger Druckmaschinen, Jungheinrich, Kion, Krones, and Rheinmetall. We benchmark our valuation against this peer group's share prices on a monthly basis, concentrating in particular on the price/earnings ratio, enterprise value (EV) relative to EBIT, EBITDA and sales, and the price-to-book ratio. We publish the continuously updated analyst consensus for sales, EBIT, and earnings after tax for the year as a whole as well as for future years under Investors/Share/Estimates at [www.durr-group.com](http://www.durr-group.com). Prior to publishing our quarterly and annual reports, we calculate a consensus and publish this information online.

### EQUITIES LOWER IN THE FIRST HALF OF THE YEAR, WITH A RECOVERY EMERGING IN SEPTEMBER

At 15,885 points, the DAX entered the year on a strong note, reaching a high for the year of 16,272 points as early as on January 5. Ahead of and after the outbreak of the war in Ukraine, the stock markets were on a downward trend that did not end until the late summer. Fueled by the energy crisis, inflation as well as fears of a recession triggered a turnaround in interest rates.

The DAX hit a low for the year of 11,976 points at the end of September. This gave way to a recovery that was underpinned by preliminary signs of more muted inflation, among other things. The index closed the year at 13,924 points and was thus down 12.3% over 2022 as a whole.

The Dürr share (ISIN: DE0005565204) was unable to detach itself from the negative market trends in the first half of the year. Indeed, various risks were priced into the share, including the energy crisis in Germany, the increased cost of materials, the lockdowns in China, and a possible recession, causing our share to underperform the DAX and the MDAX. It hit a low for the year of €19.97 on September 6. Spurred by positive analyst comments on the company's business performance and growth businesses, solid nine-month figures and the announcement of our battery business partnership with mechanical engineering companies Grob and Manz, the share recovered significantly. At €31.52, it closed the year 20.2% lower (including the dividend of €0.50). Thus, although the Dürr share fell short of the F.A.Z. Mechanical Engineering Index (–19.7%) and the DAX (–12.3%), it still outperformed the MDAX (–28.5%).

## DIVIDEND OF €0.70 PER SHARE PROPOSED

The Board of Management and the Supervisory Board will be proposing an increase in the dividend to €0.70 per share for 2022. This translates into a rise of 40.0% over the previous year and reflects the good business performance in an environment characterized by major challenges. The proposed dividend results in a total payout of €48.4 million.

Dürr AG is one of the 100 largest listed companies in Germany and is included in the MDAX. In 2022, an average of around 142,000 Dürr shares were traded via XETRA per trading day, which is fewer than in the previous year (162,000 shares). Daily trading volumes reached €4.0 million, down from €5.9 million in the previous year. At €1,275.7 billion, XETRA trading volumes of all German shares were around 4% lower than in the previous year (€1,324.6 billion).

### 1.2 — KEY FIGURES FOR DÜRR SHARE

€	2022	2021	2020
Earnings per share (basic)	1.89	1.20	-0.23
Earnings per share (diluted)	1.81	1.16	-0.23
Book value per share (December 31)	16.17	14.45	13.06
Cash flow per share	3.83	3.71	3.11
Dividend per share	0.70 <sup>1</sup>	0.50	0.30
High <sup>2</sup>	42.46	44.08	34.18
Low <sup>2</sup>	19.97	31.06	15.72
Closing price <sup>2</sup>	31.52	40.12	33.40
Average daily trading volume (number of shares) <sup>2</sup>	142,000	162,000	269,000
Market capitalization (December 31) € m	2,181.2	2,776.4	2,311.3
Number of shares	69,202,080	69,202,080	69,202,080

<sup>1</sup> Dividend proposed to the annual general meeting

<sup>2</sup> XETRA

## CHANGES IN ANALYST COVERAGE

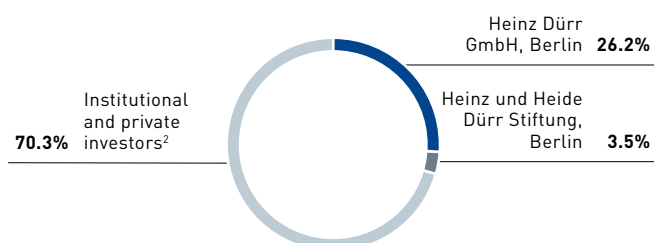
Oddo BHF added our share to its universe at the beginning of 2022, followed by Exane BNP Paribas in the spring. Morgan Stanley suspended coverage in May, for the time being, as a result of personnel changes; Goldman Sachs likewise discontinued its coverage in October. At the end of 2022, 15 analysts were covering the Dürr share.

After the Russian invasion of Ukraine and the resulting risks and uncertainties for the economy, many analysts scaled back their estimates for the Dürr Group. Good first-half figures and the upbeat sentiment for the rest of the year and 2023 set a counterweight to this in the second half of the year. The average target price fell from an initial €46.03 to €36.20 at the end of the year and was thus 14.8% higher than the closing price. "Buy" or "Hold" ratings accounted for 80% of the investment recommendations.

## FREE FLOAT OF 70.3%

With a share of 26.2% in Dürr AG, Heinz Dürr GmbH remains the anchor shareholder. A further 3.5% is held by Heinz und Heide Dürr Stiftung. Looking forward, the Dürr family intends to continue holding a share of over 25%. The members of the Board of Management held a total of 0.06% of Dürr shares as of December 31, 2022. Dr. Jochen Weyrauch held 24,000 and Dietmar Heinrich 15,000 shares. The members of the Supervisory Board or parties related to them held 0.12% of Dürr's shares at the end of the year. The free float in accordance with the Deutsche Börse definition stands at 70.3%.

### 1.3 — SHAREHOLDER STRUCTURE<sup>1</sup> (DECEMBER 31, 2022)

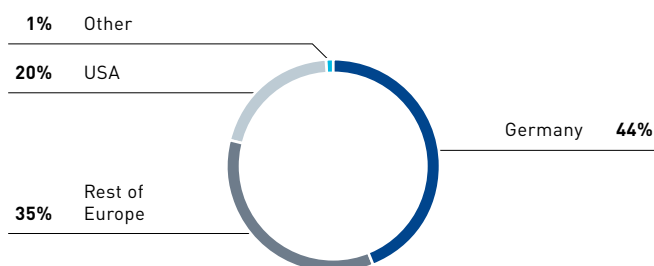


Institutional and private investors <sup>2</sup>	of which
SMALLCAP World Fund, Inc.	3.13%
Candriam Luxembourg	3.12%
Members of Dürr AG's Supervisory Board	0.12%
Members of Dürr AG's Board of Management	0.06%

<sup>1</sup> Free float as defined by Deutsche Börse AG

<sup>2</sup> On the basis of statutory notifications

### 1.4 — SHAREHOLDERS BY REGION (DECEMBER 31, 2022)



### INTEREST RATE TURNAROUND WEIGHING ON CONVERTIBLE BOND

The October 2020 convertible bond (ISIN DE000A3H2XR6) for a total of €150 million has a coupon of 0.75% per year, a maturity of around 5.3 years, and a conversion premium of 40% (conversion price: €34.22). Linked to a sustainability component, the bond was trading at 134.01% at the beginning of 2022. Following the interest rate turnaround, the price fell significantly over the course of the year, hitting 109.05% at year-end.

### RATINGS

Issue and issuer ratings call for a considerable amount of time and money. We currently do not have a rating, particularly as we have not been dependent on it in the past for raising funding for transactions and have been able to secure relatively attractive financing terms. Ahead of the issue of new financial instruments, we are currently considering whether to obtain a rating again.

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### COMBINED MANAGEMENT REPORT

The management reports of the Dürr Group and Dürr AG have been combined in accordance with Section 315 (5) of the German Commercial Code (HGB) in conjunction with Section 298 (2) HGB. This management report is therefore a combined management report. Where the combined management report contains disclosures whose content was not audited as part of the statutory audit, this is marked with a dashed or solid line in the margin. The parts whose content was not audited comprise the Group non-financial statement within the meaning of Sections 315b et seq. HGB in conjunction with Sections 289c et seq. HGB, a reference to the combined Declaration on Corporate Governance including further reporting on corporate governance, and parts that are unrelated to the management report. The Group non-financial statement whose content was audited by Deloitte GmbH Wirtschaftsprüfungsgesellschaft, as part of a separate instruction, to obtain a limited assurance in accordance with the ISAE 3000 (revised) auditing standard is marked with a dashed line in the margin and the abbreviation NFS. Where the combined management report contains any further disclosures whose content was not audited, this is marked with a solid line and the note "unaudited". Unless otherwise specified, the information below is applicable to both the Dürr Group and Dürr AG. Statements referring exclusively to Dürr AG are marked as such and appear at the end of the combined management report.

# FUNDAMENTALS

## The Group at a glance

### PROFILE

The Dürr Group is a global leader in mechanical and plant engineering with extensive expertise in automation, digitalization, and energy efficiency. Our machines, systems, and services stand for economical and sustainable production processes. In 2022, we generated 46% of our sales from the automotive industry and 37% from producers of furniture and timber houses. The remaining sales were distributed among sectors such as mechanical engineering, chemicals, pharmaceuticals, medical devices, and electrical engineering. We operate from 123 locations in 32 countries. Our business extends globally, especially with our Dürr, Schenck, and HOMAG brands.

### GROUP ORGANIZATIONAL STRUCTURE

Dürr AG is purely a management holding company. It holds – directly or indirectly – the investments in the Group companies and handles central tasks such as financing, controlling and accounting, legal affairs, taxation, compliance, security and internal auditing, corporate communications, investor relations, human resources management, and sustainability. Together with

the investment holding companies Dürr Technologies GmbH and Dürr International GmbH, as well as Dürr IT Service GmbH, Dürr AG forms the Corporate Center. Within the Dürr Group, there are the three subgroups, Dürr Systems, Schenck, and HOMAG, with the parent companies Dürr Systems AG (Stuttgart), Carl Schenck AG (Darmstadt), and HOMAG Group AG (Schopfloch). Five divisions and their operating businesses are assigned to the subgroups. These divisions form the reportable segments as defined by the IFRS:

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

### DIVISIONS, SALES MARKETS, MARKET SHARES<sup>1</sup>, IMPORTANT PRODUCTS AND SERVICES

#### Paint and Final Assembly Systems

The Paint and Final Assembly Systems division plans, builds, and updates paint shops and final assembly lines for the automotive industry. We supply products and processes for all process stages in paint shop technology. Important solutions include, for example, the RoDip **dip-coating** → [page 262](#) system, the energy-efficient

### 2.1 — GROUP STRUCTURE

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

<sup>1</sup> Internal figure, determined on the basis of division sales and market volume

EcoDryScrubber paint separation system, the EcoInCure oven, and the EcoProBooth paint booth for interior and exterior painting. Added to this is the “paint shop of the future” concept, which relies on individually controllable painting boxes instead of conventional painting lines. We usually also supply the relevant control and conveyor systems as well as air supply and exhaust-air systems. With a global market share of 40% to 50%, we are the leader in paint shop systems. Our digital product range is the DXQ software family, which includes solutions for plant monitoring, manufacturing execution systems (MES), **advanced analytics**, and **predictive maintenance** → page 262, among other digital solutions.

In the area of final assembly systems, we supply conveyor, filling, testing, and assembly technology, as well as marriage stations for connecting the car body and power train. The **filling technology** → page 262 segment comprises systems for filling fluids such as oil or brake fluid into vehicles in the final assembly process. Key products in **testing technology** → page 262 include test stands and calibration stations for brakes, electronics, and chassis geometry. In final assembly systems, too, we are one of the few providers worldwide capable of supplying turnkey plants. Electromobility is leading to new business opportunities in this field, since a greater degree of automation is possible in the assembly of electric vehicles due to their less complex power train. In addition, battery cars are heavier, requiring conveyor technology designed for heavier loads, which is provided by Paint and Final Assembly Systems. In testing technology, autonomous driving and new safety functions in vehicles mean that additional products are needed for adjusting cameras and radar systems. Our market share in business related to final vehicle assembly is around 15% to 25%.

Since 2021, the Teamtechnik Group has been part of the Paint and Final Assembly Systems division. The automation specialist, in which we hold a 75% stake, offers test stands for electric and hybrid drives as well as production facilities for solar modules and medical devices, such as injection systems and inhalation devices. The Teamtechnik Group also includes Hekuma GmbH, which was also acquired in 2021 and primarily operates in the medical devices market.

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

## Application Technology

Application Technology generates the majority of its sales with technologies for the automated spray application of primers, base coats, and clear coats. Its key products are the third generation of the EcoRP painting robot family, the EcoBell3 **high-speed rotary atomizer** → page 262, the EcoLCC2 color changer, and the robot-based EcoPaintJet application system, which is particularly suitable for razor-sharp two-tone painting without paint loss. Other Application Technology products include systems for paint supply, quality assurance, as well as process control and evaluation. In the automotive business, we are the world market leader with a share of 45% to 55%. Our two most important competitors are manufacturers of standard industrial robots.

In addition to paint **application technology** → page 262, we are active in the related business areas of **sealing technology** → page 262 and **gluing technology** → page 262. Sealing processes are used to seal welding seams, to apply underbody protection, and to inject insulating materials in cars. Gluing is an alternative to welding vehicle components during body-in-white production and final assembly, enabling the use of non-weldable lightweight materials in the manufacture of vehicle bodies. The uses of gluing technology in final assembly include fitting windows, glass roofs, and cockpits.

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

## Clean Technology Systems

The largest area of Clean Technology Systems is exhaust-air purification technology. Our systems are used in a variety of industries, but primarily in the chemical and pharmaceutical sectors. 16% of sales are accounted for by exhaust-air purification technology for automotive paint shops. Our most important process is **thermal oxidation** → page 262, in which pollutants are incinerated at temperatures of up to 1,000°C. With a market share of between 20% and 30%, we are the world's leading supplier.

Another fast-growing area of the business comprises **electrode coating systems** → page 262 for lithium-ion batteries. As a supplier of complete lines, we supply coating technology as well as dryers and solvent recovery systems. We offer an innovative technology for the simultaneous coating of both electrode sides. For conventional equipment for single-sided coating, we cooperate with the Japanese mechanical engineering company Techno Smart. In



September 2022, we entered into a strategic partnership with the German mechanical engineering companies Grob and Manz with the aim of jointly equipping complete battery factories. In addition to exhaust-air purification and coating systems, the portfolio of Clean Technology Systems also includes noise abatement systems, for example for gas turbines.

### Measuring and Process Systems

Measuring and Process Systems offers balancing and diagnostic technology as well as automated refrigerant charging solutions for refrigerators, air-conditioning systems, and heat pumps. Automotive accounted for around a quarter of sales in this division in 2022. In [balancing technology](#) → [page 262](#), we lead the field with a global market share of 40% to 50%.

Since January 1, 2022, the tooling systems business for machining wood, metal, and composite materials has also been part of Measuring and Process Systems. Previously, this activity was part of Woodworking Machinery and Systems. It is mainly operated by the Group company Benz GmbH Werkzeugsysteme, which is one of the leading suppliers in this field. The aim of the transfer is to expand Benz's business in industries outside the woodworking sector, for example in metalworking. For further information, please refer to the chapter entitled ["Explanatory notes on the figures"](#) → [page 76](#).

### Woodworking Machinery and Systems

Our Woodworking Machinery and Systems activities reside in the HOMAG Group, the world's leading supplier of machinery and systems for woodworking. Our technology is used, for example, in the production of furniture, kitchens, as well as parquet and laminate flooring. Our core products include panel dividing and through-feed saws, CNC processing centers, drilling machines, sanders, edge banding machines, as well as handling and storage systems. The software portfolio ranges from easy-to-use apps for trades businesses through to solutions for digitalizing entire factories. With a global market share of 25% to 35%, the HOMAG Group ranks clearly ahead of its two nearest competitors in business with furniture manufacturers.

The division's second pillar is the construction elements solutions segment, which offers equipment for producing construction elements for timber houses. We have a market share of 25% to 35% in this segment as well. Since timber houses are climate-friendly and their production can be easily automated, we see great potential for growth in this area. The portfolio includes machines for manufacturing prefabricated house components, room modules, windows, doors, and stairs, as well as equipment for solid wood optimization and high-frequency presses for producing cross-laminated timber boards.

## DIGITALIZATION/INDUSTRIAL INTERNET OF THINGS (IIOT)

Software solutions are a growing part of our product range. This enables us to keep pace with the ongoing digitalization of production processes. Our digital product range includes, for example, manufacturing execution systems (MES) for centralized factory control and analytics applications, which often work with artificial intelligence. Their areas of application include quality control, root cause analysis, and predictive maintenance. Our digital solutions are developed in digital factories at Dürr Systems, Schenck, and the HOMAG Group. The activities of the three digital factories are coordinated by a cross-functional team. Moreover, there are standardized development processes and tools, a common innovation agenda, and a systematic exchange of applications and development results.

## COMPREHENSIVE RANGE OF SERVICES

Each machine and system we sell adds to our installed base – and thus to our potential to generate additional service business throughout the product life cycle. Our range of services includes plant modernization and optimization, audits of plant productivity and energy efficiency, software updates as well as training, maintenance, repair, and spare parts supply. Digital services such as remote analysis, maintenance assistance, and performance checks are becoming increasingly important. The service side employs 3,013 staff, representing 16.3% of the Group workforce.

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

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

## 2.2 — ACTIVITIES AND SALES MARKETS

### PAINT AND FINAL ASSEMBLY SYSTEMS DIVISION

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

### APPLICATION TECHNOLOGY DIVISION

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

### CLEAN TECHNOLOGY SYSTEMS DIVISION

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

### MEASURING AND PROCESS SYSTEMS DIVISION

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

### WOODWORKING MACHINERY AND SYSTEMS DIVISION

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

## LEGAL STRUCTURE

Dürr AG owns 100% of the shares in the following companies: Dürr Systems AG, Dürr International GmbH, Dürr Technologies GmbH, Carl Schenck AG, and Dürr IT Service GmbH. These companies have entered into domination and profit and loss transfer agreements with Dürr AG. We own 64.89% of the shares in HOMAG Group AG and the associated voting rights via Dürr Technologies GmbH. We contributed 11.0% of the shares in HOMAG Group AG to a share pool between Dürr Technologies GmbH and the Schuler/Klessmann shareholder group. The Schuler/Klessmann shareholder group owns 14.05% of the shares in HOMAG Group AG. Members of this shareholder group are the Schuler family, who founded HOMAG, and the Erich and Hanna Klessmann Foundation. The pool agreement, first concluded in 2014, was renewed in 2021. It includes extensive reciprocal options and runs until December 31, 2029. A domination and profit and loss transfer agreement has been in place between Dürr Technologies GmbH and HOMAG Group AG since 2015. Dürr Systems AG, Dürr Technologies GmbH, Dürr International GmbH, and Carl Schenck AG hold direct or indirect stakes, mainly 100% holdings, in all other Group companies.

## PORTFOLIO CHANGES

There were no acquisitions of external companies or other significant portfolio changes in the 2022 fiscal year. Within the Group, we increased our shareholding in the Italian company CPM S.p.A. and its Brazilian subsidiary from 51.0% to 100% in December. CPM has been part of the Dürr Group since 1999 and operates in the field of final automotive assembly as part of the Paint and Final Assembly Systems division. In 2022, the company generated sales of approximately €100 million with around 90 employees.

We wrote down our investment worth €4.4 million in ADAMOS GmbH as of December 31, 2022. The write-down was recorded directly to equity, with no impact on net profit. ADAMOS GmbH will cease its business activities in accordance with a shareholders' resolution. The joint venture was established in 2017 by several mechanical engineering companies to provide an **IIoT platform** → page 262 for the industry and support collaboration on digitalization. ADAMOS subsequently developed into an industrial software marketplace with networking technology. The cessation of operations is due to the fact that smaller production and mechanical engineering companies in particular have been hesitant in advancing their digital activities in view of the coronavirus pandemic. The ADAMOS business model would have required another three to five years

of intensive investment. In addition, our customers have very individual requirements for cloud software solutions that cannot yet be efficiently mapped via a marketplace.

Further information on the acquisition of shares in CPM and on ADAMOS as well as on transactions in the previous year can be found in → **notes 37 and 18** of the notes to the consolidated financial statements. This also includes information on mergers and other changes at Group companies in the 2022 fiscal year.

## BUSINESS MODEL

Our core competence is the **engineering** → page 262 of efficient production technology. We offer our customers a full range of options from individual machines to turnkey manufacturing systems. In this context, our offering in digital networking and control of production systems is becoming increasingly important.

Our technologies and services are designed to help our customers achieve efficient and sustainable production by focusing on the following primary factors:

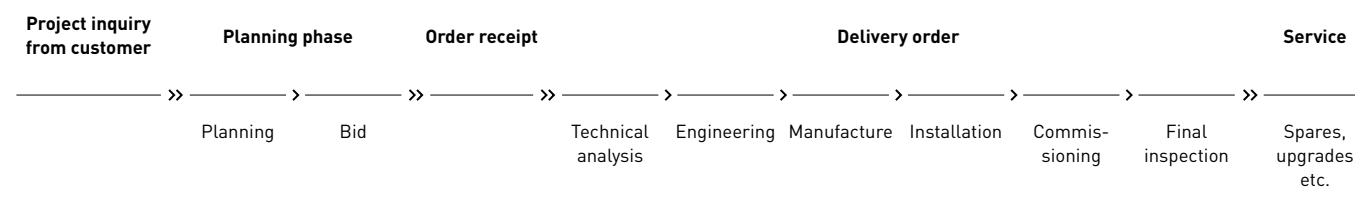
- digitalization and technological innovation
- development of material-efficient, energy-saving, and low-emission products
- planning, engineering, and order processing know-how
- a comprehensive range of services for the entire life cycle of our products
- global presence, proximity to customers in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

We operate in niche markets, where we are either the market leader or among the largest suppliers, with market shares ranging from 15% to 55%. In 2022, 57% of Group sales came from mechanical engineering and 43% from plant engineering. In mechanical engineering, we aim for EBIT margins of 10% or more; in plant engineering, the target margin is over 6%. In terms of **return on capital employed (ROCE)** → page 263, we target a figure of 25% or more again from 2024. In principle, our business model allows us to achieve high operating and **free cash flows** → page 263. From 2025, free cash flow should permanently amount to at least 80% of earnings after taxes.

### Financial importance of individual products, services, and sales markets

The financial importance of individual products and services is limited in view of our broad-based portfolio. A key success factor in paint and final assembly technology and at the HOMAG

## 2.3 — PROCESSES IN PLANT ENGINEERING



Group is our systems expertise, i.e. the ability to plan and build turnkey systems. Digital technologies are playing an increasingly important role. The service business generates an above-average contribution to earnings. Thanks to our international presence, we have a balanced regional sales breakdown. In 2022, 15% of sales came from Germany, 28% each from other European countries and North and South America, 22% from China, and 8% from other Asian countries, Africa, and Australia. We tend to achieve slightly higher margins in regions of strong growth than in other markets.

### Business processes/process advantages

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

Large projects require efficient collaboration between various departments and sites, which is why we employ standardized processes in planning, order execution, service, and administration. These processes are increasingly supported by digital tools or – especially for administrative processes – automated with the help of **robotic process automation (RPA)** → page 262. This prevents interface problems, increases speed and process reliability, and improves international cooperation and capacity management.

### Customer relations

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

The mechanical engineering divisions – Measuring and Process Systems and Woodworking Machinery and Systems – have a broad market base with tens of thousands of customers. Sales-related costs are therefore higher than in plant engineering for the automotive industry. However, the mechanical engineering sector also features larger-scale projects with extended lead times, in addition to business supplying individual machines.

### Supplier relations

We source goods, raw materials, and services from several thousand suppliers. In addition to part and component suppliers, these also include contract manufacturers, engineering service providers, and logistics companies. In the case of crucial commodities, we have worldwide framework agreements in place with preferred suppliers. This enables us to pool the requirements of several companies and divisions and leverage economies of scale. For further information, please refer to the **“Procurement”** → page 34 chapter.

### Further features of our business model

At 38%, our real net output ratio is relatively low, though there are differences between the divisions. While the real net output ratio in Measuring and Process Systems (mechanical engineering) is 48%, it is significantly lower in Paint and Final Assembly Systems (plant engineering) at 30%.

Due to the low real net output ratio, **asset intensity** → **page 263** and capital commitment are also relatively low. The prepayments received from customers generally cover a large portion of the receivables and accrued project costs in current assets. Consequently, the **net working capital (NWC)** → **page 263** in plant engineering is usually low. In relation to fixed costs, too, we benefit from the low real net output ratio and asset intensity in plant engineering. This makes us more flexible in the event of cyclical order fluctuations.

At 34.7 days, days working capital at the end of 2022 was significantly below the target corridor of 40 to 50 days, and below the previous year's figure (43.6 days). Due to the low demand for tangible assets in plant engineering, our investment requirements (excluding acquisitions) are low. The normal annual level typically amounts to less than 3% of sales.

Most divisions have local production plants and procurement structures in major foreign markets. This reduces their need to import, and thus transaction risks, which are also lowered by foreign currency hedging on a project basis. Nevertheless, there are translation risks resulting from the conversion of foreign currency positions into euros.

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

## BUSINESS LOCATIONS AND DIVISION OF LABOR WITHIN THE GROUP

At year-end 2022, 34% of the workforce was employed in the emerging markets. Almost 2,400 employees work in Shanghai alone, including around 370 external staff. Our lead sites in Germany control the Group's global operations. The Dürr Campus in Bietigheim-Bissingen (approx. 2,300 employees) is the Group's corporate headquarters and also the head office of Paint and Final Assembly Systems, Application Technology, and Clean Technology Systems. The Darmstadt location (around 515 employees) coordinates the operations of Measuring and Process Systems. The HOMAG Group head office in Schopfloch (approx. 1,800 employees) manages the business activities of Woodworking Machinery and Systems.

There are guidelines in place to define how Group companies collaborate on cross-border systems projects in plant engineering. Project management for major orders of Paint and Final Assembly Systems is usually handled by the system centers in

Bietigheim-Bissingen or Shanghai. There are also business centers responsible for smaller upgrades, parts of systems projects, and local sales and service. In mechanical engineering, the German lead locations act as the hub for international projects.

## Company-specific leading indicators

In order to be able to respond to a changed economic and demand situation at short notice, we track leading indicators. We distinguish between four categories:

- Key economic leading indicators are money supply, commodity and energy prices as well as purchase manager and business climate indices. Research reports and macroeconomic statistics also assist us in recognizing cyclical changes at an early stage. Moreover, we pay close attention to the development of interest rates. Business trends within our main customer industry segments (automotive and woodworking) correlate in part with the development of the global economy. However, it should be borne in mind that high levels of investment can also occur during periods of macroeconomic weakness. This was the case, for example, in 2022, when transformational trends such as automation, electromobility, decarbonization of production, and building with wood contributed significantly to our high order intake.
- More specific indicators to assess future business potential are customers' investment plans as well as statistics and forecasts on production and sales. In addition, we follow the expectations of analysts regarding our customers' cash flows and investments.
- The third leading indicator relates to specific investment projects pursued by our customers. We collect the respective information in our customer relationship management system, along with an assessment of our opportunities of winning contracts. In the product business, the quote time period for offers serves as an indicator. When customers take longer to make investment decisions, the average quote time period increases. This indicates weaker demand.
- The fourth group of indicators comprises incoming orders and order backlog. Since many projects have a long lead time, both key figures are suitable for assessing capacity utilization and sales for the coming quarters.

## Strategy and medium-term targets

Our corporate strategy is oriented to both profitability and growth. It aims to act on opportunities in established core business as well as in new or high-growth business areas. In established business, the focus is on expanding market leadership and profitability. We call the new business areas “growth business”. They are characterized by high growth potential and access to new markets and customers. In this chapter, we have, in some places, changed the presentation of our strategy compared to previous years. This is to better reflect the growing importance of growth business, and it offers more transparency regarding our respective established business and growth business targets.

### TARGET KEY FIGURES

Our strategy includes several KPI targets that extend until 2030:

- Sales are to grow by an average of 5% to 6% per year from 2023 and reach more than €6 billion in 2030. Depending on the activity, established business is to contribute to this with growth rates of 0% to 2% and 3% to 9%. We expect expansion of more than 10% p.a. for growth business.
- The EBIT margin before extraordinary effects is to consistently reach at least 8% from 2024. The margin targets of the individual divisions are shown in → [table 2.4](#).
- **ROCE** → [page 263](#) is likewise to be 25% or higher from 2024.
- From 2025 onward, we are aiming for a cash conversion rate of at least 80% (**free cash flow** → [page 263](#) is at least 80% of earnings after tax).
- Service business is to permanently contribute at least 30% to Group sales.

### 2.4 — MARGIN TARGETS FOR GROUP AND DIVISIONS

	Medium-term targets EBIT margin before extraordinary effects	Business type
Dürr Group <sup>1</sup>	≥8%	Mechanical and plant engineering
Paint and Final Assembly Systems	≥6%	Plant engineering
Application Technology	≥10%	Mechanical engineering
Clean Technology Systems	≥6%	Plant engineering
Measuring and Process Systems	>10%	Mechanical engineering
Woodworking Machinery and Systems	10%	Mechanical engineering

<sup>1</sup> Margin target for 2024

### ESTABLISHED BUSINESS

Established business mainly entails paint shops, final assembly technology, and painting robots for the automotive industry, environmental technology, balancing, tooling and filling systems as well as HOMAG machinery for furniture production. We hold leading global market positions in these areas and expect them to generate moderate to medium sales growth. The main priority in established business is to enhance profitability. The relevant activities are to achieve the earnings required to meet the Group's target of an EBIT margin before extraordinary effects of 8% by 2024, after earnings in the years 2020 to 2022 came under pressure from the pandemic, supply chain problems, and high material prices. At the same time, we are working to further increase earnings resilience, for example by expanding service business, adopting a margin-oriented “value before volume” sales strategy in plant engineering, and harnessing synergistic benefits.

### 2.5 — GROWTH TARGETS FOR ESTABLISHED BUSINESS

Activity	Target sales growth by 2030 (CAGR <sup>1</sup> )	Division
Painting robots, paint shops, final assembly technology	0 to 2%	Application Technology, Paint and Final Assembly Systems
Environmental technology (exhaust-air purification systems)	3 to 9%	Clean Technology Systems
Balancing, tooling, filling technology	3 to 9%	Measuring and Process Systems
Machinery for furniture production	3 to 9%	Woodworking Machinery and Systems

<sup>1</sup> CAGR: compound annual growth rate

## 2.6 — GROWTH TARGETS FOR GROWTH BUSINESS

Activity	Sales in 2022	Sales target for 2030	Division
<b>Construction Elements Solutions</b> (Production technology for climate-friendly timber houses)	Approx. €220 million	Approx. €500 million	Woodworking Machinery and Systems
<b>Production Automation Systems</b> (Automation technology for medtech, e-mobility, solar modules)	Approx. €170 million	Approx. €500 million	Paint and Final Assembly Systems
<b>Battery Production</b> (Coating technology for electrode production)	Approx. €30 million	Approx. €300 – €500 million	Clean Technology Systems
<b>Total</b>	<b>Approx. €420 million</b>	<b>Approx. €1,300 – €1,500 million</b>	

## GROWTH BUSINESS

Growth business consists of three business areas with potential for strong, above-average sales growth. Aggregated sales from growth business reached roughly €420 million in 2022. By expanding our activities, we are aiming to increase this to a total of €1.3 to €1.5 billion by 2030. To this end, we also intend to make further acquisitions. In this way, the three growth business areas outlined below are to make the greatest contribution to the growth in Group sales to more than €6 billion.

**1. Construction Elements Solutions:** HOMAG is one of the largest suppliers of systems for the automated production of components for climate-friendly timber houses. This market is growing sharply, with growth rates of 11% p.a. expected until 2026. This is because timber construction is sustainable and can be readily automated. This latter factor reduces construction times and is an effective tool for addressing shortages of skilled labor. Multi-story timber houses are better suited for [series construction](#) → [page 262](#) than conventional buildings. This permits the easy creation of affordable housing and makes an important contribution to solving one of the most pressing problems of urban societies. Not least of all as a result of the acquisition of the Danish mechanical engineering companies System TM and Kallesoe (2020 and 2021), HOMAG has positioned itself as an efficient partner in the industrialization of timber house construction. This trend is characterized by the construction of highly automated factories with an output of several thousand timber building elements per year.

**2. Production Automation Systems:** With the acquisition of Teamtechnik and Hekuma (2021), we have expanded our automation technology expertise and opened up new markets. Both companies operate in the field of production systems for medical devices, such as injection systems or inhalers. Known as the medtech market, this sector is growing by 8% to 10% p.a. as the need for medical care services is increasing as a result

of demographic growth and rising life expectancies. Thanks to the partnership with Teamtechnik and Hekuma under the Dürr umbrella, a good basis has been created for attracting new customers, especially in North America. Further acquisitions form part of our strategy for the medtech market. In addition, Teamtechnik is a leading provider of automated test systems for electric drives in the automotive industry as well as production systems for solar modules.

**3. Battery Production:** Electromobility in particular is greatly increasing the demand for additional battery factories. According to forecasts, the installed base for the production of lithium-ion batteries in Europe is expected to widen more than tenfold by 2030 and reach a capacity of over 1,300 gigawatt hours. This market growth is opening up opportunities for us as we cover a central step in battery production by offering end-to-end lines for [electrode coating](#) → [page 262](#). In addition to coating technology, our range also includes systems for drying and solvent recovery. Together with our partners Grob and Manz, we want to establish ourselves as a European supplier of components for battery factories and offer cell manufacturers in Europe an alternative to Asian equipment suppliers. Above all, we want to set ourselves apart with high-level digitalization, sustainable processes, high product quality, and low material consumption.

## ORIENTATION TO PRIMARY TRENDS

We are orienting our business activities to three primary trends that are of high relevance for our customers. This is enhancing the resilience of our order intake, as customers are implementing investment plans on the basis of these trends, even in phases of economic weakness, to ensure their long-term competitiveness. In 2021 and 2022, this orientation enabled us to achieve record order intake despite the severe macroeconomic dislocations.



## Sustainability

Sustainability has emerged as the most important trend in our markets. Many customers want to reduce their ecological footprint and are looking for alternatives to fossil fuels in order to decarbonize their operations. The energy crisis, triggered by the war in Ukraine, and the demands of the climate protection movement have further intensified this reorientation. As a mechanical and plant engineering company, we are an important pioneer for the sustainable transformation of production processes for our customers. Over the next few years, our expertise in energy and material efficiency will continue to grow in importance and be a central driver of our business. This is because, looking forward, operators will invest even more in the environmental and climate compatibility of their plants.

We are not only improving the sustainability of production processes but also supporting our customers by offering them technologies for the production of sustainable products for a largely carbon-free society. One example of this is the expansion of business areas such as Construction Elements Solutions and Battery Production.

## Electromobility

Electromobility offers opportunities for the Dürr Group. This is because it requires high investments by our customers in new production technologies and the conversion of existing plants. At the same time, the emergence of new producers of electric vehicles is widening our customer base. Almost half of our order intake in automotive business is already attributable to production technology for electric vehicles, and this business is expected to continue to grow in the future. Our product range – and, hence, also our sales potential – is somewhat larger for electric cars than for conventional vehicles, since we are also active in the field of battery production technology. Our product development activities are specifically geared to the requirements of e-mobility, for example in the areas of two-tone painting, car body drying, and final assembly automation.

## Automation

Automation is one of the Dürr Group's key competences. We are continuing to expand our position in this area, as automation technology will continue to grow in importance in the face of shortages of skilled labor. At the same time, we are specifically tapping into industries in which particularly high-performance automation solutions are required due to the large quantities and high quality requirements involved. Examples include the high-speed production of medical technology plastic products, automated test stands for electric motors, and the production of solar modules.

## STRATEGIC FIELDS AND ENABLERS

We have identified five strategic fields that are critical for achieving our goals and expanding our leadership in the global market: glocal (global/local), technology leadership, digitalization, efficiency, and life cycle services. We have also defined four enablers, i.e. supporting functions, which are particularly important for the successful implementation of the strategy. These are sustainability management, mergers & acquisitions, finance management, and people development.

### Digital@DÜRR as a strategic field

As digitalization progresses, the intelligence of the machines and systems offered is playing an increasingly decisive role. Our goal is to offer every customer the best solution available on the market for the digital optimization of their production activities. To this end, we are continuously expanding our range of data-based applications and services. In this way, we are tapping into new sales potential and shielding our business from competitors in the software industry. We have a crucial advantage over them in that we combine digital know-how with expert knowledge of production processes (also known as "shop floor competence").

### Glocal (global/local) as a strategic field

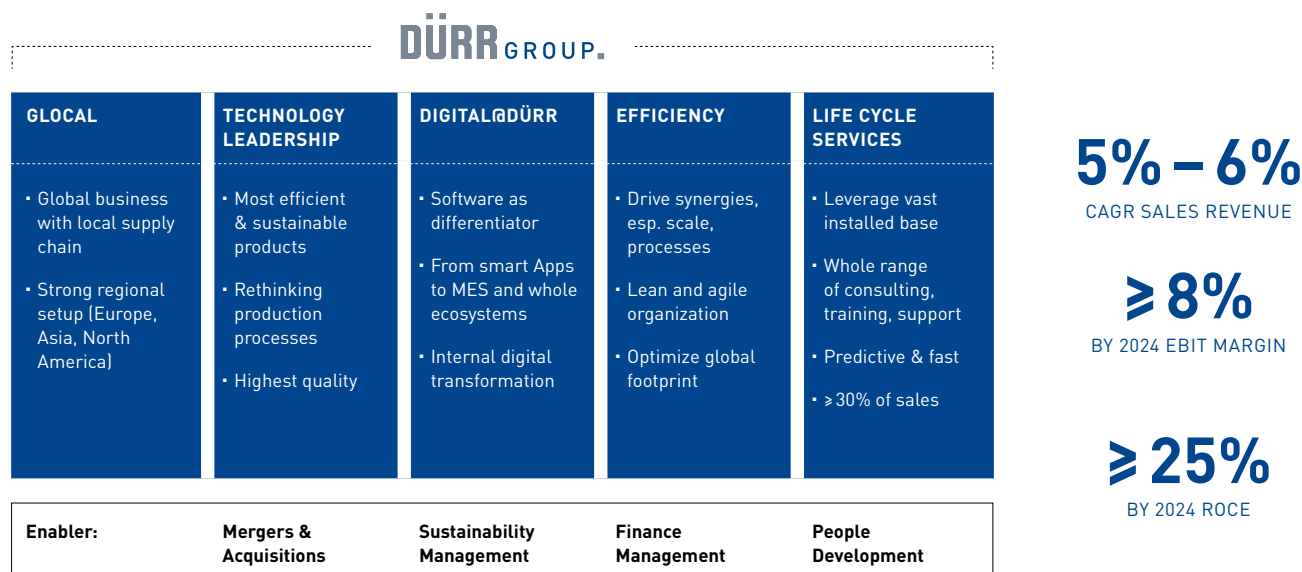
We operate locally in all major markets around the world. In this way, we can take advantage of opportunities and act competitively wherever customers need us. These local activities are supported by our efficient Group network. What is particularly important is the localization of our products, i.e. the adaptation of machines and systems to specific regional requirements and local production. This is accompanied by a global strategy for [engineering](#) → [page 262](#), research and development, production, and supply chain management. We organize these activities within the Group network in such a way that each location can contribute its individual strengths such as customer proximity, technological skills, or costs.

### Technology leadership as a strategic field

We owe our market leadership to cutting-edge technology. Our R&D work focuses on increasing the sustainability and efficiency of production processes. Consequently, the Group's product development activities seek to lower energy and resource consumption, emissions, and unit costs. A further aspect is making factories more flexible. The proportion of digital technologies is widening across practically all innovations. Further information on the innovation strategy and recent examples can be found in the chapter entitled "[Research and development](#)" → [page 36](#).



## 2.7 — STRATEGIC FIELDS AND ENABLERS



### Efficiency as a strategic field

The efficiency of processes and structures is crucial in our business. For this reason, continuous efficiency analyses and the identification of improvement measures on this basis form part of the strategy. We implement our corporate statement of an efficient, adaptable organization with the help of the OneDürrGroup program. It aims to harness synergies through the cooperation of the three subgroups, common business processes and IT systems as well as the use of shared service centers. OneDürrGroup also entails the optimization of the global Group network through the merger of smaller companies and locations. Another aspect of efficiency as a strategic field involves creating a work environment that enhances performance. For example, we rely on methods such as lean management and agile working, communications and employee participation, and the promotion of individual strengths.

### Life cycle services as a strategic field

We are continuing to develop service business in a targeted manner, as it contributes significantly to earnings and customer loyalty. We want service business to contribute at least 30% to sales. For this purpose, we are aligning our services along the

entire life cycle of our products and are increasingly offering data-based digital services such as preventive maintenance. We are also expanding our **brownfield business** → [page 262](#) by offering plant modernization, with an increasing focus on improving the ecological footprint.

### Mergers and acquisitions as an enabler

Within the framework of our portfolio-oriented management, we are exploring opportunities for acquisitions and divestment requirements. By acquiring companies and technologies, we tap into growth potential and new business areas. We distinguish between three types of acquisitions: “bolt-on” (strengthening existing business areas), “cross-divisional” (acquisition of cross-sectional technologies, e.g. software), and “complementary” (portfolio expansion, new business areas). Complementary acquisitions target mechanical and plant engineering companies that are leaders in niche markets and possess potential for improving earnings and harnessing synergies. The most recent complementary acquisitions were Teamtechnik and Hekuma (2021) for the purpose of establishing ourselves in the growth business of Production Automation Systems.

### Sustainability management as an enabler

We are increasingly being guided by the principles of sustainable business in order to do justice to our responsibility toward society and the environment as well as the requirements of customers, investors, employees, and other stakeholders. At the same time, we are convinced that, as a partner for sustainable production processes, we only have credibility if we, for our part, act responsibly. The expansion of sustainability management within the Group ensures that we meet regulatory and stakeholder requirements and are one of the leading companies in our industry in terms of sustainability. Detailed information can be found in the chapter entitled “Sustainability” → page 40.

### Finance management as an enabler

We underpin our growth with effective financial management. It supports corporate management, provides funding on favorable terms and ensures that it is used efficiently. The terms under which we raise borrowed funds normally contain a sustainability component. Under the OneFinance program, we are stepping up the standardization and digitalization of financial processes to provide information and reports even more swiftly and efficiently.

### People development as an enabler

As an engineering company, we depend on highly qualified employees – this is truer than ever before in the digital era. We therefore see personnel development as a strategic task and focus on the following key issues: further training, talent management, modern leadership, individual development, a motivational work culture, and enhancing our appeal as an employer.

## Procurement

### THE ROLE OF PROCUREMENT AT THE DÜRR GROUP

In 2022, the cost of materials rose substantially by 30.8% to €1,720.3 million. The pivotal factors in this were the increase in sales as well as the prevailing supply chain problems and high inflation. Added to that were exchange-rate effects to the tune of €58.9 million, which increased our costs.

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

We have a broad procurement base of over 30,000 suppliers, which are distributed across all key markets. This enables us to purchase mainly locally. When it comes to important commodity groups, we conclude worldwide framework agreements to achieve better terms through economies of scale. In Asia, we are increasingly buying manufacturing products and components for projects and plants in other markets. We exclusively manufacture certain core products ourselves to protect our know-how and to provide quality and on-time delivery. To ensure supplier availability, we forecast our needs in the sales stage, we set store by long-term capacity planning, and we closely monitor deadlines when dealing with suppliers.

At the end of 2022, around 620 employees were working in purchasing. Our Global Sourcing Board coordinates our worldwide purchasing activities and is made up of the divisions' purchasing heads. Global lead buyers have worldwide purchasing responsibility for individual commodity groups and pool the requirements of multiple companies and divisions.

## PROCUREMENT MARKET DEVELOPMENT

In 2022, Russia's attack on Ukraine and the lockdowns in China further intensified the pre-existing supply chain bottlenecks. On the whole, there was a high level of price volatility driven by, among other things, the development of energy prices, transport costs, and exchange rates. After the start of the war, prices for metal products reached a peak in spring; then they initially remained stable or decreased slightly. Prices for plastics as well as for steel and other raw materials rose substantially in some cases. Here it must be borne in mind that, in plant engineering, we primarily source steel that has already been processed, or complete units such as dip tanks for paint shops. The availability of mechanical components improved considerably during the second half of the year. The availability of semiconductors was subject to serious restrictions throughout the whole year.

We took several measures to ensure prompt and cost-optimized supply. Examples include the temporary increase of our stock levels, the integration of new suppliers, the cooperation with suppliers from different countries, contract awards based on game-theory methods as well as the close coordination of delivery dates and the timely escalation of problems. To avoid bottlenecks, we had to switch from sea to air freight in some cases, and we used broker markets. For critical goods, alternative solutions for materials and intermediate products that were less costly and more readily available were developed together with the R&D departments. Thanks to these measures and the close coordination with our customers, we were able to complete most projects successfully, despite the adverse procurement environment. Nevertheless, the price increases and logistics problems pushed up procurement costs and had an appreciable impact on material supply.

## FURTHER ORGANIZATIONAL DEVELOPMENT

Our experience of the challenging procurement environment in 2022 has prompted us to bolster the resilience of our supply chain to additionally protect against external disruptions. In specific terms, we are pursuing a strategy of regional diversification of our supply sources, thus enabling us to be flexible in choosing alternatives if supply chains are disrupted.

In March 2022, we successfully completed the broad centralization of our purchasing activities in the Dürr Systems subgroup. In addition, the position of Chief Procurement Officer was created for Dürr Systems in the course of the "High Performance Procurement" project. The new structure enables essential process and cost optimizations, for instance through the central control of project purchasing and commodity group management as well as through standardized methods, processes, and systems. Operational purchasing processes remain within the remit of the divisions' purchasing units.

To achieve further efficiency gains in purchasing, we are promoting the internationalization of our structures and processes, and we are also establishing this in companies we have acquired. As part of OneDürrGroup, the purchasing department is driving forward the OneSRM program (SRM: Supplier Relationship Management). The aim is to harmonize and digitalize supplier management. This is to improve worldwide transparency of suppliers and purchasing volumes as well as to enable Group-wide supplier assessment and a faster response to changing needs. The digitalization of procurement activities also includes new solutions for data maintenance and for [data and process mining → page 262](#).

In view of the German Act on Corporate Due Diligence Obligations in Supply Chains, which became effective on January 1, 2023, we introduced the IntegrityNext platform. This software supports us in making our sustainability standards an integral part of the supply chain and in managing high-risk suppliers. We are checking whether we can also use IntegrityNext for queries on the responsible handling by suppliers of chemicals and hazardous materials that are detrimental to the environment and difficult to dispose of.

## Research and development

### R&D GOALS

With our R&D work, we want to support the transformation to a climate-neutral society. That is why we focus on the development of energy- and resource-efficient products and production processes. A key role is played by digital applications, which incorporate our experience with our customers' processes. In addition, we want our innovations to be modular and globally applicable. For successful development work, we rely on the close collaboration of our R&D departments with sales and purchasing.

### R&D KEY FIGURES AND EMPLOYEES

Research and development expenses were increased by 10.2% to €136.5 million in the 2022 fiscal year. This corresponds to an R&D ratio of 3.2%. Order-related development costs were included in the cost of sales rather than the direct R&D costs. Capitalized development costs totaled €23.6 million, while their amortization amounted to €12.9 million. Measured against the direct R&D costs, a capitalization rate of 17.3% was achieved (previous year: 17.3%).

As of December 31, 2022, the number of employees in our R&D departments increased by 5.3% to 971. The R&D departments are supported by other areas that also work on new solutions to fulfill specific customer orders.

Responsibility for R&D lies with the individual divisions. Processes and detailed issues relating to their R&D work are governed by guidelines. There is also a cross-functional team, "R&D/Technology/Digital", which coordinates cross-functional R&D activities and promotes the use of best-practice solutions across divisional boundaries. The team reports directly to the CEO. The development of new solutions represents around 70% of our R&D expenditure, with just under 30% going toward maintaining existing products. Our R&D work focuses on concrete solutions. Basic research is inherently of minor importance in our business.

### 2.8 — R&D KEY FIGURES

		2022	2021	2020
R&D expenditure	€ million	-136.5	-123.9	-107.7
Group R&D ratio	%	3.2	3.5	3.2
Paint and Final Assembly Systems	%	2.0	2.5	1.9
Application Technology	%	4.4	5.3	5.9
Clean Technology Systems	%	1.6	1.6	1.1
Measuring and Process Systems <sup>1</sup>	%	2.3	2.3	2.9
Woodworking Machinery and Systems <sup>1</sup>	%	4.2	4.4	4.3
Capitalized development costs	€ million	23.6	21.5	18.1
Amortization of capitalized development costs	€ million	-12.9	-10.7	-10.0
R&D employees (Dec. 31)		971	922	795
R&D personnel costs	€ million	-92.9	-82.6	-71.8

<sup>1</sup> With effect from January 1, 2022, the tooling business was transferred from Woodworking Machinery and Systems to Measuring and Process Systems. The figures for 2021 have been adjusted compared with the disclosure in the 2021 annual report. The figures for 2020 have not been adjusted.

### 2.9 — R&D EMPLOYEES 2022

	Group	Paint and Final Assembly Systems	Application Technology	Clean Technology Systems	Measuring and Process Systems	Woodworking Machinery and Systems
Total	971	200	174	21	74	502
% of divisional workforce	5.2	3.7	8.5	1.5	4.3	6.7

## NEW DEVELOPMENTS AND PATENTS

In 2022, our R&D work resulted in 74 product innovations. As of December 31, 2022, we had 7,172 individual patents divided among 1,429 patent families (Dec. 31, 2021: 7,341 and 1,403). As in previous years, the Application Technology division accounted for the largest number of patents. The costs for protecting our intellectual property amounted to €10.2 million (previous year: €10.0 million).

## COLLABORATIVE RESEARCH AND BOUGHT-IN R&D SERVICES

Collaborations with scientific institutes and development partners contribute to R&D work based on the latest scientific knowledge. We spent €60.1 million on external R&D services in 2022 (previous year: €54.5 million). Public research funding amounted to €2.4 million; this represents 1.8% of the total R&D costs (previous year: €1.9 million or 1.6%).

## R&D FOCUS

In our innovation work, we take into account both customer requirements and superordinate technology and manufacturing trends. The following are particularly important:

- **Sustainability:** Many companies have set targets for the decarbonization of their production and want to reduce their dependence on fossil fuels. To that end, they are seeking the support of their suppliers. Our development work therefore focuses on the low-emission operation of our plants, the electrification of production processes, the processing of sustainable materials, and exhaust-air purification.
- **Digitalization:** We use artificial intelligence, virtual reality, and simulations to facilitate the commissioning and ongoing operation of our plants. At the same time, we are developing modular software solutions that incorporate both our expert knowledge of production processes and our software expertise.
- **Increased flexibility:** If our customers want to offer a wide diversity of models and variants or achieve higher output, they need flexible production concepts. Therefore, we work on solutions that bypass rigid process chains and are modularly expandable.
- **Customization:** Demand for individually configured end products is rising. With our equipment, these can be manufactured efficiently on automated lines.
- **Optimization of per-unit cost:** Reducing per-unit manufacturing costs is an important goal for our customers. That is why we are developing products and processes with a reduced demand for material, energy, maintenance, and human resources.
- **Automation:** Automation is the key to reproducible top quality, making our customers less dependent on the increasing labor shortage. In addition to the automation potential in our traditional business, we see great opportunities with solutions for the production of timber house construction elements, batteries, electric motors, and medical plastic products.
- **Electromobility:** The production of battery-powered vehicles requires, in part, special manufacturing systems. Among other things, we are developing electrode coating technology, balancing systems for e-rotors as well as painting, assembly, and testing technology for electric cars.
- **Autonomous driving:** Modern vehicles are equipped with numerous driver assistance systems; the automotive industry is also pushing ahead with autonomous driving. Highly sensitive test systems are crucial for testing and calibrating the required safety-relevant technology, such as sensors, during mass production.
- **Overall equipment effectiveness:** For our customers, it is increasingly important how profitable the operation of their plants is on the bottom line – considering not only the unit costs, but also aspects such as timely service or smart software solutions that make operations more efficient.

## R&D RESULTS

### Paint and Final Assembly Systems

Paint and Final Assembly Systems has developed **EcoQPower**, an intelligent energy network, i.e. a combined heating and cooling system individually optimized for each paint shop. In this way, the energy consumption of a paint shop can be significantly reduced. This network, in conjunction with our electrified car body oven and the Oxi.X RV exhaust-air purification system, enables paint shop operation to be fully electric and – when using green electricity – CO<sub>2</sub>-neutral.

Building on the “Paint Shop of the Future” concept, there is now also an innovative future concept for automotive final assembly: “Assembly of the Future”. Instead of rigid conveyor technology, the vehicles to be assembled are transported by automated guided vehicles of the ProFleet and ProLiner series. These carrier systems are flexible, scalable as well as modularly expandable and can be easily relocated to other production sites. Special requirements for the building structure, such as pits or reinforced ceilings, are a thing of the past. Added to this is the x-combined test stand concept – the first test stand on which axle measurements as well as brake and sensor tests can be carried out. Other test processes, such as the calibration of driver assistance systems, can also be integrated.

Hekuma, our automation specialist active in the medtech sector, has added two solutions to its product portfolio for pipette tips. One new addition is the QC Assistant – a stand-alone module for thorough testing and quality control of pipette tips. The second new development is a proof of principle for the pretreatment of filters, which serve as a boundary for the liquids to be pipetted and thus as protection against contamination. The new proof of principle ensures that only precise and sharp-edged filters are used in assembly.

### Application Technology

In addition to painting robots, Application Technology also offers special robots that seal welds, seal off cavities, and clean car bodies in the paint shop. The division has optimized the corresponding **EcoRS** robot series. The previous portfolio has been reduced to four robot types in order to simplify spare parts management. These four robot types have been redesigned: They are easier to clean, require up to 70% less floor space, and weigh significantly less. At the same time, the [sealing robots → page 262](#) in this series cover a larger working area.

Application Technology has advanced our automated system for overspray-free paint application. In addition to painting roofs, the **EcoPaintJet Pro** is now also able to paint complex car body parts such as A-pillars and roof arches without producing any overspray. Moreover, it can apply all paint systems. Plus, color changes are now possible for the first time. By means of a new, software-supported calibration method, two **EcoPaintJet Pro** units can be adjusted in a way that enables them to both paint a car body simultaneously. This shortens the cycle time – an important consideration for customers who produce high volumes.

### Clean Technology Systems

Clean Technology Systems has enhanced the Oxi.X RV thermal exhaust-air purification system for use in the automotive industry. Adjustments were particularly necessary as the exhaust air given off by paint shops contains small amounts of phosphorus and silicon compounds, treatment of which is complicated. The electrified system allows automotive manufacturers to reduce their dependence on natural gas and to clean exhaust air in a CO<sub>2</sub>-neutral manner, provided that they utilize renewable energy sources.

We have developed a process for solvent recovery in the production of lithium-ion batteries, which allows 99% of the solvents used in the [coating → page 262](#) process to be recovered. After the treatment, just over 95% of this can be returned to the process, reducing emissions to less than one milligram per cubic meter.

### Measuring and Process Systems

Measuring and Process Systems used to market various cloud apps under the Schenck ONE digital brand. Now, the division has further developed Schenck ONE into a software platform that offers an integrated user experience. This means that the user interfaces of the software on the machines and of the software in the cloud are identical and that data can be synchronized in both directions. It allows the customer to carry out preparatory activities, for example creating type data, from any device and location, operate the machine on site, and retrieve the results online after the measurement. Additionally, the software platform provides the opportunity to easily install software updates or functional enhancements.

With the BENZ i.tag, our subsidiary Benz, which specializes in tooling systems, has developed a digital nameplate. This is attached to the products, can be read by smartphone, and grants immediate access to the technical data, documents, and drawings of the corresponding product via an encrypted connection. Plus, with the i.tag, customers are just one click away from contacting our sales and service team.

### Woodworking Machinery and Systems

Woodworking Machinery and Systems has developed the new DRILLTEQ V-310 vertical CNC machining center. With its vertical workpiece feed, this machine requires significantly less space – an important selling point, since space and resources are often limited, especially for craft and mid-size furniture production companies. The machining center provides comprehensive solutions for milling, drilling, and grooving. Operators can easily select and set up the necessary tools via a touchscreen. An LED assistance system facilitates the insertion of workpieces, thus helping to avoid errors.

The new productionManager helps craft businesses to keep an overview of current jobs. The web application bundles production-relevant data, allowing the progress of orders and the current status of individual components to be displayed in real time. The digital job folder can be accessed via the internet from any location, replacing paper documents. The pre-configured interfaces with other HOMAG applications provide additional benefits. In craft businesses that use the intelliDivide optimization software, for example, productionManager can transfer the information for cutting the parts directly to intelliDivide.

## DÜRR TECHNOLOGY COUNCIL

The Dürr Technology Council advises the Board of Management on questions of technology strategy. The Council brings together scientific expertise, consultancy skills, and senior management experience in the automotive engineering, automation, and IT sectors. Its members in 2022 were:

- Prof. Holger Hanselka (Chair), President of the Karlsruhe Institute of Technology (KIT)
- Ulrich Dietz, former CEO of GFT Technologies SE
- Prof. Alexander Sauer, Director of the Fraunhofer Institute for Manufacturing Engineering and Automation
- Dr. Eberhard Veit, Managing Partner at Robert Bosch Industrietreuhand KG, former CEO of Festo AG
- Prof. Thomas Weber, former member of the Board of Management of Daimler AG, responsible for research and development

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

In 2022, the Dürr Technology Council convened three times. At its first meeting at the end of June, it welcomed a new member, Prof. Alexander Sauer. The key topics of this meeting were potential new business areas and electromobility. At the August meeting, the topic of electromobility was explored in greater depth, with members discussing in particular battery technology and the need for a European supply chain for battery manufacturing. Another focus was on disruptive trends and the resulting opportunities and risks for the Dürr Group. The third meeting was held in October at the Fraunhofer Institute for Manufacturing Engineering and Automation in the German city of Stuttgart, with the heads of the Application Technology and Clean Technology Systems divisions also attending. At the beginning, Dr. Jochen Weyrauch informed about the cooperation with the mechanical engineering companies Grob and Manz in the field of battery production technology. The meeting was centered around guest presentations on current key areas of research of the Fraunhofer Institute for Manufacturing Engineering and Automation, including batteries, robotics, and hydrogen.



# SUSTAINABILITY

UNAUDITED

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

In 2022, we again published a sustainability report in line with the requirements of the “Core” option of the Global Reporting Initiative (GRI). It contains, for the first time, climate-related information in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We are thus creating transparency about how we deal with climate-related risks and opportunities, and we are responding to the increased interest of our stakeholders in climate issues. We have also integrated into the sustainability report a progress report on the implementation of the UNGC principles within the Dürr Group. Moreover, we provide regular information on our actions and progress in the area of sustainability through other channels, for example at investor meetings, on our website, or on social media. We deliver comprehensive data to ESG rating agencies such as CDP and EcoVadis, and we were able to improve many of our ESG ratings in the reporting year.

We intensified our efforts in the area of sustainable finance in 2022 and published a Sustainable Finance Framework for the first time. It provides the framework for future corporate financing guided by sustainability principles, and specifies how sustainable financing instruments, such as green bonds and Schuldschein loans, are to be used. Against the backdrop of the German Supply Chain Due Diligence Act (LkSG), we also pushed ahead with the enforcement of high environmental and social standards in our global supply chain. Another focus was the implementation of our climate strategy.

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The issue of sustainability is a central component of the Group’s strategy. The Sustainability Council, the central decision-making body for sustainability issues in the Dürr Group, met once in 2022. It adopts sustainability strategies and targets and tracks the Group’s progress toward meeting them. In 2022, the group of participants was expanded to include representatives from the three areas of Distribution Logistics, Corporate Accounting & Controlling, and Corporate Internal Audit & Internal Controls. The CEO of Dürr AG chairs the Sustainability Council and has overall responsibility for Corporate Sustainability.

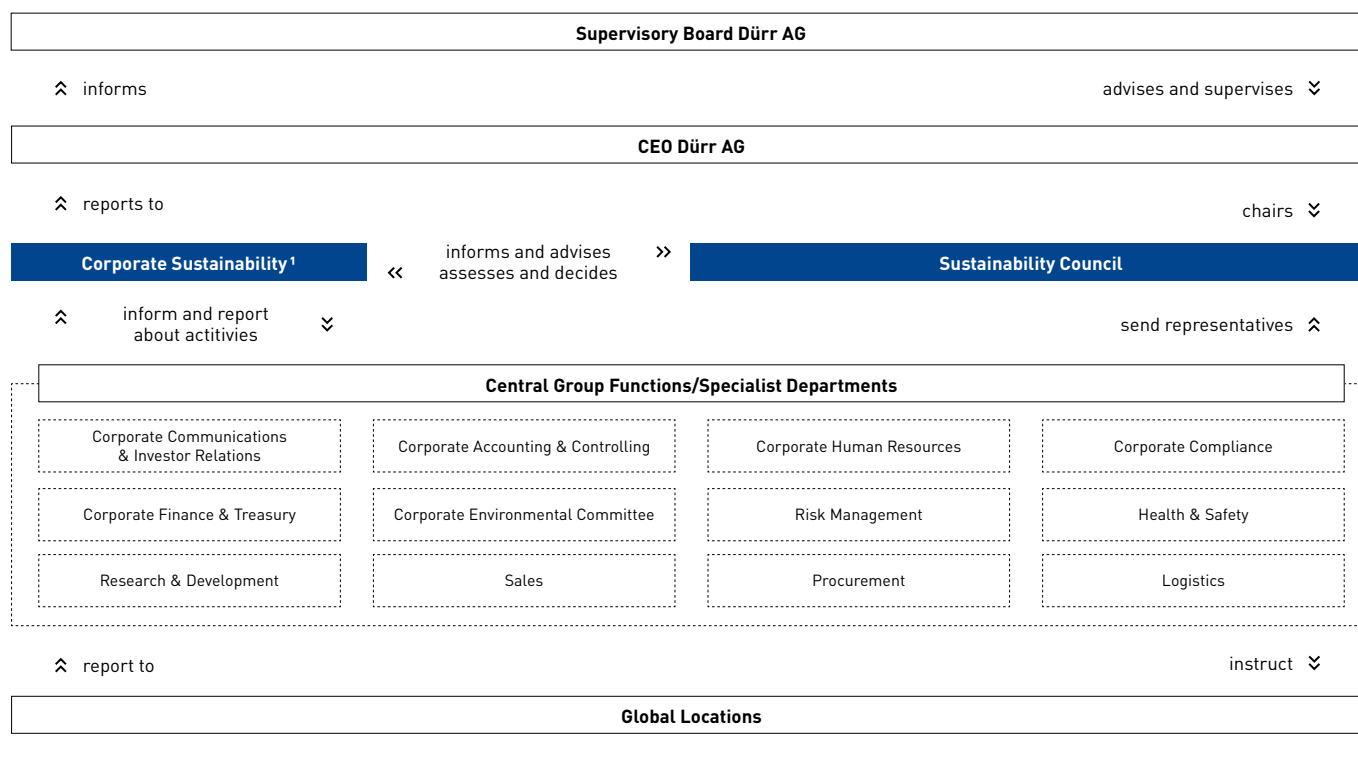
The Supervisory Board advises and supports the Board of Management on sustainability issues and appointed one of its members, Dr. Anja Schuler, as a sustainability expert. The Sustainability Council invites the sustainability expert to its meetings on a case-by-case basis. The members of the Supervisory Board and the Sustainability Council attended a sustainability-specific training seminar in June 2022, thus enhancing their relevant competencies.

## Materiality analysis

In order to determine which sustainability topics are particularly relevant for the Dürr Group and its stakeholders, we carried out a materiality analysis in 2020. The business criticality of various non-financial matters was determined on the basis of discussions with specialized departments, interviews with managers, and a management workshop. At the same time, we assessed the economic, environmental, and social impacts of our business activities and had them validated by external sustainability experts. In 2021, we further specified our materiality analysis and classified the climate impact of our operations to be material for the Dürr Group in keeping with Section 289c of the German Commercial Code (HGB).



## 2.10 — RESPONSIBILITY AND ORGANIZATION IN THE AREA OF SUSTAINABILITY



<sup>1</sup> The Human Rights Officer is part of the Corporate Sustainability department and reports directly to the Board of Management of Dürr AG.

For the 2022 fiscal year, we are again providing information on the contribution of our business activities to climate protection in line with the EU Taxonomy. As one of the first companies in the DAX family, we have already voluntarily reported on taxonomy-aligned sales revenues, capital expenditures, and operating expenditures for the 2021 fiscal year, beyond the legally required disclosures.

We continue to classify the aspect of social affairs as not material for us, as we consider the business relevance of this topic for the Dürr Group as well as its impact on society within the global environment to be low. In accordance with Section 289c of the German Commercial Code, we have thus identified seven material non-financial matters:

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

In addition, we report on other non-financial matters that we classify as not material within the meaning of Section 289c of the German Commercial Code, but as important for the Dürr Group. These include, for example, workplace health promotion and social commitment. Reporting on our non-financial matters is based on the GRI standards.

### GROUP NON-FINANCIAL STATEMENT

The Group non-financial statement in accordance with Section 315b (1) HGB is an integral part of the management report and is spread over several of its chapters. The following index (→ table 2.11) shows which chapters contain information on the non-financial matters that are material to us. The content of the Group non-financial statement is marked in the relevant chapters with a dashed line in the margin and the abbreviation NFS. References to sources outside the annual report merely refer to further detailed information that goes beyond the statutory disclosures. The content of the Group non-financial statement was not audited as part of the audit of the annual and consolidated financial

statements by Deloitte GmbH Wirtschaftsprüfungsgesellschaft. Deloitte GmbH Wirtschaftsprüfungsgesellschaft performed an audit to obtain a limited assurance with respect to the Group non-financial statement in accordance with the ISAE 3000 (revised) auditing standard.

## 2.11 — INDEX OF DISCLOSURES ON MATERIAL NON-FINANCIAL MATTERS IN ACCORDANCE WITH SECTION 315C (1) IN CONJUNCTION WITH SECTION 289C HGB

Disclosures	Chapter/subchapter/section
<b>Business model</b>	<ul style="list-style-type: none"> <li>• Fundamentals/The Group at a glance/Profile</li> <li>• Fundamentals/The Group at a glance/Group organizational structure</li> <li>• Fundamentals/The Group at a glance/Business model</li> </ul>
<b>Risks in relation to material non-financial matters</b>	<ul style="list-style-type: none"> <li>• Report on risks, opportunities and expected future development/Risks/Risks in relation to material non-financial matters</li> </ul>
<b>MATERIAL NON-FINANCIAL MATTERS</b>	
<b>Environmental matters</b>	<ul style="list-style-type: none"> <li>• Sustainability/EU Taxonomy</li> <li>• Sustainability/Environment and climate protection/Environmental footprint of our products (Topic: climate protection)</li> <li>• Sustainability/Environment and climate protection/Environmental footprint in the supply chain (Topic: climate protection)</li> <li>• Sustainability/Environment and climate protection/Operational environmental footprint (Topic: climate protection)</li> </ul>
<b>Anti-corruption and anti-bribery</b>	<ul style="list-style-type: none"> <li>• Sustainability/Integrity/Compliance and anti-corruption</li> </ul>
<b>Respect for human rights</b>	<ul style="list-style-type: none"> <li>• Sustainability/Integrity/Human rights (and responsible supply chain)</li> </ul>
<b>Employee matters</b>	<ul style="list-style-type: none"> <li>• Sustainability/Employees/Employee satisfaction and retention</li> <li>• Sustainability/Employees/People development and further training</li> <li>• Sustainability/Employees/Occupational health and safety (Topic: occupational safety)</li> </ul>

## EU Taxonomy

The Dürr Group sees the shift toward greater sustainability as an opportunity. With the Taxonomy Regulation, the European Union (EU) has developed a classification system for environmentally sustainable economic activities, thus creating uniform criteria for companies. With our taxonomy-aligned products, services, and investments, we contribute to the climate-friendly transformation of the economy.

## BACKGROUND AND GOALS

With the European Green Deal, the EU has set itself the goal of becoming climate neutral by 2050. In order to finance the measures required and to make the economic and financial system in the EU more sustainable, capital flows are to be directed toward sustainable investments. To this end, the European Commission (EU Commission) has developed the Action Plan on Financing Sustainable Growth. The core element of this action plan is the EU Taxonomy Regulation.

According to the EU Taxonomy Regulation, economic activities are “taxonomy-eligible” if they comply with the activity descriptions set out in Annexes I and II to the Delegated Act of June 2021 and/or the Complementary Delegated Act of March 2022, and if they potentially contribute to the achievement of one of the following six environmental objectives: (1) climate change mitigation, (2) climate change adaptation, (3) sustainable use and protection of water and marine resources, (4) transition to a circular economy, (5) pollution prevention and control, and (6) protection and restoration of biodiversity and ecosystems.

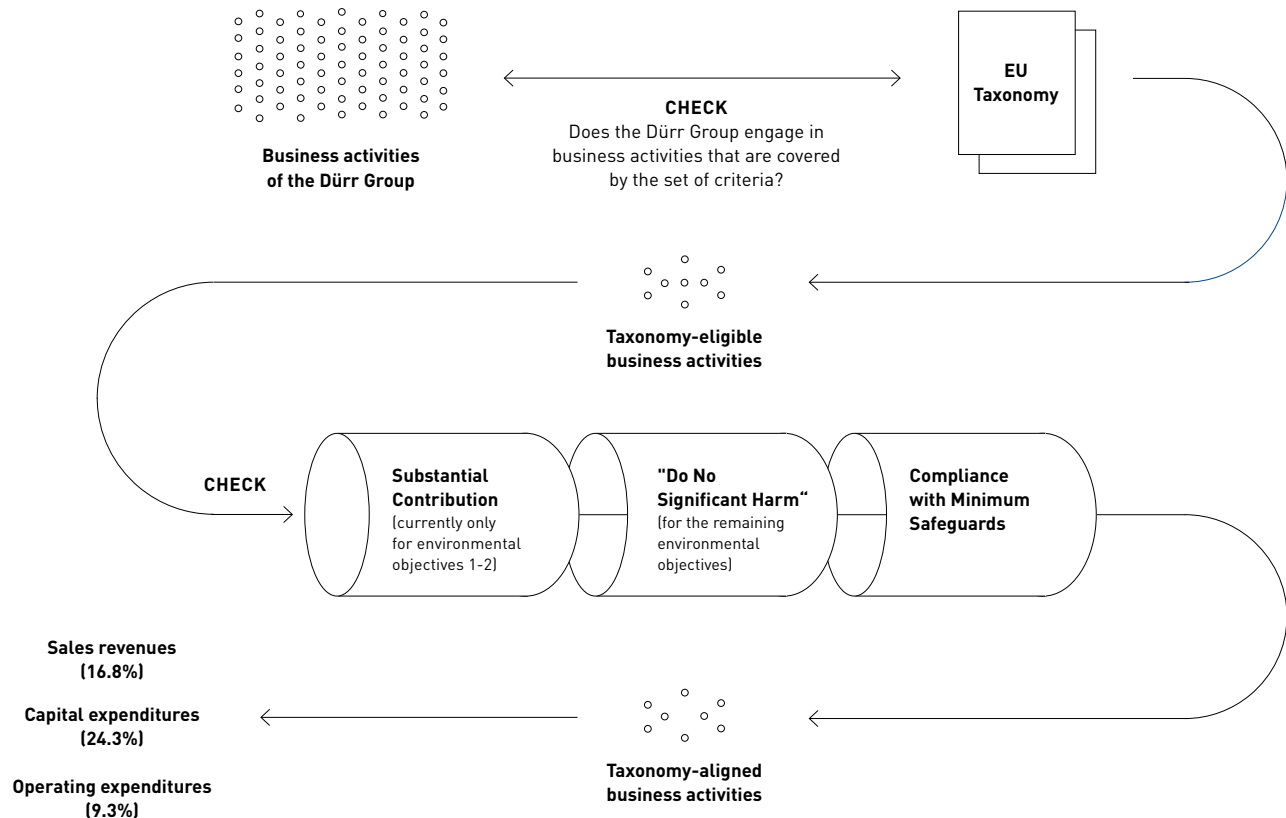
In addition, economic activities are “environmentally sustainable” or “taxonomy-aligned” according to the taxonomy specifications, if the taxonomy-eligible economic activities

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

At the time of publication of this report, the EU only had criteria for the first two environmental objectives, so that information must only be provided on the substantial contribution to these environmental objectives for fiscal year 2022.

At the time this report was published, the EU Taxonomy Regulation and the Delegated Acts adopted in this context contained terms and wordings that are subject to uncertainty in terms of interpretation and for which clarifications had not been published in every case. In such cases, we have identified and explained the assumptions made in this report.

## 2.12 — EU TAXONOMY: METHODOLOGY AND PROCEDURE



### IMPLEMENTATION OF THE TAXONOMY REQUIREMENTS

The Dürr Group had already voluntarily reported on taxonomy-eligible and taxonomy-aligned sales revenues, capital expenditures (CapEx), and operating expenditures (OpEx) for the 2021 fiscal year, beyond the legally required disclosures. This means we had already created the organizational and content-related prerequisites for the Group-wide implementation of the taxonomy requirements in the previous year. Further discussions and analysis were conducted in 2022 to validate our statements. As a result, we have not made any significant changes to the interpretation, the relevant economic activities, and the methodology of data collection compared with the previous year. Large portions of the Dürr Group's business activities are still not directly covered by the taxonomy requirements, as the current version of the EU Taxonomy Regulation is not directly aimed at the mechanical engineering sector and the supplier industry.

### BUSINESS ACTIVITIES OF THE DÜRR GROUP

Our business activities make a substantial contribution to reducing global greenhouse gas emissions in two respects. Firstly, we develop and market low-emission technologies for sustainable production processes. When used by our customers, these enable significant reductions in greenhouse gas emissions over the entire lifecycle of the product. With the help of many of our technologies, customers can therefore achieve significantly lower emission levels compared to the best performing reference technologies predominantly available on the market. Examples include selected technologies for resource-conserving automotive painting and systems for exhaust-gas and exhaust-air purification. Secondly, we offer technologies for manufacturing climate-friendly products, for example solutions for producing batteries for electric vehicles or machines for the industrial production of timber houses. Against this backdrop, the Dürr Group has a key role to play in the sustainable transformation of sectors such as

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automotive production, woodworking, mechanical engineering, chemicals, pharmaceuticals, and electrical engineering.

As part of our climate strategy, we are also pursuing the goal of making the Dürr Group's infrastructure sustainable. This includes, among other things, investments in energy-efficient buildings and their technical equipment, the increased use of systems for the generation of renewable energies, and the expansion of our electric vehicle fleet and charging infrastructure.

## IDENTIFICATION OF TAXONOMY-ELIGIBLE ECONOMIC ACTIVITIES

In order to identify taxonomy-eligible technologies, we have filtered the Dürr Group's portfolio for low carbon solutions and classified as taxonomy-eligible those technologies that contribute to a significant reduction in greenhouse gas emissions. The following economic activities defined by the EU Taxonomy have been identified for the recognition and assignment of sales revenues, CapEx, and OpEx of the Dürr Group:

- 3.1 Manufacture of renewable energy technologies
- 3.6 Manufacture of other low carbon technologies
- 4.11 Storage of thermal energy

The activity description "3.6 Manufacture of other low carbon technologies" is of particular relevance to the Dürr Group. Due to the generic description of this economic activity, it is necessary to describe our interpretation in greater detail. The economic activity includes activities for the production of technologies that aim at substantial reductions in greenhouse gas emissions in other sectors of the economy. From the Dürr Group's perspective, a substantial reduction means a decrease in greenhouse gas emissions in the use phase by at least 20%. Such a substantial reduction can usually only be achieved by a technological leap and not by continuous improvements. We have therefore set the value of 20% as the minimum level for a substantial reduction in greenhouse gas emissions.

For the 2022 fiscal year, the following business activities of the Dürr Group have accordingly been identified for the recognition and assignment of taxonomy-eligible sales revenues, CapEx, and OpEx:

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## Painting technology

Despite significant technological leaps in recent years, modern paint shops continue to be among the biggest energy consumers in the production of automobiles. In particular, paint application and drying of the car bodies are responsible for the majority of energy and resource consumption in paint shops. In addition to machines and systems that meet current market standards, we also sell solutions with above-average energy-efficiency and resource-savings that we classify as taxonomy-eligible due to the significant savings of emissions. In the following, only those machines and systems are identified as taxonomy-eligible that contribute to a significant reduction in greenhouse gas emissions. Examples include selected solutions for dry separation of paint overspray, such as **EcoDryScrubber** or **EcoDryX**, and our latest **EcoProBooth** paint booth concept. With the help of these technologies, energy consumption during paint application in the paint booth can be reduced by up to 60% compared to conventional wet separation. In the field of car body curing, the **EcoInCure** oven and the **EcoSmart VEC** fresh- and exhaust-air control system can achieve a reduction in energy consumption of more than 20% compared to conventional drying systems. Furthermore, our intelligent energy network **EcoQPower** contributes to a significant reduction in the energy consumption of paint shops through an optimal combined heating and cooling system. These solutions are complemented in particular by energy- and resource-saving technologies for paint application, including the **EcoPaintJet** overspray-free application system, the **EcoBell3** atomizer product line with twin main needle, the **EcoLCC** color changer generation, and the **EcoSupplyP** special paint supply system. The business activities of the Dürr Group considered in painting technology are assigned to economic activity 3.6.

## Battery manufacturing technology

The Dürr Group offers specific technologies for producing rechargeable battery packs and accumulators for the transportation sector as well as stationary or decentralized energy storage systems. Only machines and systems for such a purpose are covered below. Due to their specific nature, it would not make economic sense for our customers to use these technologies for any other purpose, as this would require correspondingly complex technical adjustments. The Dürr Group offers technical solutions for various process steps in the battery production value chain. These primarily include our coating technology, dryers, and solvent recovery systems for the production of battery electrodes, as well as assembly and testing technology for lithium-ion cells and

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

#### Technology for electromobility

The Dürr Group manufactures technologies specifically used in the production of electric motors for the transportation sector. This paragraph refers exclusively to technologies for this intended use. It would not make economic sense for customers to use our machines and systems for the production of electric motors elsewhere, as this would require extensive and correspondingly complex technical adjustments to the technologies. Specifically, we develop and supply equipment for filling electric vehicles with highly specific refrigerants, balancing and spin-test systems for rotors in electric drives, and modular end-of-line test stands for electric drives. The electric motors manufactured and tested with our machines and systems form the central element of the electric power train, which is essential for the emission reduction potential of electric cars. Our business activities in the area of "technology for electromobility" thus aim to considerably reduce life-cycle emissions in the transportation sector and are assigned to economic activity 3.6.

#### Renewable energy technology

The Dürr Group manufactures technologies for renewable energies. These include, in particular, machines and systems for producing solar cell strings, cleaning systems for biogas purification, and technologies for generating electricity from

NFS thermal energy during the combustion of renewable fuels or from geothermal or solar thermal energy. The technologies of the Dürr Group considered are assigned to economic activity 3.1.

#### Environmental technology

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

#### Woodworking technology

The Dürr Group produces technologies for the solid wood manufacturing sector that are specifically used for the industrial production of timber construction elements as well as timber windows and doors. These technologies include machines and systems for manufacturing cross laminated timber, for the fully automated production and insulation of wall and ceiling elements of timber houses, and for the production of timber windows and doors. In the following, only machines and systems for such a purpose are considered. For economic reasons, it would not make sense for customers to use these technologies for other purposes, as this is impossible to achieve without extensive and complex technical modifications. Timber construction elements as well as timber windows and doors are manufactured directly with Dürr Group machines and systems. According to the German

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Federal Environment Agency, around 60% of emissions in the building sector are attributable to the construction and demolition of existing buildings, as the building materials (for example steel, cement, aluminum) predominantly used in the building sector to date are highly energy-intensive. In addition, expert analysis shows that the production of windows and doors made of materials such as PVC and aluminum, for example, has an energy intensity eight times higher than the production of doors and windows made of timber. Thus, our technologies are aimed at significantly reducing life-cycle emissions in the building sector; they are assigned to economic activity 3.6.

For the 2022 fiscal year, further economic activities have been identified for the recognition and assignment of taxonomy-eligible CapEx and OpEx of the Dürr Group:

- 6.5 Transport by motorbikes, passenger cars and light commercial vehicles
- 7.3 Installation, maintenance and repair of energy efficiency equipment
- 7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)
- 7.6 Installation, maintenance and repair of renewable energy technologies
- 7.7 Acquisition and ownership of buildings

Taxonomy-eligible CapEx and OpEx create the prerequisite for making the Dürr Group's infrastructure sustainable. In the 2022 fiscal year, this included investments in energy-efficient buildings and their technical equipment, in systems for generating renewable energies at our locations, and in the expansion of our electric vehicle fleet and charging infrastructure.

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## IDENTIFICATION OF TAXONOMY-ALIGNED ECONOMIC ACTIVITIES

According to the EU Taxonomy Regulation, taxonomy-eligible economic activities are to be classified as taxonomy-aligned if they make a substantial contribution to the achievement of one or more environmental objectives, do not significantly harm any of the other environmental objectives, and ensure compliance with minimum safeguards in the context of the economic activities.

### SUBSTANTIAL CONTRIBUTION

Compliance with the criteria for a substantial contribution to the two environmental objectives (1) climate change mitigation and (2) climate change adaptation was assessed individually for each taxonomy-eligible business activity of the Dürr Group. In the analyses conducted, no economic activity was identified that makes a substantial contribution to the second environmental objective.

Taking into account the technical screening criteria, taxonomy-eligible and taxonomy-aligned sales revenues and OpEx of the Dürr Group regularly correspond to each other. In the case of CapEx, it is possible that taxonomy-eligible and taxonomy-aligned economic activities differ in their results. Further details on the composition of environmentally sustainable sales revenues, CapEx, and OpEx are provided in the section entitled **"Performance indicators according to the EU Taxonomy Regulation"** → page 49.

Due to the generic description of economic activity "3.6 Manufacture of other low carbon technologies," the verification regarding the substantial contribution to the first environmental objective also requires explanation. The economic activity includes the production of technologies that aim at and demonstrably achieve substantial reductions in greenhouse gas emissions over the product lifecycle compared to the best performing alternative technology available on the market. As a reference standard, we base it on the technology commonly used in the market at the time of publication of this report. The reference technology is thus the best performing alternative technology predominantly available on the market.

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Furthermore, the technical screening criteria for economic activity 3.6 describe requirements for the quantification of life-cycle greenhouse gas emissions. The quantifications must be calculated on the basis of defined standards and audited by an independent third party. We generally provide our customers with individualized technological solutions, some of which may differ significantly due to customer-specific or location-specific characteristics. In order to determine the greenhouse gas emissions in the lifecycle of our machines and systems at product level, a separate greenhouse gas balance would have to be prepared for each location-specific or customer-specific project. Since this would be disproportionate, we have science-based lifecycle greenhouse gas balances for representative machines and systems prepared by the Fraunhofer Institute for Building Physics (IBP). As a result, these balances show that the use phase of our machines and systems in particular has a substantial impact on the lifecycle greenhouse gas emissions. By contrast, upstream and downstream emissions relating, for instance, to logistics processes, the manufacture of purchased parts, and end-of-life recycling, as well as emissions from our internal value chain, have only a minor impact on the lifecycle emissions of machines and systems. For the remaining share of our machines and systems, we therefore based our calculations on the potential savings of greenhouse gas emissions in the use phase. In assessing the lifecycle emissions of goods manufactured with our machines and systems, we relied on published data and analyses from recognized scientific organizations.

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## AVOIDANCE OF SIGNIFICANT HARM

Furthermore, we analyzed whether the achievement of the five remaining EU environmental objectives is significantly harmed by the business activities listed above. For that purpose, it was appropriate to regularly assess DNSH compliance at the level of the business activities and at the level of the locations of the Dürr Group. The locations assessed as relevant were those which accounted for significant value-adding processes for taxonomy-eligible business activities or environmentally sustainable CapEx and OpEx in the 2022 fiscal year. Subsequently, a comparison was made with the DNSH criteria for the selected locations.

The criteria for the second EU environmental objective, "climate change adaptation," refer to physical climate risks. We have already identified potential harm to relevant locations due to physical climate risks by means of climate scenario and vulnerability analyses in the past. We updated them in the 2022 fiscal year based on data from the Intergovernmental Panel on Climate Change (IPCC) available at the time of reporting. The analyses are based on the Shared Socioeconomic Pathway (SSP) scenarios SSP245 and SSP585 and include medium- and long-term climate hazards. Identified local damage potential was checked for relevance and, if necessary, mitigation measures were initiated and documented.



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The third EU environmental objective describes criteria for sustainable use and protection of water and marine resources. We analyzed relevant locations according to the criteria of water stress, seasonal fluctuations in water availability, and supply of drinking water and sanitary facilities. To this end, we relied on internal queries, documentation of audits as part of the ISO 14001 certification of relevant sites, and external data sources. From the results, we derived and described possible adaptation solutions.

The fourth EU environmental objective, “transition to a circular economy,” includes general requirements regarding high durability, ease of disassembly, and reparability. The majority of the components installed in our machines and systems are designed for a very long service life and still have a monetary material value at the end of their useful life. Therefore, they can usually be either reused or recycled in a useful manner by an external facility. In addition, our Group-wide spare parts and modernization business ensures an extended service life for the machines and systems used by our customers.

The criteria for the fifth EU environmental objective, “pollution prevention and control,” relate primarily to legal and regulatory requirements with which we are obliged to comply. Compliance in the context of our business activities is monitored and ensured worldwide by our Group-wide environmental management system. This includes compliance with the substances listed in Regulation (EC) No. 1907/2006 (REACH) and Directive 2011/65/EU (RoHS Directive). By contrast, Regulations (EU) 2019/1021 (POPs Regulation), (EU) 2017/852 (Mercury Regulation), and (EC) No. 1005/2009 (Ozone Layer Regulation) were not deemed relevant to our business activities following internal analyses by experts. The use of substances of concern identified by the EU is regulated for our machines and systems in our purchasing conditions, among other things. Corresponding documentation (for example safety data sheets) – including for purchased components – is usually provided to our customers upon project completion. At present, we have no knowledge that the Dürr Group’s taxonomy-eligible business activities contribute to the production, marketing, or use of substances classified as hazardous.

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With regard to the sixth EU environmental objective, “protection and restoration of biodiversity and ecosystems,” we conduct environmental impact assessments or comparable assessments as part of our business activities, if required. The relevant sites are located in designated industrial or commercial areas, with local environmental requirements regularly taken into account as part of the planning application process. Furthermore, internal analyses have shown that none of the sites considered is located in or near biodiversity-sensitive areas.

As a result, we have not identified any significant harm to the achievement of the five other environmental objectives at any relevant location.

## COMPLIANCE WITH MINIMUM SAFEGUARDS

The Dürr Group is committed to respecting human rights and promoting fair working conditions – this applies in particular to dealings with its own employees and direct suppliers. Our actions are guided by the OECD Guidelines for Multinational Enterprises, the United Nations Guiding Principles on Business and Human Rights (UNGPR), and the Core Labor Standards of the International Labour Organization (ILO), among others. In the 2022 fiscal year, we again reviewed compliance with these guiding principles and standards in our business activities across the Group, focusing on respect for human and employee rights as well as on combating bribery and corruption. The result showed that our Group-wide processes and systems are suited to reliably identify potential risks or violations at our locations worldwide. Further information on respect for human rights in our business activities and in the supply chain is provided in the relevant sections of the Group non-financial statement. The section entitled “**Human rights (and responsible supply chain)**” → page 57 also contains detailed information on processes and measures that we have developed against the backdrop of the German Supply Chain Due Diligence Act (LkSG) in order to fulfill our corporate responsibility for ensuring compliance with human rights in the supply chain. We report on compliance with minimum requirements regarding occupational safety in the “**Occupational health and safety**” → page 63 section of the Group non-financial statement.

## PERFORMANCE INDICATORS ACCORDING TO THE EU TAXONOMY REGULATION

In the following, we provide information on our Group-wide taxonomy-eligible and taxonomy-aligned sales revenues, CapEx, and OpEx in accordance with the EU Taxonomy for the 2022 and 2021 fiscal years.

### Sales revenues

In accordance with the EU Taxonomy Regulation, sales revenues are generally defined as they are reported in the consolidated income statement. The Dürr Group generates most of its sales revenues from the production and delivery of customer-specific plant and machinery and the resulting service business. Sales revenues over time are recognized using the percentage-of-completion method (POC method). Taxonomy-eligible or taxonomy-aligned sales revenues over time are determined analogously on the basis of the costs incurred in relation to the total expected costs of a contract. If only individual components of an overall project generate taxonomy-eligible or taxonomy-aligned revenues, only these components are taken into account. Sales revenues that are not recognized over time can be derived directly from financial accounting. In addition, certain revenues generated in service business are reported as taxonomy-eligible or taxonomy-aligned sales revenues. Depending on the business activity, such service revenues are determined from separately identifiable service projects or on the basis of appropriate allocation keys as a subset of total service business. Only taxonomy-eligible or taxonomy-aligned sales revenues of fully consolidated subsidiaries were taken into account.

In the 2022 fiscal year, taxonomy-eligible sales revenues again corresponded to taxonomy-aligned sales revenues. Compared to the previous year, these increased by 45.4% to €726.6 million. The share of taxonomy-eligible or taxonomy-aligned sales revenues in Group sales also increased and amounted to 16.8% in the 2022 financial year (previous year: 14.1%). This was due in particular to activities in the context of economic activity “3.6 Manufacture of other low carbon technologies.” The woodworking technology sector recorded strong growth in this area. In addition, increasing demand in the growth market of battery production technology led to a rise in the Dürr Group’s taxonomy-aligned sales revenues.

## 2.13 — TAXONOMY-ELIGIBLE AND TAXONOMY-ALIGNED SALES REVENUES IN 2022

Economic activities	Code(s)	Absolute sales revenues € million	Share of sales revenues %	Substantial contribution criteria <sup>1</sup>	
				Climate change mitigation %	Climate change adaptation %
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>					
<b>A.1 ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (TAXONOMY-ALIGNED)</b>					
Manufacture of renewable energy technologies	3.1	18.8	0.4	100.0	0.0
Manufacture of other low carbon technologies	3.6	537.0	12.4	100.0	0.0
Storage of thermal energy	4.11	170.8	4.0	100.0	0.0
<b>Sales revenues of environmentally sustainable activities (taxonomy-aligned) (A.1)</b>	-	726.6	16.8	100.0	0.0
<b>A.2 TAXONOMY-ELIGIBLE BUT NOT ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (NOT TAXONOMY-ALIGNED ACTIVITIES)</b>					
Manufacture of renewable energy technologies	3.1	0	0.0	-	-
Manufacture of other low carbon technologies	3.6	0	0.0	-	-
Storage of thermal energy	4.11	0	0.0	-	-
<b>Sales revenues of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)</b>	-	0	0.0	-	-
<b>Total (A.1 + A.2)</b>	-	726.6	16.8	-	-
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>					
<b>Sales revenues of taxonomy-non-eligible activities (B)</b>	-	3,587.4	83.2		
<b>Total (A + B)</b>	-	4,314.1	100.0		

<sup>1</sup> At the time of publication of this report, the EU only had criteria for the first two environmental objectives. The table section "Substantial contribution criteria" shows the breakdown of the Dürr Group's taxonomy-aligned sales revenues by economic activities and environmental objectives.

<sup>2</sup> A taxonomy-eligible economic activity meets the DNSH criteria if significant harm can be ruled out for each EU environmental objective ("Y" for "yes"). A significant harm is indicated in the table by an "N" ("no").

<sup>3</sup> Enabling activities within the meaning of Article 10(1) of Regulation (EU) 2020/852 play a key role in decarbonizing the economy by directly enabling the carbon footprint and environmental performance of other activities to be improved. Enabling activities are indicated by an "E" in the table.

<sup>4</sup> Transitional activities within the meaning of Article 10(2) of Regulation (EU) 2020/852 did not have technically feasible and economic low carbon alternatives at the time of publication of this report, but they support the transition to a carbon-neutral economy. Transitional activities are indicated by a "T" in the table.

<sup>5</sup> No specific DNSH criteria were available for the respective environmental objective at the time of publication of this report. Failure to meet these DNSH criteria is therefore excluded.

<sup>6</sup> Adjustment of the previous year's figure from 15.1 to 14.1% due to new findings.

### CapEx

In accordance with the EU Taxonomy Regulation, CapEx includes investments in intangible assets (excluding goodwill) and property, plant, and equipment, including rights to use leased assets. This also includes additions to non-current assets resulting from company acquisitions which were consolidated for the first time in the fiscal year. The amount can be reconciled to the disclosures in → notes 18 and 43 of the notes to the consolidated financial statements. CapEx is calculated on a gross basis, i.e. without taking into account revaluations or amortization, depreciation and impairment. CapEx amounts attributable only

partially to taxonomy-aligned or taxonomy-eligible business activities are allocated on a pro rata basis using expected shares of sales.

Taxonomy-eligible CapEx amounted to €74.9 million in the 2022 fiscal year (previous year: €86.1 million). Of this, €33.7 million (previous year: €56.7 million) met the criteria of the EU Taxonomy Regulation for taxonomy-aligned CapEx. The difference between taxonomy-eligible and taxonomy-aligned CapEx in the amount of €41.1 million resulted mainly from investments assigned to economic activities "6.5 Transport by motorbikes, passenger

DNSH criteria ("Do No Significant Harm") <sup>2</sup>											
	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Compliance minimum safeguards	Taxonomy- aligned share of sales revenues 2022	Taxonomy- aligned share of sales revenues 2021	Enabling activities <sup>3</sup>	Transitional activities <sup>4</sup>
	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
	-	Y	Y	Y	Y	Y	Y	0.4	0.3	E	-
	-	Y	Y	Y	Y	Y	Y	12.4	9.8	E	-
	-	Y	Y	Y	Y <sup>5</sup>	Y	Y	4.0	4.0	E	-
	-	Y	Y	Y	Y	Y	Y	16.8	14.1 <sup>6</sup>	100.0%	0.0%
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	0.0	0.0	-	-
	-	-	-	-	-	-	-	16.8	14.1 <sup>6</sup>	100.0%	0.0%

NFS cars and light commercial vehicles" and "7.7 Acquisition and ownership of buildings," though it was not possible to demonstrate a substantial contribution to the first environmental objective "climate change mitigation" in all cases.

In the 2022 fiscal year, 24.3% of our investments complied with the requirements of the EU Taxonomy Regulation on taxonomy-aligned CapEx (previous year: 25.1%). This resulted mainly from the expenses for the current investment program at HOMAG, which are assigned to economic activity "7.7 Acquisition and ownership of buildings." In addition, capitalized development

NFS costs in the areas of battery production technology and painting technology caused an increase in environmentally sustainable CapEx in the context of economic activity "3.6 Manufacture of other low carbon technologies."

## 2.14 — TAXONOMY-ELIGIBLE AND TAXONOMY-ALIGNED CAPEX 2022

Economic activities	Code(s)			Substantial contribution criteria <sup>1</sup>	
		Absolute CapEx € million	Share of CapEx %	Climate change mitigation %	Climate change adaptation %
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>					
<b>A.1 ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (TAXONOMY-ALIGNED)</b>					
Manufacture of renewable energy technologies	3.1	0.1	0.0	100.0	0.0
Manufacture of other low carbon technologies	3.6	11.3	8.1	100.0	0.0
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	0.0	0.0	100.0	0.0
Installation, maintenance and repair of energy efficiency equipment	7.3	0.7	0.5	100.0	0.0
Installation, maintenance and repair of charging stations for electric vehicles in buildings	7.4	0.2	0.1	100.0	0.0
Installation, maintenance and repair of renewable energy technologies	7.6	0.4	0.3	100.0	0.0
Acquisition and ownership of buildings	7.7	21.1	15.2	100.0	0.0
<b>CapEx of environmentally sustainable activities (taxonomy-aligned) (A.1)</b>	–	33.7	24.3	100.0	0.0
<b>A.2 TAXONOMY-ELIGIBLE BUT NOT ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (NOT TAXONOMY-ALIGNED ACTIVITIES)</b>					
Manufacture of renewable energy technologies	3.1	0.0	0.0	–	–
Manufacture of other low carbon technologies	3.6	0.0	0.0	–	–
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	9.9	7.2	–	–
Installation, maintenance and repair of energy efficiency equipment	7.3	0.0	0.0	–	–
Installation, maintenance and repair of charging stations for electric vehicles in buildings	7.4	0.0	0.0	–	–
Installation, maintenance and repair of renewable energy technologies	7.6	0.0	0.0	–	–
Acquisition and ownership of buildings	7.7	31.2	22.5	–	–
<b>CapEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)</b>	–	41.1	29.7	–	–
<b>Total (A.1 + A.2)</b>	–	74.9	54.0	–	–
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>					
<b>CapEx of taxonomy-non-eligible activities (B)</b>	–	63.7	46.0		
<b>Total (A + B)</b>	–	138.5	100.0		

<sup>1</sup> At the time of publication of this report, the EU only had criteria for the first two environmental objectives. The table section "Substantial contribution criteria" shows the breakdown of the Dürr Group's taxonomy-aligned CapEx by economic activities and environmental objectives.

<sup>2</sup> A taxonomy-eligible economic activity meets the DNSH criteria if significant harm can be ruled out for each EU environmental objective ("Y" for "yes"). A significant harm is indicated in the table by an "N" ("no").

<sup>3</sup> Enabling activities within the meaning of Article 10(1) of Regulation (EU) 2020/852 play a key role in decarbonizing the economy by directly enabling the carbon footprint and environmental performance of other activities to be improved. Enabling activities are indicated by an "E" in the table.

<sup>4</sup> Transitional activities within the meaning of Article 10(2) of Regulation (EU) 2020/852 did not have technically feasible and economic low carbon alternatives at the time of publication of this report, but they support the transition to a carbon-neutral economy. Transitional activities are indicated by a "T" in the table.

<sup>5</sup> No specific DNSH criteria were available for the respective environmental objective at the time of publication of this report. Failure to meet these DNSH criteria is therefore excluded.

<sup>6</sup> Adjustment of the taxonomy-aligned previous year's figure from 25.5 to 25.1% and of the previous year's taxonomy-eligible figure from 29.4 to 38.1% due to new findings.

DNSH criteria ("Do No Significant Harm") <sup>2</sup>											
	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Compliance minimum safeguards	Taxonomy- aligned share of CapEx 2022	Taxonomy- aligned share of CapEx 2021	Enabling activities <sup>3</sup>	Transitional activities <sup>4</sup>
	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
	-	Y	Y	Y	Y	Y	Y	0.0	2.4	E	-
	-	Y	Y	Y	Y	Y	Y	8.1	19.8	E	-
	-	Y	Y <sup>5</sup>	Y	Y	Y <sup>5</sup>	Y	0.0	0.0	E	-
	-	Y	Y <sup>5</sup>	Y <sup>5</sup>	Y	Y <sup>5</sup>	Y	0.5	0.2	E	-
	-	Y	Y <sup>5</sup>	Y <sup>5</sup>	Y <sup>5</sup>	Y <sup>5</sup>	Y	0.1	0.0	E	-
	-	Y	Y <sup>5</sup>	Y <sup>5</sup>	Y <sup>5</sup>	Y <sup>5</sup>	Y	0.3	0.9	E	-
	-	Y	Y <sup>5</sup>	Y <sup>5</sup>	Y <sup>5</sup>	Y <sup>5</sup>	Y	15.2	1.8	E	-
	-	Y	Y	Y	Y	Y	Y	24.3	25.1 <sup>6</sup>	100.0%	0.0%
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	29.7	13.0	100.0%	0.0%
	-	-	-	-	-	-	-	54.0	38.1 <sup>6</sup>	100.0%	0.0%

## 2.15 — TAXONOMY-ELIGIBLE AND TAXONOMY-ALIGNED OPEX 2022

Economic activities	Code(s)			Substantial contribution criteria <sup>1</sup>		
		Absolute OpEx	Share of OpEx	Climate change mitigation	Climate change adaptation	
		€ million	%	%	%	
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>						
<b>A.1 ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (TAXONOMY-ALIGNED)</b>						
Manufacture of renewable energy technologies	3.1	0.4	0.3	100.0	0.0	
Manufacture of other low carbon technologies	3.6	11.1	8.0	100.0	0.0	
Storage of thermal energy	4.11	1.0	0.7	100.0	0.0	
Installation, maintenance and repair of energy efficiency equipment	7.3	0.3	0.2	100.0	0.0	
Installation, maintenance and repair of renewable energy technologies	7.6	0.1	0.1	100.0	0.0	
<b>OpEx of environmentally sustainable activities (taxonomy-aligned) (A.1)</b>	-	12.9	9.3	100.0	0.0	
<b>A.2 TAXONOMY-ELIGIBLE BUT NOT ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (NOT TAXONOMY-ALIGNED ACTIVITIES)</b>						
Manufacture of renewable energy technologies	3.1	0	0.0	-	-	
Manufacture of other low carbon technologies	3.6	0	0.0	-	-	
Storage of thermal energy	4.11	0	0.0	-	-	
Installation, maintenance and repair of energy efficiency equipment	7.3	0	0.0	-	-	
Installation, maintenance and repair of renewable energy technologies	7.6	0	0.0	-	-	
<b>OpEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)</b>	-	0	0.0	-	-	
<b>Total (A.1 + A.2)</b>	-	12.9	9.3	-	-	
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>						
<b>OpEx of taxonomy-non-eligible activities (B)</b>	-	125.4	90.7			
<b>Total (A + B)</b>	-	138.3	100.0			

<sup>1</sup> At the time of publication of this report, the EU only had criteria for the first two environmental objectives. The table section "Substantial contribution criteria" shows the breakdown of the Dürr Group's taxonomy-aligned OpEx by economic activities and environmental objectives.

<sup>2</sup> A taxonomy-eligible economic activity meets the DNSH criteria if significant harm can be ruled out for each EU environmental objective ("Y" for "yes"). A significant harm is indicated in the table by an "N" ("no").

<sup>3</sup> Enabling activities within the meaning of Article 10(1) of Regulation (EU) 2020/852 play a key role in decarbonizing the economy by directly enabling the carbon footprint and environmental performance of other activities to be improved. Enabling activities are indicated by an "E" in the table.

<sup>4</sup> Transitional activities within the meaning of Article 10(2) of Regulation (EU) 2020/852 did not have technically feasible and economic low carbon alternatives at the time of publication of this report, but they support the transition to a carbon-neutral economy. Transitional activities are indicated by a "T" in the table.

<sup>5</sup> No specific DNSH criteria were available for the respective environmental objective at the time of publication of this report. Failure to meet these DNSH criteria is therefore excluded.



	DNSH criteria ("Do No Significant Harm") <sup>2</sup>						Compliance minimum safeguards	Taxonomy- aligned share of OpEx 2022	Taxonomy- aligned share of OpEx 2021	Enabling activities <sup>3</sup>	Transitional activities <sup>4</sup>
	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems					
	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N				E	T
	-	Y	Y	Y	Y	Y	Y	0.3	0.2	E	-
	-	Y	Y	Y	Y	Y	Y	8.0	6.9	E	-
	-	Y	Y	Y	Y <sup>5</sup>	Y	Y	0.7	0.5	E	-
	-	Y	Y <sup>5</sup>	Y <sup>5</sup>	Y	Y <sup>5</sup>	Y	0.2	0.2	E	-
	-	Y	Y <sup>5</sup>	Y <sup>5</sup>	Y <sup>5</sup>	Y <sup>5</sup>	Y	0.1	0.2	E	-
	-	Y	Y	Y	Y	Y	Y	9.3	8.1	100.0%	0.0%
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	0.0	0.0	-	-
	-	-	-	-	-	-	-	9.3	8.1	100.0%	0.0%

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## OpEx

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

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As in the previous year, taxonomy-eligible OpEx corresponded to taxonomy-aligned OpEx, amounting to €12.9 million. This means an increase of €3.0 million compared to fiscal year 2021. The taxonomy-eligible or taxonomy-aligned share of the Dürr Group's relevant OpEx in accordance with the Taxonomy Regulation amounted to 9.3% in the year under review (previous year: 8.1%). An important component were non-capitalizable expenses for research and development, which contributed 93% to the taxonomy-eligible or taxonomy-aligned OpEx (previous year: 90%).

## NFS Integrity

Our actions are guided by the principles of integrity and legality. Our Group-wide Code of Conduct provides an overview of the values and principles of behavior that are binding for all employees in the Dürr Group. All employees have the right to be treated fairly, politely, and respectfully – regardless of nationality, gender, sexual orientation, religion, culture, and age.

### COMPLIANCE AND ANTI-CORRUPTION

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

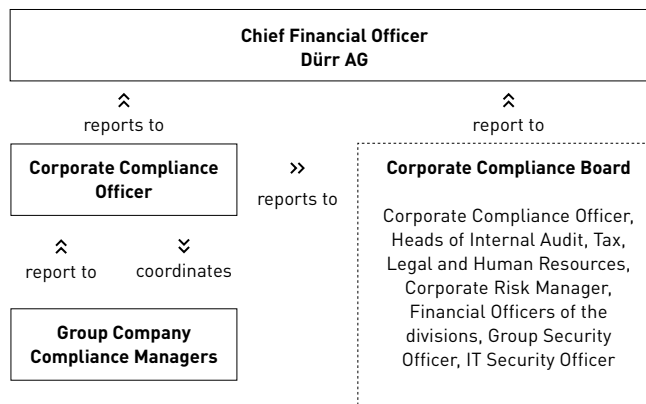
#### Responsibility and organization

The central body of our compliance organization is the Corporate Compliance Board, whose responsibilities include defining and further developing the compliance management system. Local Group Company Compliance Managers in the Group companies support the employees in meeting compliance requirements. The Corporate Compliance Officer coordinates all operational compliance issues at Group level. He is the contact person in the event of potential compliance violations and has been responsible since August 2022 for notifying the Chief Financial Officer and the Corporate Compliance Board of any concrete grounds for suspicion. The board examines the need for further steps on a case-by-case basis.

#### Guidelines

Our Group-wide Code of Conduct forms the ethical foundation of our relationships with employees, customers, business partners, and shareholders. It is available in ten languages and is part of our mandatory onboarding training for all new employees. The Code was revised and redesigned in 2022. In this context, the topics of environmental and climate protection as well as compliance in the supply chain were specified and emphasized more strongly. We accompanied the introduction of the updated Code of Conduct with communication measures on the intranet and adapted the online compliance training for our employees accordingly.

## NFS 2.16 — COMPLIANCE ORGANIZATION



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

#### Processes and measures

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

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In 2022, the Corporate Compliance Officer received 28 tips (previous year: 38). In one case, the suspicion of a violation of anti-corruption regulations was confirmed. As a consequence, appropriate personnel and organizational steps were taken (previous year: no confirmed cases of corruption).

Our training courses are designed to substantially contribute to the avoidance of compliance violations. They include onboarding events for new employees, online compliance training courses, and training on data privacy. These trainings are mandatory for all employees, and refresher courses must be completed every two years. In 2022, we trained nearly 17,900 employees on compliance and data privacy (previous year: nearly 5,800). The increase is the result of both the two-year training cycle and the revision of the online compliance training in the previous year. As a result, some of the training courses that were scheduled for 2021 had been postponed to 2022. All managers and particularly exposed functional areas, such as sales and purchasing, must complete in-depth training in the advanced modules "Protection against corruption", "Fair competition", and "Payment fraud" every three years. In 2022, there were 870 attendances in "Protection against corruption" (previous year: 488), 871 attendances in "Fair competition" (previous year: 508) and 289 attendances in "Payment fraud" (previous year: 915). In addition, we carried out ad-hoc internal audits in Mexico and Italy to clarify potentially compliance-relevant issues.

## HUMAN RIGHTS (AND RESPONSIBLE SUPPLY CHAIN)

Our aim is to respect and protect human rights. In doing so, we relate our corporate due diligence not only to our own business activities, but also to the supply chain. We have committed ourselves to this aim by, among other things, signing the UNGC.

### Responsibility and organization

Overall responsibility for human rights and environmental due diligence lies with the Board of Management of Dürr AG. The purchasing organizations of the subgroups and the Corporate Human Resources department are primarily responsible for implementing due diligence. In doing so, they are supported by the Corporate Sustainability, Corporate Compliance, and Corporate Legal departments. Any processes to ensure due diligence in the

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supply chain are defined, implemented, and followed up by the cross-divisional Sustainable Supply Chain department. Corporate Human Resources is responsible for the worldwide coordination of measures for the respect of human rights and fair working conditions in the Dürr Group. Corporate Sustainability provides support in coordinating and dealing with human rights issues.

The implementation and review of compliance with our corporate due diligence has been accompanied and supported throughout the Group by the Human Rights Officer of Dürr AG since January 1, 2023. The Human Rights Officer is part of the Corporate Sustainability department. She informs the Executive Board and the Dürr Management Board at least once a year about current human rights issues and any incidents.

### Guidelines

In the Group-wide Code of Conduct, we are committed to observing human rights. One component of the contracts with suppliers is our globally applicable Supplier Code of Conduct, which explicitly requires compliance with human rights and was updated in March 2022.

A policy statement on the respect for human rights describes our approach to compliance with corporate due diligence. It contains binding principles on the respect for human rights and fair working conditions and forms the basis for fulfilling our social and environmental responsibility along the entire value chain.

### Processes and measures

In order to increase transparency with regard to human rights issues in our supply chain, we conducted a risk analysis of our direct suppliers for the first time in 2021 and updated it in the first quarter of 2022 as per the regular schedule. This analysis is an important element of our risk management. Based on country-specific indices, we perform a risk classification of the countries of origin of our direct suppliers. In high-risk countries, we focus our risk analysis on suppliers that together account for 80% of the purchasing volume in each high-risk country and carry out preventive measures with them. If necessary, we define measures against human rights violations together with the suppliers. We further specified the preventive measures in 2022. Among other things, we require suppliers from high-risk countries to sign our Supplier Code of Conduct and to complete self-assessment questionnaires. In the event of critical results, we plan to conduct

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feedback discussions with the relevant suppliers and develop action plans to improve their social and environmental performance. On-site audits focusing on sustainability will also be conducted where necessary. As a further preventive measure, in fall 2022, we started to introduce a mandatory e-learning module on the topic of sustainability for suppliers from high-risk countries, available in five languages. Starting from 2023, the aforementioned preventive measures are to be extended to new and existing suppliers in non-risk countries.

Against the backdrop of the German Supply Chain Due Diligence Act (LkSG), which came into force on January 1, 2023, we have developed a further process for evaluating human rights and environmental risk issues in our supply chain. We assess risks on the basis of their severity and probability of occurrence. We then prioritize the assessment results in terms of our ability to influence the respective risk, deriving focus topics that we will prioritize in the future when working with suppliers. In 2022, we defined focus topics for the first time, which will also be incorporated into the further development of our preventive and remedial measures. The evaluation is carried out once a year and when circumstances require.

In order to raise awareness of sustainability in the supply chain among our buyers worldwide, we are successively adding human rights and sustainability-specific content to existing training courses. We also inform buyers regularly about relevant changes.

In 2022, we also defined minimum social and environmental criteria for suppliers as a prerequisite for the future awarding of contracts, which are to be further substantiated and integrated into the purchasing processes in 2023.

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## Goals and next steps

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

	Target year	Degree of target achievement (as of: Dec. 31, 2022)
Development, implementation, and execution of sustainability-specific supplier trainings	2022	■■■■
Definition of minimum criteria for high-risk suppliers as a prerequisite for the future awarding of contracts	2022	■■■■
Signing of our Supplier Code of Conduct by at least 75% of high-risk suppliers	2022	■■■■
Obtaining self-declarations from more than 50% of high-risk suppliers	2022	■■■■
Development and implementation of a financial incentive system for suppliers to increase transparency and sustainability in the supply chain	2023	■□□□
Expansion of purchasing training to include the topic of sustainability in the supply chain	2023	■□□□
Revision or further development of the existing due diligence process for conflict minerals	2023	□□□□
Signing of the Supplier Code of Conduct by at least 90% of high-risk suppliers	2023	□□□□
Completion of the self-assessment questionnaire by at least 90% of high-risk suppliers	2023	□□□□
Completion of the e-learning module on the topic of sustainability by at least 90% of high-risk suppliers	2023	□□□□
Definition of a bonus/malus scheme taking into account sustainability criteria for future awarding of contracts	2023	□□□□
Conducting feedback sessions with critical suppliers to develop remedial measures	2023	□□□□

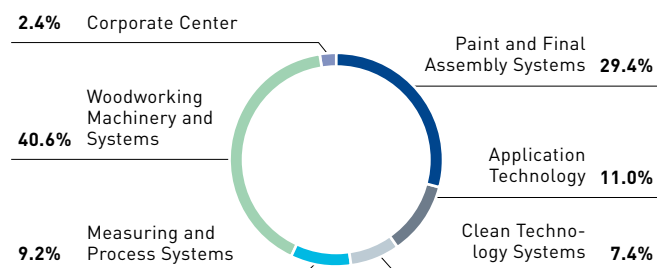
■■■■ = fully met  
■□□□/■■■■/■■■■ = in progress  
□□□□ = in planning

## Employees

As of December 31, 2022, the Dürr Group had 18,514 employees. This represents an increase of 712 employees, or 4.0%, compared to year-end 2021. Among the divisions, Woodworking Machinery and Systems recorded the most significant increase (5.0%, 361 employees) as part of its strong growth. The increase in the number of employees in the Corporate Center was mainly due to the reassignment of IT specialists previously assigned to the divisions. Consolidation effects did not play a role in 2022, as no external companies were acquired and no Group companies were sold.

20.6% of the employment growth (147 people) in 2022 was attributable to our Group companies in Poland. In the ranking of countries with the largest number of employees, Poland is in fourth position with 1,485 employees, virtually identical with the United States (1,487). Germany ranks first with 8,853 employees and a share of 47.8% of the Group's workforce, followed by China with 2,527 employees and a share of 13.6%.

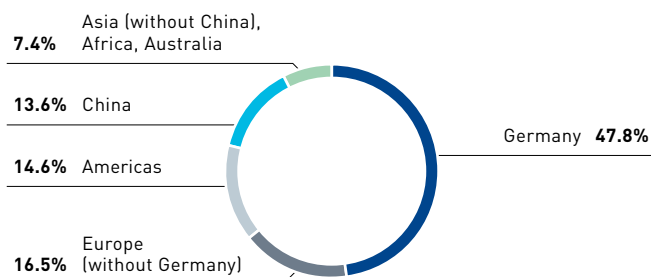
### 2.18 — EMPLOYEES BY DIVISION (DECEMBER 31)



	2022	2021	2020
Paint and Final Assembly Systems	5,439	5,258	4,383
Application Technology	2,040	2,026	2,162
Clean Technology Systems	1,363	1,381	1,348
Measuring and Process Systems <sup>1</sup>	1,707	1,652	1,407
Woodworking Machinery and Systems <sup>1</sup>	7,525	7,164	6,942
Corporate Center	440	321	283
<b>Total</b>	<b>18,514</b>	<b>17,802</b>	<b>16,525</b>

<sup>1</sup> With effect from January 1, 2022, the Tooling business was transferred from Woodworking Machinery and Systems to Measuring and Process Systems. The figures for 2021 have been adjusted compared with the disclosure in the 2021 annual report. The figures for 2020 have not been adjusted.

### 2.19 — EMPLOYEES BY REGION (DECEMBER 31)



	2022	2021	2020
Germany	8,853	8,643	7,931
Europe (without Germany)	3,060	2,888	2,638
Americas	2,703	2,511	2,229
China	2,527	2,488	2,434
Asia (without China), Africa, Australia	1,371	1,272	1,293
<b>Total</b>	<b>18,514</b>	<b>17,802</b>	<b>16,525</b>

### 2.20 — KEY FIGURES FOR EMPLOYEES

	2022	2021	2020
Number of employees (Dec. 31)	18,514	17,802	16,525
of whom apprentices and students at universities offering work-study programs (Dec. 31)	500	505	425
Proportion of female employees (Dec. 31) (%)	17	17	16
Employees working part-time (Dec. 31)	696	633	573
Employees with fixed-term contracts (Dec. 31)	467	203	166
Number of external employees (temporary work) (Dec. 31)	1,171	856	724
Average length of service (years)	11	11	12
Employee turnover (%)	11.3	9.7	9.5

## OUR WORKFORCE

Open-mindedness and diversity are key components of our corporate culture. The average age of our employees is 42. Across the Group, 32% of employees are under 35 years of age; the proportion of this age group is particularly high in China, at 40%. Germany has the oldest workforce with an average age of 44 years. 45% of our employees have a university degree, while 50% have chosen non-academic vocational training. Most of our employees – namely 26% – work in assembly and manufacturing. More than 3,000 (16%) are employed in service worldwide. 10% of our employees take care of administrative tasks and our IT infrastructure. Further personnel figures can be found in → table 2.20.

## EMPLOYEE SATISFACTION AND RETENTION

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

### Responsibility and organization

The central Corporate Human Resources department is responsible for the Group-wide recording of employee satisfaction levels. Employees' needs are discussed at the individual Group sites between senior management, HR departments, employee representatives, and the respective employees.

### Processes and measures

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

The most recent survey of our employees was conducted in 2019. A new survey was planned as per regular schedule for September 2022. However, due to the coronavirus pandemic, we were not able to ensure at that time that all employees worldwide would, in fact, be included in the same way. This affected our employees in China, among others. In addition, the significance and comparability of

the results would have been limited if a survey had been conducted under the given circumstances, which is why the survey was postponed until September 2023. We normally conduct random pulse surveys on focus topics at least once a year, usually addressing issues from the global employee survey. Since this survey could not take place in 2022, we did not conduct any pulse surveys either.

We promote the satisfaction and retention of our employees through performance-related remuneration, further training and career opportunities, flexible working time models, and the possibility of mobile working, as well as through offers in the areas of work-life balance, sports, health, and culture. The majority of our German Group companies is covered by collective agreements. In 2022, collective bargaining was additionally introduced at five German production companies of HOMAG; negotiations for further HOMAG production companies are ongoing.

We are convinced that job satisfaction and loyalty depend to a large extent on a company's values and goals, as well as on its contribution to society and its purpose. In 2022, we took a close look at this and developed a new corporate statement for the Dürr Group as part of the OneVision project. With strong employee participation – over 800 employees had their say – we developed a new set of values and forward-looking statements for mission, vision, and purpose. The focus is on concepts such as sustainability, efficiency, and technology leadership, but also courage, responsibility, respect, collaboration, and curiosity. As part of a change process, we want to familiarize the workforce with the vision, mission, purpose, and values in 2023 and establish the new corporate statement as a guideline for future action.

In October 2022, a uniform ideas management system was introduced under the name of "Spark," enabling employees of all German sites to enter suggestions for improvement via an online platform. As of December 31, 2022, 649 ideas had already been submitted. The platform stimulates exchange across departments and locations, creating more transparency. At the same time, the opportunity for employees to participate is intended to strengthen their identification with the Company. In the future, "Spark" is to be made available worldwide.

## Goals and next steps

### 2.21 — GOALS AND NEXT STEPS: EMPLOYEE SATISFACTION AND RETENTION

	Target year	Degree of target achievement (as of: Dec. 31, 2022)
Conduct a Group-wide survey of our employees with the goal of improving our 2019 results and once again outperform the industry average	2023	□□□□
Group-wide roll-out of vision, mission, purpose, and values	2023	□□□□
Continuation of the Group-wide roll-out of the "Spark" ideas management system	2023	■□□□

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

## PEOPLE DEVELOPMENT AND FURTHER TRAINING

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

### Responsibility and organization

In the Dürr Group, overall responsibility for human resources lies with Corporate Human Resources. A company directive governs cooperation between Corporate Human Resources, the HR departments of the three subgroups, and the local HR managers. As part of Corporate Human Resources, the Corporate People Development department is responsible for the Group-wide management and coordination of people development and further training.

### Guidelines, processes, and measures

Structures and processes of people development are regulated by a company directive. The software-supported personnel development process "People Development" helps us identify and develop potential managers within the Company and make the best possible use of young talent. At annual people development conferences on various levels of the Group, staff responsible for people development and managers communicate about the advancement of high-potential employees and about succession planning.

In 2022, we developed new processes for performance and talent management in Group-wide subprojects that will be used in the future. We also developed and adopted a new skills model for managers and employees, in which we describe cross-disciplinary skills that are required to optimally support our Group strategy, for example innovative strength and communication.

As a Group-wide platform for further training, the Dürr Group Academy (DGA) pools all further training offers and is available in 12 languages. Internally organized training programs on topics such as leadership, working methods, collaboration, as well as IT and digitalization can be accessed online by most employees.

Most of our further training events in 2022 took place virtually. We registered approximately 73,000 online attendances (previous year: just under 42,000). The increase is mainly due to the approximately 28,000 participants in the mandatory online safety training due in the year under review, as well as the need to catch up on qualifications following coronavirus-related cancellations in previous years. Most of the training courses that promote communication, the exchange of experience, and team development were held as in-person events. With over 6,000 participants worldwide, the attendance at in-person training sessions increased again significantly (previous year: over 3,500). Overall, the participation rate was 4.3 training sessions per employee (previous year: 2.5). As in the previous year, specialized training events accounted for almost one-third of all attendances.

We have expanded the use of digital learning formats. All employees have access to numerous online courses at any time via the LinkedIn Learning platform. As of December 31, 2022, 8,558 employees were registered there. Learning time spent on LinkedIn Learning totaled 10,492 hours. In 2022, the Digital Training Days week was hosted again. In short online courses, around 4,400 employees found out how to use collaborative Office applications in their daily work routines. We also promote collaboration, networking, and knowledge sharing through the Working Out Loud (WOL) project, which was continued in 2022.

We have expanded our international corporate training events. 1,806 employees (previous year: 1,188) attended best-practice training courses on project management, sales, and leadership as well as qualification programs for prospective and experienced managers. The Fit for Leadership Program combines international online sessions with local in-person events. In 2022, 221 future executives attended (previous year: 179). The Advanced Leadership Program was used by 68 experienced managers (previous year: 41). In the Leadership Project Management Program, 89 project



managers improved their leadership skills. With our cross-location change simulation game and various coaching sessions, we trained our managers in dealing with change.

The Dürr Group Graduate Program is open to university graduates who want to join the Company as trainees in four specialized fields: technology & innovation, software engineering & data science, finance, and sales & service.

## Goals and next steps

### 2.22 — GOALS AND NEXT STEPS: PEOPLE DEVELOPMENT AND FURTHER TRAINING

	Target year	Degree of target achievement (as of: Dec. 31, 2022)
Intensifying the use of the online learning platform LinkedIn Learning	2022	■■■■
Redesign of the global performance management process <sup>1</sup>	2022	■■■■
Revision of the Group-wide talent management process <sup>2</sup>	2022	■■■■
Piloting of the new talent management processes <sup>2</sup> in the new HR IT system	2023	■□□□
Implementing talent pools and corresponding talent programs	2023	□□□□

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

<sup>1</sup> The performance management process includes, among other things, skills assessment and development dialog between manager and employee.

<sup>2</sup> The talent management process includes, among other things, the allocation of high potentials and high performers to talent pools, their development, and Group-wide succession planning.

## RECRUITING OF EMPLOYEES

Filling vacancies is becoming increasingly challenging, due to the competition for well-trained staff as well as for demographic reasons. It is thus all the more important for us to continue to position ourselves as an attractive employer. In 2022, 2,439 new employees were hired, 34% more hires than in the previous year (1,815). In addition to the usual employee turnover, the main reason for the increase was the growing volume of business, which required the recruitment of additional employees.

In order to stand out in the labor market, we use our attractive employer profile as well as our image as an innovative and digitally oriented company. We approach potential candidates at university and graduate fairs, through our careers page on the internet, and through online job boards. We continue to expand our employer presence in social media. For example, HOMAG operates channels on Instagram and YouTube as well as a podcast for apprentices. We have postponed the revision of our brand presence as an employer, originally planned for 2022, to 2023 in order to be able to take into account the results of the OneVision project outlined above. We will not complete the introduction of an integrated HR platform as part of the OneDürrGroup program, which includes uniform recruiting processes for the subgroups, until 2023.

Students who are about to enter the job market can gain practical experience in our company in the form of internships, work experience, and opportunities to complete their theses. In 2022, we hosted 340 young people (previous year: 313). Our talent pool for students allows us to keep in touch with young talented people and hire them as employees for our company at a later date.

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

- **Kununu Top Company:** We have achieved average scores of 3.9 (Dürr Systems), 4.1 (Schenck), and 3.5 (HOMAG) on the Kununu evaluation platform. The industry average is 3.5 (possible top score: 5).
- **Top career opportunities rated by “Deutschland Test” and the German magazine FOCUS Money:** Dürr Systems received the best possible score of 100 points, ranking first in mechanical and plant engineering.
- **Stern Germany’s Best Employers:** In the employer ranking published by German magazine Stern, Dürr Systems achieved the 4th place in the mechanical and plant engineering sector.
- **Fair Company:** This quality seal confirms that we do not hire graduates for internships and that internships are paid appropriately.

## VOCATIONAL TRAINING

We offer young people a diverse training program, which includes 19 professions, plus 13 work-study programs. We employed – mainly in Germany – 500 apprentices and students in work-study programs (previous year: 505); of these, 57% were employed by HOMAG companies. The training rate in the Dürr Group was 2.7% (previous year: 2.8%). In 2022, we revised and standardized the training assessment system for all German training locations in order to roll it out successively across the Group in 2023. At the beginning of 2023, we also launched the introduction of new training management software at the pilot sites in Bietigheim-Bissingen, Darmstadt, and Schopfloch. The new system is to be rolled out to all other German locations in mid-2023. We rely on the model of in-company training abroad. At our US site in Southfield, we are a cooperation partner of the work-study program Michigan Advanced Technician Training (MAT<sup>2</sup>).

According to a study conducted by the business magazine Capital, the Group companies Dürr Systems, Schenck RoTec, HOMAG, and Teamtechnik again ranked among Germany’s best trainers in 2022. On Kununu, we achieved a very good average rating of 4.3 out of a maximum of 5 points across all training locations (previous year: 4.5).

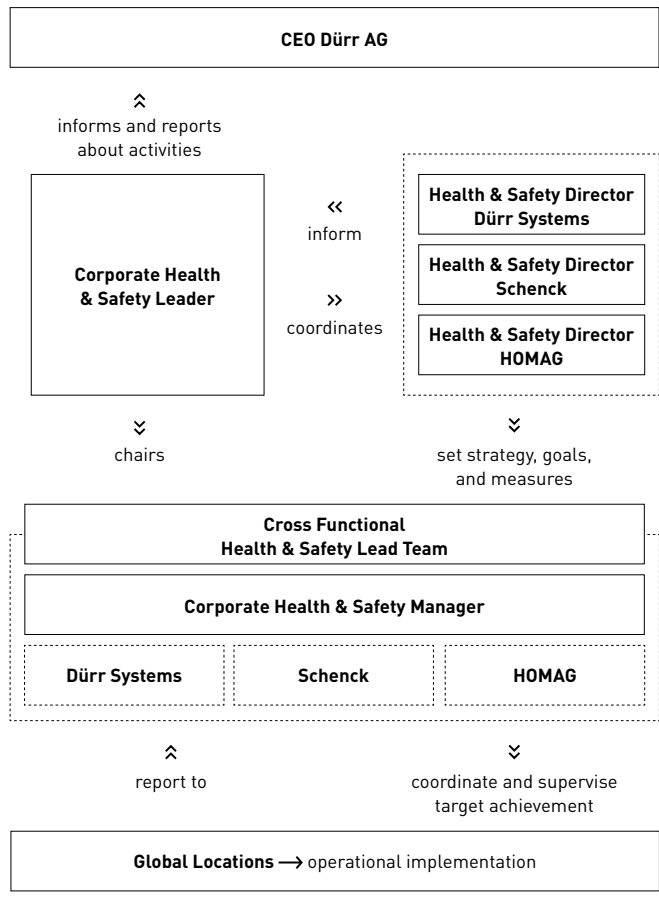
## OCCUPATIONAL HEALTH AND SAFETY

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

### Responsibility and organization

A cross-functional team is responsible for the Group-wide implementation of the health and safety strategy “Striving for Excellence in Safety”, the head of which reports to the CEO. In addition, the members of the Board of Management receive monthly information on current issues and any accidents. Accident statistics, major accidents, and serious (near) accidents are also regularly discussed at meetings of the Dürr Management Board. The Cross Functional Health & Safety Lead Team consists of the health and safety managers of the three subgroups and is supported by local health and safety managers who implement

### 2.23 — RESPONSIBILITY AND ORGANIZATION IN THE AREA OF HEALTH AND SAFETY



our standards and processes on site. All managers are in charge of conducting a proper risk assessment and implementing appropriate measures to prevent injuries and occupational illness. All employees must assume responsibility for their own safety and that of others while at work.

The annual international meeting of all health and safety managers in the Dürr Group was held virtually in 2022. Moreover, the health and safety managers of the German locations met in person to promote the implementation of the Group-wide health and safety strategy.

## Guidelines

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

## Processes and measures

The occupational health and safety management system aims to minimize the risk of damage to health and accidents in the workplace. At Dürr Systems, 17 companies have an occupational safety management system certified in accordance with ISO 45001, at Schenck it is 5 companies. This means that around 8,000 employees already work for correspondingly certified companies. For the German HOMAG companies, ISO 45001 certifications are planned for 2023. Regular inspections and internal audits, which take place at least once a year, are designed to ensure that health and safety guidelines and processes are being adhered to at construction sites as well as at our plants and offices.

An important element of accident prevention is the mandatory online safety training for all employees. The training sessions consist of a foundation course for new employees and an annual refresher course. In 2022, over 98% of all eligible employees completed our health and safety training, which also included our coronavirus protection measures (previous year: over 97%). Employees in particularly high-risk work areas, such as warehouses, logistics, assembly, commissioning, or technical centers, receive activity-specific in-depth training. Some of the training courses were converted to online formats in 2022. Managers receive regular training on their duties and responsibilities for occupational safety. By providing regular information via the Company intranet, we aim to further raise awareness of occupational health and safety issues. In the event of emergencies while traveling, our employees are supported by a professional emergency management service.

In 2022, protecting employees from coronavirus infections was once again the dominant issue for health and safety managers. We were once again able to prevent uncontrolled outbreaks of infection at our locations. The COVID-19 task force, which makes Group-wide decisions on how to deal with the coronavirus, remained in place. Our employees were informed about the Company's protective measures on the intranet.

We organize health days and fitness courses for employees, especially at our German locations. After the pandemic-related restrictions of previous years, some of the offerings were held as in-person courses again in 2022. The Group-wide sick leave rate was 3.9% in 2022 (previous year: 2.7%).

## Performance indicators

### 2.24 — KEY FIGURES FOR OCCUPATIONAL SAFETY

	2022	2021	2020
Number of work-related accidents <sup>1</sup> per thousand employees (including external staff, excluding commuting accidents)	15.7	10.3	9.2
Work-related accidents <sup>1</sup> per 1 million hours worked (including external staff, excluding commuting accidents)	8.2	5.3	4.7
Work-related accidents <sup>1</sup> resulting in death – internal staff	0	0	0
Work-related accidents <sup>1</sup> resulting in death – external staff	0	1	1

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

We will continue to carry out our prevention work and to thoroughly examine the causes of accidents. Moreover, we are reviewing additional possibilities to help us increase occupational health and safety even further.

## Goals and next steps

### 2.25 — GOALS AND NEXT STEPS: OCCUPATIONAL HEALTH AND SAFETY

	Target year	Degree of target achievement (as of: Dec. 31, 2022)
Group-wide maximum of 10 work-related accidents per thousand employees per year	ongoing <sup>3</sup>	■■■□
Recording, thorough analysis, and global reporting of at least 70% of near misses that occurred in the year <sup>1</sup>	ongoing <sup>3</sup>	■■■■
Performance and documentation of at least 500 safety audits annually worldwide	ongoing <sup>3</sup>	■■■■
ISO 45001 certification of all companies in the Dürr Systems, Schenck, and HOMAG <sup>2</sup> subgroups with operational value creation and sales of at least €10 million per year	2024	■■■□

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

<sup>1</sup> Major near misses only

<sup>2</sup> German companies only

<sup>3</sup> The degree of target achievement is given for the year 2022.

We were unable to achieve our Group-wide target of a maximum of 10 work-related accidents per 1,000 employees per year in 2022. One reason for this is the higher number of minor work-related accidents, which can be attributed to the increased business volume and more hours worked, particularly in the HOMAG subgroup. The HOMAG Group plans on having its German companies certified in accordance with the ISO 45001 occupational safety standard in 2023, which is expected to lead to improvements in occupational safety. The certification of all major companies of the Dürr Systems and Schenck subgroups according to ISO 45001 is to be completed by 2024.

## Environment and climate protection

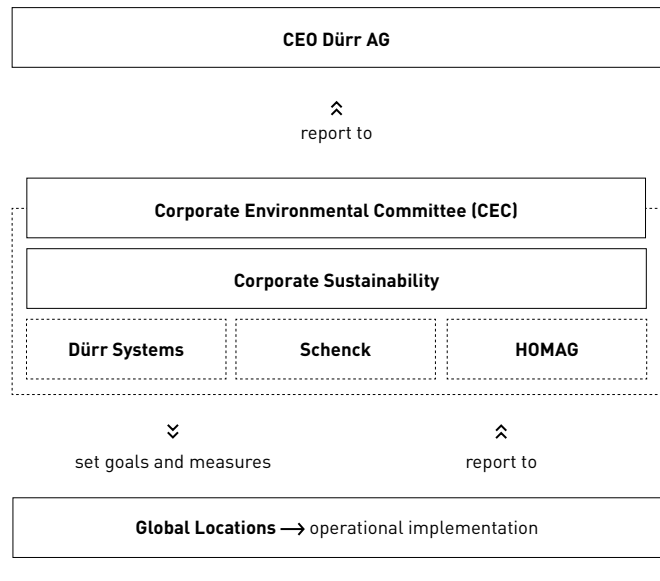
Our overarching objective is to reduce environmental and climate impacts associated with our business activities. This relates not only to the production sites, but also to the entire value chain, whose individual segments have varying degrees of impact on our environmental footprint. To improve our environmental and climate balance, we aim to continuously reduce the consumption of materials, resources, and energy, the volume of waste generated, and greenhouse gas emissions in relation to sales.

In 2022, our focus was on implementing the Group-wide climate strategy with which we aim to contribute to the 1.5°C target of the Paris Climate Agreement. Our climate targets have been scientifically validated by the Science Based Targets initiative (SBTi). We have implemented measures to reduce greenhouse gas emissions at numerous sites in Germany and abroad, for example the installation of photovoltaic systems, the conversion to green electricity, and the expansion of the charging infrastructure for battery-powered vehicles.

### Responsibility and organization

The Corporate Environmental Committee (CEC) is responsible for the strategic direction and management of all environmental activities. It consists of the persons responsible for management and environmental management systems in the three subgroups and the Corporate Sustainability department, the head of which reports directly to the CEO. The CEC provides recommendations on relevant environmental aspects to the Sustainability Council, defines targets, and derives corresponding fields for action. It has been meeting quarterly since September 2022 to enable regular coordination between the subgroups and to drive forward the implementation of the climate strategy. The main responsibility

## 2.26 — RESPONSIBILITY AND ORGANIZATION IN THE AREA OF ENVIRONMENT



for environmental issues lies with the management of our local companies, which are subject to site-specific environmental action plans.

In October 2022, an international meeting of all the Group's environmental managers was held for the first time. Climate strategy and goals were presented once again, and the participants discussed best practice examples as well as environmental and climate protection measures.

### Guidelines

A policy on the environment and climate describes our understanding of environmentally sustainable, climate-friendly management and serves as a basis for our actions. It applies to all Group companies worldwide, was fundamentally revised in 2022 and since then has also taken into account the issues of climate strategy, energy efficiency, and the expansion of the use of renewable energies. With regard to our products and services, we have defined concrete principles for improving the environmental properties of our products – particularly in the use phase – and substantiated the Dürr Group's contribution to the circular economy. Also in 2022, we updated our Germany-wide vehicle policy, which accelerates the switch to fully electric vehicles. At the beginning of 2023, we also adopted a Germany-wide guideline for sustainable construction in the Dürr Group.

## Processes and measures

With the help of certified environmental and energy management systems, we are reducing the environmental impact at our production sites. We have set ourselves the goal of obtaining certification for the environmental management systems of all locations with production or assembly facilities or with a technical center and where hazardous substances are regularly handled. These certifications are based on the environmental management standard ISO 14001. Almost 60% of the relevant locations are already certified according to this standard. Our German sites regularly conduct energy audits or have a certified energy management system according to ISO 50001. An overview of certifications held can be found at [www.durr-group.com](http://www.durr-group.com) under Sustainability/Documents, Ratings, Certificates.

### 2.27 — CERTIFICATION

	2022	2021	2020
Sites with environmental management certified to ISO 14001 <sup>1</sup>	28	21	18
Sites with energy management certified to ISO 50001 <sup>1</sup> or similar	19	11 <sup>2</sup>	11 <sup>2</sup>

<sup>1</sup> Sites used by several companies of the Dürr Group sometimes hold multiple certificates.

<sup>2</sup> Only sites with an energy management system according to ISO 50001 were considered.

The starting point for our climate protection activities is the Group-wide climate strategy. In order to reduce greenhouse gas emissions in our own operations (Scope 1 and Scope 2) and in the upstream and downstream value chain (Scope 3), we take measures in six areas: energy, awareness, mobility, logistics, procurement, and products. In the following, we describe our progress in the individual areas.

## ENVIRONMENTAL FOOTPRINT OF OUR PRODUCTS

We aim to reduce the environmental impact and climate effects caused by the use of our products. The “[EU Taxonomy](#)” → [page 42](#) section describes the extent to which our business activities contribute to achieving the EU’s environmental objectives.

Our climate strategy includes the target of reducing emissions from the downstream value chain (Scope 3) by at least 15% by 2030 compared to the 2019 base-year level. This depends to a large extent on the willingness of customers to use the resource-conserving, energy-efficient, and low-emission technologies we

offer. In addition, emissions from our machines and systems can be reduced considerably if green electricity is used for operation instead of gas and conventional electricity. Therefore, the electrification of our products is one focus of our R&D agenda.

According to our greenhouse gas balance, our products’ use phase emissions represent by far the largest share of our total emissions (Scope 3.11). Our greatest leverage for reducing emissions thus lies in optimizing the energy consumption of our machines and systems. We will publish detailed information on our Scope 3 emissions in the Sustainability Report, which will be released in mid-2023.

## ENVIRONMENTAL FOOTPRINT IN THE SUPPLY CHAIN

Climate aspects in the supply chain are a central issue for us. Even though the share of our greenhouse gas emissions attributable to the supply chain (upstream value chain) is lower than the share attributable to the use phase of our machines and systems (downstream value chain), the supply chain is still important for reducing emissions. We have therefore set ourselves the target of reducing emissions from the upstream value chain (Scope 3) by at least 15% by 2030 compared to the 2019 base-year level. We are working on a Group-wide concept to take the environmental impact of our suppliers into account in our purchasing processes. For our high-risk suppliers, we use self-assessment questionnaires throughout the Group that include, among other things, information on environmental management certification. Furthermore, all suppliers of the Dürr Group are contractually obliged to comply with environmental laws and standards, based on our Supplier Code of Conduct. In addition, potential high-risk suppliers have been required to complete an e-learning module on the topic of sustainability since 2022. Among other things, it provides information on the Dürr Group’s climate strategy and our expectations from business partners regarding compliance with environmental and climate protection standards. From 2023, the concept is to be complemented by a program that offers financial incentives for business partners using climate-friendly processes.

In logistics, we are planning measures to reduce greenhouse gas emissions from 2023. For example, we want to avoid transport by air freight wherever possible and choose low-emission means of transport in the future. The carbon footprint of logistics partners will also play a role when awarding future contracts.

## OPERATIONAL ENVIRONMENTAL FOOTPRINT

We record consumption of energy and resources as well as emissions throughout the Group and implement measures to reduce consumption and emissions following an economic efficiency audit. As an **engineering company** → page 262, we have a vertical depth of production of around 40%. This means that a large part of the energy-, material-, and resource-intensive value creation takes place outside our own business area.

Greenhouse gas emissions directly attributable to the Dürr Group (Scope 1 and Scope 2) amounted to just under 28,000 tons of CO<sub>2</sub>e emissions in 2022. This represents a 43% reduction compared to the previous year (approximately 48,000 tons) and a 51% reduction compared to the 2019 base-year level. The emissions result mainly from site operations and the purchase of energy. The climate strategy includes the target of reducing the environmental footprint of our locations worldwide by 70% by 2030 (compared to the 2019 base-year level).

In 2022, we already implemented various measures to reduce our Scope 1 and 2 emissions. For example, we commissioned photovoltaic systems at our sites in Bietigheim-Bissingen, Schopfloch, Holzbronn, Shanghai, and Barcelona. In this way, we generated a total of 2,669 MWh of electricity in 2022 using our own photovoltaic systems, of which we used approximately 70% for our own consumption. Furthermore, we have converted the locations in Germany, India, Canada, Mexico, Brazil, and the United States to green electricity. We aim to convert our remaining locations in 2023. Since the beginning of 2022, we have been using natural gas as a bridging technology for supplying heat in Germany, which is made carbon-neutral by means of externally audited certificates from our energy supplier. However, our long-term goal is to gradually minimize gas consumption and switch to alternative technologies. Further emission reductions are to be achieved through the successive conversion of the entire company vehicle fleet in Germany to alternative drives by 2030 at the latest.

To support the achievement of our environmental and climate targets, we organized a three-day ideas campaign at our German locations in November 2022. More than 700 employees took part and submitted a total of 350 suggestions for greater sustainability. We used the new "Spark" ideas management platform for this campaign. We also strengthen the environmental and climate awareness of our employees through communication measures on the intranet and through sustainability training, for example for new employees or prospective managers.

## Performance indicators

Since 2021, we have calculated our greenhouse gas emissions in accordance with the Greenhouse Gas Protocol. The Scope 2 emissions published are based on specific information from our energy providers (market-based). We will publish detailed information on the Scope 3 emissions in the Sustainability Report 2022, which will be released in mid-2023.

### 2.28 — KEY FIGURES FOR ENERGY CONSUMPTION AND ENERGY INTENSITY

	2022	2021	2020 <sup>1</sup>	2019 <sup>1</sup>
<b>Energy consumption (in MWh)</b>				
Heating oil and gas	64,633	67,926	66,148	66,310
Electricity from conventional sources	30,909	49,974	50,956	57,976
Purchased electricity from renewable energies	25,982	4,656	3,235	3,768
Self-used electricity from own generation <sup>2</sup>	7,018	–	–	–
District heating	8,334	5,108	3,986	3,772
<b>Total</b>	<b>136,876</b>	<b>127,665</b>	<b>124,326</b>	<b>131,825</b>
<b>Energy intensity (consumption in MWh per €1 million in sales)</b>				
Heating oil and gas	15.0	19.2	19.9	16.9
Electricity from conventional sources	7.2	14.1	15.3	14.8
Purchased electricity from renewable energies	6.0	1.3	1.0	1.0
Self-used electricity from own generation <sup>2</sup>	1.6	–	–	–
District heating	1.9	1.4	1.2	1.0
<b>Total</b>	<b>31.7</b>	<b>36.1</b>	<b>37.4</b>	<b>33.6</b>
<b>Energy consumption indexed (in relation to sales; base year: 2019 = 100)</b>				
Heating oil and gas	89	114	118	100
Electricity from conventional sources	48	96	104	100
Purchased electricity from renewable energies	627	137	101	100
Self-used electricity from own generation <sup>3</sup>	–	–	–	–
District heating	201	150	125	100
<b>Total</b>	<b>94</b>	<b>107</b>	<b>111</b>	<b>100</b>

<sup>1</sup> Adjustments due to recalculation on the basis of the Greenhouse Gas Protocol

<sup>2</sup> Data only collected since 2022, therefore no adjustment of previous year's figures.

<sup>3</sup> Since we have only been using self-generated electricity since 2022, a comparison with previous years or indexation is not possible.



## 2.29 — KEY FIGURES FOR CO<sub>2</sub>e EMISSIONS AND CO<sub>2</sub>e INTENSITY

	2022	2021	2020 <sup>2</sup>	2019 <sup>2</sup>
<b>CO<sub>2</sub>e emissions (in t)</b>				
Scope 1: Direct emissions (heating oil, gas, and vehicle fleet)	17,825	25,553	25,260	28,034
Scope 2: Indirect emissions <sup>1</sup> (electricity, district heating)	9,937	22,819	24,099	28,649
<b>Total Scope 1 and 2 emissions</b>	<b>27,762</b>	<b>48,372</b>	<b>49,359</b>	<b>56,683</b>
<b>Scope 3: Other indirect emissions (business flights)<sup>3</sup></b>	<b>7,482</b>	<b>5,151</b>	<b>5,024</b>	<b>15,158</b>
<b>CO<sub>2</sub>e intensity (in t per €1 million in sales)</b>				
Scope 1: Direct emissions (heating oil, gas, and vehicle fleet)	4.13	7.23	7.60	7.15
Scope 2: Indirect emissions <sup>1</sup> (electricity, district heating)	2.30	6.45	7.25	7.31
Scope 3: Other indirect emissions (business flights) <sup>3</sup>	1.73	1.46	1.51	3.87
<b>CO<sub>2</sub>e emissions indexed (in relation to sales; base year: 2019 = 100)</b>				
Scope 1: Direct emissions (heating oil, gas, and vehicle fleet)	58	101	106	100
Scope 2: Indirect emissions <sup>1</sup> (electricity, district heating)	32	88	99	100
Scope 3: Other indirect emissions (business flights) <sup>3</sup>	45	38	39	100

<sup>1</sup> Market-based: Calculation based on specific information from our energy providers

<sup>2</sup> Adjustments due to recalculation on the basis of the Greenhouse Gas Protocol

<sup>3</sup> Scope 3 emissions shown here only take into account emissions from business flights, not emissions caused in the supply chain or by the use of our products in customers' plants.

Compared to 2021, energy consumption has increased by around 7%, which is significantly less than the increase in sales (22%). Accordingly, energy intensity has decreased significantly: Per €1 million in sales, we used 12.2% less energy than in 2021. Consumption of oil and gas (mainly natural gas) decreased by 5% compared to the previous year. Electricity consumption increased by 17%. It should be considered that more than half of the electricity came from renewable energy sources – in the previous year, the figure was just under 9%. A key factor in the improvement was the fact that we increased our purchase of green power more than fivefold and at the same time covered 11% of our electricity requirements through in-house generation. By contrast, the use of conventionally generated electricity fell by 38%.

Compared to the previous year, our Scope 1 and Scope 2 emissions decreased by 43%. Compared to the 2019 reference year, the decrease was 51%, thus exceeding our target of a 40% reduction compared to 2019. A key reason for the significantly lower CO<sub>2</sub> emissions in 2022 was the improved energy mix with reduced use of fossil fuels and a higher proportion of green electricity. The CO<sub>2</sub> emissions from business flights included in Scope 3 increased compared to the previous two years. It should be considered that travel in 2020 and 2021 was severely limited by the coronavirus pandemic. Compared to 2019, emissions resulting from business flights fell by a good half, as we replaced travel with virtual meetings to some extent.

## 2.30 — OTHER ENVIRONMENTAL INDICATORS

	2022	2021	2020	2019
<b>Water, waste water, and waste – absolute</b>				
Water consumption (m <sup>3</sup> )	191,761	175,587	166,998	201,979
Waste water output (m <sup>3</sup> )	154,609	142,388	156,316	191,388
Waste volume (t)	11,145	10,556	9,725	12,235
of which recycled (t)	6,445	5,199	6,685	8,838
<b>Water, waste water, and waste intensity</b>				
Water consumption (m <sup>3</sup> /€1 million sales)	44.5	49.6	50.2	51.5
Waste water output (m <sup>3</sup> /€1 million sales)	35.8	40.3	47.0	48.8
Waste volume (t/€1 million sales)	2.6	3.0	2.9	3.1
of which recycled (t/€1 million sales)	1.5	1.5	2.0	2.3
<b>Water, waste water, and waste indexed (in relation to sales; base year: 2019 = 100)</b>				
Water consumption	86	96	98	100
Waste water output	73	82	96	100
Waste volume	83	96	94	100
of which recycled	66	65	89	100



In 2022, water consumption increased by 9% and thus at a disproportionately lower rate than sales. The volume of waste grew by only 6%. Recycled waste increased by almost a quarter, bringing its share of total waste volume to 58%. Water, waste water, and waste intensity improved significantly compared to the previous two years.

## Goals and next steps

### 2.31 — GOALS AND NEXT STEPS: ENVIRONMENT AND CLIMATE PROTECTION

	Target year	Degree of target achievement (as of: Dec. 31, 2022)
Revision of the Group-wide environmental and climate policy	2022	■■■■
Revision of the Germany-wide vehicle policy to promote the switch to fully electric vehicles	2022	■■■■
Expansion of global environmental management certifications in accordance with ISO 14001 at our production and assembly sites and all sites with technical centers and/or hazardous substances	ongoing <sup>1</sup>	■■■■
Definition of Group-wide reduction targets for water consumption and waste volume	2023	□□□□
Worldwide conversion to green electricity at the locations	2023	■■□□
Reduction of Scope 1 and Scope 2 emissions by at least 70% (compared to 2019 base-year level)	2030	■■□□
Reduction of Scope 3 emissions (upstream and downstream value chain) by at least 15% (compared to 2019 base-year level)	2030	□□□□

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

<sup>1</sup> The degree of target achievement is given for the year 2022.

## Social commitment

Our social commitment is multifaceted and primarily takes place in the neighborhoods around our sites. The four priorities are education, sports, culture, and social affairs.

In 2022, we redefined the process for deciding on donations throughout Germany. Requests for donations are reviewed and granted by a donation committee. This consists of representatives from various Group departments and meets as required. Furthermore, we plan to promote the voluntary work of our employees through donations. Their projects are presented as part of the "Heroes after work" series of intranet articles, and the corresponding organizations receive financial support. We will adjust our donations policy accordingly in 2023.

In March 2022, the Dürr Group supported humanitarian aid for people from Ukraine with a donation of €150,000 to Caritas International. We continued our cooperation with UNICEF and donated €60,000 as part of the Christmas campaign "Spenden statt schenken" ("Donations instead of gifts"). The introduction of the digital learning platform LinkedIn Learning was accompanied by a donation of €30,000 for an education project in India. In February 2023, we made a donation of €150,000 for earthquake relief efforts in Turkey and Syria.

### 2.32 — SOCIAL COMMITMENT OF THE DÜRR GROUP

Amount in € k	2022	2021	2020
Donations	819	740	360
Sponsorships	275	127	138
<b>Total</b>	<b>1,094</b>	<b>867</b>	<b>498</b>

# CORPORATE GOVERNANCE

UNAUDITED

The German Corporate Governance Code contains rules and recommendations for the responsible management and supervision of listed companies. Our current Declaration of Compliance (pursuant to Section 161 of the German Stock Corporation Act (AktG)) dated October 5, 2022, relates to the version of the Code published on June 27, 2022. This version differs from the previous one mainly through its updates on the topic of sustainability and on the implementation of the Financial Market Integrity Strengthening Act. Prior to October 5, the Declaration of Compliance signed on September 29, 2021, and its update of June 3, 2022, applied; both were based on the version of the Code dated March 20, 2020. We comply with all recommendations, with two exceptions regarding the short/long-term incentive. The full texts of our Declarations of Compliance are available at [www.durr-group.com](http://www.durr-group.com) under Investors/Corporate Governance/Declaration on Corporate Governance.

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## Other information on corporate governance

The full Declaration on Corporate Governance is available at [www.durr-group.com](http://www.durr-group.com) under Investors/Corporate Governance. To avoid duplication, the management report only includes selected content from the Declaration on Corporate Governance.

## BOARD OF MANAGEMENT

On January 1, 2022, Dr. Jochen Weyrauch took over the position of CEO at Dürr AG, prior to which he had been Deputy CEO. His appointment has a term expiring on December 31, 2026. Dr. Weyrauch succeeded Ralf W. Dieter, who had handed over his

### 2.33 — RESPONSIBILITIES WITHIN THE BOARD OF MANAGEMENT IN 2022

	Dr. Jochen Weyrauch (CEO)	Dietmar Heinrich (CFO)
Divisional/operational responsibility	<ul style="list-style-type: none"> <li>• Paint and Final Assembly Systems</li> <li>• Application Technology</li> <li>• Clean Technology Systems</li> <li>• Woodworking Machinery and Systems</li> </ul>	<ul style="list-style-type: none"> <li>• Measuring and Process Systems</li> <li>• OneDürrGroup programs</li> </ul>
Corporate functions	<ul style="list-style-type: none"> <li>• Corporate Human Resources (Employee Affairs Director)</li> <li>• Corporate Communications</li> <li>• Corporate Development</li> <li>• Corporate Sustainability</li> <li>• Purchasing</li> <li>• Internal Auditing (until July 31, 2022)</li> <li>• Corporate Compliance (until July 31, 2022)</li> </ul>	<ul style="list-style-type: none"> <li>• Finance/Controlling/Internal Control System</li> <li>• Legal Affairs/Patents/Insurance</li> <li>• Treasury</li> <li>• Taxes</li> <li>• Risk Management</li> <li>• Investor Relations</li> <li>• Global IT</li> <li>• Internal Auditing (since August 1, 2022)</li> <li>• Corporate Compliance (since August 1, 2022)</li> </ul>

UNAUDITED

role as CEO in the interests of an orderly succession path and left Dürr AG on December 31, 2021. During the year under review, the Supervisory Board extended until September 30, 2026, the appointment of CFO Dietmar Heinrich, who has been a member of the Board of Management since August 2020.

## SHAREHOLDINGS AND MANAGERS' TRANSACTIONS

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

As of December 31, 2022, the members of the Supervisory Board held 0.12% of Dürr AG's shares and the members of the Board of Management held 0.06% of the shares.

## WOMEN IN EXECUTIVE POSITIONS: TARGETS AND TARGET IMPLEMENTATION

We have fulfilled the legal requirements as follows:

- The Supervisory Board of Dürr AG has been including four women since the 2016 elections. This corresponds to a proportion of 33%, which fulfills the 30% minimum quota required by law.
- The Board of Management of Dürr AG consists of two men. In its resolution adopted on May 13, 2022, the Supervisory Board formulated the target of appointing a woman to the Board of Management by June 30, 2027, at the latest. In 2022, the Supervisory Board carefully considered the option of expanding the Board of Management but found no need to do so. The Supervisory Board will continue to review this option going forward. If it resolves to expand the Board of Management in the future or if a successor for an existing member needs to be appointed, the Supervisory Board will favor the appointment of a woman provided that the requirements in terms of qualification and personality are met. Until the current Supervisory Board resolution became effective, the corresponding resolution adopted in 2017 applied. This did not contain a target for increasing the proportion of women on the Board of Management since no new appointments were envisaged at the time and the service contracts of the Board of Management members had relatively long terms.

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- The Board of Management's resolution adopted on June 2, 2022 sets out that, going forward, one woman is to be part of the first senior management level below the Board of Management, and two women are to be part of the second level. The deadline for achieving these targets is June 30, 2027. As of December 31, 2022, there were no women at these first or second senior management levels. The previous resolution adopted by the Board of Management in 2017 had set the targets for the proportion of women in senior management positions at 0% for the first level and 20% for the second level below the Board of Management. The deadline for achieving those targets was June 30, 2022. At that time, the first senior management level below the Board of Management consisted of ten men and no women, while the second level comprised eight men and one woman. When considering our target achievement, account must be taken of the fact that Dürr AG, being a management holding company, has a relatively small number of employees and senior managers. Consequently, a single personnel change can be equivalent to a change of over 10 percentage points. Going forward, when selecting candidates for senior management positions, we will focus more keenly on the targeted appointment of women in order to achieve our goals.

## DIVERSITY

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

As stated above, the Supervisory Board seeks the appointment of a woman to the Board of Management. In addition, when appointing members to the Board of Management, the Supervisory Board pays particular attention to professional and social skills as well as to long-term experience in similar positions, in our industry and in an international environment. Added to that are character suitability and an appropriate educational background. Neither nationality nor age at the time of employment is decisive in hiring candidates. The general age limit for members of the Board of Management is 63.

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

### • Structure of subscribed capital

Dürr AG's subscribed capital is divided into 69,202,080 no-par value bearer shares with full voting rights. The rights and obligations associated with the shares are regulated by the German Stock Corporation Act (AktG). In September 2020, Dürr AG issued an unsubordinated, unsecured convertible bond with a volume of €150 million, maturing on January 15, 2026. Under certain conditions, this convertible bond can be converted into 4,512,418 new no-par value ordinary shares in Dürr AG.

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

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

### • Direct or indirect shareholdings exceeding 10%

Heinz Dürr GmbH, Berlin, holds 26.2% of Dürr AG's capital stock (as of: December 31, 2022).

### • Shares conferring special rights

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

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

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

### • Rules governing the appointment and replacement of members of the Board of Management

The applicable statutory rules are set out in Sections 84 and 85 of the German Stock Corporation Act (AktG) and in Section 31 of the German Co-determination Act (MitbestG). Dürr AG's Articles of Incorporation do not contain any provisions that diverge from the

statutory rules. Article 6 (1) of the Articles of Incorporation states additionally that the Board of Management consists of at least two members and that the appointment of deputy members of the Board of Management is admissible. Article 6 (2) states that the Supervisory Board may appoint one member of the Board of Management to be the Chair of the Board of Management and another member of the Board of Management to be the Deputy Chair.

### • Rules governing amendment of the Articles of Incorporation

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

### • Powers of the Board of Management to issue or buy back shares

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

### • Agreements in the event of a change of control following a takeover bid

**Schuldschein loan:** In the event of a change of control, the lenders have the right, according to the terms of our Schuldschein loan agreements, to demand redemption of the Schuldschein loan. A change of control occurs if one person or a majority of people acting in concert hold more than 50% of the shares, can control more than 50% of the voting rights and/or the company's course of business, and/or has the power to appoint more than 50% of the members of the Board of Management. The lender of the Schuldschein loan has the right to demand redemption within 30 days of the notification of the change of control by the borrower. Redemption shall be due by the next interest payment date.

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

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

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

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

# BUSINESS REPORT

## Economic and sector environment

### GLOBAL ECONOMY COOLING OFF IN 2022

With the previous year marked by a general recovery, the global economy cooled off noticeably again in 2022. This was mainly due to the war in Ukraine and the resulting economic fallout. The far-reaching sanctions imposed on Russia triggered a sharp decline in that country's economic output. Persistent supply chain problems, high inflation rates, and pandemic-related lockdowns in China also exacerbated the economic downturn. Global gross domestic product widened by only 3.4% in 2022, down from 6.2% in the previous year. China's economic growth slowed by around 5 percentage points compared to 2021, reaching 3.0%.

#### 2.34 — GROSS DOMESTIC PRODUCT

Year-on-year change, %	2022	2021	2020
Global	3.4	6.2	-3.0
Germany	1.9	2.6	-3.7
Eurozone	3.5	5.3	-6.1
Russia	-2.2	4.7	-2.7
United States	2.0	5.9	-3.4
China	3.0	8.4	2.2
India	6.8	8.7	-6.6
Japan	1.4	2.1	-4.6
Brazil	3.1	5.0	-3.9

Source: International Monetary Fund 01/2023

The US Federal Reserve's consistent interest rate hikes caused the US dollar to appreciate considerably against the euro in the course of 2022, with the European single currency temporarily slipping to 0.96 US dollars at the end of September. Accordingly, the euro traded below parity for the first time in 20 years, before stabilizing above the one-dollar mark. At 1.0506, the average exchange rate against the US dollar remained well short of the previous year.

#### 2.35 — AVERAGE EXCHANGE RATES

€1 equals	2022	2021	2020
USD	1.0506	1.1813	1.1468
GBP	0.8546	0.8585	0.8894
JPY	138.1242	130.2933	121.8217
CNY	7.0871	7.6165	7.8985

Source: Commerzbank

### CENTRAL BANKS INITIATED INTEREST RATE TURNAROUND IN 2022

The current yield on government bonds and other fixed income securities returned to positive territory in Germany in 2022, climbing to 2.53% (2021: -0.1%). According to Deutsche Bank calculations, the inflation rate surged, reaching new record heights of 8.4% in the Eurozone and 8.2% in the United States over the year as a whole. In response to the elevated inflation, the relevant central banks initiated a decisive turnaround in interest rates. Thus, the European Central Bank raised its base rate to 2.5% in four steps and also put an end to its multi-billion asset purchasing operations. The U.S. Federal Reserve increased its key interest rate to 4.5% in seven steps.

Against the backdrop of the Russian war of aggression, the sharp rise in energy prices, and mounting concerns over inflation, the capital markets came under massive pressure at the beginning of the year. The DAX hit a low for the year of under 12,000 points at the end of September. Although it was subsequently able to regain some lost territory, it closed 2022 down 12.3%.

## INCREASE IN AUTOMOTIVE PRODUCTION DESPITE MOUNTING UNCERTAINTY

After remaining very largely flat in the previous year due to supply chain constraints, automotive production likewise grew at only a fairly subdued pace in 2022 due to new concerns. The still unresolved supply chain problems were exacerbated by the outbreak of war in Ukraine, which caused additional shortfalls along the value chains. In addition, the far-reaching pandemic-induced lockdowns in China left traces on automotive production, especially in the first half of 2022. Data provider LMC Automotive, which specializes in automotive forecasting, had to increasingly scale back its estimates for global light vehicle production over the course of the year. After assuming growth of 12% to 85.8 million units at the beginning of the year, it most recently downgraded its estimate to 82.0 million units [+7%].

### 2.36 — PRODUCTION OF LIGHT VEHICLES

Million units	2022	2021	2020
Global	82.0	76.7	74.5
Western Europe	10.0	9.5	10.1
Germany	3.7	3.3	3.8
Eastern Europe	5.9	6.5	6.6
Russia	0.5	1.5	1.4
North America (incl. Mexico)	14.2	13.0	12.9
United States	9.7	8.9	8.6
South America	2.8	2.6	2.2
Brazil	2.2	2.1	1.9
Asia	46.9	43.3	40.8
China	26.0	24.3	23.1
Japan	7.4	7.4	7.8
India	5.1	4.1	3.2

Source: LMC 02/2023

## CONTRACTION IN MECHANICAL AND PLANT ENGINEERING

After encouraging growth in the previous year, German manufacturers of capital goods faced more muted conditions in 2022. Equipment spending in Germany increased by only around 2%. The diverse economic dislocations were also reflected in order books for mechanical and plant engineering. The German Mechanical and Plant Engineering Association (VDMA) estimated that there was a 3% decline in price-adjusted order intake in the sector; however, the companies continued to benefit from a solid order backlog. After a subdued first half, machine production in Germany climbed sharply in the following months, with the result that full-year growth was slightly positive, coming to around 1%.

## MORE MUTED DEMAND FOR WOODWORKING MACHINERY

After a strong previous year, which saw growth of 21%, sales in the secondary woodworking machinery segment expanded by only 2% in 2022. Price-adjusted order intake declined by 5% year on year. Given the increased cost of living, the boom year in 2021 gave way to restraint on the part of buyers of new furniture. In addition, high purchase prices and supply chain bottlenecks for timber caused problems for the construction industry. Even so, sustainable construction with timber remains a high priority for many builders.



## Explanatory notes on the figures

The charts and tables in this management report generally contain IFRS figures for the years from 2020 through 2022.

### EBIT

EBIT is defined as earnings before interest, income taxes, and income from investments. The items eliminated from EBIT before extraordinary effects are shown in → [table 2.49](#).

### REPORTING CONVENTIONS

Amendments to the IFRSs had only a minor impact on the presentation of the Company's economic position in 2022. Relatively few reporting options are available under the IFRSs and their utilization barely impacts our net assets, financial position, and results of operations. In the case of important balance-sheet items, we exercise options in such a way that the greatest possible measurement continuity is preserved. We made use of all reporting options in unchanged form in 2022. The use of specific accounting policies exerted at most only a minor influence on the presentation of the results of operation. Moreover, it is inconsistent in many cases with our commitment to continuity and cross-period transparency.

As of 2021, we recognize impairments and derecognitions of trade receivables and contract assets within the cost of sales. They were previously included in selling expenses. For the sake of comparability, we have adjusted the corresponding figures for 2020 compared to the figures originally reported.

### HOMAG GROUP AG: DOMINATION AND PROFIT AND LOSS TRANSFER AGREEMENT

Under the terms of the domination and profit and loss transfer agreement entered into between Dürr Technologies GmbH and HOMAG Group AG, all of the net profit earned by the HOMAG Group AG accrues to the Dürr Group. HOMAG Group AG's non-controlling shareholders (35.11% of the capital) are not entitled to a variable dividend. Instead, they receive a guaranteed dividend of €1.01 per share (net) for the duration of the domination and profit and loss transfer agreement. In addition, a cash settlement offer of €31.56 per share has been offered. The interest expense arising from the domination and profit and loss transfer agreement is recognized within the Dürr Group's financial result and came to €6.2 million in 2022.

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

### EFFECTS OF ACQUISITIONS

In 2022, there were no acquisitions other than the increase in the share held in CPM S.p.A., which had already been fully consolidated. In 2021, by contrast, five companies or equity interests had been acquired. They were consolidated for the first full year in 2022 and this must be borne in mind in a comparison with the previous year's figures. The companies acquired in 2021 were:

- Teamtechnik Group (Paint and Final Assembly Systems, fully consolidated from February 5, 2021)
- Cogiscan Inc. (Paint and Final Assembly Systems, fully consolidated from February 15, 2021)
- Kallesoe Machinery A/S (Woodworking Machinery and Systems, fully consolidated from April 28, 2021)
- Hekuma GmbH (Paint and Final Assembly Systems, fully consolidated from July 30, 2021)
- Roomle GmbH (Woodworking Machinery and Systems, fully consolidated from August 13, 2021)

The periods in the previous year in which the acquired companies had not yet been consolidated accounted for the following cumulative amounts in 2022: order intake of €73.4 million, sales of €46.8 million, and EBIT of €2.3 million.

### Tooling business

Effective January 1, 2022, we transferred our tooling business, which had previously been based in the Woodworking Machinery and Systems division, to the Measuring and Process Systems division. In 2021, these activities accounted for roughly 300 employees and sales of around €50 million. The corresponding figures for 2021 were adjusted retroactively. Without this adjustment, sales in fiscal year 2021 would have been around €50 million lower for Measuring and Process Systems and around €25 million higher for Woodworking Machinery and Systems. No adjustments were made for 2020.

As a result of the transfer of the tooling business, we also reported intra-Group sales in the division figures as of fiscal year 2022. These sales are subsequently eliminated at the consolidated level. A substantial part of tooling business is attributable to the intra-Group delivery of woodworking products to the Woodworking Machinery and Systems division, which reports the resulting external sales. Accordingly, tooling business with the wood industry is included in the key figures for both Measuring and Process Systems and Woodworking Machinery and Systems. There are only minor intra-Group sales between the other divisions.

## Impact of the war in Ukraine and of the coronavirus pandemic

The war in Ukraine has so far left only minor traces on our business. We are complying with all relevant sanctions imposed on Russia. However, this has resulted in only limited losses in sales and order intake due to the small volume of business concerned. In 2021, Russia accounted for only 1.6% of the two performance indicators. At less than 1% of sales and order intake, the share of Ukrainian business, which has also been lost due to the war, is negligible. Earnings came under pressure in 2022 as a result of restructuring and the impairment losses recognized on assets in Russia. This resulted in total expense of €7.0 million, which primarily arose in the fourth quarter.

More significant than the direct effects of the war in Ukraine were the indirect ones on conditions in our procurement and sell-side markets. In many cases, the already high prices of materials continued to climb, and additional supply chain bottlenecks arose. These constraints resulted in unplanned additional expenses. Moreover, rising energy prices fueled inflation even further, placing a damper on consumer and capital spending.

The burden on our business caused by the coronavirus pandemic continued to ease in 2022 in most countries, although China proved to be an exception. The lockdowns imposed there had a significant impact on sales and earnings in the second quarter. Together with the worsening procurement situation in the course of the war in Ukraine, this forced us to adjust our original earnings forecast for 2022 at the beginning of May.

In the second half of the year in particular, the disruption caused by the outbreak of war and the pandemic-related lockdowns in China subsided again. In China, we were able to recoup a large part of the sales and earnings that had been lost as a result of the lockdowns. At the same time, China's abandonment of its strict Zero-Covid policy mitigated the risk of further lockdowns. However, the increase in infection rates following the Chinese government's change of course brought with it new economic risks. Further information on the effects of the pandemic and the war in Ukraine can be found in the ["Risk report" → page 104](#).

## General statement by the Board of Management and target achievement

2022 was marked by significant macroeconomic upheavals and severe political conflicts. In addition to the Russian attack on Ukraine, these particularly include the ongoing supply chain problems, the lockdowns in China and the high inflation rates. However, the energy crisis and the tensions surrounding Taiwan also unleashed considerable uncertainty. In this difficult environment, the Dürr Group displayed pronounced resilience: We were able to set new records in order intake and sales and exceed the targets formulated in February 2022. [Free cash flow → page 263](#) also exceeded the target, coming close to the previous year's figure. At the same time, we stepped up the expansion of our new growth segments Construction Elements Solutions, Production Automation Systems, and Battery Production on the basis of our solid core business. Detailed information on these growth segments can be found in the chapter entitled ["Strategy and medium-term targets" → page 30](#).

Order intake increased by 16.7% to €5,008.4 million, thus exceeding the €5 billion threshold for the first time. One important reason for the strong order growth was our focus on three fields offering high potential for the future, which are of great strategic importance for our customers: sustainability, e-mobility, and automation. 2022 showed that capital spending in these areas is continuing even in the face of the economic headwinds, as they are crucial for future competitiveness. We benefited from this long term focus of our customers in 2022. As a result, we raised our order intake forecast (originally €4,100 to €4,400 million) twice: once in August to between €4,400 and €4,700 million and again in November to between €4,800 and €5,100 million.

As expected, sales increased from quarter to quarter and, at €4,314.1 million, slightly exceeded the target corridor defined in February (€3,900 to €4,200 million). This marked a strong 22.0% gain over the previous year, on which the pandemic had taken its toll. Overall, we are very satisfied with our sales performance: After a subdued start to the year, we were able to adapt more and more efficiently to the disruptions along the supply chains; in the second half of the year, we successfully harnessed the effects of the nascent improvement in material sourcing to generate higher sales.

Earnings as such fell short of our expectations. However, given the extent of the exogenous shocks in 2022, we still consider earnings performance to be positive. At 5.4%, the EBIT margin before extraordinary effects reached the target range of 5.0% to 6.5% that had been set at the beginning of May. We had originally formulated a target of 6.5% to 7.5% in February. We were forced to adjust this forecast as the Ukraine war additionally caused material prices to rise and exacerbated the supply chain situation, while the lockdowns in China exerted a heavy strain on earnings in the second quarter. We implemented new instruments and measures in 2022 to shield ourselves from the effects of cost inflation and to boost our profitability on a sustained basis. These include, for example, price escalation clauses for major projects, the “value before volume” sales strategy for plant engineering, and the OneDürrGroup synergy program. Looking ahead to 2023, we expect a significant improvement in earnings and are aiming for an EBIT margin of at least 8% before extraordinary effects from 2024 onward.

The net extraordinary expenses included in EBIT amounted to €26.3 million and therefore matched the forecast of approximately €25 million. As expected, the bulk of the extraordinary expenses was attributable to purchase price allocation effects (€–23.9 million). In addition, expenses of €7.0 million arose in the fourth quarter for restructuring and the impairment of assets at our Russian companies.

At €134.3 million, earnings after tax reached the target corridor defined in May, rising by 58.1% over the previous year. They were particularly underpinned by a significant improvement in financial result. In the previous year, the financial result had included non-recurring expenses arising from the renewal of the pool agreement with the Schuler/Klessmann shareholder group, which holds 14.05% of the shares in HOMAG Group AG.

At 17.3%, the **ROCE → page 263** was above the previous year's figure (15.5%) and reached the upper end of the target range, which we had lowered to between 13% and 18% in May. The reduction in this target was due to our revised EBIT forecast; despite the significantly higher sales, there was only a moderate increase of 5.0% in **capital employed → page 263**. The net working capital included in this dropped slightly (by 2.8%) despite the higher sales and inventories, as we received extensive prepayments as a result of our high order intake.

We increased our capital spending by 28.5% compared to the previous year, with the ongoing investment program at Woodworking Machinery and Systems featuring particularly predominantly. Even so, it accounted for only 3.2% of sales rather than the projected 4.0% to 5.0% as some construction projects were postponed due to the higher material costs.

Despite the higher capital spending, **free cash flow → page 263** exceeded the target range and reached a high of €117.1 million. It was underpinned by the higher absolute earnings, lower interest payments, and our disciplined management of net working capital. At €–46.4 million at the end of 2022, **net financial status → page 263** was also slightly better than provided for in the forecast.

**2.37 — GROUP TARGET ACHIEVEMENT IN 2022**

		2021 act.	2022 act.	2022 target (Forecast of February 24, 2022)	2022 target (Most recent forecast)
Order intake <sup>1</sup>	€ million	4,291.0	5,008.4	4,100 to 4,400	4,800 to 5,100
Sales	€ million	3,536.7	4,314.1	3,900 to 4,200	3,900 to 4,200
EBIT margin <sup>2</sup>	%	5.0	4.8	5.9 to 6.9	4.4 to 5.9
EBIT margin before extraordinary effects <sup>2</sup>	%	5.6	5.4	6.5 to 7.5	5.0 to 6.5
Earnings after tax <sup>2</sup>	€ million	84.9	134.3	130 to 180	100 to 150
ROCE <sup>2</sup>	%	15.5	17.3	17 to 21	13 to 18
Free cash flow	€ million	120.8	117.1	50 to 100	50 to 100
Net financial status (Dec. 31)	€ million	-99.5	-46.4	-75 to -125	-75 to -125
Capital expenditure <sup>3</sup>	€ million	107.8	138.5		
	% of sales	3.0	3.2	4.0 to 5.0	4.0 to 5.0

<sup>1</sup> Forecast raised on August 4, 2022, and on November 10, 2022<sup>2</sup> Forecast lowered on May 2, 2022<sup>3</sup> on property, plant and equipment, intangible assets, and right-of-use assets under leases (excluding acquisitions)**DIVISION TARGETS**

In addition to the initial Group forecast, we also published the annual targets for the five divisions on February 24, 2022. Various adjustments were made to these in the quarterly statements issued on August 4 and on November 10, 2022. The order intake targets were raised in all divisions. However, the earnings targets had to be scaled back in view of the lockdowns in China and the consequences of the war in Ukraine. The sales target was lowered for Measuring and Process Systems but raised for Clean Technology Systems and Woodworking Machinery and Systems. The following target achievement analysis compares the actual figures with the targets specified on November 10, 2022.

With an order intake of €1,786.6 million, Paint and Final Assembly Systems only just achieved the target range, that had been significantly raised. It also reported the highest order volume and the strongest growth in the Group. This performance was particularly underpinned by the very strong third quarter. Sales were somewhat higher than planned and exceeded the upper end of the target corridor, while profitability easily reached the target range. This was due to a wide EBIT margin of 6.8% before extraordinary effects in the final quarter, which offset the slump in earnings caused by the lockdowns in China in the second quarter.

Order intake in the Application Technology division exceeded the target and reached a new record – here as well, the third quarter was extremely strong. Sales also exceeded the target corridor thanks to the strong growth in the second half of the year. The

EBIT margin before extraordinary effects fell slightly short of the target due to the fact the significant improvements in the third and particularly also the fourth quarter failed to fully make up for the pandemic-related setback in the second quarter.

In the final quarter, Clean Technology Systems posted a new record in order intake, which significantly exceeded the full-year target corridor. Sales also performed well, exceeding the target range slightly. At 3.7%, the EBIT margin before extraordinary effects pointed upward in the fourth quarter but remained below the full-year target due to the increased cost of materials.

Order intake in the Measuring and Process Systems division was slightly higher than expected thanks to a strong first quarter. Sales reached the upper end of the target range, as the initially severe material bottlenecks eased in the second half of the year, resulting in higher sales. This had a positive impact on earnings in the fourth quarter in particular, with the result that, despite the pandemic-related impact on earnings in the spring, the division reached its full-year margin target.

Woodworking Machinery and Systems came close to repeating the record order intake registered in 2021 and reached the upper end of the ambitious target corridor. This performance was driven by an extremely strong first half of the year, while demand normalized as expected in the second half. Sales exceeded the target range slightly, rising to a new record high of €1,602.1 million. The EBIT margin before extraordinary effects exceeded 7% in all four quarters and, at 7.8%, reached the full-year target.

## 2.38 — TARGET ACHIEVEMENT OF THE DIVISIONS 2022

	Order intake (€ million)			2022 act.	Sales (€ million)		2022 act.	EBIT margin before extraordinary effects (%)	
	2022 act.	2022 target (Forecast of February 24, 2022)	2022 target (Most recent forecast)		2022 target (Forecast of February 24, 2022)	2022 target (Most recent forecast)		2022 target (Forecast of February 24, 2022)	2022 target (Most recent forecast)
Paint and Final Assembly Systems	1,786.6	1,350 to 1,500	1,800 to 1,950 <sup>1</sup>	1,436.2	1,300 to 1,400	1,300 to 1,400	4.0	4.3 to 5.3	3.0 to 4.5 <sup>3</sup>
Application Technology	654.0	530 to 570	580 to 620 <sup>1</sup>	586.6	510 to 550	510 to 550	8.3	9.7 to 10.7	9.0 to 10.5 <sup>3</sup>
Clean Technology Systems	587.1	440 to 480	480 to 530 <sup>1</sup>	456.1	390 to 420	420 to 450 <sup>3</sup>	2.5	5.7 to 6.7	3.0 to 4.5 <sup>3</sup>
Measuring and Process Systems	326.0	280 to 300	300 to 320 <sup>2</sup>	276.2	290 to 310	260 to 280 <sup>3</sup>	6.2	8.5 to 9.5	5.0 to 6.5 <sup>3</sup>
Woodworking Machinery and Systems	1,705.8	1,450 to 1,600	1,600 to 1,750 <sup>3</sup>	1,602.1	1,450 to 1,550	1,450 to 1,600 <sup>3</sup>	7.8	8.0 to 9.0	7.5 to 9.0 <sup>3</sup>

<sup>1</sup> Forecast raised on August 4, 2022, and on November 10, 2022

<sup>2</sup> Forecast raised on November 10, 2022

<sup>3</sup> Forecast adjusted on August 4, 2022

## GROUP MANAGEMENT PARAMETERS

The main financial performance indicators for Group management are order intake, sales, EBIT and EBIT margin, **ROCE** → [page 263](#), and – particularly at the Group level – **free cash flow** → [page 263](#). An analysis of these items can be found in the section entitled “Operational performance indicators” in the chapter entitled “Financial development” → [page 95](#). This section also contains information on the non-financial performance indicators. Please also note the Group non-financial statement in connection with the non-financial disclosures and performance indicators.

## MAIN EVENTS DRIVING BUSINESS PERFORMANCE

The negative external factors in 2022 were cost inflation, material shortages, and the lockdowns in China. Added to this was the war in Ukraine, which exacerbated the supply chain problems and impacted both consumer confidence and capital spending. The key drivers of our business were the long-term trends toward sustainable technologies and products, electromobility, and manufacturing automation. Low automotive production output had little impact on our business. This is due to the industry’s long-term planning horizon: As a rule, automotive OEMs base big-ticket equipment investments on their long-term needs rather than on temporarily lower production figures.

## Business performance

### NEW ORDERS IN EXCESS OF €5 BILLION FOR THE FIRST TIME

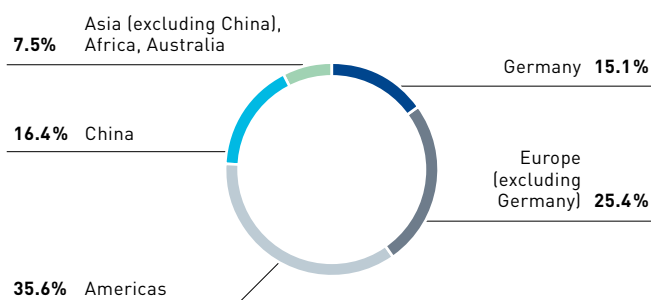
Our new business proved very resilient in the face of the challenging macroeconomic conditions in 2022. Order intake increased by 16.7% to a new all-time high of €5,008.4 million, thus passing the €5 billion threshold for the first time and exceeding the previous year’s record figure by more than €700 million. Currency-translation effects added €190.2 million to order intake in 2022, with price increases also having a positive effect.

We benefited from the fact that our business is largely driven by long-term trends such as sustainability, electromobility, and automation. As capital expenditure related to these trends is a priority for many customers, it tends not to be deferred in the event of any economic or political disruptions. This is reflected, for example, in our order intake in production technology for electric vehicles, which increased by more than 40% to over €1.1 billion, thus reaching a new high.

Whereas the first half of the year had seen strong growth in business in woodworking machinery, our core automotive business was the main growth driver in the second half of the year. We also recorded very good order intake in 2022 in the Teamtechnik Group's automation business within the Paint and Final Assembly Systems division. Moreover, Clean Technology Systems contributed an extraordinarily high volume of new orders worth €232.2 million in the fourth quarter, thanks to a big-ticket order for the delivery of a solvent recovery system for a battery plant, among other things. Of all the divisions, Paint and Final Assembly Systems and Clean Technology Systems achieved the highest growth in new orders (31.2% and 30.6%, respectively). In the case of big-ticket orders in the automotive sector, we were generally able to agree on the inclusion of price-escalation clauses with customers and thus reduce our exposure to inflation-related risks.

Order intake in North and South America was particularly strong, rising sharply by 67.2%. This performance was driven by catching-up effects following the pandemic-induced slump in 2020 as well as reindustrialization in the United States. Growth was also recorded in Asia (excluding China), Africa, and Australia as well as in Europe (29.2% and 4.8%, respectively), while order intake in China shrank by 17.7%. At €1,902.4 million, orders in the emerging markets (including China) were virtually unchanged.

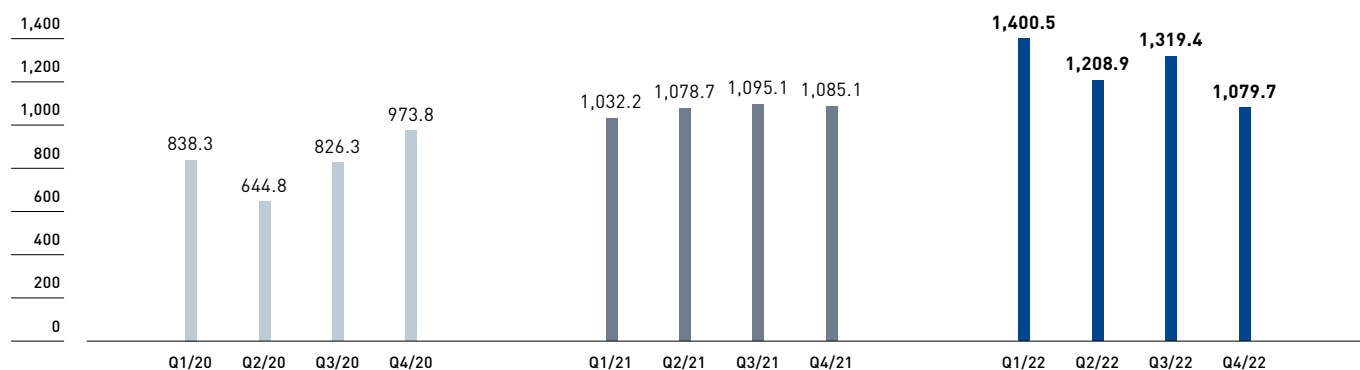
## 2.39 — CONSOLIDATED ORDER INTAKE BY SALES REGION



€ million	2022	2021	2020
Germany	755.8	658.8	616.2
Europe (excluding Germany)	1,270.8	1,274.0	978.2
Americas	1,781.5	1,065.4	665.4
China	823.2	1,000.7	761.0
Asia (excluding China), Africa, Australia	377.1	292.0	262.4
<b>Total</b>	<b>5,008.4</b>	<b>4,291.0</b>	<b>3,283.2</b>

## 2.40 — CONSOLIDATED ORDER INTAKE BY QUARTER

€ million

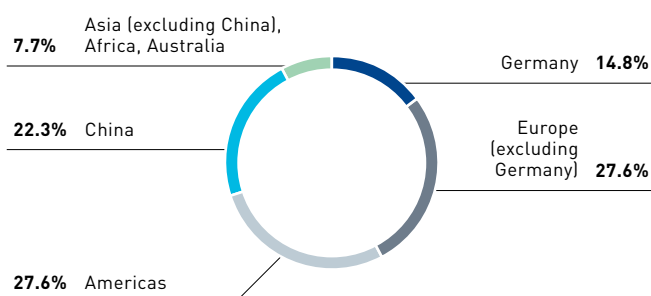


## NEW RECORD REACHED IN SALES

Sales rose by 22.0% to a new record of €4,314.1 million in 2022. The two halves of the year were very disparate, however: While revenue recognition was initially severely hampered by supply chain constraints and the lockdowns in China, the situation gradually improved in the second half of the year. At the same time, several orders in the Paint and Final Assembly Systems division reached execution phases with a high level of revenue recognition. Against this backdrop, we were able to reach a new quarterly record of €1,236.0 million in the final quarter of the year. A significant part of the increase in sales – specifically €136.2 million – resulted from currency-translation effects in 2022. In addition, sales were spurred by price increases, although to a lesser extent than order intake.

The high sales were driven by significant increases in all divisions, with double-digit growth rates achieved almost everywhere. The greatest increases were posted by Paint and Final Assembly Systems (31.9%) and Application Technology (24.5%), whose sales had been dragged down in the previous year by muted order intake in 2020 as a result of the effects of the coronavirus pandemic.

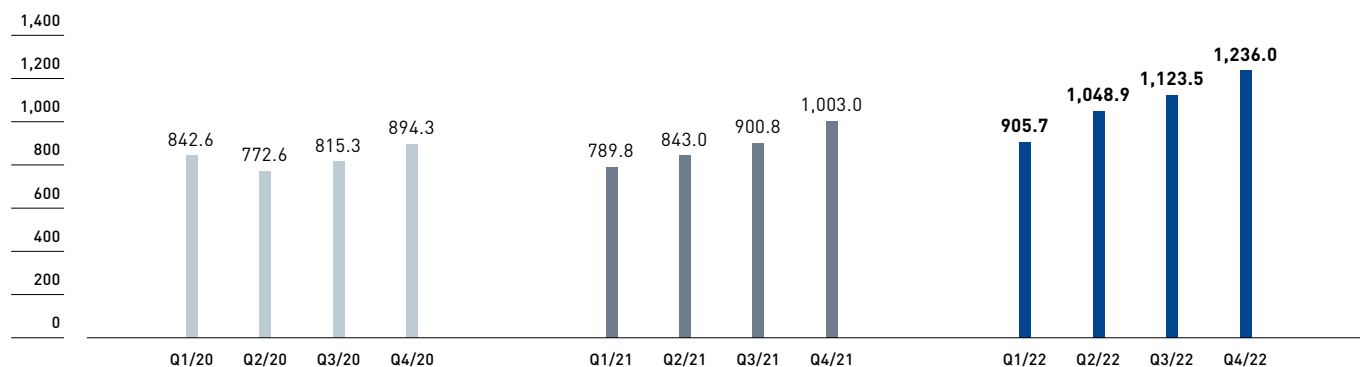
## 2.41 — CONSOLIDATED SALES BY SALES REGION



€ million	2022	2021	2020
Germany	640.1	557.5	562.6
Europe (excluding Germany)	1,192.1	989.8	760.8
Americas	1,190.0	924.7	914.2
China	961.4	726.0	695.5
Asia (excluding China), Africa, Australia	330.5	338.8	391.7
<b>Total</b>	<b>4,314.1</b>	<b>3,536.7</b>	<b>3,324.8</b>

## 2.42 — CONSOLIDATED SALES BY QUARTER

€ million





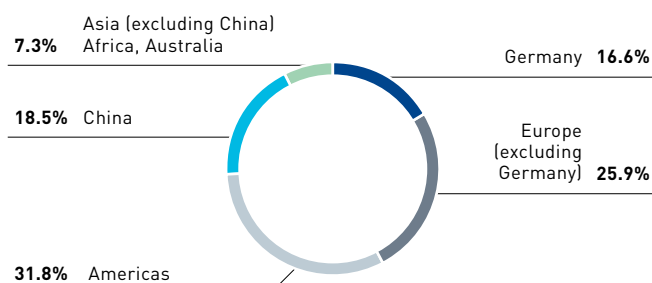
Sales in Germany, Europe (excluding Germany), North and South America, and China grew at double-digit rates. Sales only fell slightly short of the previous year in the other Asian countries, Africa, and Australia. At 42.1%, the share accounted for by the emerging markets was more or less unchanged (previous year: 42.6%).

Sales from service business were up on the previous year in all four quarters, rising by 7.7% to €1,218.7 million over the year as a whole and marking a new record, to which all five divisions contributed. The proportion of service business in Group sales shrank to 28.2% (previous year: 32.0%) as new machinery and equipment sales grew more quickly than service business. The gross margin on service business matched that of the previous year.

## ORDER BACKLOG IN EXCESS OF €4 BILLION

Although sales rose more swiftly than order intake, the difference between the two figures remained considerable, at just under €700 million. As a result, the book-to-bill ratio came to a high 1.16. The same applies to the order backlog, which increased to a new high of €4,014.0 million at the end of 2022, thus exceeding the previous year by 19.4%. The high order backlog covers a large part of the sales target for 2023 and thus gives us good forward visibility.

### 2.43 — CONSOLIDATED ORDER BACKLOG (DECEMBER 31) BY SALES REGION



€ million	2022	2021	2020
Germany	665.1	561.7	391.6
Europe (excluding Germany)	1,038.0	958.6	671.4
Americas	1,275.1	652.3	453.7
China	742.4	934.8	758.8
Asia (excluding China), Africa, Australia	293.3	253.6	281.1
<b>Total</b>	<b>4,014.0</b>	<b>3,361.0</b>	<b>2,556.7</b>

## 2.44 — INCOME STATEMENT AND PROFITABILITY RATIOS

		2022	2021	2020
Sales	€ million	4,314.1	3,536.7	3,324.8
Cost of sales <sup>1</sup>	€ million	-3,375.3	-2,717.2	-2,728.6
of which cost of materials	€ million	-1,720.3	-1,315.2	-1,338.7
of which personnel expense	€ million	-807.6	-717.3	-663.4
of which depreciation and amortization	€ million	-90.9	-85.7	-79.0
Gross profit <sup>1</sup>	€ million	938.7	819.4	596.3
Overhead costs <sup>1,2</sup>	€ million	-736.7	-657.6	-585.9
EBITDA	€ million	337.5	299.4	125.3
EBIT	€ million	205.9	175.7	11.1
EBIT before extraordinary effects <sup>3</sup>	€ million	232.2	199.1	99.5
Financial result	€ million	-17.8	-43.1	-29.7
EBT	€ million	188.1	132.6	-18.5
Income taxes	€ million	-53.9	-47.6	4.7
Earnings after tax	€ million	134.3	84.9	-13.9
Earnings per share (basic)	€	1.89	1.20	-0.23
Earnings per share (diluted)	€	1.81	1.16	-0.23
Gross margin <sup>1</sup>	%	21.8	23.2	17.9
EBITDA margin	%	7.8	8.5	3.8
EBIT margin	%	4.8	5.0	0.3
EBIT margin before extraordinary effects <sup>3</sup>	%	5.4	5.6	3.0
EBT margin	%	4.4	3.7	-0.6
Return on sales after tax	%	3.1	2.4	-0.4
Interest coverage		10.8	4.1	0.5
Net financial liabilities to EBITDA		0.1	0.3	0.4
Tax rate	%	28.6	35.9	25.2
Return on equity	%	11.9	8.4	-1.5
Return on investment	%	3.6	3.3	0.7
ROCE	%	17.3	15.5	1.1

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

<sup>2</sup> Selling, administrative, and R&D expenses

<sup>3</sup> Extraordinary effects in 2022: €-26.3 million (2021: €-23.5 million)

## GROSS MARGIN OF 21.8%

Gross profit on sales increased by 14.6% to €938.7 million in 2022. As sales grew at a swifter pace than gross profit (22.0%), the gross margin contracted from 23.2% in the previous year to 21.8%. One reason for this was the lower gross margin in the second quarter (21.1%), which resulted from capacity utilization shortfalls and muted spare parts business during the lockdowns in China as well as the difficult situation with respect to the cost of materials. In addition, there were changes in the sales mix: Whereas high-margin service business had accounted for an above-average share of 32.0% in sales in 2021, there was strong growth in new machinery and equipment business in 2022. With its smaller margins, the Paint and Final Assembly Systems division's plant engineering business grew in particular, with the division posting the greatest sales increase of 31.9%.

## COST OF MATERIALS AND OVERHEAD COSTS

Total costs (cost of sales, selling, administration, R&D, and other operating expenses) rose by 22.4% in 2022 and thus moved almost fully in sync with sales. The cost of sales climbed by 24.2% and thus slightly more quickly than sales. This was due to the fact that the cost of materials increased by 30.8% to €1,720.3 million. On the other hand, the personnel expenses included in the cost of sales and depreciation/amortization grew substantially less quickly than sales. The increased cost of materials was in part the result of supply chain problems and the sharp rise in price inflation for materials. Added to this was the sharp increase in sales in Paint and Final Assembly Systems business with its high cost-of-materials ratio. On the other hand, the share in sales contributed by Woodworking Machinery and Systems and service business, both of which have a lower cost-of-materials ratio, contracted.

Overhead costs rose by 12.0% in 2022 due to currency-translation effects, among other things, and thus substantially more slowly than sales. As a result, their proportion relative to sales shrank from 18.6% in the previous year to 17.1%. Adjusted for acquisition effects, overhead costs would have increased by 10.6%. Within overhead costs, general administrative expenses exhibited the lowest increase of 7.9%. Driven by the sharp growth in business, selling expenses increased by 15.2%, while research and development expenses were raised by 10.2%.

## 2.45 — OVERHEAD COSTS AND EMPLOYEES IN 2022

	Employees (Dec. 31)	Costs (€ million)	Personnel expenses (€ million)	Depreci- ation and amortization (€ million)	Other costs (€ million)
Selling	2,107	-382.6	-274.2	-11.7	-96.7
(2021)	2,031	-332.0	-238.2	-11.0	-82.8
Administra- tive	1,763	-217.7	-141.9	-16.4	-59.4
(2021)	1,689	-201.7	-132.2	-15.7	-53.9
R&D	971	-136.5	-92.9	-8.0	-35.6
(2021)	922	-123.9	-82.6	-11.3	-29.9

## MODERATE GROWTH IN GROUP WORKFORCE

The Group headcount rose by 4.0% to 18,514 employees at the end of 2022. A good half of this increase was attributable to the high-growth Woodworking Machinery and Systems division. Annual average employee numbers were 5.8% up on the previous year. At the same time, personnel expense increased by 12.5% as a result of acquisition effects as well as higher fixed and performance-related remuneration. In addition, it should be borne in mind that, as a result of the pandemic, we were still making greater use of short-time work and similar cost-cutting instruments in the previous year. At €68,154 in 2021, personnel expense per employee was thus below the pre-pandemic figure of €69,055 recorded in 2019. In 2022, on the other hand, it increased to €72,463 (up 6.3%).

## 2.46 — KEY EMPLOYEE FIGURES

	2022	2021	2020
Employees (Dec. 31)	18,514	17,802	16,525
Employees (annual average)	18,169	17,173	16,334
Personnel expense (€ million)	-1,316.6	-1,170.4	-1,051.9
Personnel expense ratio (%)	30.5	33.1	31.6
Personnel expense per employee (annual average) (€)	-72,463	-68,154	-64,399
Sales per employee (annual average) (€)	237,441	205,943	203,552

Other operating income net of other operating expense stood at a positive €3.9 million. Among other things, it arose from extraordinary income in the mid-single-digit millions from the settlement of a legal dispute at Hekuma GmbH. As usual, the largest individual items within other operating income and expense were currency-translation gains and losses. Both increased significantly over the previous year, with the losses exceeding the gains by a good €8 million.

## 16.6% INCREASE IN EBIT BEFORE EXTRAORDINARY EFFECTS

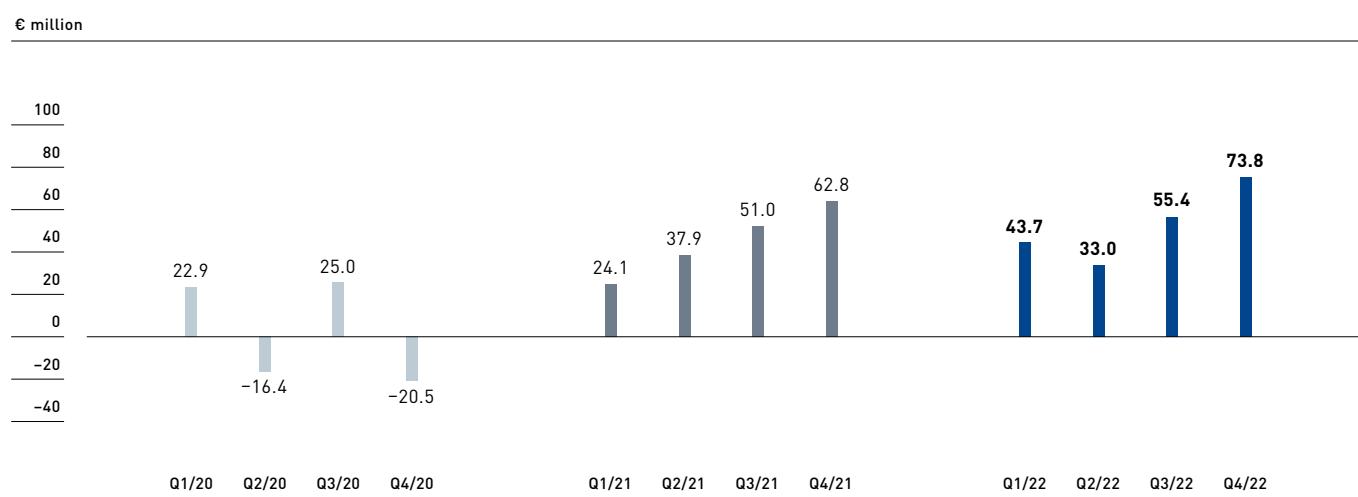
EBIT before extraordinary effects widened by 16.6% to €232.2 million in 2022 despite the high price of materials and additional expenses caused by supply chain problems. This growth was mainly underpinned by a significantly improved performance in the second half of the year, in which the high sales – including the price increases that we had implemented – as well as the nascent easing of conditions in the procurement markets left positive traces. We achieved the highest quarterly earnings of €83.7 million in the final quarter. This is equivalent to 36.1% of full-year EBIT before extraordinary effects and marks an increase of one third over the previous year. Thanks to the strong final quarter, we were able to recoup, at least partially, the decline in earnings in the second quarter caused by the pandemic lockdowns in China.

At 5.4%, the EBIT margin before extraordinary effects reached the lower half of the full-year target range (5.0% to 6.5%) that had been adjusted in May. This was materially due to the high margin of 6.8% in the fourth quarter. At 8.3%, Application Technology recorded the highest EBIT margin before extraordinary effects in 2022. Woodworking Machinery and Systems made the greatest contribution to earnings of €124.8 million, accounting for 53.7% of total EBIT before extraordinary effects.

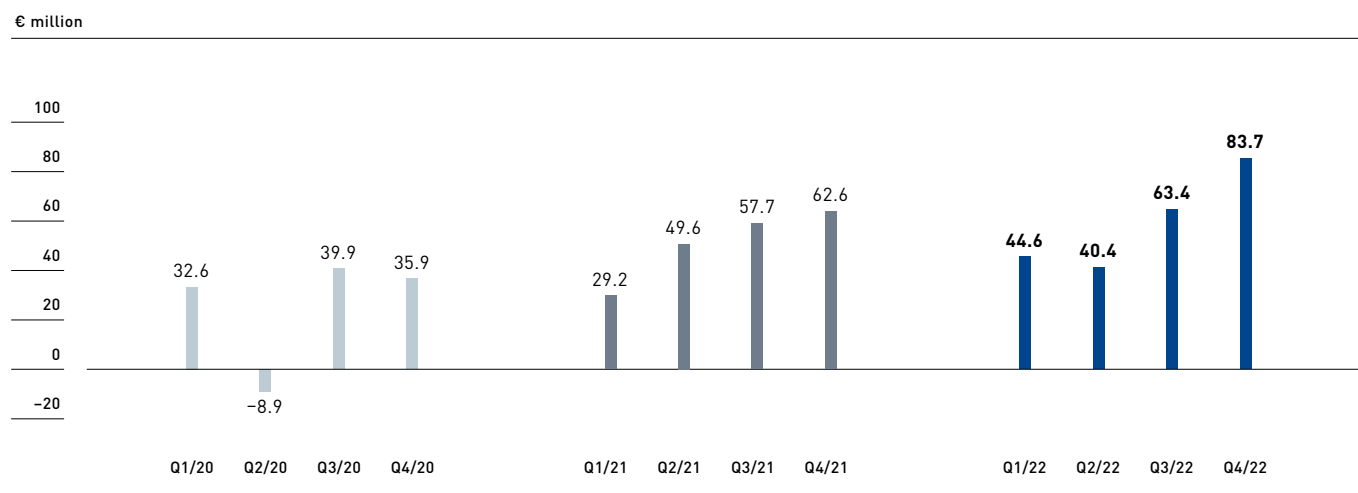
EBIT rose by 17.2% to €205.9 million, whereas the EBIT margin contracted slightly to 4.8% (previous year: 5.0%). Net extraordinary expense of €26.3 million arose, marking an increase of 12.0% over the previous year (€23.5 million). The largest item within extraordinary effects was the purchase price allocation effects of €-23.9 million. Restructuring and impairments in Russian business caused extraordinary expenses of €7.0 million, mainly relating to Woodworking Machinery and

Systems. With respect to the positive extraordinary effects, the above-mentioned proceeds from the settlement of the legal dispute at Hekuma are particularly worth mentioning. An overview of the extraordinary effects can be seen in → [table 2.49](#). Currency-translation effects added €11.4 million to EBIT in contrast to the previous year, in which they had virtually no influence at all.

## 2.47 — EBIT BY QUARTER



## 2.48 — EBIT BEFORE EXTRAORDINARY EFFECTS BY QUARTER



## 2.49 — EXTRAORDINARY EFFECTS WITHIN EBIT

€ million	2022	2021	2020
Paint and Final Assembly Systems	-2.3 • Purchase price allocation expense/income • Restructuring expense/impairment for Russia • Proceeds from lower variable purchase price payment • Proceeds from legal dispute • Impairments	-6.2 • Purchase price allocation expense/income • Expense/income for measures to secure future viability/capacity adjustment in Europe	-30.5 • Purchase price allocation expense • Expense for measures to secure future viability/capacity adjustment in Europe
Application Technology	0.0 –	-0.1 • Purchase price allocation expense • Expense/income for measures to secure future viability/capacity adjustment in Europe	-24.8 • Purchase price allocation expense • Expense for measures to secure future viability/capacity adjustment in Europe • Proceeds from legal dispute
Clean Technology Systems	-5.6 • Purchase price allocation expense • Closure of US plant	-7.3 • Purchase price allocation expense • Closure of US plant • Integration expense for Megtec/Universal • Income from sale of buildings	-6.9 • Purchase price allocation expense • Expense for measures to secure future viability/capacity adjustment • Integration expense for Megtec/Universal • Proceeds from sale of building
Measuring and Process Systems	-0.4 • Purchase price allocation expense • Restructuring expense/impairment for Russia	-0.4 • Purchase price allocation expense • Expense/income for measures to secure future viability/capacity adjustment in Europe	-3.0 • Purchase price allocation expense • Expense for measures to secure future viability/capacity adjustment in Europe
Woodworking Machinery and Systems	-17.3 • Purchase price allocation expense • Restructuring expense/impairment for Russia • Personnel expense from acquisitions • Restructuring expense/income	-15.7 • Purchase price allocation expense • Capacity adjustment expense/income • Transaction costs and personnel expense from acquisitions • Impairments • Income from sale of building	-17.1 • Purchase price allocation expense • Acquisition transaction costs • Capacity adjustment expense • Impairments
Corporate Center	-0.7 • Personnel expense from acquisitions	6.3 • Proceeds from legal dispute • Personnel expense from acquisitions	-6.2 • Expense for legal dispute • Capacity adjustment expense • Acquisition transaction costs
<b>Total</b>	<b>-26.3</b>	<b>-23.5</b>	<b>-88.4</b>

## SUBSTANTIAL IMPROVEMENT IN FINANCIAL RESULT

The financial result came to €-17.8 million, representing a significant improvement of 58.7% over 2021. It should be borne in mind that the previous year's figure (€-43.1 million) had included extraordinary expense of €17.0 million arising in the third quarter of 2021 in connection with the renewed pooling agreement between

Dürr Technologies GmbH and the Schuler/Klessmann shareholder group, which holds 14.05% of the shares in HOMAG Group AG. In addition, the financial result benefited from an improvement in investment income and significantly higher interest income in 2022, while interest expenses decreased following the redemption of financial instruments in April 2021. Moreover, expenses had been incurred in 2021 in connection with the early redemption of long-term finance at Teamtechnik.

## SUBSTANTIAL IMPROVEMENT IN EARNINGS AFTER TAX

Driven by the sharp improvement in financial result, earnings before tax increased by 41.9% to €188.1 million. The tax rate fell to 28.6% after rising to an exceptionally high 35.9% in the previous year due to the renewal of the pooling agreement with the Schuler/Klessmann shareholder group. Accordingly, earnings after tax climbed substantially, as expected, by 58.1% to €134.3 million, resulting in basic earnings per share of €1.89.

The higher earnings in 2022 give us scope for increasing the dividend substantially. We therefore propose a 40.0% increase over the previous year's dividend to €0.70 per share. This is equivalent to a total payout of €48.4 million and a proportion of 36.1% of the earnings after tax for 2022. This places the payout ratio in the top half of the range of 30% to 40% of earnings after tax defined in our dividend policy. The dividend proposal leaves Dürr AG with a remaining net retained profit of €658.9 million, which is to be carried forward.

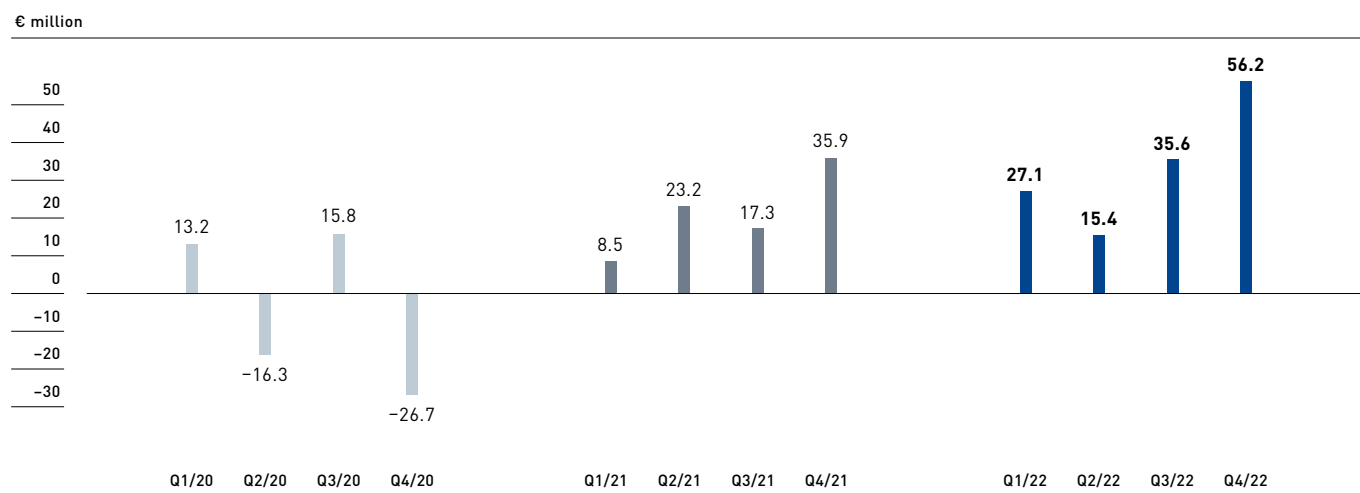
## SEGMENT REPORT: DIVISIONS

### 2.51 — EBIT BY DIVISION

€ million	2022	2021	2020
Paint and Final Assembly Systems	55.0	35.2	6.4
Application Technology	48.9	41.2	-5.8
Clean Technology Systems	5.8	9.2	13.7
Measuring and Process Systems	16.8	17.9 <sup>1</sup>	-2.9
Woodworking Machinery and Systems	107.5	76.6 <sup>1</sup>	9.9
Corporate Center/consolidation	-28.0	-4.4 <sup>1</sup>	-10.3
<b>Total</b>	<b>205.9</b>	<b>175.7</b>	<b>11.1</b>

<sup>1</sup> Due to the transfer of tooling business from Woodworking Machinery and Systems to Measuring and Process Systems, the figures for 2021 have been adjusted and therefore differ from those shown in the 2021 annual report. The figures for 2020 have not been adjusted.

### 2.50 — EARNINGS AFTER TAX BY QUARTER



## 2.52 — PAINT AND FINAL ASSEMBLY SYSTEMS – KEY FIGURES<sup>1</sup>

€ million	2022	2021	2020	Q1 2022	Q2 2022	Q3 2022	Q4 2022
Order intake	1,786.6	1,361.9	1,144.5	460.6	411.9	546.7	367.4
Sales	1,436.2	1,088.7	1,176.0	263.9	326.0	376.6	469.7
Gross profit <sup>2</sup>	213.8	177.5	132.3	45.3	41.4	56.0	71.1
EBITDA	89.1	65.3	31.5	21.8	8.0	20.7	38.6
EBIT	55.0	35.2	6.4	13.7	-0.7	13.2	28.8
EBIT before extraordinary effects	57.3	41.4	36.9	9.0	1.1	15.3	31.9
EBIT margin	3.8%	3.2%	0.5%	5.2%	-0.2%	3.5%	6.1%
EBIT margin before extraordinary effects	4.0%	3.8%	3.1%	3.4%	0.3%	4.1%	6.8%
Cash flow from operating activities	29.4	33.2	17.4	27.7	-14.6	13.3	3.0
Capital expenditure	31.0	26.4	18.3	7.1	6.6	7.3	10.0
Capital employed	419.8	345.6	173.7	335.0	351.4	357.0	419.8
ROCE	13.1%	10.2%	3.7%	16.4%	-0.8%	14.8%	27.5%
Employees	5,439	5,258	4,383	5,246	5,292	5,348	5,439

<sup>1</sup> Teamtechnik consolidated from February 5, 2021, Cogiscan from February 15, 2021, Hekuma from July 30, 2021

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

### Paint and Final Assembly Systems

Order intake in the Paint and Final Assembly Systems division climbed by 31.2% in 2022, reaching a new record of €1,786.6 million. This performance was driven by high demand in the automotive industry, which, among other things, invested heavily in production technology for electric vehicles as well as in paint shop sustainability and energy efficiency. The North American market in particular was in good shape, with the division able to more than double new orders and gain 38.0% of its order intake in that region. On an encouraging note, we were able to arrange price-escalation clauses for many big-ticket orders received in 2022. These substantially reduce exposure to inflation risks during order execution. Production Automation Systems including Teamtechnik and Hekuma, which had been added in 2021, also recorded significant order growth in automotive business as well as in medtech automation and solar module production.

Sales were heavily impacted in the first half of the year by supply chain problems and lockdowns in China. They subsequently picked up significantly, achieving an increase of 31.9% over the year as a whole compared to the low figure for the previous year, which had been dragged down by the effects of the pandemic. The fourth quarter in particular contributed to this growth with record sales of €469.7 million. Sales from service business expanded by 5.8%, accounting for almost 30% of the division's total sales.

Earnings were also burdened by several factors in the first half of the year, including high material prices, the execution of low-margin orders that had been awarded in the pandemic year of 2020, and the lockdowns in China. In the second half of the year, the nascent easing of conditions in the procurement markets and the higher sales resulted in a significant improvement in earnings. In addition, the execution of higher-margin orders left traces. At 4.0%, the full-year EBIT margin before extraordinary effects was above the previous year's figure, despite the fact that it shrank to 0.3% in the second quarter due to the pandemic-related restrictions in China. In the fourth quarter with its strong sales, we achieved a large margin of 6.8% and more than 50% of the full-year EBIT before extraordinary effects. Looking forward to 2023, we project rising earnings thanks, among other things, to the margin-oriented "value before volume" sales strategy.

Capital expenditure was increased by 17.3%. The most important items were building investments in Poland and China. Cash flow from operating activities came very close to repeating the previous year's figure, benefiting from continued high prepayments in addition to the increased earnings. As earnings grew significantly faster than **capital employed** → [page 263](#), **ROCE** → [page 263](#) widened to 13.1% despite a temporary slump in the second quarter due to the lockdowns in China.



## 2.53 — APPLICATION TECHNOLOGY – KEY FIGURES

€ million	2022	2021	2020	Q1 2022	Q2 2022	Q3 2022	Q4 2022
Order intake	654.0	535.3	473.0	167.8	150.9	197.8	137.7
Sales	586.6	471.1	461.4	122.9	141.3	155.2	167.3
Gross profit <sup>1</sup>	132.7	117.6	77.6	29.4	30.9	33.0	39.4
EBITDA	62.2	54.0	8.1	12.7	12.9	15.7	20.9
EBIT	48.9	41.2	-5.8	9.6	9.3	12.5	17.5
EBIT before extraordinary effects	48.8	41.3	19.0	9.5	9.2	12.6	17.5
EBIT margin	8.3%	8.7%	-1.2%	7.8%	6.6%	8.1%	10.4%
EBIT margin before extraordinary effects	8.3%	8.8%	4.1%	7.7%	6.5%	8.1%	10.5%
Cash flow from operating activities	32.5	13.6	53.8	22.2	-12.7	13.4	9.6
Capital expenditure	14.1	9.9	10.0	2.2	4.3	2.4	5.2
Capital employed	309.8	291.3	263.5	274.9	297.4	300.1	309.8
ROCE	15.8%	14.1%	-2.2%	14.0%	12.5%	16.7%	22.6%
Employees	2,040	2,026	2,162	1,984	1,981	2,026	2,040

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

### Application Technology

Application Technology posted a new record in order intake of €654.0 million in 2022, exceeding the previous year's figure by 22.2%. With the exception of China, the division was able to grow in all market regions. North American business was very encouraging, with order intake doubling thanks to two large robot orders awarded in the third quarter.

Sales improved from quarter to quarter, thus exhibiting the same pattern as in the Paint and Final Assembly Systems sister division. A strong 24.5% gain over 2021 was generated. In the second half of the year, Application Technology benefited from the emerging normalization of the supply chain situation. Sales from service business displayed relatively moderate growth of 4.4%. However, it should be borne in mind that in the second quarter they were significantly affected by customers' plant closures during the lockdowns in China.

The pandemic-related restrictions in China also took their toll on earnings. In the second quarter, the EBIT margin before extraordinary effects shrank to 6.5% due to the decline in service business during the lockdowns. Although this was followed by a noticeable improvement in margins in the second half of the year, this effect was dampened by the high proportion of sales from less profitable equipment business, with the result that the decline in the margin in the second quarter was not fully recouped. Therefore, at 8.3%, the full-year EBIT margin before extraordinary effects did not quite meet the previous year's figure.

The increase in capital expenditure (42.0%) was due to, among other things, higher capitalized development costs in connection with a new [sealing technology](#) → [page 262](#) product. Cash flow from operating activities widened significantly, although we stockpiled inventories to address supply chain problems. [ROCE](#) → [page 263](#) also continued to improve. Both items benefited from high prepayments received as well as the increased earnings.

## 2.54 — CLEAN TECHNOLOGY SYSTEMS – KEY FIGURES

€ million	2022	2021	2020	Q1 2022	Q2 2022	Q3 2022	Q4 2022
Order intake	587.1	449.6	400.2	112.2	126.1	116.6	232.2
Sales	456.1	388.3	389.7	95.8	116.5	117.6	126.2
Gross profit <sup>1</sup>	71.1	66.7	69.7	13.2	18.3	18.6	21.1
EBITDA	15.7	18.6	25.5	1.2	4.7	4.1	5.7
EBIT	5.8	9.2	13.7	-1.2	2.1	1.6	3.3
EBIT before extraordinary effects	11.4	16.5	20.6	0.2	3.5	3.0	4.7
EBIT margin	1.3%	2.4%	3.5%	-1.3%	1.8%	1.4%	2.6%
EBIT margin before extraordinary effects	2.5%	4.3%	5.3%	0.2%	3.0%	2.6%	3.7%
Cash flow from operating activities	85.2	14.7	25.0	19.4	-6.1	22.0	50.0
Capital expenditure	6.9	4.6	2.3	1.7	0.8	1.5	2.9
Capital employed	64.6	139.0	132.7	120.0	132.5	119.3	64.6
ROCE	9.0%	6.6%	10.3%	-4.0%	6.3%	5.4%	20.5%
Employees	1,363	1,381	1,348	1,410	1,413	1,414	1,363

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

### Clean Technology Systems

Clean Technology Systems also posted strong order growth (30.6%) in 2022, which led to a new record in order intake. After remaining remarkably steady in the first three quarters, order intake rose to a new level in the final quarter and reached €232.2 million. For one thing, this was due to high demand in the chemical industry in traditional business in exhaust-air purification systems. And for another, the division was also able to generate strong growth with its future-oriented business in technologies for battery cell production. This segment accounted for around one third of the high order intake in the fourth quarter. Among other things, Clean Technology Systems received another big-ticket contract in Germany for the delivery of solvent-recovery systems for electrode production. Earlier in the year, the Chinese world market leader CATL had placed a large-scale order for its new battery factory in the German state of Thuringia.

Sales improved from quarter to quarter, increasing by 17.4%. Despite the difficult supply chain situation over much of the year, they increased year-on-year in all four quarters. On a particularly encouraging note, sales from service business expanded more quickly than equipment sales, thereby reaching a share of over 30% of total sales.

Earnings were impacted by high material costs, which were particularly noticeable in US business with its high sales. Against this backdrop and as a result of a weak first quarter, the EBIT margin before extraordinary effects came to 2.5% and was thus lower than in the previous two years. A positive trend in the margin emerged – albeit at a low level – in the final quarter and should continue in 2023.

Capital expenditure increased over the previous year but remained at a low level, equivalent to 1.5% of sales. Cash flow from operating activities was very favorable thanks to a strong fourth quarter and lower net working capital. **ROCE → page 263** also improved despite the unsatisfactory EBIT, as **capital employed → page 263** declined significantly.

## 2.55 — MEASURING AND PROCESS SYSTEMS – KEY FIGURES<sup>1</sup>

€ million	2022	2021	2020	Q1 2022	Q2 2022	Q3 2022	Q4 2022
Order intake	326.0	268.3	183.3	101.1	76.2	82.1	66.6
Sales	276.2	260.3	196.0	66.8	62.4	71.2	75.8
Gross profit <sup>2</sup>	88.1	84.9	58.6	21.4	17.9	23.0	25.8
EBITDA	28.7	29.4	6.7	6.5	3.3	8.2	10.8
EBIT	16.8	17.9	-2.9	3.7	0.3	5.2	7.6
EBIT before extraordinary effects	17.2	18.6	0.2	3.7	0.4	5.3	7.8
EBIT margin	6.1 %	6.9 %	-1.5 %	5.5 %	0.5 %	7.3 %	10.0 %
EBIT margin before extraordinary effects	6.2 %	7.1 %	0.1 %	5.6 %	0.6 %	7.4 %	10.3 %
Cash flow from operating activities	30.7	22.2	82.7	1.5	-3.7	12.0	21.0
Capital expenditure	18.3	19.2	7.8	4.4	4.2	2.9	6.8
Capital employed	186.8	161.9	167.9	186.1	195.0	191.5	186.8
ROCE	9.0 %	10.7 %	-1.7 %	7.8 %	0.6 %	10.8 %	16.3 %
Employees	1,707	1,652	1,407	1,686	1,694	1,718	1,707

<sup>1</sup> Due to the transfer of tooling business from Woodworking Machinery and Systems to Measuring and Process Systems, the figures for 2021 have been adjusted and therefore differ from those shown in the 2021 annual report (except cash flow, capital employed, and ROCE). The figures for 2020 have not been adjusted.

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

### Measuring and Process Systems

Order intake in the Measuring and Process Systems division climbed by 21.5% to €326.0 million in 2022, reaching a significantly higher level than expected at the beginning of the year. The division grew in all major market regions, particularly in China, where there was strong demand for **balancing technology** → [page 262](#) for e-mobility drive components. Conspicuously, the volume of new orders was far above the average in the first quarter.

At 6.1%, sales grew much more moderately than order intake. This was mainly due to significant problems in the supply of materials in the first half of the year. An improvement in the supply chain situation emerged in the third quarter and, on the strength of this, the division achieved good sales of more than €75 million in the final quarter. Service business expanded in 2022, accounting for well over 30% of total sales.

Earnings painted a very mixed picture in the course of the year. In the first half of the year, the margin was significantly impacted by supply chain problems, lower sales, and the lockdowns in China. Thereafter, the improved availability of materials and, resulting from this, higher sales led to a sequential widening of the EBIT margin before extraordinary effects. In the final quarter of the year, it again exceeded 10% for the first time since the fourth quarter of 2019, thus reaching the target for Measuring and Process Systems.

At €18.3 million, capital expenditure was somewhat lower than in the previous year. Key projects were the construction of a new production hall for the Tire & Wheels business unit in India as well as the expansion of the Schenck One digital offering. Cash flow from operating activities improved over the previous year. On the other hand, **ROCE** → [page 263](#) shrank from 10.7% to 9.0%, as **capital employed** → [page 263](#) increased in tandem with a slight decline in EBIT.

### Woodworking Machinery and Systems

With order intake of €1,705.8 million, Woodworking Machinery and Systems came very close to repeating the previous year's record, although orders from the furniture industry declined as expected in the second half of the year. The normalization of demand was driven by lower furniture purchases due to high inflation and rising interest rates. In addition, there was a cyclical effect: During the coronavirus pandemic, many consumers had bought new furniture as they were spending more time at home; this trend waned in the course of 2022. Looking forward to 2023, however, we do not expect to see a dramatic drop in demand for furniture production technology as the pressure on our customers to automate will strengthen in view of the shortage of labor. In addition, the consolidation process in the furniture industry is calling for additional investment. Given the large installed base of machines and systems, service business also offers additional opportunities.

## 2.56 — WOODWORKING MACHINERY AND SYSTEMS – KEY FIGURES<sup>1,2</sup>

€ million	2022	2021	2020	Q1 2022	Q2 2022	Q3 2022	Q4 2022
Order intake	1,705.8	1,712.8	1,093.2	573.8	457.0	386.8	288.2
Sales	1,602.1	1,366.4	1,112.2	366.8	414.7	413.4	407.2
Gross profit <sup>3</sup>	433.6	368.6	256.3	104.5	113.1	111.1	104.9
EBITDA	163.0	134.2	60.8	36.8	41.9	45.5	38.8
EBIT	107.5	76.6	9.9	22.8	27.8	29.6	27.3
EBIT before extraordinary effects	124.8	92.0	27.0	26.8	31.7	33.8	32.3
EBIT margin	6.7%	5.6%	0.9%	6.2%	6.7%	7.2%	6.7%
EBIT margin before extraordinary effects	7.8%	6.7%	2.4%	7.3%	7.7%	8.2%	7.9%
Cash flow from operating activities	104.4	159.6	48.6	43.9	17.4	58.8	-15.6
Capital expenditure	65.5	45.9	35.8	15.8	12.2	22.2	15.3
Capital employed	421.5	381.5	403.6	350.0	374.3	359.7	421.5
ROCE	25.5%	20.1%	2.5%	26.1%	29.7%	32.9%	25.9%
Employees	7,525	7,164	6,942	7,274	7,333	7,462	7,525

<sup>1</sup> Kallseoe consolidated from April 28, 2021, Roomle from August 13, 2021

<sup>2</sup> Due to the transfer of tooling business from Woodworking Machinery and Systems to Measuring and Process Systems, the figures for 2021 have been adjusted and therefore differ from those shown in the 2021 annual report (except cash flow, capital employed, and ROCE). The figures for 2020 have not been adjusted.

<sup>3</sup> As of 2021, impairments and derecognitions of trade receivables and contract assets are recognized within the cost of sales (previously selling expenses). The figures for the previous year have been adjusted slightly.

Moreover, business in production technology for timber house construction is exerting a stabilizing effect on order intake. This segment is gaining more and more weight as a second business mainstay, as the outlook is consistently good due to the trend toward the construction of climate-friendly timber houses. In 2022, Woodworking Machinery and Systems received extensive orders for automated systems for the industrial production of timber construction elements primarily in North America. This materially helped the division to more than double its order intake in North and Central America compared with 2020, with this region accounting for 31.4% of total order intake.

Sales rose by 17.3% despite supply chain problems in the availability of materials and reached a new record figure of over €1.6 billion. Despite this, the book-to-bill ratio of 1.06 was above 1. At 3.4%, the growth in service business was more moderate than in equipment business, while its share in total division sales was below the Group figure of 28.2%. Looking ahead over the next few years, service business is to be expanded significantly. One important prerequisite for this is the recruitment of additional employees, which was stepped up in 2022.

Earnings improved significantly in 2022, despite the fact that the supply chain problems entailed additional material procurement expenses. The high sales and several price adjustments had a positive impact on profitability. An additional boost came from the optimization and efficiency measures that have been implemented since 2019.

The sharp increase in capital expenditure (up 42.8%) reflects our investment program for expanding and modernizing several sites by 2024. Cash flow from operating activities again reached the three-digit millions, spurred by the increased earnings and high prepayments received. It was burdened by stockpiling to address the bottlenecks in the supply of materials. **ROCE** → [page 263](#) continued to improve, reaching the target figure of 25.5% defined for the Group as a whole.

### Corporate Center

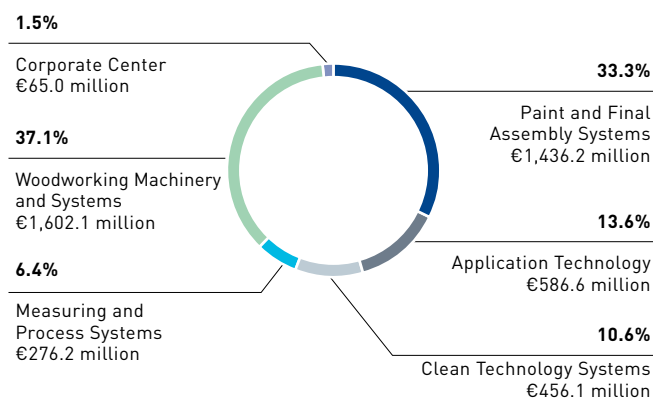
Corporate Center EBIT came to €-28.0 million, compared with €-4.4 million in the previous year. The main reason for this weaker performance was the expenditure on synergy projects within the OneDürrGroup program, together with currency-translation effects and increased personnel expenses at Dürr AG as a result of the larger headcount, and higher salaries. The consolidation effects included in EBIT amounted to €-1.3 million. The costs of the Corporate Center are materially covered by transfer payments from the Group companies. In return, the Corporate Center provides intra-group services, e.g. in the areas of IT, law, tax, and finance. Further information can be found in the chapter entitled “[The Group at a glance](#)” → [page 23](#).

## 2.57 — SALES, ORDER INTAKE AND EMPLOYEES (DECEMBER 31, 2022) BY DIVISION

# 4,314.1

SALES (€ MILLION)

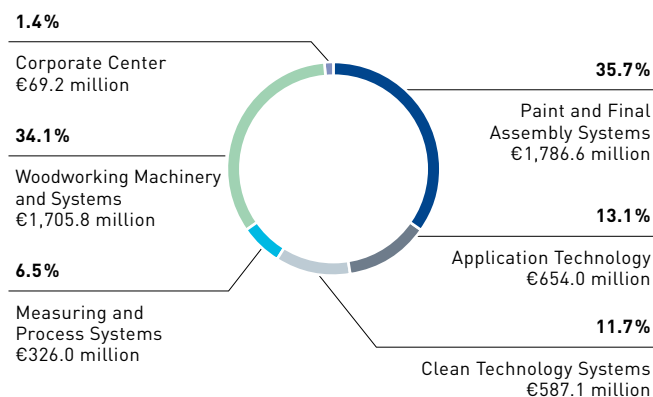
### SALES<sup>1</sup>



# 5,008.4

ORDER INTAKE (€ MILLION)

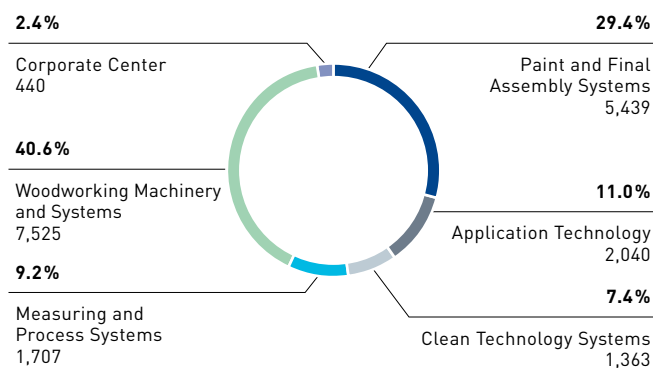
### ORDER INTAKE<sup>1</sup>



# 18,514

EMPLOYEES

### EMPLOYEES



<sup>1</sup> The consolidated figure for sales and order intake does not equal the sum total of the figures for the divisions and the Corporate Center as internal sales and order intake are eliminated for consolidation purposes.

## Financial development

### FUNDING AND LIQUIDITY MANAGEMENT

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

Cash flow from operating activities is the principal source of funding. We reinforce it through disciplined net working capital management, enabling us to tie down resources for no longer than 40 to 50 days. In addition, cash flow should benefit in the future from the increase in sales and margins targeted as part of our medium-term goals.

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

Group Treasury invests surplus funds in compliance with our financial asset management policy. At €866.1 million, cash and cash equivalents (including term deposits) at year-end 2022 were up by 3.4% year-on-year (€837.9 million) and accounted for 19.1% of total assets (Dec. 31, 2021: 20.2%).

### FUNDING STRUCTURE

In 2022, there were no maturities of financial liabilities, nor did we place any new financing instruments. A tranche of a Schuldschein loan amounting to approximately €50 million will mature in April 2023; there are no further maturities in the current year. Sufficient cash and cash equivalents are available for repayment of the tranche. In order to maintain our large liquidity leeway – also in view of possible acquisitions – and to broaden the maturity structure, we plan to issue a new Schuldschein loan at the beginning of the second quarter of 2023. For further information, please refer to the section entitled “Events after the reporting period” → [page 103](#).

Our funding structure comprised the following elements as of December 31, 2022:

- **Sustainability-linked convertible bond:** The convertible bond with a value of €150 million placed in September 2020 matures in January 2026. The coupon is 0.75%, the conversion price is currently €33.24 per share; originally it was €34.22 per share, reflecting a premium of 40%. The convertible bond is linked to a sustainability component in the form of a separate interest rate derivative. If our sustainability rating as determined by EcoVadis does not improve to a certain level, we pay a fixed amount to UniCredit Bank, which will use it to support sustainable projects.
- **Four Schuldschein loans, three of which are sustainability-linked:** In 2019, we were the first company worldwide to place a sustainability-linked Schuldschein loan worth €200 million. As with its counterparts placed in the subsequent year, its interest rate is linked to our sustainability rating. The tranches have maximum maturities of ten years; the interest rate averaged 0.84% at the time of issue. The sustainability-linked Schuldschein loan issued in March 2020 has a volume of €115 million with an average interest rate of 0.9% at issue. We secured a further €200 million by placing another sustainability-linked Schuldschein loan in December 2020. The interest rate at issue averaged 2.0% and we received the proceeds in January 2021. Both Schuldschein loans issued in 2020 consist of tranches with maturities of up to ten years. Their interest is linked to our EcoVadis sustainability rating. A further €150 million is still available from a Schuldschein loan placed in 2016 without a sustainability component (average interest rate 1.6% on placement, maturing no later than 2026).
- **Syndicated loan:** A syndicated loan amounting to €750 million has been available to us since the end of July 2019. As in the case of the 2019 and 2020 Schuldschein loans, its interest rate is linked to our sustainability rating. The loan is divided into a cash line of €500 million and a guarantee line of €250 million. Its maturity is scheduled to end in 2026.
- **Leases:** At the end of 2022, leasing liabilities in accordance with IFRS 16 amounted to €94.8 million (Dec. 31, 2021: €95.7 million).
- **Bilateral credit facilities:** Their volume came to €37.5 million as of December 31, 2022 (Dec. 31, 2021: €34.1 million).
- **Other:** We make use of money market and capital market instruments. Off-balance sheet financing instruments in the form of sales of receivables (mainly forfaiting) were not used in 2022 (Dec. 31, 2021: €0.2 million).

For further information on the deployment of financial instruments, please refer to the section entitled “**Currency, interest rate and liquidity risks as well as financial instruments for risk mitigation purposes**” in the “**Risk report**” → page 104.

## 2.58 — FINANCIAL LIABILITIES (DECEMBER 31)

€ million	2022	2021	2020
Convertible bond/Schuldschein loan/corporate bond <sup>1</sup>	806.3	803.7	951.9
Liabilities to banks	0.9	27.0	0.0
Leasing liabilities	94.8	95.7	98.4
Other interest-bearing financial liabilities	1.9	1.8	7.1
Interest deferral	8.7	9.2	10.6
<b>Total</b>	<b>912.6</b>	<b>937.4</b>	<b>1,068.0</b>
of which due within one year	87.8	39.6	394.2

<sup>1</sup> Corporate bond only included in 2020, repaid in 2021

The slight decline in financial liabilities to €912.6 million (–2.6%) as of December 31, 2022, largely resulted from the reduction in liabilities to banks. At the end of 2022, we had credit and guarantee lines totaling €1,850.5 million at our disposal, of which €610.7 million were utilized, exclusively for guarantees. As in the previous year, the cash lines of the syndicated loan remained unutilized in 2022. Apart from the guarantee line under the syndicated loan, there are additional guarantee lines amounting to €1,063.0 million.

## FREE CASH FLOW CLOSE TO PREVIOUS YEAR'S LEVEL

### 2.59 — CASH FLOWS

€ million	2022	2021	2020
Cash flow from operating activities	264.7	257.0	215.0
Cash flow from investing activities	13.3	–121.9	–119.2
Cash flow from financing activities	–141.3	–334.2	27.4

## 2.60 — CALCULATION OF CASH FLOW FROM OPERATING ACTIVITIES AND FREE CASH FLOW<sup>1</sup>

€ million	2022	2021	2020
Earnings before income taxes	188.1	132.6	–18.5
Depreciation and amortization	131.6	123.7	114.2
Interest result	19.1	42.9	35.3
Income tax payments	–59.2	–45.5	–32.7
Change in provisions	–47.3	–18.0	40.6
Change in net working capital	13.9	19.9	113.5
Other	18.5	1.5	–37.3
<b>Cash flow from operating activities</b>	<b>264.7</b>	<b>257.0</b>	<b>215.0</b>
Interest payments (net)	–14.8	–22.8	–22.4
Repayment of leasing liabilities	–31.1	–34.3	–29.7
Investment in property, plant and equipment, and intangible assets	–101.8	–79.0	–52.1
<b>Free cash flow</b>	<b>117.1</b>	<b>120.8</b>	<b>110.7</b>
Dividend payment	–37.4	–23.8	–56.5
Payment for acquisitions	–30.7	–77.7	–9.4
Other cash flows	4.1	–69.8	5.4
<b>Change in net financial status</b>	<b>53.1</b>	<b>–50.5</b>	<b>50.3</b>

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

**Cash flow from operating activities** improved by €7.7 million in 2022, to €264.7 million. This was due chiefly to the positive earnings development. We also benefited from the fact that **net working capital (NWC)** → page 263 fell by €12.0 million to €415.9 million at the end of the year. On the one hand, NWC development was characterized by the increase in inventories and manufactured products. It resulted from the recovery in business as well as from the targeted build-up of safety stocks to ensure our ability to deliver despite the supply chain bottlenecks. On the other hand, we received higher prepayments as a result of the strong growth in incoming orders, and trade payables also increased due to the growth in sales and increased capital expenditures. The turnover time of NWC measured in days (days working capital) was 34.7 days at the end of 2022, below the target corridor of 40 to 50 days.

**Cash flow from investing activities** improved by €135.2 million, to reach €13.3 million (previous year: €–121.9 million). The main reason for this was the reversal of term deposits amounting to €104.6 million; in contrast, we had reduced term deposits by only €14.6 million in the previous year. Adjusted for the effects of term deposits, the outflow of funds decreased by €45.1 million. It resulted chiefly from the decline in expenditure on acquisitions to



€5.0 million from €74.9 million in 2021. Payments for acquisition of property, plant, and equipment as well as intangible assets increased by €22.8 million year-on-year, to €101.8 million. The inflow of cash and cash equivalents from the disposal of available-for-sale assets amounted to €6.4 million and was thus almost at the level of the previous year (€7.9 million).

**Cash flow from financing activities** amounted to €-141.3 million. It included outflows of a similar amount from the payment of interest and dividends, the repayment of lease liabilities and non-current financial liabilities, and the acquisition of the remaining shares (49%) in the Italian subsidiary CPM. In 2021, the cash outflow amounted to €334.2 million, to which the repayment of maturing financial instruments in the amount of €349.0 million made a key contribution. In addition, in the prior year there were cash outflows for dividend payments and for the repayment of debt of acquired companies (mainly Teamtechnik, Hekuma). This was offset by an inflow in January 2021 of around €200 million from a Schuldschein loan issued in December 2020.

**Free cash flow** reflects the volume of funds freely available after all expenses in a given period in order to pay dividends, make acquisitions, and/or lower the level of debt. At €117.1 million in 2022, it was almost on a par with the previous year's figure of €120.8 million. The improvement in operating cash flow and lower interest payments did not fully offset the higher outflows attributable in particular to investments in property, plant, and

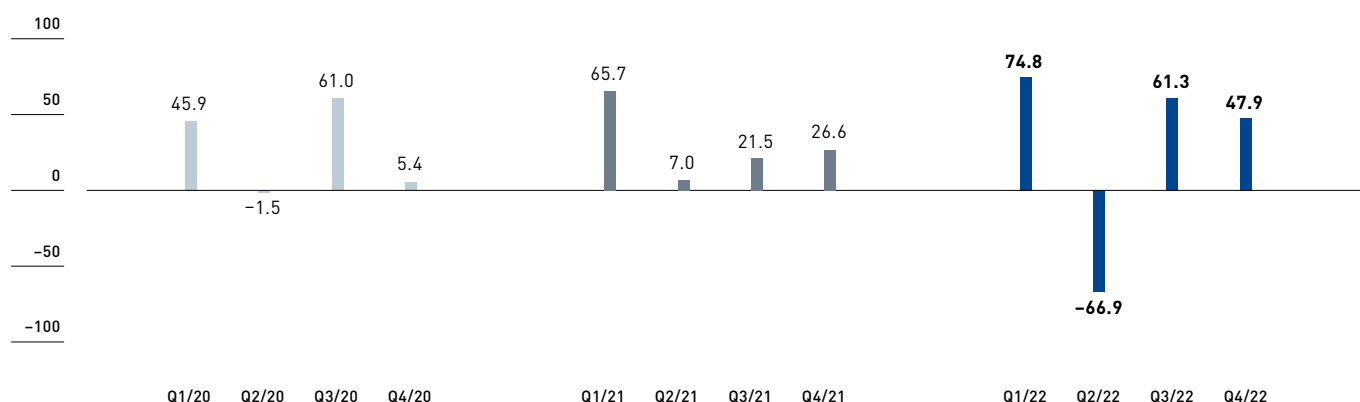
equipment as well as intangible assets. In order to be able to assess the adequacy of **free cash flow** → [page 263](#) in relation to the financing of our growth, we have defined the cash conversion rate as a new key performance indicator. It expresses the ratio of free cash flow to after-tax earnings and is expected to sustainably exceed 80% after completion of the investment program at HOMAG, scheduled to run until 2024. In 2022, the cash conversion rate was 87.2%; in the previous year, it had amounted to 142.3%.

## 2.62 — NET FINANCIAL STATUS (DECEMBER 31)

€ million	2022	2021	2020
Checks, cash in hand, and balances with banks	716.1	583.1	769.2
+ Securities and term deposits	150.1	254.8	249.8
- Corporate bond and convertible bond	142.5	140.2	437.8
- Liabilities to banks	0.9	27.0	0.0
- Schuldschein loans	663.8	663.5	514.1
- Accrued/deferred interest on financial liabilities	8.7	9.2	10.6
- Leasing liabilities	94.8	95.7	98.4
- Other loans	1.9	1.8	7.1
= <b>Net financial status</b>	<b>-46.4</b>	<b>-99.5</b>	<b>-49.0</b>

## 2.61 — FREE CASH FLOW BY QUARTER

€ million



Net financial debt decreased by €53.1 million compared to year-end 2021, to €46.4 million. In addition to the virtually unchanged good free cash flow, this was mainly due to lower expenditures for acquisitions, which more than compensated for the increase in dividend payments. Net financial debt included €94.8 million in leasing liabilities.

## OPERATING PERFORMANCE INDICATORS: UN-CHANGED ORDER INTAKE, SALES, EBIT, AND ROCE

### 2.63 — PERFORMANCE INDICATORS

		2022	2021	2020
Order intake	€ million	5,008.4	4,291.0	3,283.2
Sales	€ million	4,314.1	3,536.7	3,324.8
EBIT	€ million	205.9	175.7	11.1
EBIT margin	%	4.8	5.0	0.3
ROCE	%	17.3	15.5	1.1
Free cash flow	€ million	117.1	120.8	110.7

Our key performance indicators are order intake, sales, EBIT/EBIT margin, **ROCE** → page 263 and, particularly at Group level, **free cash flow** → page 263. At the divisional level, an additional focus is on order margins and **net working capital** → page 263. Net working capital, in turn, has a decisive influence on cash flow development.

We also work with non-financial performance indicators that assist us in the Group's management and strategic orientation. Examples are key figures on employee and customer satisfaction, further training, ecology/sustainability, and R&D/innovation. While the non-financial performance indicators are becoming increasingly important, they do not serve a primary role in steering the company. Instead, they facilitate extended findings on the situation prevailing within the Group, providing information for decision-making on that basis. A detailed analysis of non-financial topics and performance indicators is contained in the **"Sustainability"** → page 40 chapter in the Group non-financial statement.

The analysis of order intake and the resulting sales enables us to engage in forward-looking capacity planning. As a rule, sales generation lags six to twelve months behind order intake in systems business; for large paint equipment orders, the lag time is up to 24 months. Order intake for the year 2022 (€5,008.4 million) was within the target corridor (€4,800 to €5,100 million), which had been raised twice, giving us high visibility with respect to the

realization of sales in 2023. The analysis of margins in order intake enables us to estimate the earnings trend in 2023 relatively well. However, both sales and earnings in 2023 will continue to depend to a certain degree on the development of supply chain bottlenecks and material costs.

We use EBIT and our EBIT margin to measure our profitability. In 2022, EBIT increased significantly to €205.9 million (previous year: €175.7 million). The main reason for this was the robust sales growth, which more than offset the slight decline in margins to 4.8% (previous year: 5.0%) due to the increase in material costs and supply chain bottlenecks. At 4.8%, the EBIT margin was in the lower half of the target range of 4.4% to 5.9% adjusted in May 2022. Please refer to the chapter entitled **"General statement by the Board of Management and target achievement"** → page 77 for more information on the adjustment of the earnings forecast.

**ROCE** → page 263 shows whether we generate an appropriate return on our **capital employed** → page 263, and thus provides the basis for efficient capital allocation. Capital employed takes account of all assets except cash and cash equivalents and financial assets, less non-interest-bearing liabilities. Due to the significant increase in EBIT, ROCE also increased in 2022 and reached 17.3% (previous year: 15.5%).

### 2.64 — VALUE ADDED

		2022	2021	2020
Capital employed (Dec. 31)	€ million	1,189.3	1,132.8	991.5
ROCE	%	17.3	15.5	1.1
NOPAT	€ million	144.1	123.0	7.8
Weighted average cost of capital (WACC)	%	10.58	7.43	7.44
EVA	€ million	18.3	38.8	-66.0

ROCE (in %) is calculated as follows:

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

Economic value added (EVA) reflects the value added that a company generates in a fiscal year. Despite a higher weighted cost of capital, we were also able to generate positive value added in 2022. From 2011 to 2019, we achieved high annual value added. The decline in value in 2020 was a consequence of the coronavirus pandemic; we were able to resume the generation of value added as early as 2021.

We determine capital costs as the weighted average cost rate of equity and borrowing costs before taxes (weighted average cost of capital: WACC). In calculating the cost of equity, a beta factor is considered, derived from capital market data and the capital structure of peer group companies. The borrowing costs comprise a basic – virtually risk-free – interest rate for bonds and a surcharge determined from the credit rating of comparable peer group companies. In 2022, the cost of capital was significantly higher than in the previous year due to interest rate increases imposed by central banks.

EVA is calculated as follows:

EVA = NOPAT – (WACC × capital employed)

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

In the context of the performance indicator ROCE, added value is generated when the return on capital employed exceeds the average cost of capital by at least the fictitious tax rate. In 2022, this was the case in the Application Technology and Woodworking Machinery and Systems divisions. In the case of Paint and Final Assembly Systems, ROCE increased but was not far enough above the significantly higher weighted average cost of capital. ROCE of Clean Technology Systems also improved, although it fell short of the weighted average cost of capital. In the case of Measuring and Process Systems, ROCE can only be compared with the previous year's figure to a limited extent. Since 2022, it has included the Tooling business, which was previously part of Woodworking Machinery and Systems. However, ROCE figures for Measuring and Process Systems for 2021 and 2020 have not been adjusted. In 2022, however, ROCE of Measuring and Process Systems was too low to create additional value.

## 2.65 — ROCE OF THE DIVISIONS

%	2022	2021	2020
Paint and Final Assembly Systems	13.1	10.2	3.7
Application Technology	15.8	14.1	-2.2
Clean Technology Systems	9.0	6.6	10.3
Measuring and Process Systems <sup>1</sup>	9.0	10.7	-1.7
Woodworking Machinery and Systems <sup>1</sup>	25.5	20.1	2.5

<sup>1</sup> As of January 1, 2022, the Tooling business was transferred from Woodworking Machinery and Systems to Measuring and Process Systems. The values for 2021 and 2020 were not adjusted.

## TOTAL ASSETS INCREASED

### 2.66 — KEY BALANCE SHEET FIGURES

		2022	2021	2020
Net financial status (Dec. 31)	€ million	-46.4	-99.5	-49.0
Net financial liabilities in relation to EBITDA		0.1	0.3	0.4
Gearing (Dec. 31)	%	4.0	9.0	5.1
Net working capital (NWC) (Dec. 31)	€ million	415.9	427.9	382.6
Days working capital	days	34.7	43.6	41.4
Inventory turnover	days	71.1	70.1	55.1
Days sales outstanding	days	49.6	59.8	55.2
Equity assets ratio (Dec. 31)	%	75.8	68.7	69.0
Asset coverage (Dec. 31)	%	140.5	140.8	131.1
Asset intensity (Dec. 31)	%	32.7	35.3	33.9
Current assets to total assets (Dec. 31)	%	67.3	64.7	66.1
Degree of asset depreciation	%	49.3	47.6	48.3
Depreciation expense ratio	%	6.9	7.0	7.7
Cash ratio (Dec. 31)	%	29.2	27.9	35.7
Quick ratio (Dec. 31)	%	52.1	54.6	58.2
Equity ratio (Dec. 31)	%	24.8	24.2	23.4
Total assets (Dec. 31)	€ million	4,530.9	4,153.6	3,878.8

Total assets at the end of 2022 amounted to €4,530.9 million, an increase of 9.1% year-on-year. On the assets side, non-current assets remained virtually unchanged. By contrast, current assets increased significantly. In addition to contract assets, inventories in particular grew due to the good order situation and an inventory build-up to secure the supply chain. Cash and cash equivalents increased as a result of the good cash flow and the reversal of term deposits. Total liquidity, which also includes term deposits, amounted to €866.1 million as of December 31, 2022 (Dec. 31, 2021: €837.9 million).

## 2.67 — NON-CURRENT AND CURRENT ASSETS (DECEMBER 31)

€ million	2022	in % of total assets	2021	2020
Intangible assets	717.3	15.8	730.8	661.3
Property, plant & equipment	588.5	13.0	568.0	488.4
Other non-current assets	176.5	3.9	165.9	165.8
<b>Non-current assets</b>	<b>1,482.3</b>	<b>32.7</b>	<b>1,464.7</b>	<b>1,315.6</b>
Inventories	852.5	18.8	688.8	508.6
Contract assets	617.0	13.6	457.0	393.4
Trade receivables	559.2	12.3	558.6	483.8
Cash and cash equivalents	716.1	15.8	583.1	769.2
Other current assets	303.8	6.7	401.5	408.1
<b>Current assets</b>	<b>3,048.6</b>	<b>67.3</b>	<b>2,689.0</b>	<b>2,563.2</b>

## 2.69 — CURRENT AND NON-CURRENT LIABILITIES (DECEMBER 31)

€ million	2022	in % of total assets	2021	2020
Financial liabilities (incl. convertible bond, Schuldschein loan(s), corporate bond)	912.6	20.1	937.4	1,068.0
Provisions (incl. pensions)	210.0	4.6	269.4	271.8
Contract liabilities	1,041.7	23.0	932.8	652.1
Trade payables	606.2	13.4	373.0	377.5
Deferred tax liabilities and income tax liabilities	121.2	2.7	104.0	105.5
Other liabilities	515.1	11.4	531.4	495.6
<b>Total</b>	<b>3,406.8</b>	<b>75.2</b>	<b>3,148.0</b>	<b>2,970.6</b>

## 2.68 — EQUITY (DECEMBER 31)

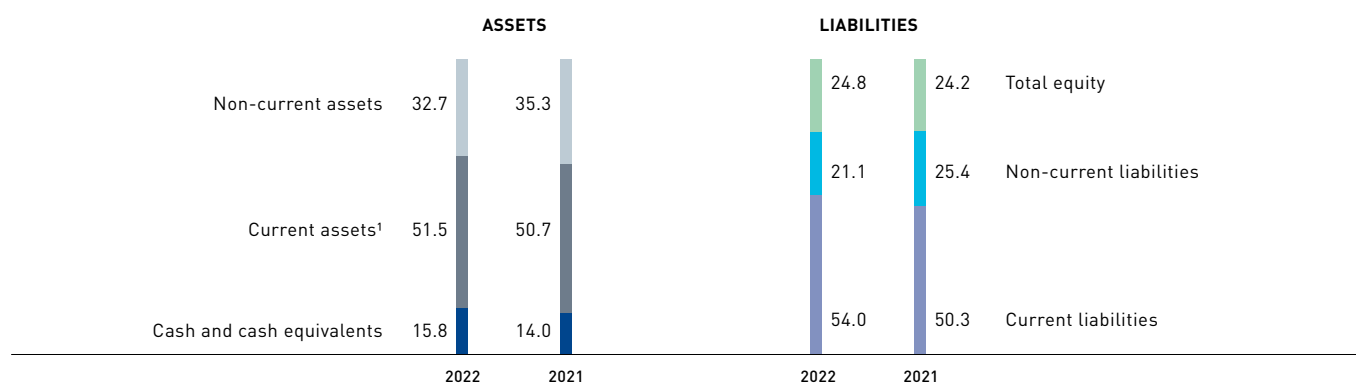
€ million	2022	in % of total assets	2021	2020
Subscribed capital	177.2	3.9	177.2	177.2
Other equity	941.5	20.8	823.0	726.5
<b>Equity attributable to shareholders</b>	<b>1,118.7</b>	<b>24.7</b>	<b>1,000.1</b>	<b>903.7</b>
Non-controlling interest	5.5	0.1	5.5	4.5
<b>Total equity</b>	<b>1,124.2</b>	<b>24.8</b>	<b>1,005.6</b>	<b>908.1</b>

Current and non-current liabilities since year-end 2021 were up by 8.2% or €258.7 million. This was mainly due to the €233.1 million increase in trade payables. It resulted from the significant expansion of procurement volumes in view of the high order backlog and the safeguarding of our ability to deliver despite the continuing supply chain bottlenecks. In addition, contractual liabilities resulting from project payments from customers continued to increase. Financial liabilities remained virtually unchanged compared with year-end 2021. Pension provisions decreased to €36.4 million (Dec. 31, 2021: €50.9 million) and accounted for only 0.8% of total assets.

Equity as of December 31, 2022, was up by 11.8%, reaching €1,124.2 million. The main reason for this was the higher after-tax profit of €134.3 million. The outflow of the dividend for 2021 was partly offset by positive currency translation effects. The equity ratio was 24.8%, an increase of 0.6 percentage points year-on-year. Our target remains unchanged at 30%.

## 2.70 — ASSET AND CAPITAL STRUCTURE (DECEMBER 31)

%



<sup>1</sup> Excluding cash and cash equivalents

## FURTHER RESURGING INVESTMENTS

Investments (including right-of-use assets under leases, excluding acquisitions) continued to rise, in particular due to the investment program at HOMAG, and amounted to €138.5 million (2021: €107.8 million). Of investments in property, plant, and equipment (€74.2 million), 40% were replacement investments and 60% were investments in expansion. Investments in intangible assets, which include capitalized development costs in addition to the purchase of software and licenses, increased slightly to €26.8 million (2021: €25.1 million).

Equity investments decreased to €39.0 million in 2022 (2021: €62.2 million), of which €30.7 million was effectively disbursed (2021: €77.7 million). The cash outflows mainly related to the acquisition of the remaining shares in CPM (49%) and the payment of contingent purchase price installments for HOMAG China.

## 2.71 — INVESTMENTS<sup>1</sup> AND DEPRECIATION<sup>2</sup>

€ million	2022	2021	2020
Investments in property, plant, and equipment	74.2	53.8	28.7
Investments in intangible assets	26.8	25.1	23.2
Equity investments	39.0	62.2	78.0
Investments in right-of-use assets	37.5	28.9	24.5
Depreciation and amortization	-131.6	-123.7	-114.2

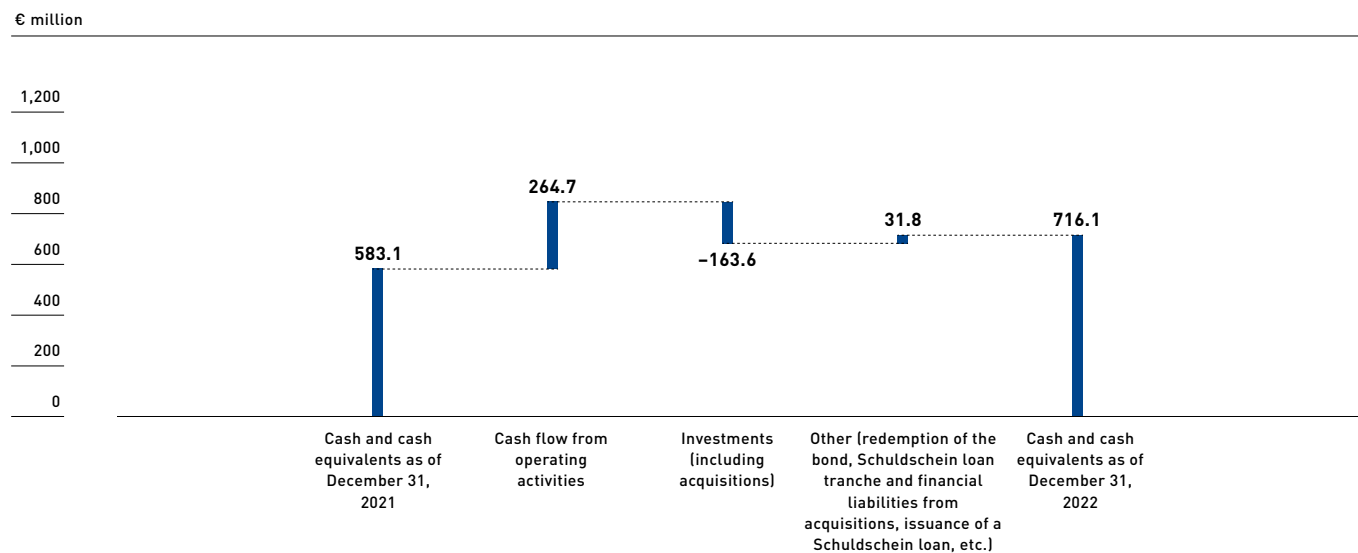
<sup>1</sup> The capital expenditures in this overview deviate from the figures in the statements of cash flows according to IFRS.

<sup>2</sup> Including impairment losses and reversals. Depreciation and amortization taken into account in the financial result are not included.

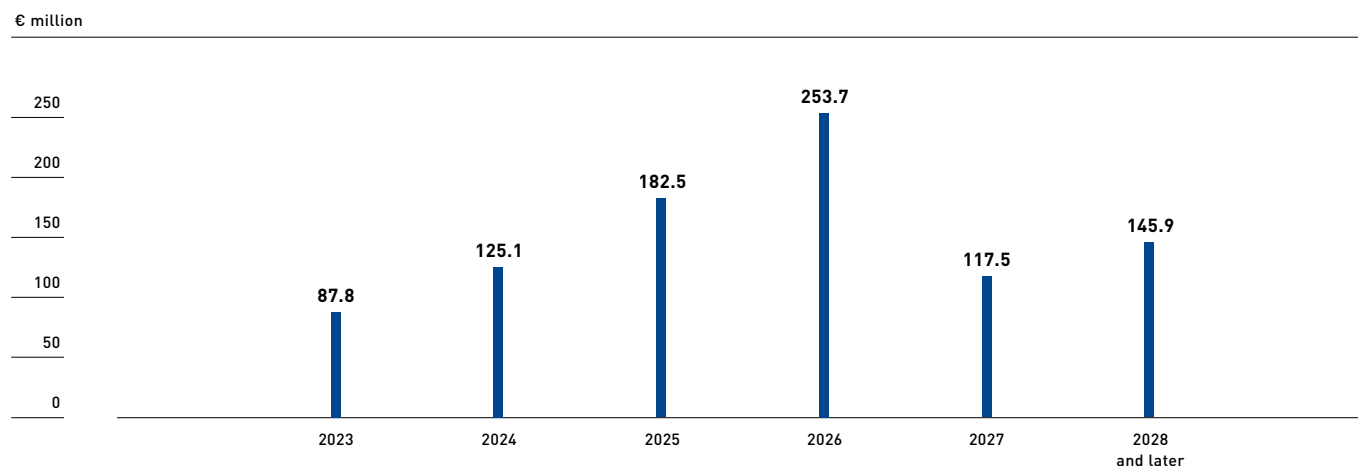
## 2.72 — CAPITAL EXPENDITURE ON PROPERTY, PLANT, AND EQUIPMENT: REPLACEMENT AND EXTENSION INVESTMENTS

€ million	2022	2021	2020
Replacement investments	29.8	27.4	18.6
Extension investments	44.4	26.5	10.1
Investments in property, plant, and equipment	74.2	53.8	28.7

## 2.73 — LIQUIDITY DEVELOPMENT



## 2.74 — MATURITY STRUCTURE OF FINANCIAL LIABILITIES



A tranche of a Schuldschein loan amounting to approximately €50 million will mature in 2023. Obligations from the acquisition of property, plant, and equipment amount to €11.7 million.

## OFF-BALANCE SHEET FINANCING INSTRUMENTS AND OBLIGATIONS

Off-balance sheet financing instruments and obligations (excluding liabilities from procurement contracts) accounted for less than 1% of total assets in 2022 and are therefore of lesser importance. There were no sales of receivables (forfeiting, premature performance under documentary credits) (Dec. 31, 2021: €0.2 million).

# EVENTS AFTER THE REPORTING PERIOD

We intend to place a Schuldschein loan with a sustainability component at the beginning of the second quarter of 2023. Marketing activities to this end commenced at the beginning of March. We plan to use the proceeds to refinance the €50 million Schuldschein loan tranche from 2016 due in April 2023. In addition, we want to maintain our liquidity at a high level with a view to possible acquisitions.

No other events that materially affected, or could materially affect, the Group's assets, liabilities, financial position and financial performance occurred between the beginning of the current financial year and March 14, 2023.



# REPORT ON RISKS, OPPORTUNITIES AND EXPECTED FUTURE DEVELOPMENT

## Risks

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

### RISK MANAGEMENT SYSTEM OF THE DÜRR GROUP

#### Scope of application

Our risk management system is deployed throughout the Group. It has existed in its fundamental structure since 2008 and has since been continually adapted to new requirements. In 2022, the Audit Committee of the Supervisory Board adopted a resolution to conduct an audit of the appropriateness and effectiveness of the risk management system in accordance with Auditing Standard 981 of the German Institute of Public Auditors. This audit is to be completed in 2023.

#### Objectives

Our risk management system is designed to meet the needs of the mechanical and plant engineering business. It enables us to record, analyze and — to the extent possible — evaluate risks systematically. On this basis, effective countermeasures can be initiated at an early stage to avoid serious individual risks, to transfer transferable risks to third parties where this makes economic sense, and generally to reduce the overall risk. We document all specific risks, provided that they are identifiable and sufficiently concrete. Non-quantifiable strategic risks as well as general risks with a low probability of occurring are not taken into account, unless they are risks with very high damage potential

(referred to as extreme risks). We also document and evaluate our opportunities; the relevant information is contained in the “[Opportunities](#)” → [page 114](#) chapter.

#### Methods and processes

The risk management system covers all essential business and decision-making processes. We maintain open dealings with risks and encourage employees to report any misdirected developments at an early stage. The risk management process takes account of all risks of the participating companies. The central risk management team at Dürr AG initiates the nine-stage process every six months. The centerpiece of this standard risk cycle is the risk inventory of the Group's companies. In the risk inventory, individual risks are identified, assessed, and consolidated, i.e. classified into 16 specific risk fields (→ [chart 2.75](#)). The risk fields cover management, core, and supporting processes as well as external risk areas.

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

The bottom line is the net risk potential, i.e. the net equity risk that remains after taking the probability of occurrence and the effectiveness of countermeasures into account. The lower the

probability of occurrence and the higher the effectiveness of countermeasures, the more sharply the net risk declines. The net risks of the 16 risk fields correspond to the sum total of net risks of all individual risks assigned. Depending on the extent of the net risk, each risk field is assigned to one of the four following categories:

- Very low (≤ €5 million)
- Low (> €5 million to ≤ €20 million)
- Medium (> €20 million to ≤ €40 million)
- High (> €40 million)

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

The Group companies and divisions prepare their risk reports after the risk inventory has been completed. These reports constitute the basis for the Group Risk Report of Dürr AG, containing

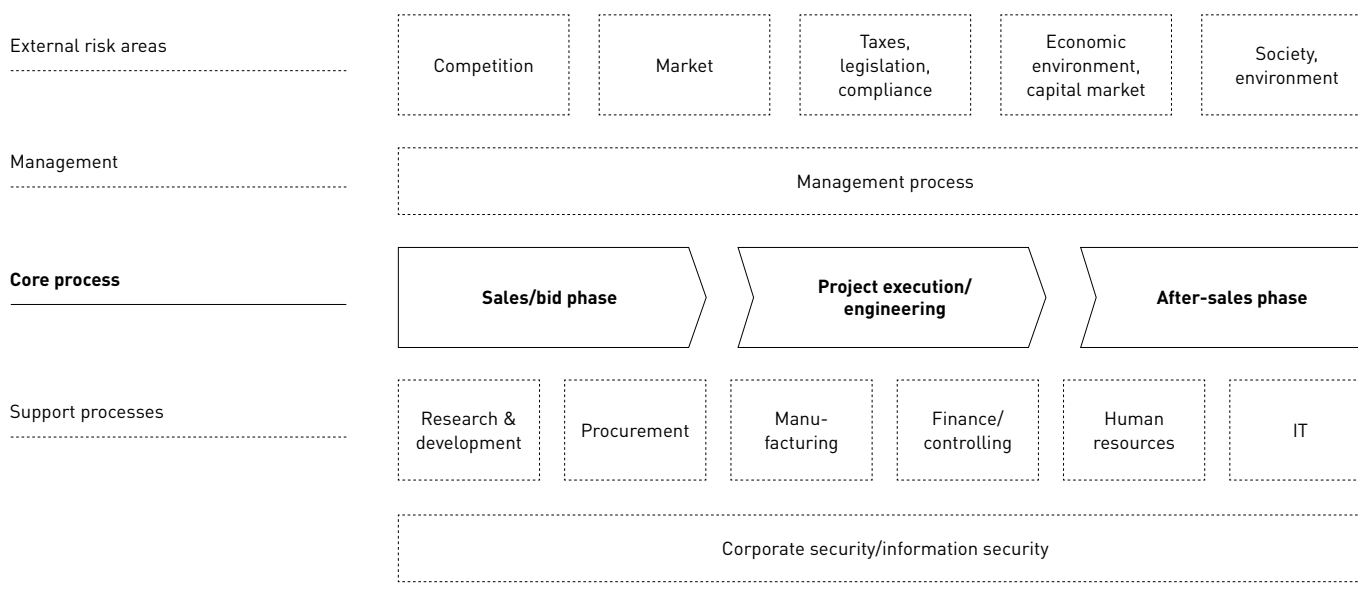
information on individual risks and overall risk. Following an analysis by the Board of Management and the Dürr Management Board, the Group Risk Report is forwarded to the Supervisory Board and then discussed at length by the Audit Committee. Next, the Audit Committee Chairman reports to the Supervisory Board.

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

## RISKS IN RELATION TO MATERIAL NON-FINANCIAL MATTERS

In accordance with the requirements of German commercial law, our risk management system also takes into account risks that may arise generally from our business activities or specifically from our products and services, and may have an impact on the non-financial issues that we classify as material within the meaning of Section 289c of the German Commercial Code (HGB). Essentially, a negative influence on material non-financial matters cannot be ruled out. However, we do not perceive any risks that could very probably lead to serious negative impacts.

### 2.75 — RISK FIELDS OF THE DÜRR GROUP



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

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

- Dürr AG's Accounting Guideline defines the accounting process at the Group companies. It is updated on a regular basis by Group Accounting and covers all IFRS rules and regulations of relevance. Supplementary internal accounting standards describe, for example, the processes of intercompany reconciliation of transactions for goods and services.
- In a multi-stage validation process, we carry out random sampling, plausibility checks, and other accounting controls. The operating companies, divisions as well as Group Controlling, Group Accounting, and Internal Audit are involved. The checks relate to various areas, such as reliability and appropriateness of IT systems, completeness of provisions, or evaluation of customer orders where revenue recognition over time is applied. The results of all material control measures are systematically documented, recorded by Dürr AG's Compliance and Internal Controls department, and sent to the Audit Committee of the Supervisory Board. The Audit Committee Chairman reports to the Supervisory Board following an in-depth analysis of the documentation of findings.
- All material Group companies document their own internal controls with which they ensure reliable and factual financial reporting. Documentation created within the scope of ICS/RMS is stored and forwarded to the Compliance and Internal Controls department. The Internal Audit department verifies the existence and effectiveness of the documented measures and instruments.
- Our ERP system and the consolidation system automatically verify booking processes and ensure that individual business transactions are duly assigned to the correct balance sheet line items. In addition, we carry out manual audits.
- In the case of micro-entities that cannot themselves ensure a fully comprehensive internal control environment and proper financial reporting, external service providers are used. Local management and the controlling department use plausibility checks and other controls to verify the work of external service providers.
- Only a select group of employees has access to the consolidation system. Access to all data is reserved for only a few employees from Group Accounting and Group Controlling. For all other users, access is confined to the data relevant to their specific activities. Data entered at the level of the Group companies must be checked in a two-stage process – initially by the controlling department of the division responsible and then by Group Accounting.
- Commercial processes that trigger booking entries in the consolidation system are subject to the four-eyes principle. Invoices must be signed off by the Division Head, the Managing Director, or the responsible Board of Management member, depending on the invoice amount.

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

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

## STATEMENT UNRELATED TO THE MANAGEMENT REPORT

The internal control system and the risk management system are dynamic systems and are continuously adapted to changes in the business model, the nature and scope of business transactions, or responsibilities. As a result, the internal and external audits reveal potential for improvement in individual cases regarding the appropriateness (completeness of suitable controls) and effectiveness (sufficient implementation) of controls. With regard to the assessment of these management systems, the Board of Management has no knowledge that they may not be appropriate or effective in their entirety.

## OVERALL RISK SITUATION

The overall risk potential at the end of 2022 amounted to approximately €553 million, a significant increase of approximately €115 million or 26% year-on-year. The risks associated with the coronavirus pandemic saw a further decline in comparison with the previous year, but are still present. In contrast, risks have increased significantly as a result of the downturn in the global economy and higher procurement risks due to continuing supply bottlenecks and price hikes, although these risks have recently decreased again to a slight degree. Market entry of new producers of battery-powered electric vehicles is also leading to an increase in credit risks. The turnaround in interest rates resulted in increased risks relating to the recoverability of goodwill. Market-related risks have also increased in light of rising political tensions between China and Taiwan. An escalation of the situation into a military conflict could have serious consequences for global supply chains and the world economy. In absolute terms, "Finance/controlling", "Economic environment/capital market", and "Market" were the main risk fields, followed by "Procurement" and "Taxes/legislation/compliance".

The overall risk potential includes the net risk potential of 261 assessed individual risks (previous year: 262 individual risks). It reflects the challenging environment of our business at a time when the pandemic is subsiding but economic growth is being impacted by inflation, supply chain bottlenecks, fears of recession, and political as well as military conflicts. However, the overall risk potential accounts for less than half of the risk-bearing capacity, so we do not consider it to be a cause for concern but still manageable. Risks that might endanger the Group's ability to continue as a going concern, whether separately or in combination with other risks, are not discernible from today's perspective.

## 2.76 — RISK FIELDS AND NET RISKS

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

## RISK FIELDS AND SIGNIFICANT INDIVIDUAL RISKS

### Economic environment

The risks arising from the economic environment increased substantially in 2022. This was driven by increasing signs of a forthcoming recession as well as concerns about political developments in China and the potential impact on supply chains.

Economic risks related to the coronavirus pandemic remained unchanged and chiefly reflect the potential impact of renewed lockdowns in China. This does not take into account the relaxation of China's coronavirus policy toward the end of 2022. In 2022, the pandemic especially impacted business development in China. The lockdowns in metropolitan Shanghai in the second quarter led to the temporary closure of two of our plants. A third plant was able to continue operating in closed-loop mode, meaning that some employees were housed and fed at the plant and were able to work while taking regular coronavirus tests. Overall, there was

a significant drop in earnings due to the plant closures and the loss of service business, lasting several weeks. These, together with higher-than-expected inflation as a result of the Ukraine conflict, led to the earnings targets for 2022 being adjusted at the beginning of May.

The subdued level of automotive production due to the chip shortage did not entail any serious risks for our business. In addition, this did not affect the automotive industry's investment decisions, as these are not driven by current production figures but by medium- to long-term trends such as the shift to e-mobility and more sustainable production.

Demand for furniture decreased significantly in the second half of 2022 as a result of higher inflation and increasing fears of recession. Order intake from the furniture industry reached a new record level in the first half of 2022, but weakened noticeably in the second half of the year. This has increased the risk that order intake in 2023 will be weaker than expected. However, due to the high order backlog at the beginning of the year, the impact on sales in 2023 should be limited.

We are not significantly affected by the international trade conflicts, as virtually no punitive tariffs have been imposed on our products.

The economy in China, our largest single market, was massively affected in 2022 by the coronavirus pandemic and the lockdowns imposed. There is medium- and long-term growth potential for the automotive and furniture industries in China, since market saturation is far from being reached and per capita incomes are rising. As a result of China's increasingly nationalistic policies and the experience of the Ukraine conflict, a process of reducing economic dependence on China has begun in Western countries. An escalation of the conflict with Taiwan with negative effects on the supply chains or an economic slump in China would significantly impact the Dürr Group's sales and earnings.

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

## Capital market

Economic crises and political conflicts may shock the capital markets, making new financing transactions more expensive and restricting credit availability. The interest rate turnaround in North America and Europe in 2022 will make future financing more expensive.

We classify a hostile takeover of Dürr AG as relatively low since the Dürr family owns around 26.2% of the Company's shares. A further stake of 3.5% is held by the Heinz und Heide Dürr Stiftung, a foundation. On account of the domination and profit and loss transfer agreement with HOMAG Group AG, external shareholders of HOMAG Group AG receive a guaranteed dividend of €1.01; in addition, we have made them a cash compensation offer amounting to €31.56 per share. External shareholders of HOMAG Group AG have valuation proceedings underway to have the amount of the guaranteed dividend and cash compensation appraised by a court of law. According to a ruling handed down by the Regional Court of Stuttgart in August 2019, the cash compensation was to be raised to €31.58 and the guaranteed dividend to €1.03 per share. However, the ruling is not yet final and binding, since shareholders of HOMAG Group AG filed an appeal in October 2019. If the Higher Regional Court of Stuttgart, which will rule at the next level, holds higher amounts to be appropriate, this would give rise to additional expenditure.

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

## Operating risks: Sales/bid phase

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

**Operating risks: Project execution/engineering**

The key risk in project execution is any failure to meet deadlines or other commitments, particularly in plant engineering. This can lead to additional expenses or to customer payments being postponed. Although project lifetimes are tending to shorten, we assess this risk as controllable. Especially in the paint shop business, thanks to largely standardized products and professional processes, we are able to handle numerous large-scale projects safely in parallel. Due to the coronavirus pandemic, travel was limited and some of our customers' plants were shut down at certain times, leading to delays in project execution. This risk has recently been reduced. In 2022, supply bottlenecks led to delays in providing our production units with materials, resulting in late completion of machinery and system orders. We try to compensate for delays in the project schedule where possible and communicate openly with our customers regarding the progress of projects. Due to the volume of incoming orders, the risks of underutilization have decreased. If there is a stronger recession than expected, however, this risk could increase again.

**Operating risks: After-sales phase**

The spare parts business depends on capacity utilization at our customers' plants, among other factors. If the level of capacity utilization decreases, then the level of demand for spare parts usually declines. Due to lockdowns, customers' plants in China were not accessible in the second quarter of 2022. This temporarily led to lower demand for spare parts. After the opening, however, the shortfall was largely made up. Overall, after-sales risks decreased compared to the previous year as we adapted to the challenges of the coronavirus pandemic and supply chain bottlenecks. In addition, we hired new employees, particularly at HOMAG, in order to expand the service business.

**Taxes, legislation, compliance, and compliance management system**

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

We must observe different national legal norms. To avoid violations, we cooperate with local legal experts and train our employees accordingly. New trade barriers and legislation may increase our costs and reduce our sales opportunities. Changes

under tax law may lead to higher tax payments and affect our tax assets and liabilities; in addition, there is the risk of uncertainties in interpreting the underlying tax legislation. In large system projects, tax and customs risks may occur in cases of complex international delivery processes.

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

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



**Market**

The risks in the “Market” field have increased substantially. In view of a possible escalation of the political conflict between China and Taiwan, we perceive higher risks of sanctions against China with a negative impact on business activity. In addition, there are risks in China stemming from the possibility of further lockdowns and a recession due to the real estate bubble and rising unemployment. Moreover, there is an increased risk that consumer demand in our customers’ end markets, for example in the furniture sector, will be weaker than expected due to inflation and rising interest rates.

In general, there is still a risk of contract awards or projects being delayed, for instance because start-up customers postpone planned investments due to a lack of or delays in financing. The lower volume of demand in 2020 had a temporary negative impact on sales and margins in 2021. There is a general risk that demand will not develop as expected and the competitive situation will deteriorate, with a corresponding negative impact on incoming orders, sales, and margins. However, there are also opportunities arising from start-ups in the field of electromobility, the increasing localization of automotive production in the wake of trade conflicts, and the trend in the automotive industry to switch production to more resource-efficient processes. The relevant information is contained in the “**Opportunities**” → [page 114](#) chapter.

In the automotive business, dependencies may arise since there is a limited number of carmakers worldwide. However, their number has recently grown as new manufacturers of electric vehicles have entered the market. In 2022, 28% of our sales were generated by business with the ten largest customers (previous year: 26%). Outside the automotive industry, the dependency risks are considerably lower as our customer base is very broad.

The risks resulting from complex tendering procedures have increased, as have the liability risks associated with commencement of production and failure to achieve promised performance data. In our markets, we are confronted with price pressure; as a rule, this is most pronounced in paint shop construction for the automotive industry. We react to price pressure with innovation, process optimization, localization, and cost management. After reducing overcapacities in the automotive sector in Germany and Europe in 2020, we have been consistently pursuing a sales strategy based on the principle of “value before volume” since 2022. In doing so, we select the projects for which we submit bids more strictly according to margin criteria and customer attractiveness.

In the automotive business, there is a risk of customers enforcing payment terms that are unfavorable to us. The willingness to make higher prepayments for major projects may vary, depending on our customers’ access to liquidity. Due to the high order intake, cash inflow from prepayments was recently at a good level. Chinese customers in particular prefer bank acceptance drafts – a kind of bill of exchange – to conventional prepayments. In corresponding projects, payments from customers also tend to be made later or less evenly over the duration of the project. Payment defaults have not increased significantly; uncollectible claims are rare in particular in business with the automotive industry.

For projects with new producers of electric vehicles, we prevent credit rating risks by conducting a thorough solvency check in advance. If the creditworthiness falls below a threshold value defined by us, we monitor receivables closely or do not accept orders at all. In the execution of our projects, we make sure that there is a positive balance of cash inflows and outflows. To this end, we align the progress of project execution with the relevant progress payments received.

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

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

**Corporate strategic risks in the emerging markets**

The high business share of emerging markets (42.1% of sales) entails specific risks:

- Cultural and language barriers, insufficient knowledge of suppliers, customers and market customs, and specific legal and general political parameters may give rise to disadvantages.
- The level of staff turnover in the emerging markets is higher than in Germany. Attractive remuneration, our status as world market leader, and targeted career planning help us retain top-performing employees.
- Product and brand piracy is more prolific in the emerging economies than in the established markets. However, due to their complexity, many of our products can hardly be copied in the same quality. Moreover, we protect ourselves through patents.
- Our local product development ensures that regional customer requirements are taken into account. This reduces the acceptance risks for new solutions. We protect ourselves against cost pressure of local competitors by means of a high degree of localization.

**Corporate strategic risks: Acquisitions/  
new fields of activity**

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

**R&D and product liability risks**

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

**Competition**

In view of our extensive market shares, some customers choose to cooperate with smaller-sized competitors. This may make our price targets difficult to achieve. Local competitors sometimes undercut our prices. We counter this by increasing value added locally and by protecting our technology lead through innovation. Delays in shipping pose a risk for painting robots, as they can lead to time losses compared to competitors producing in the destination country, for example in China. We are not aware of any competitors' products that could endanger our market position. In certain countries, the level of competitive intensity from internationally active competitors has increased. We have noticed that competitors from the emerging markets are also starting to operate outside their home markets as the trend toward localization of business activities in close proximity to the customers is increasing. In addition, there is a risk that in countries with a strong focus on the national economy, local competitors may be given preference in contract awards for political reasons.

**Procurement and manufacturing**

The risks in the field of "Procurement" increased substantially in the first half of 2022 due to supply chain problems and rising prices of materials. While the situation eased somewhat in the second half of the year, the level of risk was still higher than in the previous year. Delays in completion and delivery of our machinery and systems may continue to have a negative impact on sales. Moreover, earnings may be impaired by additional costs. In the case of planned investments, there may be increases due to higher construction costs, for instance. To mitigate availability and price risks, we enter into framework contracts with preferred suppliers and pool our purchasing volumes. In a few cases, dependency risks may arise, which we reduce by broadening our supplier



base. For standard bought-in parts, a change in suppliers may make it necessary for us to amend certain designs and contend with corresponding costs. At some manufacturing locations, fluctuations in orders placed may lead to underutilization. Inventory risks are possible in particular when model changes occur within the product program.

We select and monitor suppliers carefully as a precaution against quality deficiencies or delayed deadlines, which may occur particularly among suppliers in the emerging markets. Moreover, we have reduced our dependency on suppliers in some divisions by extending our in-house manufacturing. We are often unable to pass rising supplier prices on to our customers in full. In the automotive sector, major new contracts with customers have included price escalation clauses since 2022, which we use to hedge against rising costs. The insolvency risk of suppliers has increased in the course of the coronavirus pandemic.

Risks in the field of "Manufacturing" have risen only slightly. The completion of new production areas at Kallesøe, a Danish company of Woodworking Machinery and Systems, was completed on schedule.

### Human resources

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

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

Our pension risks are manageable. The discount rate used for calculating pension obligations in Germany was 3.76% as of December 31, 2022 (Dec. 31, 2021: 0.9%). Pension provisions amounted to €36.4 million.

### Finance and controlling

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

The risks in this field have increased significantly year-on-year. The main reasons for this include increased credit rating risks for customers in the electromobility sector and increased risks relating to the recoverability of goodwill as a result of the rise in interest rates. Additional factors are increased interest rate and exchange rate risks.

### Corporate and information security, IT, and management processes

IT risks, such as data loss, hacking, and virus attacks or availability shortfalls are increasing in the wake of ongoing digitalization. We protect ourselves by means of a Group-wide IT security organization and a robust IT infrastructure equipped with state-of-the-art firewalls and antivirus programs. We use back-up servers and redundant data lines to avoid any outages. We rate the risk of hacker attacks and data theft to which we are exposed as normal for the industry in which we operate. The corporate security team, established in 2021, also addresses the defense against increasing cybercrime.

To avoid loss or damage, for example from ransomware, we use enhanced authentication standards in electronic payments, security certificates for email messages, secure smartphones, and verified bank connections. In addition, we regularly draw our employees' attention to typical fraud practices. We regularly review the effectiveness of our IT measures for protection against cyberattacks.

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

### Society, environment, health and safety

With the introduction of the Supply Chain Due Diligence Act in Germany, the requirements for companies in terms of compliance with human rights have been tightened further. Failure to comply with due diligence requirements could result in sanctions by lawmakers or customers. We counter this risk with a risk assessment of suppliers worldwide and active monitoring. To this end, we have established governance structures and processes in purchasing and appointed a cross-divisional officer. To comply reliably with environmental conditions imposed, we have appointed Environmental Protection Officers; we also rely on environmental management certifications and policies. Substances that are harmful to health and the environment are used only to a limited extent and subject to strict safety regulations. We counter the risk of accidents at work by carrying out regular safety instructions, compulsory online training, and comprehensive safety standards described in our Health & Safety Policy. In addition, we cooperate with our customers in order to guarantee occupational safety on construction sites.

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

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

### Hedging foreign currency risks

We use financial derivatives for hedging purposes. In most cases, these are forward exchange contracts used as currency hedges. Their nominal value at the end of 2022 came to €930.3 million (Dec. 31, 2021: €496.5 million). In particular, payment flows were hedged in the key currencies listed under → [note 41](#) of the notes to the consolidated financial statements. The use of financial derivatives can entail risks, such as less favorable deposit conditions and higher financing costs. Moreover, the market value of financial derivatives may decrease if credit risk spreads increase due to changes on the financial markets.

In most cases, we hedge foreign currency risks of orders placed immediately after the relevant contract awards. In principle, we agree a separate (micro) hedge for each larger individual project. In the standard machinery and spare parts business, we also use macro hedges for several bundled orders. In addition, we reduce our export-related transaction risks by increasingly producing goods locally or purchasing in local currency.

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

The risks involved in currency translation into euros increased substantially year-on-year in 2022.

### Hedging interest rate risks

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

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

### Hedging liquidity risks

We largely cover our liquidity needs from our cash flow. At times of temporary negative cash flows, we are able to use cash and cash equivalents and the cash line of the syndicated loan. This again was not necessary in 2022. Please also refer to the chapter on “Financial development” → page 95 in this regard. Our cash pooling enables us to make use of liquidity surpluses of individual Group companies for other subsidiaries, provided that national capital transfer regulations permit this practice. This enables us to avoid taking out loans and paying interest expenditure.

### Financing risks

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

### Hedging investment risks

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

## RATINGS

In 2022, we again did not have any credit ratings carried out to assess our creditworthiness. We continue to evaluate the inclusion of a rating.

## Opportunities

### OPPORTUNITY MANAGEMENT SYSTEM

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

Identifying and evaluating business opportunities is an ongoing process, which is coordinated by the division heads. The Board of Management and the Corporate Development central function are responsible for this at the level of Dürr AG. If opportunities are found to be of major strategic significance, we form multidisciplinary teams to conduct potential analyses and establish the budget.

Joint activities with universities, research institutes, and the Dürr Technology Council also form part of opportunity management. These contacts help us to determine the extent to which new scientific findings may yield opportunities for the Dürr Group. Opportunities may also arise from new legislation, e.g. on emission protection and international trade. Our opportunity management system takes account of global and regional business opportunities as well as the potential offered by specific products, customers, and business models.

### POTENTIAL OFFERED BY OPPORTUNITIES

This section now proceeds to describe the material opportunities of the Group and the divisions. The business plan for 2023 and the strategic plan through 2026 incorporate the related earnings potential that these opportunities can realistically be expected to generate. If we are able to make use of the opportunities to a greater extent than assumed, EBIT may substantially exceed the figures budgeted for 2023. However, this additional EBIT potential is achievable only in a best-case scenario.

## STRATEGIC OPPORTUNITIES

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

**Sustainability:** We are benefiting from the trend toward low-consumption and energy-efficient production systems. Many customers are increasingly seeing sustainability as a priority and want to reach carbon-neutral production in the foreseeable future. Our low-consumption solutions can help them to achieve this goal. In addition, we are making it possible to use electricity to operate machines and systems that have previously run on fossil fuels, for example in drying or exhaust-air purification. We believe that our products and services for the sustainable transformation of production processes give us a leading position in our markets. In addition, we offer technologies for manufacturing products that play an important role in the transition to a carbon-neutral society. Examples are production systems for electric vehicles or timber house construction elements.

**Electromobility:** Electromobility offers opportunities for the Dürr Group. For one thing, new producers of electric vehicles are entering the market, something which is broadening our customer base. For another, the automotive incumbents are significantly stepping up plant conversion spending and investments in special production technologies for electric vehicles. We offer e-mobility start-ups turnkey assembly and paint systems as well as test systems for electric drives; these activities have been added through the acquisition of a majority stake in Teamtechnik.

**Timber construction:** Using wood as a sustainable building material makes it possible to significantly reduce the carbon footprint of the construction industry. This is an opportunity for the HOMAG Group, which covers a large part of the value chain for the production of construction elements with its woodworking machines. Order intake in the construction elements solutions segment has already grown significantly over the last few years. The first investors are building large factories for the automated industrial-scale prefabrication of timber components. We are investing in the expansion of our capacities to address the growing demand and to utilize the opportunities that are arising.

**Electrode production:** With the emergence of electromobility, business in systems for electrode production is offering good prospects. The market is growing dynamically as large investments are being made in the expansion of production capacities to provide enough batteries for the growing number of electric vehicles. In Europe alone, production capacity for 1,300 to 1,500 gigawatt/hours of battery power is to be installed by 2030, marking an immense increase over 2022 (roughly 120 gigawatt/hours). Our integrated solutions for [coating and drying electrodes → page 262](#) as well as for solvent recovery place us in a good starting position for growing this business. At the same time, we want to position ourselves, together with our partners Grob and Manz, as suppliers of end-to-end battery plants. In view of the numerous capital spending projects in the European battery cell sector, we see potential for substantially boosting sales in coating technology.

**Medtech business:** With the acquisition of a majority stake in Teamtechnik, we have entered business in automated systems for the assembly of medical technology products (e.g. inhalers and injection systems). This market is exhibiting high single-digit growth rates since medical care business is expanding as a result of demographic growth, rising prosperity, and the aging populations in many countries. We will be additionally broadening this business.

**Service:** Our production technology is used in numerous factories worldwide. This broad installed base offers growth opportunities for us in service business with its higher margins. We are tapping this potential within the framework of our lifecycle services strategy. At HOMAG, we hired about 90 additional service employees in 2022 to generate additional business in this area.

**Process excellence:** The quality and efficiency of our processes form a key thrust of efficiency as a strategic field. With the OneDürrGroup programs in particular, we want to harness the potential for improving costs and sales by optimizing processes and rolling out the latest IT systems.

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

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

## OPPORTUNITIES IN THE DIVISIONS

**Paint and Final Assembly Systems** stepped up its focus on enhancing margins in 2022 and is now pursuing a sales strategy based on the “value before volume” principle. This means that preference is being given to projects with high margin potential, while no offers are submitted for projects with insufficient margin potential. The e-mobility transformation and decarbonization in automotive production offer opportunities in painting and final assembly technology both in terms of plant modernization and the construction of new plants. The focus is not only on automotive incumbents but also on start-ups. By pooling final assembly technology business within Paint and Final Assembly Systems, we have been able to substantially improve customer access and cost structures. The aim is to use innovative concepts to position ourselves as a final assembly specialist and to leverage our sales and service network – particularly in the emerging markets – to harness additional growth. The innovative “Paint Shop of the Future” concept is to continue generating impetus for growth in paint shop technology. It replaces the previous line production with flexible painting boxes and automated guided vehicles, and also enables rapid plant expansion. The majority stake in Teamtechnik is opening up two opportunities: For one thing, Teamtechnik can offer its testing technologies for electric and hybrid drives to a wider range of customers. For another, we are expanding our business in production facilities for medical technology plastic products.

**Application Technology** is benefiting from various contemporary trends such as automation, digitalization, individualization, and sustainability. Among other things, there are opportunities for expanding service and digitalization business beyond the installed base. With the **EcoPaintJet** and **EcoPaintJet Pro** robot systems for two-tone painting, Application Technology has a disruptive technology that opens up new possibilities for customer product individualization. There are also growth opportunities in business with general industry, in **gluing technology** → [page 262](#), and with **application technology** → [page 262](#) solutions for insulating and bonding battery cells for electric vehicles. In addition, we have opportunities for widening market share with individual customers.

**Clean Technology Systems** is benefiting from stricter emission limits, especially in China. In the medium term, other emerging markets will also offer additional potential. Further growth opportunities are arising from the accelerated expansion of lithium-ion battery production, especially in Europe. The division is well positioned to leverage this trend with systems for double-sided coating of battery electrodes and the partnership forged in 2020 with Japanese machine manufacturer Techno Smart. In addition, a partnership was forged with the mechanical engineering companies Grob and Manz in 2022 to offer turnkey systems for battery module production. This boosts the chances of a successful market entry. Given the large installed base, we also see further business opportunities in the areas of service, conversion, and spare parts.

**Measuring and Process Systems** sees increased opportunities for **balancing technology** → [page 262](#) and spin test systems for e-mobility components. The airlines segment (balancing technology for aircraft turbines) also offers potential for growth, particularly via new local turbine construction programs in China. As well as this, the division is benefiting from the growing automation of the balancing process and heightened requirements in measuring and correcting unbalance. Other opportunities can be leveraged by capitalizing on the cost advantages at our locations in China and India, for example in assembly and balancing systems for tire and wheel assemblies.

**Woodworking Machinery and Systems** has an opportunity for achieving further efficiency gains through the ongoing optimization measures. This includes, for example, the introduction of a new production system and a fully integrated value-chain process with the corresponding software environment. In addition, investments are being made in the modernization and expansion of production capacities. Further opportunities can be found in timber house construction due to the trend toward using wood as a sustainable building material. As a technology leader, the HOMAG Group is also benefiting from the growing digitalization and automation of furniture production.

## Forecast

### MORE MUTED GROWTH IN THE GLOBAL ECONOMY IN 2023

Economists see some headwinds for the economy in 2023 and project global growth of 2.9%. Strong inflation, rising interest rates, and the fallout from the war in Ukraine are placing a sustained damper on global economic growth. The International Monetary Fund expects the pace of growth to slow in Europe as well as in the United States but considers a global recession to be unlikely, not least of all due to the economic recovery in China. Heightened military spending by many governments will exert an additional strain on public-sector budgets. The phase of elevated inflation should continue in 2023, although rates are declining. According to Deutsche Bank's estimates, the inflation rate should drop to 6.0% in the Eurozone and to 4.1% in the United States. The European Central Bank is planning further increases in its key interest rates to ensure that inflation returns to its 2.0 percent target. In light of the tight monetary policy adopted in 2022, the US Federal Reserve has signaled that it will be slowing the pace of its interest rate hikes in 2023.

#### 2.77 — FORECAST GROWTH IN GROSS DOMESTIC PRODUCT

% year-on-year change	2022	2023	2024
Global	3.4	2.9	3.1
Germany	1.9	0.1	1.4
Eurozone	3.5	0.7	1.6
Russia	-2.2	0.3	2.1
United States	2.0	1.4	1.0
China	3.0	5.2	4.5
India	6.8	6.1	6.8
Japan	1.4	1.8	0.9
Brazil	3.1	1.2	1.5

Source: International Monetary Fund 01/2023

### TRENDS IN THE MAIN INDUSTRIES IN WHICH OUR CUSTOMERS OPERATE

Automotive and furniture are our key sell-side industries. Business in environmental technology, battery production, medtech automation, and timber house construction is continuing to gain in importance. Looking ahead over the next few years, we expect significant business expansion in these sectors despite the prevailing economic headwinds. The economists at the German Mechanical Engineering Association VDMA project flat growth of around 0% in equipment spending and a 2% decline in mechanical engineering production in 2023.

#### Automotive industry

With global automotive production growing at a slower pace (roughly 7%) in 2022 than originally anticipated due to continued supply chain constraints, LMC Automotive expects output to expand by roughly 5% to a total of 85.8 million units in 2023, underpinned by all regions. The pre-pandemic level recorded in 2019 should be reached again in 2024. Average annual growth of 3% in production output is projected for the period from 2023 to 2029 and should be particularly buoyed by improved consumer confidence and increasing prosperity in the emerging markets.

The main drivers of capital spending in the automotive industry are the growing demand for production technology for electric vehicles and batteries as well as the use of sustainable technologies to lower the carbon footprint of automotive plants. Other factors are the reduction in unit costs in the automotive industry and more flexible production for different model types. As well as this, we expect our customers to focus more on digital production processes. Capital expenditure is being channeled into the construction of new production lines as well as the modernization of existing ones.

## 2.78 — PRODUCTION OF PASSENGER CARS AND LIGHT COMMERCIAL VEHICLES

Million units	2022	2023p	2024p
Global	82.0	85.8	89.9
Western Europe	10.0	11.0	11.9
Germany	3.7	4.2	4.8
Eastern Europe	5.9	5.9	6.5
Russia	0.5	0.6	0.8
North America (incl. Mexico)	14.2	15.2	15.9
United States	9.7	10.3	10.9
South America	2.8	3.0	3.2
Brazil	2.2	2.3	2.5
Asia	46.9	48.2	49.7
China	26.0	27.0	27.5
Japan	7.4	7.5	7.8
India	5.1	5.3	5.3

p = projection  
Source: LMC 02/2023

### Woodworking

In view of the high figure reported in the previous year, we expect order intake in business with the furniture industry to return to normal in 2023. The Centre for Industrial Studies (CSIL) forecasts growth in the furniture market of around 3% worldwide and likewise 3% in Germany in 2023. Although order intake will tend to weaken, capacity utilization should be high in the industry in 2023, due to the large order backlog that has accumulated over the last 18 months. The main trends in furniture production, such as automation, digitalization, and product individualization, remain intact. As we are well positioned in all three areas thanks to HOMAG's integrated production solutions, we continue to see opportunities for widening our market share in the medium term.

Business in production technology for climate-friendly timber houses (construction elements solutions) is set to continue gaining importance over the next few years. We expect construction elements solutions to widen its contribution to HOMAG's sales to over 20% by 2030, up from 14% in 2022. The market for systems for the production of timber construction elements should expand by an annual average of 11% between 2020 and 2026. This is mainly due to the excellent climate footprint of timber houses and the potential for automation in timber house construction.

### Environmental technology

Our environmental technology business is benefiting from the heightened air pollution control requirements, especially in emerging markets and developing countries. Accordingly, we expect to see an increase in demand in the various sell-side markets. While growth in Europe and Americas is primarily being driven by services and the modernization of existing plants, in Asia it is mostly underpinned by new installations.

### Coating technology for battery producers

We see great future potential in coating systems for battery electrodes, particularly in view of the strong growth in the electromobility market. In Europe alone, battery production capacity is expected to rise from just under 125 gigawatt/hours to between 1,300 and 1,500 gigawatt/hours between 2022 and 2030. In 2022, we were able to increase order intake for coating line systems to a good €100 million. We were particularly successful with systems for recovering the solvents used in the coating process.

Forged in September 2022, the strategic partnership between Dürr, Grob, and Manz is opening up further opportunities for growth. In this constellation, we are able to accept projects for fitting out complete battery factories. The aim is to harness the immense potential offered by business in production technology for lithium-ion batteries, to establish ourselves as a European equipment partner together with our partners, and to cover the entire value chain. We want to increase battery production sales to between €300 and €500 million by 2030.



## HIGH ORDER BACKLOG DRIVING SALES AND EARNINGS GROWTH IN 2023

The outlook for 2023 assumes that growth in the global economy does not fall short of expectations, and that the war in Ukraine will be confined to that country and will not have any greater impact on the economy than at present. Furthermore, we do not expect any material disruptions to supply chains, caused, for instance, by renewed lockdowns in China or an escalation of the tensions between China and Taiwan. A further premise is that it remains possible to safeguard gas supplies in Europe and that there are no shortfalls in availability with a severe impact on the economy. Any other existing risks are described in the [“Risk report” → page 104](#).

On the strength of the record order backlog as of December 31, 2022, we assume that sales will continue to grow in 2023, accompanied by an improvement in the EBIT margin. This will be underpinned by the operational improvement measures initiated in recent years, higher capacity utilization in automotive business, and wider margins on order intake as a result of price increases and the “value before volume” sales strategy in the Paint and Final Assembly Systems division.

Following the record figure in 2022, order intake should decline somewhat, coming within a corridor of €4,400 to €4,800 million. The HOMAG Group is expected to see a cyclical decline in demand for machinery for furniture production. However, we have invested in the expansion of HOMAG’s service business and continue to register growing demand for machinery for the prefabrication of construction elements for climate-friendly timber houses. In the Paint and Final Assembly Systems and Application Technology divisions, demand from the automotive industry strengthened significantly in the second half of 2022. There are still many projects in the pipeline, although the high utilization of our capacities could force us to place a cap on the intake of new orders. Moreover, we are continuing our margin-driven “value before volume” sales strategy. In the Clean Technology Systems and Measuring and Process Systems divisions, we expect order intake to consolidate at a high level.

On the basis of the high order backlog, we have defined a target range for sales of €4,500 to €4,800 million for 2023. We assume that the book-to-bill ratio will fall below 1 and that the order backlog will thus decline. Given that we entered the year with a record order backlog, we see this as being a step toward normalization.

Total costs (cost of sales and overheads, other operating expenses) will climb for volume- and inflation-related reasons in 2023. The largest cost items will continue to be the cost of materials and personnel expense. We expect a substantial improvement in gross profit, with the gross margin also set to widen again after contracting in 2022.

## IMPROVED EBIT MARGIN EXPECTED

We anticipate a wider EBIT margin before and after extraordinary effects in 2023. The main drivers will be rising capacity utilization and the greater margin quality in the order backlog in automotive business. These will be joined by lower expenses due to the receding supply chain bottlenecks, the price increases of the past few quarters, and the planned implementation of further process improvements, particularly at the HOMAG Group. In addition, service business should continue to widen and have a positive impact on earnings. On the other hand, continued high inflation and partial shortfalls in capacity utilization could exert a retarding effect in the event of any temporary weaknesses in demand. At Clean Technology Systems, higher R&D expenditures for the continued development of coating technology for lithium-ion battery cells will leave traces on the margin.

The EBIT margin before extraordinary effects should come within a range of 6.0% to 7.0% in 2023 (2022: 5.4%). As things currently stand, the extraordinary expenses should come to around €20 million (2022: €26.3 million) and primarily comprise purchase price allocation effects. This will result in a target corridor for the EBIT margin of 5.6% to 6.6% (2022: 4.8%).

## INCREASED EARNINGS AFTER TAX TARGETED

Earnings after tax are expected to rise to between €160 and €210 million on the basis of the EBIT expectations outlined above. [ROCE → page 263](#) should also improve again in 2023, reaching a range of 19% to 23% (2022: 17.3%).



## DIVIDEND POLICY TO BE CONTINUED

We will be proposing a dividend of €0.70 per share for the 2022 financial year. Looking ahead over the coming years, we likewise expect a payout ratio of 30% to 40% of Group earnings after tax.

## HIGH FREE CASH FLOW IN TANDEM WITH RISING CAPITAL EXPENDITURE

**Free cash flow** → **page 263** should be influenced by two opposing factors in 2023. While the projected improvement in earnings should make a positive contribution, we plan to increase capital expenditure at the same time. With respect to **net working capital** → **page 263**, we expect a decline in prepayments due to the anticipated normalization of our order intake. At the same time, we see potential for running off the inventories arising from stockpiling in 2022 in response to supply chain constraints. Days working capital should continue to be as low as possible. We reaffirm our target of 40 to 50 days for the time being, although we fell short of this range at the end of 2022. As in 2021 and 2022, we have budgeted a free cash flow of €50 to €100 million. Given the expected cash flow, low net debt, and the good liquidity situation in 2022, we have sufficient financial flexibility to cover operational funding requirements, the financial resources required for acquisitions, and the proposed dividend payout.

## CAPITAL EXPENDITURE AND ACQUISITIONS

We anticipate a substantial increase in capital expenditure on property, plant, and equipment as well as intangible assets in 2023. This is mainly due to the extensive capital expenditure program at the HOMAG Group, which has been ongoing since 2021. Thus, HOMAG is to spend €150 to €200 million by 2025 on expanding capacity, improving efficiency, and creating a modern, performance-enhancing work environment. In addition, we are widening capacities in the Measuring and Process Systems division's tooling business by investing in a new location in Germany. Overall, we expect capital expenditure to rise to between 4.0% and 5.0% of sales in 2023 (2022: 3.2%). At the same time, we want to continue our acquisition strategy and strengthen our business activities through corporate and technology acquisitions. Sufficient liquidity is available for funding possible transactions.

## NET FINANCIAL STATUS, LIQUIDITY, AND FUNDING

As things currently stand, we project a **net financial status** → **page 263** of €–50 to €–100 million for the end of 2023. Once again, we do not expect to draw on the cash facility under our syndicated loan in 2023. We currently have no intention of raising any fresh capital; this would only be an option in an exceptional case in the event of a large acquisition. We have a stable funding position, with the syndicated loan continuing until mid-2026.

## EXPECTATIONS BEYOND 2023

Looking forward to 2024, we expect to see a continuation of the profitable growth and to achieve our medium-term target of an EBIT margin of at least 8% before extraordinary effects. We are aiming to increase sales to more than €6 billion by 2030. The goal is to achieve an average growth rate of 5% to 6% during this period. At the same time, we want to stabilize the EBIT margin before extraordinary effects at over 8% on a sustained basis.

### 2.79 — OUTLOOK FOR GROUP

		2022	2023 target
Order intake	€ million	5,008.4	4,400 to 4,800
Sales	€ million	4,314.1	4,500 to 4,800
EBIT margin before extraordinary effects	%	5.4	6.0 to 7.0
EBIT margin	%	4.8	5.6 to 6.6
Earnings after tax	€ million	134.3	160 to 210
ROCE	%	17.3	19 to 23
Free cash flow	€ million	117.1	50 to 100
Net financial status (Dec. 31)	€ million	–46.4	–50 to –100
Capital expenditure (net of acquisitions)	€ million	138.5	
	% of sales	3.2	4.0 to 5.0

**2.80 — OUTLOOK FOR DIVISIONS**

	Order intake (€ million)		Sales (€ million)		EBIT margin before extraordinary effects (%)	
	2022	2023 target	2022	2023 target	2022	2023 target
Paint and Final Assembly Systems	1,786.6	1,600 to 1,750	1,436.2	1,650 to 1,750	4.0	4.7 to 5.7
Application Technology	654.0	560 to 620	586.6	570 to 610	8.3	9.4 to 10.4
Clean Technology Systems	587.1	520 to 580	456.1	450 to 490	2.5	3.3 to 4.3
Measuring and Process Systems	326.0	290 to 320	276.2	290 to 320	6.2	8.4 to 9.4
Woodworking Machinery and Systems	1,705.8	1,450 to 1,600	1,602.1	1,600 to 1,700	7.8	8.0 to 9.5

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

Given the multitude of challenges it faced, the Dürr Group performed well in 2022, posting new records in sales, order intake, and order backlog. On the strength of the very high order backlog and our measures to improve earnings, we expect profitable growth in 2023. The order situation in automotive business is very good. We continue to anticipate extensive capital expenditure on e-mobility production systems and sustainable technologies for automotive plants in order to reduce the carbon footprint. With respect to order intake, the focus is on those projects that promise the best margins. In business with the furniture industry, we expect a cyclical slowdown in demand after the record years of 2021 and 2022. At the same time, we see further growth opportunities for HOMAG in service business and systems for the prefabrication of components for climate-friendly timber houses.

Sustainability, electromobility, automation, and digitalization will continue to be the Dürr Group's main growth drivers over the next few years. Thanks to the resource efficiency of our products, the high software and shop-floor expertise of our digital factories, and the previous years' acquisitions, we are very well positioned to benefit from the market opportunities that are emerging.

Driven by a record order backlog, Group sales should grow to between €4,500 and €4,800 million in 2023. The EBIT margin before extraordinary effects is expected to widen to between 6.0% and 7.0%; the target corridor for the EBIT margin is 5.6% to 6.6%, accompanied by slightly lower extraordinary expenses of around €20 million. Earnings after tax are set to rise to between €160 and €210 million. We anticipate **free cash flow** → [page 263](#) of €50 to €100 million in view of a temporary increase in growth-related capital expenditure. The high total available liquidity of over €1 billion (including a cash facility under the syndicated loan) and relatively low net debt of under €50 million at the end of 2022 mean that we are financially very well positioned to cover operational funding requirements, to complete acquisitions, and to pay out a dividend. We are using this flexibility judiciously and with foresight, and expect the **net financial status** → [page 263](#) to remain virtually unchanged, at between €–50 and €–100 million, as of year-end 2023.

We want to continue growing profitably in 2024 and to achieve our medium-term target of an EBIT margin before extraordinary effects of at least 8% in the Dürr Group, with the earnings growth to be underpinned by all divisions.

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

Dürr AG's annual financial statements are prepared in accordance with the provisions of the German Commercial Code (HGB), whereas the consolidated financial statements are prepared in accordance with IFRS. As the holding company, Dürr AG comprises the Group's central functions and does not engage in any operating business of its own. Its economic condition mainly hinges on the business performance of the Group's operating companies. Dürr AG holds shares, directly or indirectly, in 129 companies. The economic environment in which Dürr AG operates is essentially the same as the Group's and is described in the chapter entitled "Economic and sector environment" → page 74.

## Results of operations

Dürr AG's sales rose by 23.9% to €39.3 million in 2022. The main reason for this were the increase in internal Group transfer payments made by the Group companies to Dürr AG and the higher payments for the use of trademarks due to the increased volume of business. Net other operating expenses came to a substantial €27.6 million mainly as a result of expenses in the low double-digit millions for the OneDürrGroup synergy program. These expenses are initially borne entirely by Dürr AG and recharged internally to other Group companies only after the individual OneDürrGroup projects have been completed. Currency-translation gains and losses included in other operating income and expense increased over the previous year, with the losses slightly exceeding the gains. The increase in personnel expenses (12.7%) is due to a higher number of employees and greater allocations to pension provisions.

Investment income fell by 19.2% to €151.7 million in 2022. In this connection, it should be borne in mind that the previous year's figure had included an exceptionally high dividend payout by Schenck in the United States as well as non-recurring income from the disposal of the remaining shares in SBS Ecoclean GmbH. At €-6.8 million, the

financial result was substantially improved. This was particularly underpinned by significantly higher interest income. Moreover, the previous year's figure had included the one-off transaction costs for a Schuldschein loan. At €2.7 million, income taxes remained low as we were able to utilize tax loss carry forwards in Germany.

Net profit for the year came to €127.1 million, down €37.5 million on 2021, primarily as a result of higher other operating expenses and the lower net investment income. Even so, it is more than sufficient to cover the proposed dividend payout of €48.4 million or €0.70 per share. Including the profit of €580.2 million carried forward from the previous year, a net retained profit of €707.3 million was recorded.

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

€ million	2022	2021
Sales	39.3	31.7
Other operating income	30.5	20.9
Cost of materials	-2.8	-1.6
Personnel expense	-23.1	-20.5
Depreciation and amortization	-0.8	-1.6
Other operating expenses	-58.1	-35.5
Investment income	151.7	187.8
Financial result	-6.8	-14.4
Income taxes	-2.7	-2.2
<b>Net profit for the year</b>	<b>127.1</b>	<b>164.6</b>
Profit carried forward from the previous year	580.2	450.2
<b>Net retained profit</b>	<b>707.3</b>	<b>614.8</b>

## Net assets and financial condition

Dürr AG's total assets rose by 13.9% to €2,419.7 million as of December 31, 2022. On the assets side, non-current assets were virtually unchanged, while current assets increased by just under a third. This was due to higher receivables and other assets (up 22.5%), as we lent more funds to subsidiaries under our Group-wide cash pooling system to finance our operating business. Moreover, cash funds climbed by €135.5 million as less liquidity was invested in long-term time deposits.

On the other side of the balance sheet, equity climbed by a further 10.8% to €952.1 million due to the higher net retained profit. Provisions rose from €21.6 million to €23.7 million due to higher tax and pension provisions. Liabilities increased by 16.1%

to €1,443.9 million as we received more funds from the Group companies for investment purposes and for cash pooling. On the other hand, financial liabilities remained constant compared with December 31, 2021.

## Opportunities and risks

Dürr AG is exposed to the opportunities and risks of its subsidiaries. The extent of such exposure depends on the size of its share in the respective company. See also the [“Report on risks, opportunities, and expected future development”](#) → page 104 for further details. In addition, strain may arise for the contingent liabilities in existence between Dürr AG and its subsidiaries.

## Forecast

Dürr AG's future economic performance is closely linked to the Group's operating performance. Details of the outlook and our plans for our operating business can be found in the [“Report on risks, opportunities, and expected future development”](#) → page 104. Given the Group companies' improved earnings performance, we expect a slight increase in investment income and, hence, also Dürr AG's net profit for the year. Dürr AG's full individual financial statements can be found under Investors/Financial Publications/Presentations at our website at [www.durr-group.com](http://www.durr-group.com).

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

€ million	31.12.2022	31.12.2021
<b>ASSETS</b>		
<b>Non-current assets</b>		
Intangible assets	4.4	5.1
Tangible assets	0.1	0.2
Financial assets	1,130.0	1,131.1
	<b>1,134.5</b>	<b>1,136.3</b>
<b>Current assets</b>		
Receivables and other assets	881.9	719.8
Cash funds	402.8	267.3
	<b>1,284.7</b>	<b>987.1</b>
Prepaid expenses, miscellaneous	0.5	1.5
	<b>1,285.2</b>	<b>988.6</b>
<b>Total assets</b>	<b>2,419.7</b>	<b>2,125.0</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Subscribed capital	177.2	177.2
Capital reserve	67.6	67.6
Net retained profit	707.3	614.8
	<b>952.1</b>	<b>859.6</b>
<b>Debt capital</b>		
Provisions	23.7	21.6
Liabilities	1,443.9	1,243.9
	<b>1,467.6</b>	<b>1,265.4</b>
<b>Total equity and liabilities</b>	<b>2,419.7</b>	<b>2,125.0</b>

Bietigheim-Bissingen, March 14, 2023

Dürr Aktiengesellschaft  
The Board of Management



Dr. Jochen Weyrauch



Dietmar Heinrich

# REMUNERATION REPORT

125	CONTENT OF THE REMUNERATION REPORT	136	REMUNERATION IN 2022
125	REMUNERATION SYSTEM FOR THE MEMBERS OF THE BOARD OF MANAGEMENT	143	OUTLOOK FOR THE REMUNERATION SYSTEM IN 2023
132	COMPLIANCE WITH THE REMUNERATION SYSTEM AND DETERMINATION OF TARGET ACHIEVEMENT	143	REMUNERATION OF THE SUPERVISORY BOARD

## Content of the remuneration report

The remuneration report has been prepared in accordance with the provisions of Section 162 of the German Stock Corporation Act (AktG) and is based in particular on the statutory requirements of that Act. It is a separate report, describing the basic principles underlying the remuneration systems for the Board of Management and the Supervisory Board as well as the amount and structure of the remuneration.

Due to rounding effects, it is possible that individual figures presented in this report may not add up exactly to the specified total and that the percentages shown do not exactly match the absolute figures.

The remuneration report for 2021 was prepared in accordance with Section 162 of the German Stock Corporation Act for the first time. The report on the remuneration individually granted and owed to the members of Dürr AG's Board of Management and Supervisory Board in 2021 was approved by the shareholders with a majority of 93.18% at the annual general meeting on May 13, 2022.

## Remuneration system for the members of the Board of Management

### PRINCIPLES OF THE REMUNERATION SYSTEM

The current remuneration system for the Board of Management of Dürr AG has been in force since January 1, 2021. The remuneration system implements the applicable new provisions of the German Stock Corporation Act (Sections 87 and 87a) resulting from the Act on the Transposition of the Second Shareholder Rights Directive (ARUG II) and has been approved and adopted by the Supervisory Board in accordance with these requirements.

In devising the current remuneration system, the Personnel Committee and the Supervisory Board paid close attention to ensuring the appropriateness of the remuneration for the Board of Management, and reviewed it on the basis of several criteria. These included the tasks of the Board of Management

as a whole and of its individual members, the members' personal performance, the economic situation as well as the company's long-term success and outlook. In addition, the Supervisory Board compared the development of the Board of Management's remuneration with peer companies (see section entitled "Review of the appropriateness of the remuneration of the Board of Management") as well as with the remuneration of the Group's senior managers and workforce.

The remuneration system also largely takes account of the most recent version of the German Corporate Governance Code ("Code") as well as the latest version (September 2021) of the "Guidelines for Sustainable Management Board Remuneration". The "Guidelines for Sustainable Management Board Remuneration" as amended in September 2021 were drawn up by Supervisory Board Chairs, corporate governance experts as well as investor representatives and academics.

Among other things, the system includes variable performance criteria to measure the Group's sustainable development, a clawback clause, a target bonus system, and provisions concerning termination benefits. Other constituent elements are, for example, the distinction between short-term and long-term incentives (one-year and multi-year variable remuneration), remuneration caps, and a deductible for D&O insurance.

The Supervisory Board performs a review of the remuneration system at its own due discretion, however no later than every four years. The remuneration system is structured clearly and comprehensibly and aimed at promoting sustainable and long-term added value, the implementation of the company's business strategy, and the growth of the divisions. The current remuneration system applies in the version approved by a large majority (89.57%) of the shareholders at the annual general meeting on May 7, 2021.

### COMPONENTS OF THE REMUNERATION SYSTEM

The remuneration system for the members of the Board of Management consists of fixed and variable remuneration components. The fixed remuneration, which is not related to performance, comprises the fixed annual salary, a company pension, and fringe benefits. The variable performance-related remuneration comprises the short-term incentive and the long-term incentive (→ [figure 3.1](#)).

### 3.1 — REMUNERATION SYSTEM AND COMPONENTS OF THE REMUNERATION FOR THE BOARD OF MANAGEMENT

		Remuneration components	Structure	Cap			
Cash	Fixed components	Fixed annual salary	Paid in twelve equal monthly installments	100%	Maximum total remuneration		
		Fringe benefits	Regular and occasion-related non-cash benefits granted	1% of total target remuneration			
		Company pension	Employer-funded pension contribution	25% of the annual basic salary			
	Variable components	STI (one-year performance period)	Operating EBIT	FCF		ESG	Total target achievement capped at 150%
			60%	30%		10%	
			Annual definition of threshold (0%) and maximum (150%)				
			ESG targets 2022 (each with a weighting of 25%): <div>• ESG rating • Employee satisfaction</div> <div>• Sustainable supply chain • Climate strategy</div>				
		LTI (three-year performance period)	Operating EBIT margin			Total target achievement capped at 150%	
			100%				
			Annual definition of threshold (0%) and maximum (150%)				
Number of performance shares			×	EBIT multiplier (max. 200%)	×		Average closing price of Dürr AG share <sup>1</sup>
		Obligation to hold shares ("share ownership guidelines")					
		Negative bonus and clawback rules for variable components					

<sup>1</sup> Average closing price of the Dürr share in Deutsche Börse AG's XETRA trading system over the last 30 trading days before the annual general meeting of Dürr AG.

#### FIXED, NON-PERFORMANCE-RELATED REMUNERATION COMPONENTS

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

#### Fixed annual salary

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

### Company pension

Under the Dürr Group's pension scheme ("Dürr pension plan"), the members of the Board of Management receive an employer-funded pension contribution of 25% of their fixed annual salary.

### Fringe benefits

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

## VARIABLE, PERFORMANCE-RELATED REMUNERATION COMPONENTS

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

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

The Supervisory Board may make appropriate, temporary adjustments, within reasonable limits, to the conditions for payment of the variable remuneration components in response to exceptional events or developments, e.g. the acquisition or disposal of a business. The Supervisory Board made use of this

right with regard to remuneration for 2022 and adjusted the EBIT targets during the year (see section entitled "[Compliance with the remuneration system](#)" → [page 132](#)). Generally unfavorable market conditions do not constitute exceptional events or developments. The same applies if changes in the accounting rules applicable to the company have a material impact on the parameters relevant for the calculation of the STI and LTI variable remuneration components or in the event that a fiscal year comprises less than twelve months (short fiscal year). If exceptional events or developments lead to changes in the payment of the variable remuneration, the reasons for this are described in detail and in a readily understandable manner. No use may be made of any discretionary adjustment options. No special bonuses are paid.

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

### Short-term incentive (short-term remuneration component)

The short-term incentive is a performance-related bonus based on financial and non-financial results for the respective fiscal year. For 2022, it broke down into 60% operating earnings before interest and taxes (EBIT), 30% free cash flow (FCF), and 10% ESG targets (→ [figure 3.2](#)). ESG targets can be set for the Board of Management in its entirety or individually for each Board member.

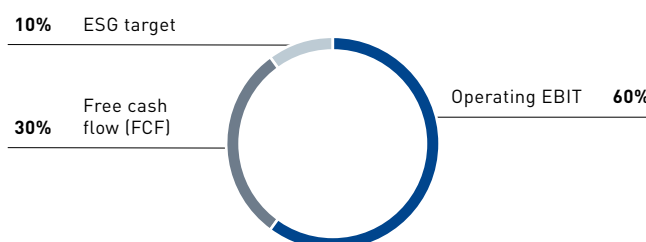
EBIT is defined as earnings before interest, income taxes, and income from investments. Operating EBIT is adjusted for unplanned extraordinary effects such as the effects of acquisitions. The extraordinary effects to be eliminated are determined by the Supervisory Board in the course of approving target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



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

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

### 3.2 — SHORT-TERM INCENTIVE – TARGET WEIGHTING



### 3.3 — SHORT-TERM INCENTIVE: CALCULATION OF TARGET ACHIEVEMENT AND STI AMOUNT

Before the beginning of a fiscal year			After the end of the fiscal year		
Determination of targets			Calculation of target achievement	Calculation of bonus	
STI	Targets	Weighting	Target/actual comparison <sup>1</sup>	Target amount multiplied with total target achievement <sup>2</sup>	
	Operating EBIT	60%	× Specific target achievement	× STI target amount	= STI amount
	FCF	30%	+ × Specific target achievement		
	ESG <sup>3</sup>	10%	+ × Specific target achievement		

<sup>1</sup> Comparison of the targets set before the beginning of the fiscal year with the values achieved in the fiscal year.

<sup>2</sup> The individual target amount for 100% target achievement is determined in accordance with the applicable remuneration structure for the individual members of the Board of Management.

Total target achievement is the sum of all target achievement levels.

<sup>3</sup> The ESG sub-targets are redefined annually and composed of environment, social, and governance targets.

Before the beginning of a fiscal year, the Supervisory Board determines the individual targets as well as the minimum and maximum target achievement ("threshold" and "maximum"). Target achievement is 0% if it is below the threshold, 150% if it is above the maximum, and 100% if the target is reached. Target achievement is interpolated on a straight-line basis between the minimum and the target as well as between the target and the maximum. Target achievement is determined by the Supervisory Board after the end of the corresponding fiscal year. STI target achievement is determined on the basis of the respective achievement of the EBIT, FCF, and ESG targets and by applying the weighting defined for these targets. The final STI amount equals the STI target amount multiplied by target achievement (→ figure 3.3). The target achievement amount accruing under the short-term incentive is paid out in May (net of statutory deductions) and capped at 150% of the target amount (payout cap).

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

### Long-term incentive (long-term remuneration component)

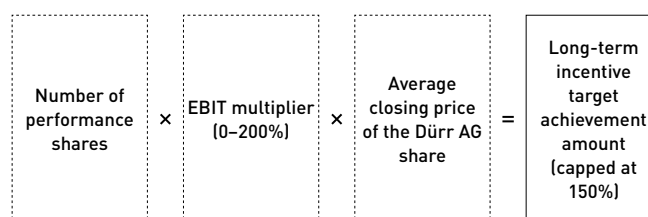
The long-term incentive for the members of the Board of Management takes the form of a performance share plan and is geared toward the company's sustainable growth. It is determined based on the performance of Dürr shares and the operating EBIT margin. The relevant performance indicators for calculating the amount accruing under the LTI are the performance of the Dürr share price between the award and the payment of the LTI as well as the average operating EBIT margin for the three fiscal years from the year of award. The inclusion of the share price emphasizes the focus on the long-term and sustainable creation of added value by the company. The operating EBIT margin is defined as the ratio of operating EBIT (see section on "Short-term incentive" → page 127) to the correspondingly adjusted sales of the Dürr Group. The operating EBIT margin is a measure of the company's long-term profitability and thus supports the long-term implementation of the corporate strategy.

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

The LTI is paid out in cash after the expiry of the three-year period and the subsequent annual general meeting at which Dürr AG's consolidated financial statements for the previous fiscal year are presented. To calculate the target achievement amount, the number of performance shares is multiplied by the EBIT multiplier and the average calculated closing price of the Dürr share over the 30 days before the annual general meeting (→ figure 3.4).

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

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



All rights accruing under the LTI expire without compensation if: the service contract with the member of the Board of Management is validly terminated without notice for good cause prior to the LTI payout; the member's appointment to the Board of Management is validly revoked for good cause prior to the LTI payout due to gross breach of duty as defined in Section 84 (4) Sentence 2 of the German Stock Corporation Act; the appointment is not renewed upon expiry for good cause in accordance with Section 626 (1) of the German Civil Code for reasons for which the member of the Board of Management is responsible prior to the LTI payout; or the member of the Board of Management resigns or gives notice of termination of the service contract prior to the LTI payout, unless the member of the Board of Management has a justified reason for resigning and/or giving notice of termination of the service contract.

#### **Previous long-term incentive (long-term remuneration component)**

In 2022, the long-term variable remuneration was paid out under the system applicable until December 31, 2020. This system is described below.

Under the remuneration system applicable until December 31, 2020, LTI remuneration was based on the performance of Dürr's share price and the Group's average EBIT margin over a three-year period (LTI period). Each year, a specified number of virtual Dürr shares, known as performance share units, was issued. The amount payable at the end of the three-year LTI period was calculated by multiplying the number of performance share units by a share price multiplier and an EBIT multiplier. The share price multiplier corresponded to the average closing price of the Dürr share in euros over the last 20 trading days prior to the first annual general meeting after the three-year LTI period. The EBIT multiplier was calculated on the basis of the average EBIT margin achieved by the Group during the term of the LTI tranche. The overall LTI payment and the EBIT multiplier were subject to caps. The EBIT multiplier was capped at two if an average EBIT margin of at least 8% had been achieved. If the average EBIT margin was 6%, the EBIT multiplier equaled target achievement of one and if the average EBIT margin was 4% or less, the EBIT multiplier dropped to zero, meaning that no LTI payment was made.

## **PENALTY AND CLAWBACK RULES**

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

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

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

In 2022, the Supervisory Board did not make any use of the option to withhold or reclaim variable remuneration components.

## **MAXIMUM REMUNERATION**

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

If the total remuneration calculated for a fiscal year exceeds the maximum remuneration, the amount accruing under the long-term incentive (LTI) is reduced by the surplus amount. If necessary, the Supervisory Board may, at its own due discretion, reduce other remuneration components. Irrespective of the maximum remuneration set, the amount of the individual variable remuneration components is also limited as shown in → table 3.5.

### 3.5 — MAXIMUM AMOUNTS OF VARIABLE REMUNERATION COMPONENTS

Position	Maximum amount under the short-term incentive (€)	Maximum amount under the long-term incentive (€)
Chief Executive Officer	1,250,000	1,350,000
Chief Financial Officer	600,000	675,000

### OBLIGATION TO HOLD SHARES ("SHARE OWNERSHIP GUIDELINES")

The members of the Board of Management are subject to a contractual obligation to permanently hold a significant fixed number of Dürr shares during the term of their office after the end of a three-year accumulation phase. The Chief Executive Officer and the Chief Financial Officer must each hold 12,500 shares. Alongside the LTI, the obligation to hold shares in the company entails an additional share-based component that provides an incentive to work toward increasing the company's enterprise value in the long term beyond the term of the LTI. Compliance with this obligation must be demonstrated for the first time after the three-year accumulation phase and thereafter annually. The accumulation phase begins upon the member of the Board of Management commencing his or her duties or upon the current remuneration system taking effect on January 1, 2021, whichever is the later. Accordingly, all active members of the Board of Management are still in the accumulation phase. The number of shares held as of December 31, 2022, is shown in → table 3.6.

### 3.6 — NUMBER OF SHARES HELD BY THE MEMBERS OF THE BOARD OF MANAGEMENT ACTIVE AS OF DECEMBER 31, 2022

Member of the Board of Management	Necessary number	End of the accumulation phase	Number of shares as of December 31, 2022
Dr. Jochen Weyrauch	12,500	Dec. 31, 2023	24,000
Dietmar Heinrich	12,500	Dec. 31, 2023	15,000

### BENEFITS GRANTED AT CONTRACT TERMINATION

#### Benefits granted in the event of ordinary expiry of the appointment

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

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

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

#### Post-contractual noncompete agreement

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

#### Benefits granted in connection with a change of control

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

## Compliance with the remuneration system and determination of target achievement

### FURTHERANCE OF THE COMPANY'S SUSTAINABLE DEVELOPMENT

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

### COMPLIANCE WITH THE REMUNERATION SYSTEM

The remuneration system applicable to the members of the Board of Management was adjusted in 2022 with a realignment made during the year to the short-term incentive EBIT targets, together with a reduction in the total short-term incentive target achievement from 150% to 130%.

### TARGET ACHIEVEMENT UNDER THE SHORT-TERM INCENTIVE

#### Adjustment to performance criteria for 2022

Target achievement under the short-term incentive for 2022 was weighted as follows: 60% operating EBIT target, 30% free cash flow target, and 10% ESG targets. Due to the Covid-19 pandemic, the lockdowns in China, the war in Ukraine, and significant supply chain problems, the business targets originally planned for 2022 were no longer achievable. In an ad-hoc news item dated May 2, 2022, the company lowered the expected EBIT margin (before extraordinary effects) to between 5.0% and 6.5% (originally between 6.5% and 7.5%). Under Section 87 (1) of the German Stock Corporation Act, it is incumbent upon the Supervisory Board to ensure at all times the appropriateness of the remuneration of the Board of Management and, in the case of listed companies, to align it with the company's sustainable and long-term development. In the event of extraordinary developments or events, the remuneration system for the Board of Management allows adjustments to be made to the variable remuneration (STI, LTI). On the recommendation of the Personnel Committee, the Supervisory Board of Dürr AG adopted the following resolution for the members of the Board of Management of Dürr AG on June 3, 2022:

The EBIT target achievement relevant for variable remuneration (STI) for 2022 will be adjusted during the year (→ [table 3.7](#)), and, in this connection, the cap on the overall target achievement under the short-term incentive will be lowered to 130% for the year.

#### 3.7 — SHORT-TERM INCENTIVE – ADJUSTMENT OF EBIT TARGETS IN 2022

Operating EBIT		
Target achievement	Original target for 2022	Adjusted target for 2022
0%	€159,000	€148,000
100%	€245,000	€188,000
150%	€289,000	€208,000

The free cash flow (FCF) and ESG targets were not changed (→ [table 3.8](#)).

Operating EBIT came to €207.5 million in 2022. It is derived from the EBIT of €205.9 million less the unplanned extraordinary effects of €1.6 million. The unplanned extraordinary effects arose from non-operating items in connection with restructuring in Russia, the reversal of restructuring provisions in the Woodworking Machinery and Systems division, personnel expenses from acquisitions at various Group companies, and the impairment recognized on the iTAC Software AG brand name. Free cash flow amounted to €117.1 million in 2022. The ESG target for 2022 consisted of four sub-targets, each of which had a weighting of 25%. One of the four sub-targets was oriented to the EcoVadis ESG rating, while the other three were related to environmental, social, and governance aspects. The EcoVadis rating shows an increase to 72 points (gold status) for 2022, compared to 66 points in the previous year. The climate strategy (environmental) sub-target indicated a reduction of 28,921 tons or 51% in Scope 1 and 2 CO<sub>2</sub>e emissions in 2022. The third sub-target (social) was to be assessed on the basis of the results of an employee survey. However, this employee survey was postponed until September 2023, as it was not possible to ensure that all employees worldwide were able to participate in the same way at the planned time due to the Covid-19 pandemic. As a result, this sub-target was assigned 0% target achievement. The fourth sub-target (governance) related to sustainable supply chains. In this respect, 80% of the high-risk suppliers active in 2022 signed the Dürr Group's Supplier Code of Conduct, and 60% of the high-risk suppliers active in 2022 carried out a supplier self assessment. Total achievement of the four ESG sub-targets came to 112.5% in 2022.

### 3.8 — SHORT-TERM INCENTIVE – DETERMINATION OF TARGET ACHIEVEMENT IN 2022

Name	Description of the performance criterion	Relative weighting of the performance criterion	
	Earnings before interest and taxes (operating EBIT)	60%	
	Free cash flow (FCF)	30%	
	ESG targets	10%	
	ESG target 1 (EcoVadis rating) <sup>1</sup>	2.5%	
	ESG target 2 (employee satisfaction) <sup>3</sup>	2.5%	
	ESG target 3 (sustainable supply chain)		
	ESG target 3.1 (signing of supplier code of conduct)	1.25%	
	ESG target 3.2 (completion of supplier self assessment)	1.25%	
	ESG target 4 (climate strategy) <sup>4</sup>	2.5%	
	Earnings before interest and taxes (operating EBIT)	60%	
Dr. Jochen Weyrauch Chief Executive Officer	Free cash flow (FCF)	30%	
	ESG targets	10%	
	ESG target 1 (EcoVadis rating) <sup>1</sup>	2.5%	
	ESG target 2 (employee satisfaction) <sup>3</sup>	2.5%	
	ESG target 3 (sustainable supply chain)		
	ESG target 3.1 (signing of supplier code of conduct)	1.25%	
	ESG target 3.2 (completion of supplier self assessment)	1.25%	
	ESG target 4 (climate strategy) <sup>4</sup>	2.5%	
	Earnings before interest and taxes (operating EBIT)	60%	
	Free cash flow (FCF)	30%	
Dietmar Heinrich Chief Financial Officer	ESG targets	10%	
	ESG target 1 (EcoVadis rating) <sup>1</sup>	2.5%	
	ESG target 2 (employee satisfaction) <sup>3</sup>	2.5%	
	ESG target 3 (sustainable supply chain)		
	ESG target 3.1 (signing of supplier code of conduct)	1.25%	
	ESG target 3.2 (completion of supplier self assessment)	1.25%	
	ESG target 4 (climate strategy) <sup>4</sup>	2.5%	
	Earnings before interest and taxes (operating EBIT)	60%	
	Free cash flow (FCF)	30%	
	ESG targets	10%	

<sup>1</sup> EcoVadis is an international assessment platform for determining sustainability along the entire supply chain.

<sup>2</sup> Gold status achieved (top 5%). Gold status was awarded in 2022 for a score of 67 points. The threshold was increased to 70 points effective January 1, 2023.

<sup>3</sup> Measured in terms of performance environment and commitment and calculated by Efectory Deutschland GmbH; an employee survey is usually carried out every 3 years.

<sup>4</sup> Reduction in global Scope 1 and 2 emissions (market based) in 2022 (adjusted) relative to the base year 2019. An additional prerequisite for achieving the ESG target 4 (climate strategy) is the modification of the current company car policy in Germany to promote the switch to alternative drive systems.

Compliance with the remuneration system and determination of target achievement

Information on performance criteria					Target achievement	Remuneration		
a) Minimum target b) Minimum target remuneration		a) Target for 100% target achievement b) Target remuneration for 100% target achievement		a) Maximum target b) Maximum target remuneration	Actual figure for current year	a) Target achievement b) Remuneration for this target		
a)	€148,000,000	a)	€188,000,000	a)	€208,000,000	a)	148.7%	
b)	€0	b)	€500,000	b)	€750,000	b)	€743,575	
a)	-€184,000,000	a)	€16,000,000	a)	€116,000,000	a)	150%	
b)	€0	b)	€250,000	b)	€375,000	b)	€375,000	
						a)	112.5%	
						b)	€93,750	
a)	62	a)	64	a)	Top 5% <sup>2</sup>	Gold status – 72 points	a)	150%
b)	€0	b)	€20,833	b)	€31,250		b)	€31,250
a)	Score ≤ industry average	a)	Score ≥ industry average < results of 2019 survey	a)	Score > results of 2019 survey	Employee survey postponed until 2023	a)	0%
b)	€0	b)	€20,833	b)	€31,250		b)	€0
a)	0% of the high-risk suppliers active in 2022	a)	50% of the high-risk suppliers active in 2022	a)	75% of the high-risk suppliers active in 2022	80% of the high-risk suppliers active in 2022	a)	150%
b)	€0	b)	€10,417	b)	€15,625		b)	€15,625
a)	0% of the high-risk suppliers active in 2022	a)	30% of the high-risk suppliers active in 2022	a)	50% of the high-risk suppliers active in 2022	60% of the high-risk suppliers active in 2022	a)	150%
b)	€0	b)	€10,417	b)	€15,625		b)	€15,625
a)	-0 t CO <sub>2</sub> e (-0%)	a)	-8,500 t CO <sub>2</sub> e (-15 %)	a)	-17,000 t CO <sub>2</sub> e (-30%)	-28,921t CO <sub>2</sub> e [-51%] Scope 1 and 2 emissions and publication of new company car policy	a)	150%
b)	€0	b)	€20,833	b)	€31,250		b)	€31,250
a)	€148,000,000	a)	€188,000,000	a)	€208,000,000	€207,486,000	a)	148.7%
b)	€0	b)	€240,000	b)	€360,000		b)	€356,916
a)	-€184,000,000	a)	€16,000,000	a)	€116,000,000	€117,100,000	a)	150%
b)	€0	b)	€120,000	b)	€180,000		b)	€180,000
							a)	112.5%
							b)	€45,000
a)	62	a)	64	a)	Top 5% <sup>2</sup>	Gold status – 72 points	a)	150%
b)	€0	b)	€10,000	b)	€15,000		b)	€15,000
a)	Score ≤ industry average	a)	Score ≥ industry average < results of 2019 survey	a)	Score > results of 2019 survey	Employee survey postponed until 2023	a)	0%
b)	€0	b)	€10,000	b)	€15,000		b)	€0
a)	0% of the high-risk suppliers active in 2022	a)	50% of the high-risk suppliers active in 2022	a)	75% of the high-risk suppliers active in 2022	80% of the high-risk suppliers active in 2022	a)	150%
b)	€0	b)	€5,000	b)	€7,500		b)	€7,500
a)	0% of the high-risk suppliers active in 2022	a)	30% of the high-risk suppliers active in 2022	a)	50% of the high-risk suppliers active in 2022	60% of the high-risk suppliers active in 2022	a)	150%
b)	€0	b)	€5,000	b)	€7,500		b)	€7,500
a)	-0 t CO <sub>2</sub> e (-0%)	a)	-8,500 t CO <sub>2</sub> e (-15 %)	a)	-17,000 t CO <sub>2</sub> e (-30%)	-28,921t CO <sub>2</sub> e [-51%] Scope 1 and 2 emissions and publication of new company car policy	a)	150%
b)	€0	b)	€10,000	b)	€15,000		b)	€15,000



### Target achievement under the long-term incentive

→ **Table 3.9** shows the target achievement for the 2020 to 2022 tranche. Reportable target achievement under the long-term incentive relates to the EBIT multiplier. The payment is derived from the EBIT multiplier and the share price multiplier (see section entitled “**Previous long-term incentive (long-term remuneration component)**” → **page 130** for more information on the system).

### 3.9 — LONG-TERM INCENTIVE – DETERMINATION OF TARGET ACHIEVEMENT IN 2022

			Information on performance criteria						Target achievement		Share price multiplier	
			a) Target for 100% target achievement b) Target for 100% target achievement of EBIT multiplier								a) Share price multiplier <sup>1</sup>	
Name	Number of performance shares	Description of the performance criterion	a) Minimum target b) Minimum target for EBIT multiplier				a) Maximum target b) Maximum target for EBIT multiplier		a) EBIT margin achieved b) EBIT multiplier		b) Remuneration per performance share unit	
Dr. Jochen Weyrauch Chief Executive Officer	10,000	Average margin on earnings before interest and taxes (EBIT) in 2020–2022	a)	4.0%	a)	6.0%	a)	8.0%	a)	3.33%	a)	32.75
			b)	0.0	b)	1.0	b)	2.0	b)	0	b)	0.00 €
Dietmar Heinrich Chief Financial Officer	5,640	Average margin on earnings before interest and taxes (EBIT) in 2020–2022	a)	4.0%	a)	6.0%	a)	8.0%	a)	3.33%	a)	32.75
			b)	0.0	b)	1.0	b)	2.0	b)	0	b)	0.00 €

<sup>1</sup> The average price over the last 20 trading days prior to the 2023 annual general meeting is applied to calculate the final amount. As this information was not yet available when the annual financial statements were prepared, the average price over the last 20 days of the 2022 calendar year is used here as a reference.

## Remuneration in 2022

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

Under Section 162 (1), Sentence 1, Sentence 2, No. 1 of the German Stock Corporation Act, all fixed and variable remuneration components that were “granted and owed” to the individual members of the Board of Management in 2021 and 2022 must be disclosed.

The short-term incentive for 2021 and 2022 is deemed to be “remuneration owed” as the underlying performance was rendered before the respective reporting date (December 31). Accordingly, the bonus payment amounts for the reporting year are disclosed notwithstanding the fact that payment is not made until after the end of the respective reporting year. This affords clear and transparent reporting and preserves the link between performance and remuneration during the reporting period.

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

### 3.10 — “REMUNERATION GRANTED AND OWED” IN 2021 AND 2022 (1)

		DR. JOCHEN WEYRAUCH Chief Executive Officer Date of appointment: January 1, 2017				DIETMAR HEINRICH Chief Financial Officer Date of appointment: August 1, 2020			
€		2021	2021 (in %)	2022	2022 (in %)	2021	2021 (in %)	2022	2022 (in %)
Non-performance-related components	Basic remuneration (fixed remuneration)	750,000	42	1,000,000	42	600,000	44	600,000	47
	Fringe benefits (benefits in kind, advances toward insurance, etc.)	25,596	1	30,653	1	15,996	1	15,996	1
	<b>Total</b>	<b>775,596</b>	<b>43</b>	<b>1,030,653</b>	<b>44</b>	<b>615,996</b>	<b>45</b>	<b>615,996</b>	<b>48</b>
Performance-related components	One-year variable remuneration (STI)	825,000	46	1,083,333 <sup>1</sup>	46	600,000	44	520,000 <sup>1</sup>	40
	Multi-year variable remuneration (LTI) LTI 2019–2021	0	0	–	–	0	0	–	–
	LTI 2020–2022	–	–	0	0	–	–	0	0
	Other variable remuneration	0	0	0	0	0	0	0	0
	<b>Total</b>	<b>825,000</b>	<b>46</b>	<b>1,083,333</b>	<b>46</b>	<b>600,000</b>	<b>44</b>	<b>520,000</b>	<b>40</b>
<b>Miscellaneous</b>									
<b>Amounts reclaimed under Section 162 (1) Sentence 2 Number 4 of the German Stock Corporation Act</b>			0	0	0	0	0	0	0
<b>Total</b>		<b>1,600,596</b>	<b>90</b>	<b>2,113,986</b>	<b>89</b>	<b>1,215,996</b>	<b>89</b>	<b>1,135,996</b>	<b>88</b>
Pension expense		187,500	10	250,000	11	150,000	11	150,000	12
<b>Total remuneration</b>		<b>1,788,096</b>		<b>2,363,986</b>		<b>1,365,996</b>		<b>1,285,996</b>	
<b>Ratio of fixed to variable remuneration</b>		<b>117%</b>		<b>118%</b>		<b>128%</b>		<b>147%</b>	

<sup>1</sup> The overall target achievement under the STI was capped at 130% due to the adjustment of the targets during the year.

### 3.10 — “REMUNERATION GRANTED AND OWED” IN 2021 AND 2022 (2)

		RALF DIETER Chief Executive Officer until December 31, 2021 Date of appointment: January 1, 2005			
€		2021	2021 (in %)	2022	2022 (in %)
Non-performance-related components	Basic remuneration (fixed remuneration)	1,000,000	39	–	–
	Fringe benefits (benefits in kind, advances toward insurance, etc.)	58,986	2	–	–
	<b>Total</b>	<b>1,058,986</b>	<b>42</b>	<b>–</b>	<b>–</b>
Performance-related components	One-year variable remuneration (STI)	1,250,000	49	–	–
	Multi-year variable remuneration (LTI) LTI 2019–2021	0	0	–	–
	LTI 2020–2022	–	–	0	0
	Other variable remuneration	0	0	–	–
	<b>Total</b>	<b>1,250,000</b>	<b>49</b>	<b>–</b>	<b>–</b>
<b>Miscellaneous</b>					
<b>Amounts reclaimed under Section 162 (1) Sentence 2 Number 4 of the German Stock Corporation Act</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total</b>		<b>2,308,986</b>	<b>91</b>	<b>–</b>	<b>–</b>
Pension expense		240,000	9	–	–
<b>Total remuneration</b>		<b>2,548,986</b>	<b>100</b>	<b>–</b>	<b>–</b>
<b>Ratio of fixed to variable remuneration</b>		<b>104%</b>		<b>–</b>	<b>–</b>

## REMUNERATION AS DEFINED IN THE GERMAN CORPORATE GOVERNANCE CODE IN THE VERSION DATED FEBRUARY 7, 2017

In the interests of maximum transparency, Dürr AG voluntarily uses the table regarding remuneration as defined in the German

Corporate Governance Code, No. 4.2.5, annex table 1, as amended on February 7, 2017, in addition to the disclosures in the section entitled "Remuneration granted and owed within the meaning of Section 162 of the German Stock Corporation Act". The table of "Remuneration" as defined in the German Corporate Governance Code in the version dated February 7, 2017, shows the amounts

### 3.11 — REMUNERATION IN 2021 AND 2022

#### REMUNERATION AS DEFINED IN THE GERMAN CORPORATE GOVERNANCE CODE DATED FEBRUARY 7, 2017 (1)

€		DR. JOCHEN WEYRAUCH Chief Executive Officer Date of appointment: January 1, 2017				DIETMAR HEINRICH Chief Financial Officer Date of appointment: August 1, 2020			
		2021	2021 (in %)	2022	2022 (in %)	2021	2021 (in %)	2022	2022 (in %)
Non-performance-related components	Basic remuneration (fixed remuneration)	750,000	35	1,000,000	33	600,000	37	600,000	37
	Fringe benefits (benefits in kind, advances toward insurance, etc.)	25,596	1	30,653	1	15,996	1	15,996	1
	<b>Total</b>	<b>775,596</b>	<b>36</b>	<b>1,030,653</b>	<b>34</b>	<b>615,996</b>	<b>38</b>	<b>615,996</b>	<b>38</b>
	One-year variable remuneration (STI)	550,000	26	833,333	28	400,000	25	400,000	25
Performance-related components	Multi-year variable remuneration (LTI) LTI 2021–2023	625,000	29	-	0	450,000	0	-	0
	LTI 2022–2024	-	0	900,000	30	-	0	450,000	28
	Other variable remuneration	-	0	-	0	-	0	-	0
	<b>Total</b>	<b>1,175,000</b>	<b>55</b>	<b>1,733,333</b>	<b>58</b>	<b>850,000</b>	<b>53</b>	<b>850,000</b>	<b>53</b>
<b>Total</b>		<b>1,950,596</b>	<b>91</b>	<b>2,763,986</b>	<b>92</b>	<b>1,465,996</b>	<b>91</b>	<b>1,465,996</b>	<b>91</b>
Pension expense		187,500	9	250,000	8	150,000	9	150,000	9
<b>Total remuneration</b>		<b>2,138,096</b>		<b>3,013,986</b>		<b>1,615,996</b>		<b>1,615,996</b>	
<b>Ratio of fixed to variable remuneration</b>		<b>82%</b>		<b>74%</b>		<b>90%</b>		<b>90%</b>	

#### 3.11 — REMUNERATION AS DEFINED IN THE GERMAN CORPORATE GOVERNANCE CODE DATED FEBRUARY 7, 2017 (2)

€		RALF DIETER Chief Executive Officer until December 31, 2021 Date of appointment: January 1, 2005			
		2021	2021 (in %)	2022	2022 (in %)
Non-performance-related components	Basic remuneration (fixed remuneration)	1,000,000	33	-	-
	Fringe benefits (benefits in kind, advances toward insurance, etc.)	58,986	2	-	-
	<b>Total</b>	<b>1,058,986</b>	<b>35</b>	<b>-</b>	<b>-</b>
	One-year variable remuneration (STI)	833,333	27	-	-
Performance-related components	Multi-year variable remuneration (LTI) LTI 2021–2023	900,000	30	-	-
	LTI 2022–2024	-	0	-	-
	Other variable remuneration	-	0	-	-
	<b>Total</b>	<b>1,733,333</b>	<b>57</b>	<b>-</b>	<b>-</b>
<b>Total</b>		<b>2,792,319</b>	<b>92</b>	<b>-</b>	<b>-</b>
Pension expense		240,000	8	-	-
<b>Total remuneration</b>		<b>3,032,319</b>		<b>-</b>	<b>-</b>
<b>Ratio of fixed to variable remuneration</b>		<b>75%</b>		<b>-</b>	

allocated to the individual remuneration elements in 2022, i.e. the fixed remuneration and the targets for the variable remuneration components for 2022 and their relative shares (→ [table 3.11](#)).

### PERCENTAGE DISTRIBUTION OF REMUNERATION COMPONENTS

The Supervisory Board determines the target amounts for the variable remuneration components for each fiscal year. To this end, it adopts resolutions on the basis of the earnings determined for earlier years as part of budgeting activities for the following year and strategic planning for the years thereafter to define the targets which are to be achieved by the company and the Board of Management.

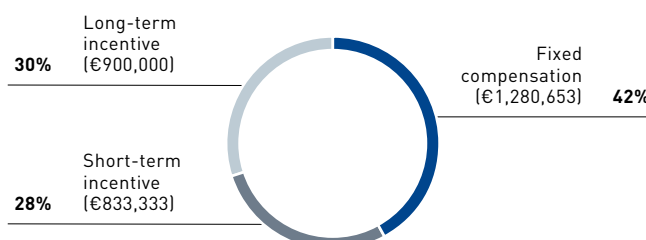
In the case of the Chief Executive Officer, the share of fixed remuneration (fixed annual salary, pension expense, and fringe benefits) equaled approximately 42% of his total target remuneration and the share of variable remuneration was approximately 58% of his total target remuneration for 2022. In the case of the Chief Financial Officer, the share of fixed remuneration was approximately 47% of his total target remuneration and the share of variable remuneration was approximately 53% of his total target remuneration.

With respect to the remuneration granted and owed, the share of the Chief Executive Officer's fixed remuneration (fixed annual salary, pension expense and fringe benefits) was approximately 54% of his total remuneration and the share of variable remuneration approximately 46% of his total remuneration for 2022. In the case of the Chief Financial Officer, the share of fixed remuneration was approximately 60% of his total remuneration and the share of variable remuneration was approximately 40% of his total remuneration.

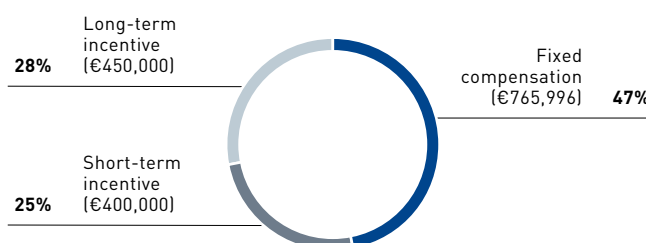
The shares accounted for by the fixed remuneration, the STI (target amount), and the LTI (target amount) in the target total remuneration for the 2022 fiscal year are shown in → [figure 3.12](#). In the case of the Chief Executive Officer, the share of the STI (target amount) in his variable target total remuneration thus stood at approximately 48% and the share of the LTI (target amount) accounted for approximately 52% of his variable target total remuneration. In the case of the Chief Financial Officer, the share of the STI (target amount) in his variable target total remuneration stood at approximately 47% and the share of the LTI (target amount) accounted for approximately 53% of his variable target total remuneration.

### 3.12 — PERCENTAGE SHARES OF THE REMUNERATION COMPONENTS (TARGET REMUNERATION)

#### SHARES OF REMUNERATION COMPONENTS – CHIEF EXECUTIVE OFFICER



#### SHARES OF REMUNERATION COMPONENTS – CHIEF FINANCIAL OFFICER



## COMPARISON OF ANNUAL CHANGES IN THE REMUNERATION OF THE BOARD OF MANAGEMENT

In structuring and defining the remuneration system for the members of the Board of Management, the Supervisory Board has also taken into account the remuneration and employment conditions applicable to the employee groups defined within the Group as “senior managers and the workforce”, particularly with regard to any changes over the last few years. To this end, the Supervisory Board has consistently applied the same definition of “senior managers” and “the workforce” as in previous years, in accordance with the recommendations of the German Corporate Governance Code. In addition, the Supervisory Board has thoroughly reviewed the remuneration of the members of the Board of Management in comparison to that of senior managers and the workforce with a view to ensuring that the long-term average remuneration of the members of the Board of Management does not increase more quickly than the remuneration paid to senior managers and the workforce. Moreover, it has performed a review to ensure consistency between the remuneration and fringe benefit systems for the members of the Board of Management on the one hand and senior managers and the workforce on the other in order to fully support the strategic orientation and management of Dürr AG and its companies.

→ **Table 3.13** shows a comparison of the percentage change in the remuneration of the members of the Board of Management with the Dürr Group’s earnings performance and changes in the average remuneration of the employees compared with the previous year. In addition, the average personnel expenses are indicated by reference to the ratio of the Dürr Group’s total personnel expenses to the number of employees worldwide. The remuneration of the members of the Board of Management

included in the table shows the remuneration granted and owed within the meaning of Section 162 (1), Sentence 1 of the German Stock Corporation Act in the respective fiscal year. Where members of the Board of Management were only remunerated on a time-proportionate basis in individual fiscal years, e.g. because their appointment commenced during the year, the remuneration for that fiscal year was extrapolated on the basis of a full year in the interests of comparability.

Earnings are presented on the basis of the Dürr Group’s EBIT (earnings before interest and taxes). They are also presented on the basis of Dürr AG’s net profit for the year for formal reasons. However, Dürr AG’s individual financial statements are of secondary importance for the management of the Group.

## REVIEW OF THE APPROPRIATENESS OF THE REMUNERATION OF THE BOARD OF MANAGEMENT

The Supervisory Board conducted a review of the remuneration of the Board of Management in 2022 in connection with the contract renewal for Chief Financial Officer Dietmar Heinrich. This involved a comparison of the (planned) remuneration with the current market practices of comparable companies (MDAX and defined peer group). The Supervisory Board came to the conclusion that the amount of the remuneration is appropriate within the meaning of Section 87 (1) of the German Stock Corporation Act. The Supervisory Board regularly also relies on external advice to assess the appropriateness of the remuneration of the Board of Management and any retirement benefits. Particular attention is paid here to the independence of the external remuneration experts. On the one hand, the amount and structure of the remuneration of the Board of Management relative to the

### 3.13 — COMPARISON OF THE ANNUAL CHANGE IN THE REMUNERATION OF THE BOARD OF MANAGEMENT WITH EARNINGS PERFORMANCE AND EMPLOYEE SALARIES OVER TIME

Annual change	Percentage change in 2022 over 2021	Percentage change in 2021 over 2020	Percentage change in 2020 over 2019	Percentage change in 2019 over 2018	Percentage change in 2018 over 2017
<b>REMUNERATION OF THE BOARD OF MANAGEMENT</b>					
Dr. Jochen Weyrauch (Chief Executive Officer from January 1, 2022)	+32.2%	+51.1%	-9.7%	-19.5%	+10.0%
Dietmar Heinrich (from August 1, 2020)	-5.9%	+53.4%	-	-	-
Ralf W. Dieter (date of appointment: January 1, 2005, date of withdrawal: December 31, 2021)	-	+14.9%	-33.3%	-14.3%	-9.6%
Pekka Paasivaara <sup>1</sup> (date of appointment: January 1, 2019, date of withdrawal: December 31, 2020)	-	-	+284.8%	-	-
Carlo Crosetto <sup>2</sup> (date of appointment: March 1, 2017, date of withdrawal: February 29, 2020)	-	-	-38.0%	+17.6%	-13.9%
<b>BUSINESS PERFORMANCE OF THE DÜRR GROUP</b>					
EBIT (IFRS financial statements)	17%	+1,480%	-94%	-16%	-19%
Net profit for Dürr AG (annual financial statements of Dürr AG under German GAAP)	-23%	+478%	-171%	-60%	-28%
<b>AVERAGE SALARIES OF EMPLOYEES OVER TIME</b>					
Salaries of all employees (global) over time	+8.1%	+0.7%	-4.9%	+2.9%	+0.5%
Average personnel expenses (global) in € k <sup>3</sup>	2022: 71	2021: 66	2020: 65	2019: 68	2018: 67

<sup>1</sup> Including remuneration from residual terms of the service contracts between the relevant member of the Board of Management and Dürr AG as well as HOMAG Group AG.

<sup>2</sup> Benefits received under all ongoing LTI tranches upon the termination of the Board of Management service contract in 2019.

<sup>3</sup> Average personnel expenses of the Dürr Group, adjusted for acquisition-related extraordinary effects (2018 and 2019: acquisition of Megtec/Universal; 2020: acquisition of HOMAG China Golden Field and System TM A/S), and personnel expenses of the Board of Management of Dürr AG.

remuneration of senior managers and the workforce as a whole are assessed from an external perspective (vertical comparison). In addition to an analysis of the status quo, the vertical comparison also takes into account changes in remuneration ratios over time. On the other hand, the amount and structure of the remuneration are assessed on the basis of Dürr AG's position within a peer group (horizontal comparison). This peer group is made up of German and Austrian companies, particularly mechanical and plant engineering companies as well as automotive suppliers, engineering service providers, and manufacturers of commercial vehicles. As well as this, a further comparison is made with all companies listed in the MDAX. In addition to fixed remuneration, the horizontal comparison also includes the short- and long-term remuneration components as well as the amount of fringe benefits and payments toward private pension benefits. The peer group was carefully selected by the Supervisory Board in order to avoid any automatic upward change in remuneration.

## SERVICE CONTRACTS

The contracts with the members of the Board of Management are entered into for a period of three years when they join the Board of Management. When the contracts are due for renewal, they are usually extended by a total of five years, as permitted by law. Following his appointment as new Chief Executive Officer, Dr. Weyrauch received a contract with a term from January 1, 2022, until December 31, 2026. Dürr AG's Supervisory Board renewed until September 30, 2026, the contract with Mr. Heinrich, which was originally due to expire on July 31, 2023. In this connection, Mr. Heinrich's remuneration was restructured effective August 1, 2023. Following the renewal of three years and two months, Mr. Heinrich's appointment will terminate when he reaches the age limit of 63 years in accordance with the rules adopted by the Supervisory Board for members of the Board of Management. The new remuneration applicable from August 1, 2023, is shown in → [table 3.14](#). Please also note the information provided in "Disclosures pursuant to Sections 289a and 315a of the German Commercial Code" in the combined management report.

### 3.14 — REMUNERATION OF MR. DIETMAR HEINRICH FROM AUGUST 1, 2023

			DIETMAR HEINRICH Chief Financial Officer Date of appointment: August 1, 2020			
€			2022	2022 (in %)	2023 <sup>1</sup>	2023 (in %)
Non-performance-related components	Basic remuneration (fixed remuneration)		600,000	37	640,000	36
	Fringe benefits (benefits in kind, advances toward insurance, etc.)		15,996	1	15,996 <sup>2</sup>	1
	<b>Total</b>		<b>615,996</b>	<b>38</b>	<b>655,996</b>	<b>37</b>
Performance-related components	One-year variable remuneration (STI)		400,000	25	470,000	27
	Multi-year variable remuneration (LTI)		450,000	28	480,000	27
	<b>Total</b>		<b>850,000</b>	<b>53</b>	<b>950,000</b>	<b>54</b>
<b>Total</b>			<b>1,465,996</b>	<b>91</b>	<b>1,605,996</b>	<b>91</b>
Pension expense			150,000	9	160,000	9
<b>Total remuneration</b>			<b>1,615,996</b>		<b>1,765,996</b>	
<b>Ratio of fixed to variable remuneration</b>			<b>90%</b>		<b>86%</b>	

<sup>1</sup> The information for 2023 refers to the target remuneration under the service contract from August 1, 2023.

<sup>2</sup> Assumption: the same non-cash benefits as in 2022 (€396).

## Outlook for the remuneration system in 2023

Following a market analysis, the Supervisory Board of Dürr AG considers it necessary to review and adjust the structure of the short-term (STI) and long-term (LTI) components within the current remuneration system of the Board of Management. The current remuneration system contains a sustainability component that is solely short-term. In addition, the current, variable remuneration is very volatile in the event of major external market dislocations and relatively quickly causes unreasonably large deviations from the target remuneration. This may be inconsistent with the additional performance demands resulting from the prevailing situation, especially in critical, economic situations. The new remuneration system should reflect the heightened importance of sustainability to a greater extent in the long term as well. At the same time, greater allowance is to be made for suggestions from investors and voting rights advisors. The current remuneration system is compared with the systems of other listed companies and aligned with common, established models. The amount of the target remuneration of the Board of Management of Dürr AG is not to be adjusted as a result of this realignment but reviewed in the course of 2023.

## Remuneration of the Supervisory Board

### REMUNERATION SYSTEM FOR THE SUPERVISORY BOARD IN 2022

The remuneration system for the Supervisory Board is approved by the annual general meeting on the basis of a proposal submitted by the Supervisory Board and the Board of Management. The rules governing remuneration are laid down in Dürr AG's Articles of Incorporation. In regular intervals of no more than four years, the Supervisory Board checks whether the amount and structure of the remuneration are still consistent with market standards and aptly reflect the tasks of the Supervisory Board as well as the company's position. For this purpose, the Supervisory Board performs a horizontal market comparison. In doing so, it may seek the advice of an external independent expert. The market appropriateness of the remuneration system was reviewed and confirmed in 2022.

In response to new regulatory requirements and court decisions on the treatment of the remuneration for the Supervisory Board for the purposes of value added tax, the system for the remuneration of the Supervisory Board was modified with effect from January 1, 2022. By reducing the fixed remuneration while increasing the attendance fee, the total remuneration was linked more closely to the time required for preparing and attending meetings. At the same time, care was taken to ensure that the committees' increasingly demanding activities are generally remunerated at a slightly higher rate than before. In addition, the remuneration structure was modified to allow for the new rules with respect to value added tax: The new system ensures that the variable remuneration for all members of the Supervisory Board exceeds the threshold of 10% of their respective total remuneration. As a result, all members are still considered to be self-employed or to engage in entrepreneurial activities. The total remuneration of the Supervisory Board increased moderately by an average of 5.4% due to the adjustment according to a model calculation based on the usual number of meetings. The revised remuneration system for the members of the Supervisory Board was approved by a majority of 98.80% of the votes cast at the annual general meeting on May 13, 2022, in accordance with Section 113 (3) of the German Stock Corporation Act.

### COMPONENTS OF THE SUPERVISORY BOARD REMUNERATION

The members of the Supervisory Board receive fixed remuneration, attendance fees, fringe benefits (consisting of the reimbursement of expenses and insurance cover) and, if they exercise any activities on committees of the Supervisory Board, remuneration for such activities.

#### Remuneration for activities on the Supervisory Board

Each member of the Supervisory Board receives a fixed remuneration of €56,000 per year. The Chair of the Supervisory Board receives three times the aforementioned amount of fixed remuneration paid to an ordinary member of the Supervisory Board and the Deputy Chair and the second Deputy Chair receive one-and-half times the aforementioned amount.



### 3.15 — COMPONENTS OF THE SUPERVISORY BOARD REMUNERATION

€						
PREVIOUS SYSTEM						
	Member		Deputy Chair		Chair	
Fixed remuneration	58,000		87,000		174,000	
	Audit Committee		Personnel Committee		Nominating Committee per session	
	Member	Chair	Member	Chair	Member	Chair
Committee remuneration	10,000	30,000	5,000	15,000	2,500	3,750
Attendance fee (except Nominating Committee)	Member			Chair		
	1,000			1,000 (€2,000 in the case of other committees)		
NEW SYSTEM FROM 2022						
	Member		Deputy Chair		Chair	
Fixed remuneration	56,000		84,000		168,000	
	Audit Committee		Personnel Committee		Nominating Committee per session	
	Member	Chair	Member	Chair	Member	Chair
Committee remuneration	9,000	27,000	5,000	15,000	2,500	3,750
Attendance fee (except Nominating Committee)	Member			Chair		
	2,000			3,000		

#### Remuneration for activities on a Supervisory Board committee

The remuneration paid to the members of the Audit Committee is €9,000 per year, while the members of the Personnel Committee receive €5,000 per year. The Chairs of these two committees receive three times and any Deputy Chairs one-and-a-half times this amount (the Personnel Committee and the Audit Committee currently do not have any Deputy Chairs). The members of the Nominating Committee do not receive any fixed remuneration but a remuneration of €2,500 per meeting; the Chair receives one-and-a-half times that amount.

#### Due date and time-proportionate payment

The entire remuneration, including the attendance fees, is due for payment once a year after the date of the annual general meeting of the following fiscal year. If a person is only temporarily a member of the Supervisory Board or a committee during a given year, the remuneration is reduced on a time-proportionate basis rounded to the next full month.

#### Attendance fee

Members receive an attendance fee of €2,000 per meeting for meetings of the Supervisory Board, the Audit Committee, and the Personnel Committee, as well as any other committees of the Supervisory Board (with the exception of the Nominating Committee). This also applies to any ad-hoc committees. The Chair receives an attendance fee of €3,000.

#### Fringe benefits

In addition, the members of the Supervisory Board are reimbursed for any expenses arising in the performance of their duties, which may include any statutory value added tax payable by them. The existing D&O insurance, which is valid throughout the Group, also covers the members of the Supervisory Board. The premium for the entire policy is paid for by the company.

**3.16 — “REMUNERATION GRANTED AND OWED” IN ACCORDANCE WITH SECTION 162 (1), SENTENCE 1 OF THE GERMAN STOCK CORPORATION ACT**

€	Year	Fixed Remuneration	Remuneration for Committee activities	Attendance fee	Total
<b>Gerhard Federer<sup>1</sup></b> Chair Personnel Committee/Executive Committee (Chair) Audit Committee (from September 29, 2021) Mediation Committee (Chair) Nominating Committee (Chair)	<b>2022</b>	<b>198,000</b>	<b>33,750</b>	<b>78,000</b>	<b>309,750</b>
	2021	204,000	33,250	54,000	291,250
<b>Hayo Raich<sup>1,3</sup></b> Deputy Chair Personnel Committee/Executive Committee (Deputy Chair) Mediation Committee (Deputy Chair)	<b>2022</b>	<b>87,000</b>	<b>5,000</b>	<b>26,600</b>	<b>118,600</b>
	2021	90,000	5,000	10,900	105,900
<b>Richard Bauer</b> (Second Deputy Chair) Personnel Committee/Executive Committee Mediation Committee Nominating Committee	<b>2022</b>	<b>84,000</b>	<b>5,000</b>	<b>28,000</b>	<b>117,000</b>
	2021	87,000	7,500	10,000	104,500
<b>Mirko Becker<sup>3</sup></b> Audit Committee	<b>2022</b>	<b>56,000</b>	<b>9,000</b>	<b>22,000</b>	<b>87,000</b>
	2021	58,000	10,000	13,000	81,000
	<b>2022</b>	<b>56,000</b>	<b>–</b>	<b>16,000</b>	<b>72,000</b>
<b>Dr. Rolf Breidenbach</b>	2021	58,000	–	7,000	65,000
<b>Prof. Dr. Dr. Alexandra Dürr</b> Audit Committee Nominating Committee	<b>2022</b>	<b>56,000</b>	<b>11,500</b>	<b>18,000</b>	<b>85,500</b>
	2021	58,000	12,500	12,000	82,500
<b>Carmen Hettich-Günther<sup>1,3</sup></b> Mediation Committee	<b>2022</b>	<b>76,000</b>	<b>10,500</b>	<b>33,000</b>	<b>119,500</b>
	2021	78,000	13,500	30,000	121,500
<b>Thomas Hohmann</b> Audit Committee (from September 29, 2021)	<b>2022</b>	<b>56,000</b>	<b>9,000</b>	<b>22,000</b>	<b>87,000</b>
	2021	58,000	2,500	9,000	69,500
	<b>2022</b>	<b>66,000</b>	<b>3,000</b>	<b>24,000</b>	<b>93,000</b>
<b>Dr. Anja Schuler<sup>1</sup></b>	2021	68,000	6,000	21,000	95,000
<b>Dr. Martin Schwarz-Kocher<sup>3</sup></b> Audit Committee	<b>2022</b>	<b>56,000</b>	<b>9,000</b>	<b>22,000</b>	<b>87,000</b>
	2021	58,000	10,000	13,000	81,000
<b>Dr. Astrid Ziegler<sup>3</sup></b> Personnel Committee/Executive Committee	<b>2022</b>	<b>56,000</b>	<b>5,000</b>	<b>28,000</b>	<b>89,000</b>
	2021	58,000	5,000	10,000	73,000
<b>Arnd Zinnhardt<sup>2</sup></b> Audit Committee (Chair)	<b>2022</b>	<b>56,000</b>	<b>27,000</b>	<b>25,000</b>	<b>108,000</b>
	2021	58,000	30,000	13,000	101,000
	<b>2022</b>	<b>903,000</b>	<b>127,750</b>	<b>342,600</b>	<b>1,373,350</b>
<b>Total</b>	2021	933,000	135,250	202,900	1,271,150

<sup>1</sup> Also a member of the Supervisory Board of Dürr Systems AG/HOMAG Group AG and HOMAG GmbH; corresponding remuneration components are included.

<sup>2</sup> In addition, remuneration of €93,000 was paid for consultancy services provided to iTAC Software AG under a consulting agreement.

<sup>3</sup> These employee representatives have undertaken to relinquish their remuneration to the Hans Böckler Foundation in accordance with the guidelines of the German Trade Union Confederation (Deutscher Gewerkschaftsbund).

### 3.17 — COMPARISON OF THE ANNUAL CHANGE IN THE REMUNERATION OF THE SUPERVISORY BOARD WITH EARNINGS PERFORMANCE AND EMPLOYEE SALARIES OVER TIME

Percentage change	2022 over 2021	2021 over 2020	2020 over 2019	2019 over 2018	2018 over 2017	2017 over 2016
<b>CHANGE IN SUPERVISORY BOARD REMUNERATION</b>						
<b>Gerhard Federer<sup>1,2</sup></b>						
Chair of the Supervisory Board from May 28, 2020						
Audit Committee: Chair from May 4, 2016 to May 28, 2020						
Audit Committee: Member from September 29, 2021						
Personnel Committee: Chair from May 28, 2020						
Nominating Committee: Chair from May 28, 2020	+6%	+62%	+20%	+15%	+2%	+1%
<b>Karl-Heinz Streibich</b>						
Chair of the Supervisory Board from January 1, 2018 to May 28, 2020						
Personnel Committee: Chair from January 1, 2018 to May 28, 2020 (previously member)						
Nominating Committee: Chair from January 1, 2018 to May 28, 2020 (previously member)	–	–	–16%	0%	+71%	+3%
<b>Hayo Raich<sup>1</sup></b>						
Deputy Chair of the Supervisory Board						
Personnel Committee: Member	+12%	+28%	–17%	–2%	–5%	–1%
<b>Richard Bauer</b>						
Additional Deputy Chair of the Supervisory Board						
Personnel Committee: Member from January 1, 2018						
Nominating Committee: Member from January 1, 2018	+12%	+23%	–8%	–4%	+61%	–
<b>Mirko Becker</b>						
Audit Committee: Member	+7%	+27%	–14%	–1%	–7%	+1%
<b>Dr. Rolf Breidenbach</b>						
	+11%	+33%	–18%	–4%	–	–
<b>Prof. Dr. Dr. Alexandra Dürr</b>						
Audit Committee: Member						
Nomination Committee: Member	+4%	+21%	–7%	–2%	–11%	+3%
<b>Carmen Hettich-Günther<sup>1,3</sup></b>						
	–2%	+16%	–21%	+3%	+3%	+39%
<b>Thomas Hohmann</b>						
Audit Committee: Member from September 29, 2021	+25%	+45%	–19%	–4%	–7%	0%
<b>Dr. Anja Schuler<sup>1</sup></b>						
	–2%	+18%	–9%	+2%	–3%	+2%
<b>Dr. Martin Schwarz-Kocher</b>						
Audit Committee: Member	+7%	+31%	–17%	–1%	–7%	+1%
<b>Dr. Astrid Ziegler</b>						
Personnel Committee: Member from May 4, 2016	+22%	+24%	–15%	–1%	–5%	+8%
<b>Arnd Zinnhardt (from May 28, 2020)</b>						
Audit Committee: Chairman from May 28, 2020	+7%	+19%	–	–	–	–
<b>BUSINESS PERFORMANCE OF THE DÜRR GROUP</b>						
EBIT (IFRS financial statements)	+17%	+1,480%	–94%	–16%	–19%	+6%
Net profit for Dürr AG (annual financial statements of Dürr AG under German GAAP)	–23%	+478%	–171%	–60%	–28%	+156%
<b>AVERAGE SALARIES OF EMPLOYEES OVER TIME</b>						
Salaries of all employees (global) over time	+8.1%	+0.7%	–4.9%	+2.9%	+0.5%	+0.5%
	2022	2021	2020	2019	2018	2017
Average personnel expenses (global) in € k <sup>4</sup>	71	66	65	68	67	66

<sup>1</sup> Also a member of the Supervisory Board of Dürr Systems AG/HOMAG Group AG and HOMAG GmbH.

<sup>2</sup> Chair of the Supervisory Board of HOMAG Group AG from January 1, 2021, previously second Deputy Chair of the Supervisory Board of HOMAG Group AG from May 15, 2018.

<sup>3</sup> Deputy Chair of the Supervisory Board of HOMAG Group AG from September 28, 2017.

<sup>4</sup> Average personnel expenses of the Dürr Group, adjusted for acquisition-related extraordinary effects (2018 and 2019: acquisition of Megtec/Universal; 2020: acquisition of HOMAG China Golden Field and System TM A/S), and personnel expenses of the Board of Management of Dürr AG.

## COMPARISON OF ANNUAL CHANGES IN THE REMUNERATION OF THE SUPERVISORY BOARD

→ **Table 3.17** shows a comparison of the percentage change in the remuneration of the members of the Supervisory Board with the Dürr Group's earnings and the changes in the average remuneration of the employees compared with the previous year. In addition, the average personnel expenses are indicated by reference to the ratio of the Dürr Group's total personnel expenses to the number of employees worldwide. The remuneration granted and owed in the respective fiscal year was used as the basis for identifying the change in the remuneration of the members of the Supervisory Board. Where members of the Supervisory Board were only remunerated on a time-proportionate basis in individual fiscal years, e.g. because their appointment commenced during the year, the remuneration for that fiscal year was extrapolated on the basis of a full year in the interests of comparability. → **Table 3.18** also shows the distribution of the remuneration of the Supervisory Board by mandate and the changes in the index for the remuneration of the Supervisory Board compared to the collective bargaining index.

Earnings are presented on the basis of the Dürr Group's EBIT (earnings before interest and taxes). They are also presented on the basis of Dürr AG's net profit for the year for formal reasons. However, the annual financial statements of Dürr AG are of secondary importance for the management of the Group.

## OUTLOOK FOR SUPERVISORY BOARD REMUNERATION IN 2023

The remuneration system for the Supervisory Board was last revised in 2022. This remuneration system is to remain unchanged, although a further component is to be added.

At its meeting on October 5, 2022, the Supervisory Board amended its rules of procedure to allow the Supervisory Board to elect experts from among its own number to deal in depth with individual, complex matters (such as sustainability) that are particularly important for the Supervisory Board's work, and to contribute their expertise to the Supervisory Board and its committees. Such expert is to receive additional remuneration for this activity.

For this reason, the remuneration system is to be supplemented and Article 15 of the Articles of Incorporation (remuneration of the Supervisory Board) amended accordingly.

### 3.18 — COMPARISON OF THE ANNUAL CHANGE IN THE REMUNERATION OF THE SUPERVISORY BOARD WITH THE COLLECTIVE BARGAINING INDEX IN GERMANY OVER TIME

	2022	2021	2020	2019	2018	2017	2016
Total remuneration for Supervisory Board activities in domestic group companies (€ k)	1,373	1,271	1,002	1,161	1,150	1,220	1,214
Remuneration of the Supervisory Board of Dürr AG (€ k)	1,233	1,097	854	1,000	1,010	1,097	1,095
Dürr AG Supervisory Board remuneration index (2016 base year)	112.6	100.2	78.0	91.3	92.2	100.2	100.0
Collective bargaining index <sup>1</sup>	114.2	112.0	110.7	108.6	105.5	102.6	100.0

<sup>1</sup> Total economy, collective bargaining index - monthly earnings with special payments, Federal Statistical Office (Destatis), 2023.

Bietigheim-Bissingen, March 15, 2023  
The Board of Management



Dr. Jochen Weyrauch  
CEO of Dürr AG



Dietmar Heinrich  
CFO of Dürr AG

For the Supervisory Board



Gerhard Federer  
Chair of the Supervisory Board of Dürr AG

# CONSOLIDATED FINANCIAL STATEMENTS

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## 4.1 — Consolidated statement of profit or loss

of Dürr Aktiengesellschaft, Stuttgart, Germany, January 1 to December 31, 2022

€ k	Note	2022	2021
Sales revenue	[7]	4,314,066	3,536,666
Cost of sales	[8]	-3,375,332	-2,717,217
<b>Gross profit on sales</b>		<b>938,734</b>	<b>819,449</b>
Selling expenses	[9]	-382,552	-332,027
General administrative expenses	[10]	-217,682	-201,709
Research and development expenses	[11]	-136,466	-123,855
Other operating income	[13]	48,896	36,471
Other operating expenses	[13]	-45,033	-22,658
<b>Earnings before investment result, interest and income taxes</b>		<b>205,897</b>	<b>175,671</b>
Investment result	[15]	1,344	-258
Interest and similar income	[16]	11,487	8,162
Interest and similar expenses	[16]	-30,620	-51,018
<b>Earnings before income taxes</b>		<b>188,108</b>	<b>132,557</b>
Income taxes	[17]	-53,851	-47,617
<b>Profit of the Dürr Group</b>		<b>134,257</b>	<b>84,940</b>
<b>thereof attributable to</b>			
Non-controlling interests		3,230	1,895
<b>Shareholders of Dürr Aktiengesellschaft</b>		<b>131,027</b>	<b>83,045</b>
Number of issued shares in thousand		69,202.08	69,202.08
Earnings per share in EUR (basic)	[27]	1.89	1.20
Earnings per share in EUR (diluted)	[27]	1.81	1.16

## 4.2 — Consolidated statement of comprehensive income

of Dürr Aktiengesellschaft, Stuttgart, Germany, January 1 to December 31, 2022

€ k	Note	2022	2021
<b>Profit of the Dürr Group</b>		<b>134,257</b>	<b>84,940</b>
<b>Items directly recognized in equity that are not reclassified to profit or loss</b>			
Remeasurement of defined benefit plans and similar obligations	[28]	14,428	6,671
attributable deferred taxes	[17]	-3,961	-1,645
Changes in the fair value of equity instruments measured at fair value through other comprehensive income	[19]	-4,586	-
attributable deferred taxes	[17]	-	-
<b>Items directly recognized in equity that are likely to be reclassified to profit or loss</b>			
Change in fair value of financial instruments used for hedging purposes directly recognized in equity	[41]	4,703	-4,876
attributable deferred taxes	[17]	-1,377	1,358
Effects of currency translation		7,266	41,444
<b>Items of comprehensive income directly recognized in equity after income taxes</b>		<b>16,473</b>	<b>42,952</b>
<b>Comprehensive income after income taxes</b>		<b>150,730</b>	<b>127,892</b>
<b>thereof attributable to</b>			
Non-controlling interests		3,335	1,972
<b>Shareholders of Dürr Aktiengesellschaft</b>		<b>147,395</b>	<b>125,920</b>

## 4.3 — Consolidated statement of financial position

of Dürr Aktiengesellschaft, Stuttgart, Germany, as of December 31, 2022

€ k	Note	December 31, 2022	December 31, 2021
<b>ASSETS</b>			
Goodwill	(18, 43)	504,835	501,917
Other intangible assets	(18, 43)	212,487	228,901
Property, plant and equipment	(18, 43)	588,525	567,961
Investment property	(18, 43)	17,705	17,480
Investments in entities accounted for using the equity method	(19, 43)	17,636	18,462
Other financial assets	(19, 43)	9,693	18,454
Trade receivables	(22)	34,997	29,358
Sundry financial assets	(23)	5,708	6,168
Deferred tax assets	(17)	86,997	72,575
Other non-current assets	(25)	3,715	3,378
<b>Non-current assets</b>		<b>1,482,298</b>	<b>1,464,654</b>
Inventories and prepayments	(20)	852,544	688,812
Contract assets	(21)	616,965	456,963
Trade receivables	(22)	559,190	558,566
Sundry financial assets	(23)	190,516	285,531
Cash and cash equivalents	(24)	716,103	583,144
Income tax receivables	(17)	31,794	30,816
Other current assets	(25)	79,297	78,944
Assets held for sale	(26)	2,240	6,194
<b>Current assets</b>		<b>3,048,649</b>	<b>2,688,970</b>
<b>Total assets Dürr Group</b>		<b>4,530,947</b>	<b>4,153,624</b>

€ k	Note	December 31, 2022	December 31, 2021
<b>EQUITY AND LIABILITIES</b>			
Subscribed capital	[27]	177,157	177,157
Capital reserves	[27]	74,428	74,428
Retained earnings	[27]	890,491	787,952
Accumulated other comprehensive income		-23,424	-39,424
<b>Total equity attributable to the shareholders of Dürr Aktiengesellschaft</b>		<b>1,118,652</b>	<b>1,000,113</b>
Non-controlling interests		5,521	5,474
<b>Total equity</b>		<b>1,124,173</b>	<b>1,005,587</b>
Provisions for post-employment benefit obligations	[28]	36,447	50,894
Other provisions	[29]	20,351	27,504
Contract liabilities	[30]	2,719	3,324
Trade payables	[31]	421	976
Convertible bond and schuldschein loans	[32]	756,365	803,700
Other financial liabilities	[32]	68,434	94,073
Sundry financial liabilities	[33]	29,284	40,211
Deferred tax liabilities	[17]	43,563	36,037
Other non-current liabilities	[34]	283	92
<b>Non-current liabilities</b>		<b>957,867</b>	<b>1,056,811</b>
Other provisions	[29]	153,235	190,979
Contract liabilities	[30]	1,038,972	929,465
Trade payables	[31]	605,731	372,032
Convertible bond and schuldschein loans	[32]	49,959	-
Other financial liabilities	[32]	37,841	39,634
Sundry financial liabilities	[33]	354,615	376,774
Income tax liabilities	[17]	77,652	68,008
Other current liabilities	[34]	130,902	114,334
<b>Current liabilities</b>		<b>2,448,907</b>	<b>2,091,226</b>
<b>Total equity and liabilities of the Dürr Group</b>		<b>4,530,947</b>	<b>4,153,624</b>



## 4.4 — Consolidated statement of cash flows

of Dürr Aktiengesellschaft, Stuttgart, Germany, January 1 to December 31, 2022

Note [37]

€ k	2022	2021
Earnings before income taxes	188,108	132,557
Income taxes paid	-59,177	-45,525
Net interest	19,133	42,856
Earnings from entities accounted for using the equity method	-636	-1,251
Dividends received from entities accounted for using the equity method	-	1,761
Amortization, depreciation and impairment of non-current assets	131,578	123,700
Gain/loss on disposal of non-current assets	-374	293
Income from assets classified as held for sale	-156	-2,525
Other non-cash expenses and income	5,139	12,976
Changes in operating assets and liabilities		
Inventories	-160,620	-137,172
Contract assets	-166,145	-30,718
Trade receivables	-4,878	11,480
Sundry financial assets and other assets	-10,745	-1,313
Provisions	-47,339	-17,982
Contract liabilities	105,383	211,969
Trade payables	240,141	-35,699
Sundry financial liabilities and other liabilities (not related to financing activities)	25,292	-8,440
<b>Cash flow from operating activities</b>	<b>264,704</b>	<b>256,967</b>
Cash payments to acquire intangible assets	-26,828	-25,083
Cash payments to acquire property, plant and equipment <sup>1</sup>	-74,933	-53,887
Cash payments to acquire other financial assets	-436	-936
Cash payments for business acquisitions, net of cash acquired	-4,980	-74,946
Cash receipts from the disposal of non-current assets	2,664	3,625
Cash receipts from/payments for investments in time deposits and current securities	104,630	14,581
Cash receipts from the sale of assets classified as held for sale	6,350	7,947
Interest received	6,812	6,814
<b>Cash flow from investing activities</b>	<b>13,279</b>	<b>-121,885</b>

<sup>1</sup> The item "Cash payments to acquire property, plant and equipment" does not contain cash outflows for additions of right-of-use lease assets, since there are no cash outflows at the time of addition of the right-of-use assets (except for: acquisition-related costs paid and prepayments).

Note (37)

€ k	2022	2021
Net movement of current financial liabilities	-1,515	-1,007
New borrowings of non-current financial liabilities	-	197,965
Repayment of non-current financial liabilities	-24,468	-141,499
Repayment of the bond	-	-300,000
Repayment of lease liabilities	-31,088	-34,347
Payments for transactions with the owners of non-controlling interests	-25,293	-1,827
Dividends paid to shareholders of Dürr Aktiengesellschaft	-34,601	-20,761
Dividends paid to owners of non-controlling interests	-2,751	-3,086
Interest paid	-21,610	-29,620
<b>Cash flow from financing activities</b>	<b>-141,326</b>	<b>-334,182</b>
Effect of changes in foreign exchange rates	-2,428	12,889
Change in cash and cash equivalents	134,229	-186,211
<b>Cash and cash equivalents</b>		
At the beginning of the period	583,946	770,157
At the end of the period	718,175	583,946
Net of valuation allowance pursuant to IFRS 9	-2,072	-802
<b>Cash and cash equivalents at the end of the period (consolidated statement of financial position)</b>	<b>716,103</b>	<b>583,144</b>

## 4.5 — Consolidated statement of changes in equity

of Dürr Aktiengesellschaft, Stuttgart, Germany, January 1 to December 31, 2022

	Note [27]	Note [27]	Note [27]
€ k	Subscribed capital	Capital reserves	Retained earnings
<b>January 1, 2021</b>	<b>177,157</b>	<b>74,428</b>	<b>734,455</b>
Profit	–	–	83,045
Other comprehensive income	–	–	–
<b>Comprehensive income after income taxes</b>	<b>–</b>	<b>–</b>	<b>83,045</b>
Dividends	–	–	–20,761
Options of owners of non-controlling interests	–	–	–8,260
Other changes	–	–	–527
<b>December 31, 2021</b>	<b>177,157</b>	<b>74,428</b>	<b>787,952</b>
Profit	–	–	131,027
Other comprehensive income	–	–	–
<b>Comprehensive income after income taxes</b>	<b>–</b>	<b>–</b>	<b>131,027</b>
Dividends	–	–	–34,601
Options of owners of non-controlling interests	–	–	38,229
Other changes	–	–	–32,116
<b>December 31, 2022</b>	<b>177,157</b>	<b>74,428</b>	<b>890,491</b>

Accumulated other comprehensive income								
Items that are not reclassified to profit or loss		Items that are likely to be reclassified to profit or loss			Accumulated other comprehensive income	Total equity of the share-holders of Dürr Aktiengesellschaft	Non-controlling interests	Total equity
Remeasurement of defined benefit plans	Remeasurement of equity instruments	Unrealized gain on/loss from cash flow hedges	Changes consolidated group/ reclassifications	Foreign currency translation				
-39,153	-	73	564	-43,844	-82,360	903,680	4,458	908,138
-	-	-	-	-	-	83,045	1,895	84,940
5,023	-	-3,518	-	41,370	42,875	42,875	77	42,952
5,023	-	-3,518	-	41,370	42,875	125,920	1,972	127,892
-	-	-	-	-	-	-20,761	-3,086	-23,847
-	-	-	-	-	-	-8,260	-4,644	-12,904
-111	-	-	-17	189	61	-466	6,774	6,308
-34,241	-	-3,445	547	-2,285	-39,424	1,000,113	5,474	1,005,587
-	-	-	-	-	-	131,027	3,230	134,257
10,367	-4,586	3,326	-	7,261	16,368	16,368	105	16,473
10,367	-4,586	3,326	-	7,261	16,368	147,395	3,335	150,730
-	-	-	-	-	-	-34,601	-2,751	-37,352
-	-	-	-	-	-	38,229	-1,333	36,896
-256	-	-	-21	-91	-368	-32,484	796	-31,688
-24,130	-4,586	-119	526	4,885	-23,424	1,118,652	5,521	1,124,173

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE 2022 REPORTING PERIOD

## Basis of presentation

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### The Company

Dürr Aktiengesellschaft ("Dürr AG" or the "Company") has its registered offices in Stuttgart, Germany and is registered with the local court in Stuttgart, Germany (HRB 13677). Its business address is Carl-Benz-Straße 34 in 74321 Bietigheim-Bissingen, Germany. The Dürr Group, which consists of Dürr AG and its subsidiaries, is a mechanical and plant engineering company with distinct competence in automation and digitalization. The Group is one of the global market leaders in almost all of its fields of business. The two major customer groups are the automotive and woodworking industries. In addition, it also acts as supplier of production technology for other industries including the mechanical engineering, chemical, pharmaceutical and battery production industries as well as manufacturers of medical technical products. The Dürr Group serves the market with five global divisions: Paint and Final Assembly Systems offers paint finishing and assembly technology, testing and filling technology as well as automation technology. Application Technology manufactures products and systems for automated paint applications as well as sealing and gluing technology. Clean Technology Systems primarily manufactures plant and equipment for purifying exhaust gases and also offers noise abatement systems and solutions for coating battery electrodes. Measuring and Process Systems offers balancing and diagnostics equipment and testing, tools systems as well as solutions for filling refrigerators, air conditioners and heat pumps with coolant. Woodworking Machinery and Systems

develops and manufactures machinery and systems used for wood processing in the production of furniture and kitchens and of building components for climate-friendly timber houses.

#### Accounting policies

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) at the end of the reporting period and the additional requirements of the German commercial law pursuant to Sec. 315e (1) HGB ["Handelsgesetzbuch": German Commercial Code].

The accounting policies used generally correspond to the policies applied in the prior period. In addition, the Group has applied the new and/or revised standards and the interpretations issued by the International Financial Reporting Standards Committee (IFRIC) that became mandatory for the first time in the 2022 reporting period.

The Group elected not to adopt standards and IFRIC interpretations early which have already been issued but have not yet become effective. Generally speaking, the Dürr Group intends to adopt all standards when they become effective. The requirements of the standards applied have been satisfied in full. The financial statements thus give a true and fair view of the assets, liabilities, financial position, financial performance and cash flows of the Group.

The Dürr Group's reporting period is the calendar year. The consolidated financial statements are prepared in euros; all amounts are presented in thousands of euro, unless stated otherwise.

#### 4.6 — CHANGES IN ACCOUNTING POLICIES FROM THE ADOPTION OF THE NEW AND REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

	First-time application <sup>1</sup>	Adopted by the EU Commission	Impact on the Dürr Group
<b>AMENDED STANDARDS/INTERPRETATIONS</b>			
IFRS 3, IAS 16, IAS 37 and Annual Improvements to IFRSs Cycle 2018–2020 (issued on May 14, 2020)	January 1, 2022	Yes	Immaterial

<sup>1</sup> The standards/amendments are effective for reporting periods beginning on or after the specified date.

#### 4.7 — ACCOUNTING STANDARDS AND INTERPRETATIONS THAT HAVE BEEN PUBLISHED BUT NOT YET ADOPTED IN THE REPORTING PERIOD

	First-time application <sup>1</sup>	Adopted by the EU Commission	Impact on the Dürr Group
<b>NEW STANDARDS</b>			
IFRS 17 "Insurance Contracts" (issued on May 18, 2017) and amendments (issued on June 25, 2020)	January 1, 2023	Yes	Immaterial
<b>AMENDED STANDARDS/INTERPRETATIONS</b>			
IAS 1 "Presentation of Financial Statements" – Disclosure of accounting policies (issued on February 12, 2021)	January 1, 2023	Yes	Immaterial
IAS 1 – Classification of Liabilities as Current or Non-Current (issued on January 23, 2020 and postponement of the effective date (issued on July 15, 2020))	January 1, 2024	No	None
IAS 1 – Classification of Liabilities with Covenants (issued on October 31, 2022)	January 1, 2024	No	None
IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" – Definition of accounting estimates (issued on February 12, 2021)	January 1, 2023	Yes	None
IAS 12 "Income Taxes" – Deferred tax related to Assets and Liabilities arising from a Single Transaction (issued on May 7, 2021)	January 1, 2023	Yes	None
IFRS 16 "Leases" – Lease liability in a Sale and Leaseback Transaction (issued on September 22, 2022)	January 1, 2024	No	None
First-time application of IFRS 17 and IFRS 9 – Comparative information (issued on December 9, 2021)	January 1, 2023	Yes	None

<sup>1</sup> The standards/amendments are effective for reporting periods beginning on or after the specified date.

All assets and liabilities are measured at historical or amortized cost. Exceptions to this rule are derivative financial instruments measured at fair value, other financial assets as well as financial assets measured at fair value through other comprehensive income or through profit or loss. Put options, liabilities from purchase price installments and obligations from share-based compensation are also measured at fair value.

Assets and liabilities are treated as current if they are realized or settled within twelve months of the end of the reporting period. Within the statement of financial position, assets and liabilities with a remaining term of more than twelve months are presented as non-current. By contrast, deferred tax assets and deferred tax liabilities within the statement of financial position are always reported as non-current. Besides this, liabilities with a remaining

term of between one and five years are presented in the notes to the consolidated financial statements as medium-term and those with a remaining term of more than five years as long-term.

#### Hyperinflation in Turkey

In Turkey, cumulative inflation has increased very sharply over the past three years. As of the balance sheet date June 30, 2022, Turkey was therefore classified for the first time as a hyperinflationary country within the meaning of IAS 29 "Financial Reporting in Hyperinflationary Economies".

The application of IAS 29 does not result in any material effects on the assets, liabilities, financial position and financial performance of the Group. Please refer to → [notes 6 and 13](#) for further details.

## 2. BASIS OF CONSOLIDATION

The consolidated financial statements of the Dürr Group are based on the IFRS financial statements of Dürr AG and the consolidated entities and entities accounted for using the equity method as of December 31, 2022 and are prepared in accordance with uniform policies. The majority of the entities are audited by independent auditors.

Intragroup sales revenue, other income and expenses, all intragroup receivables, liabilities, provisions as well as cash and cash equivalents received and paid are eliminated. Intragroup profits which are not realized by sale to third parties are eliminated. As part of the equity consolidation according to IFRS 10 "Consolidated Financial Statements", the acquisition cost of the acquired shares of the parent companies is offset against the acquired portion of equity of the subsidiaries.

### Business combinations

A business combination exists when the Dürr Group obtains control of another entity. Subsidiaries included in the consolidated financial statements for the first time are accounted for using the acquisition method in accordance with IFRS 3 "Business Combinations". The identifiable assets acquired, liabilities assumed and contingent liabilities are measured in full at their fair values, irrespective of the share of the Dürr Group's investment. They are recognized at the values applicable at the time the Dürr Group obtained control of the subsidiary. Differences may arise from the distribution of acquisition cost between the acquired assets, assumed liabilities and contingent liabilities. Any remaining positive difference is shown as goodwill. Negative differences are recognized directly in profit or loss. For business combinations in which less than 100% of the shares are purchased, IFRS 3 provides for a choice between the partial goodwill method and the full goodwill method. This option can be exercised for every business combination. The Dürr Group determines the method to be used to recognize the goodwill for each business combination. For information on exercising the option for individual business combinations, please

refer to → [note 18](#). Changes in ownership interests in subsidiaries that cause the Group's interest to increase or decrease without loss of control are treated as transactions between equity owners that do not affect profit or loss.

For business combinations in which less than 100% of the shares are purchased the proportionate share of equity attributable to the owners of non-controlling interests is generally recognized under equity. If there are obligations to acquire non-controlling interests in subsidiaries through put options, a liability is recognized for the put options. The liability is measured at the present value of the exercise amount. It must also be assessed whether the Group currently has access to the economic benefits linked to the shares subject to the put options. If this is the case, then no non-controlling interests are reported under Group equity. Instead, these shares are accounted for as already acquired by the Group by exercising the put options. If the Group does not currently have access to the economic benefits, the share of equity relating to the non-controlling interests is derecognized on every reporting date. Any difference between the non-controlling interests in equity and the liability is offset against the retained earnings of the Dürr Group.

### Entities accounted for using the equity method

Entities over which Dürr AG exercises significant influence (associates) are accounted for using the equity method. Significant influence means the power to participate in the financial and operating policy of the investee. Interests in entities accounted for using the equity method are initially recognized at cost. Costs exceeding the share in the net assets of the entity accounted for using the equity method, after taking into account hidden reserves or encumbrances, are recognized as goodwill. Goodwill resulting from the acquisition of an associate is included in the carrying amount of the entity accounted for using the equity method and is not amortized, but tested instead for impairment as part of the overall carrying amount of the entity accounted for using the equity method.

For subsequent measurement, the Dürr Group's share of the profit or loss of the entity accounted for using the equity method is recorded under investment result in the consolidated statement of profit or loss. The share of other comprehensive income is recognized directly in Group equity. The cumulative changes after the acquisition date increase or decrease the carrying amount of the entity accounted for using the equity method. Dividends received are deducted from the carrying amount. If the losses of an entity accounted for using the equity method attributable to the Group correspond to or exceed the value of the interest in this entity, no further losses are recognized unless the Group has entered into obligations or has made payments for the entity accounted for using the equity method.

Profits from the sale of goods by consolidated entities to entities accounted for using the equity method (intragroup profits), which are not realized by sale to third parties, are eliminated in the profit from entities accounted for using the equity method in proportion of the ownership interest.

### 3. CONSOLIDATED GROUP

Besides Dürr AG, the consolidated financial statements as of December 31, 2022, contain all entities in Germany and other countries which Dürr AG can control directly or indirectly. Under IFRS 10 "Consolidated Financial Statements", control exists if an entity is exposed to or has rights to positive or negative returns from its involvement with another entity. It must also have the ability to affect these variable returns through its power over the investee. Control can exist due to voting rights or prevailing circumstances as a result of contractual arrangements, among other things.

The entities are included in the consolidated financial statements of Dürr AG from the date on which the possibility of control was obtained. For most of the Group companies, control is based on holding the majority of voting rights. For four companies the Dürr Group has the power to exercise control on account of contractual arrangements, even though in each case the Group only holds 50% of the shares or 50% or less of the voting rights in the company. At two of the entities the Group can enforce a decision in case of parity of votes; at the other two entities, the Dürr Group manages the operations. Consolidation of an entity included in the consolidated financial statements ceases when the Dürr Group loses control over the entity.

### Structured entities

A structured entity is often characterized by restricted activities and a narrow and precisely defined purpose. A key characteristic is that voting rights do not have any significant effect on the returns from this entity. The possibility of control does not result from the majority interest in capital or from voting rights, but rather from contractual arrangements.

In the 2022 reporting period, the consolidated group contained five structured entities. These are lease property companies with properties at the Freiberg am Neckar, Germany, site. The structured entities were founded to finance the acquisition of these properties and the Group is the lessee of these properties. The Group holds a share of the capital in two of the five entities, but not the majority of voting rights.

By means of the lease agreements, the Dürr Group makes decisions on the relevant activity for the residual value realization of the properties based on contractual extension options as well as the purchase options at the residual carrying value for tax purposes. The usage of cash and cash equivalents is also specified in the contractual arrangements. The Dürr Group is thus able to use its control over the properties through the rights from the lease agreements and to influence the amount of the variable returns. Based on the underlying contractual terms and conditions, all five entities are therefore included in the consolidated financial statements as structured entities in accordance with IFRS 10 "Consolidated Financial Statements" and IFRS 12 "Disclosure of Interests in Other Entities". There are no obligations to provide financial support.

### Entities accounted for using the equity method

Entities over which the Dürr Group exercises significant influence pursuant to IAS 28 "Investments in Associates and Joint Ventures" (associates) as well as joint ventures as defined by IFRS 11 "Joint Arrangements" are accounted for using the equity method. Significant influence is presumed with a share of voting rights ranging from 20% to 50%. Associates are included in the consolidated financial statements using the equity method from the date on which the possibility of significant influence exists. For shares of voting rights below 20%, interests in entities are generally recognized under other financial assets.



#### 4.8 — NUMBER OF ENTITIES

	Dec. 31, 2022	Dec. 31, 2021
<b>FULLY CONSOLIDATED ENTITIES</b>		
Germany	34	34
Other Countries	86	93
<b>Total</b>	<b>120</b>	<b>127</b>
<b>ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD</b>		
Germany	–	–
Other Countries	1	1
<b>Total</b>	<b>1</b>	<b>1</b>
<b>OTHER FINANCIAL ASSETS</b>		
Germany	2	2
Other Countries	2	3
<b>Total</b>	<b>4</b>	<b>5</b>

The consolidated financial statements contain 17 entities (prior period: 21) which have non-controlling interests. There are four companies that are only included in the consolidated financial statements at cost on grounds of immateriality. Their contributions to sales revenue, earnings (before taxes) and Group equity are less than 0.02% each. The Dürr Group is not exposed to any risks from these entities due to their size, contribution to sales revenue, complexity and minor activities.

## 4. CHANGES IN THE CONSOLIDATED GROUP

#### 4.9 — DECONSOLIDATIONS/MERGERS

Entity	Effective as of	Note
HOMAG ESPAÑA MAQUINARIA, S.A., Llinars del Vallès (Barcelona)/Spain	January 1, 2022	Merger with HOMAG MACHINERY BARCELONA SA, L'Ametlla del Vallès/Spain, renamed HOMAG ESPAÑA S.A.
Dürr Systems S.A.S., Guyancourt/France	January 1, 2022	Merger with MEGTEC Systems S.A.S. Lisses/France, renamed Dürr Systems S.A.S.
Stimas S.r.l., Turin/Italy	January 1, 2022	Merger with CPM S.p.A., Beinasco/Italy
HOMAG NEW ZEALAND LIMITED, Auckland/New Zealand	January 24, 2022	Closure
Carl Schenck spol. s r.o., Modřice/Czech Republic	March 24, 2022	Closure
Shanghai Shenlian Testing Machine Works Co., Ltd., Shanghai/PR China	July 12, 2022	Closure
Kunshan Golden Field Woodwork Software Development Co., Limited, Kunshan/PR China	November 14, 2022	Closure

In the financial year 2022, there were no additions of fully consolidated companies.

## 5. CURRENCY TRANSLATION

Financial statements denominated in the foreign currency of the subsidiaries included in the consolidation are translated into euros on the basis of the functional currency concept pursuant to IAS 21 "The Effects of Changes in Foreign Exchange Rates". For the majority of the foreign subsidiaries in the Group, the functional currency is the local currency since these entities operate independently from a financial, economic and organizational viewpoint. According to this concept, assets and liabilities are thus translated at closing rates, while income and expenses are generally translated at average rates. Any currency translation differences are recorded without effect on profit or loss in other comprehensive income.

In the separate financial statements of Dürr AG and its subsidiaries, receivables and liabilities in a currency other than the euro are measured at the historical rate; current transactions are translated at the current exchange rate. Any exchange rate gains and losses at the end of the reporting period are included in the statement of profit or loss. For actual figures of the exchange rate gains and losses recognized through profit or loss, please refer to → notes 8 and 13.

### 4.10 — SIGNIFICANT EXCHANGE RATES

in relation to one euro	Closing rate		Average rate	
	Dec. 31, 2022	Dec. 31, 2021	2022	2021
Pound sterling (GBP)	0.8868	0.8400	0.8546	0.8585
Chinese renminbi (CNY)	7.4355	7.2172	7.0871	7.6165
Danish krone (DKK)	7.4365	7.4369	7.4397	7.4368
Hong Kong dollar (HKD)	8.3204	8.8277	8.2265	9.1832
Indian rupee (INR)	88.1567	84.1680	82.6898	87.1944
Korean won (KRW)	1,338.1861	1,344.9570	1,353.6974	1,354.2313
Mexican peso (MXN)	20.8858	23.1407	21.0768	24.0738
Polish zloty (PLN)	4.6858	4.5944	4.6891	4.5756
US dollar (USD)	1.0676	1.1320	1.0506	1.1813

In the separate financial statements of the foreign subsidiaries, goodwill is translated at the rate prevailing at the end of the Group's reporting period. The hidden reserves identified in acquisitions are accounted for using the functional currency of the acquired entity. An adjusted average rate is used for entities consolidated for the first time during the year.

## 6. RECOGNITION AND MEASUREMENT POLICIES

### Revenue recognition pursuant to IFRS 15 "Revenue from Contracts with Customers"

The Dürr Group generates most of its sales revenue from the production and delivery of customer-specific plant and machinery. For these contracts, the sales revenue and planned gross margin is realized in accordance with the percentage of completion method (PoC method) in line with the percentage of completion of a contract over the performance period. The criteria of IFRS 15 for this are: the asset does not have any other alternative use and, at the same time, the Group has an enforceable right to payment for work already performed. The progress toward satisfaction of a performance obligation is calculated on the basis of the costs incurred in relation to the total estimated costs (cost-to-cost method). This ensures that both sales revenue and the associated costs are systematically recorded and therefore the profit or loss from the contract is recognized in the period incurred over which the control over the goods or services is transferred. Customer payments are contractually agreed and based on the progress of projects and on milestones set. This keeps the time that elapses between customer payments and progress toward satisfaction of a performance obligation to a minimum. The Group came to the conclusion that the input-based method is best suited for determining the progress toward satisfaction of a performance obligation as the Group uses IT-supported calculation methods and, with the help of division-specific project controlling, is able to reliably estimate planned costs and monitor total costs.

Where it is not possible to give a reliable estimation of the progress toward complete satisfaction of a performance obligation based on output factors or input factors, the zero profit method (ZP method) is applied as long as it can be assumed that the Dürr Group can recover the costs incurred from satisfying the performance obligation. With the ZP method sales revenue and the associated costs are realized in equal amounts until it is possible to reliably estimate the progress toward complete satisfaction of a performance obligation. Thus the gross margin is at least partially recognized in profit and loss at a later stage of the contract.

The other portion of sales revenue from contracts with customers is generated from both the sale of standard machines, spare parts and other goods as well as the rendering of services. This sales revenue is recognized at the date on which the customer obtains control over the promised asset. This is usually the point in time when the machine is delivered to the customer, at which point the customer obtains legal title to the machine or has inspected it. Services provided are recognized at the time rendered as sales revenue recognized over time. For standard machines and spare parts, the customer makes the payment upon receiving the invoice, which is done following delivery or acceptance, depending on the contractual arrangements. Progress payments are also demanded from the customer.

### Performance obligations

The Group divides its contracts with customers into performance obligations, separating them based on contractual terms into performance obligations that are either satisfied at a point in time or over time. The customer contracts are analysed for separable performance obligations. In addition to the performance obligation to produce a machine or plant for the customer, separable performance obligations in the Paint and Final Assembly Systems, Application Technology and Clean Technology Systems divisions mainly include spare parts packages and partial modifications. In the Measuring and Process Systems and Woodworking Machinery and Systems divisions, it is primarily the assembly and commissioning that play a role as separable performance obligations.

### Intangible assets

Intangible assets comprise goodwill, franchises, brand names, industrial rights and similar rights, internally generated software, capitalized development costs as well as acquired customer relationships, orders and technological know-how. Purchased and internally generated intangible assets are recognized pursuant to IAS 38 "Intangible Assets" if, in addition to other criteria, it is probable that a future economic benefit will flow to the entity from the use of the asset, and the cost of the asset can be reliably determined.

Intangible assets are recognized at cost. Intangible assets with a finite useful life are amortized over their useful life using the straight-line method, unless they are impaired. Goodwill and other intangible assets with indefinite useful lives are not amortized. Other intangible assets are tested once annually to determine whether events and circumstances still justify the assumption that they have an indefinite useful life. If this is not the case, the estimated useful life is changed on a prospective basis from indefinite to finite in accordance with the requirements of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". Intangible assets with an indefinite useful life are likewise tested once a year or sooner if there are any indications that an asset may be impaired. In addition to goodwill, the Dürr Group recognizes brand names as further intangible assets with mostly indefinite useful lives. These brand names are generally tested annually for impairment alongside goodwill. Like goodwill, the brand names are part of the net assets of a cash-generating unit. The recoverability of the HOMAG China and iTAC brands is tested separately each year.

In the Group development costs are only recognized as internally generated intangible assets if the conditions set forth in IAS 38 are satisfied. These include the following criteria:

- Technical feasibility of completing the intangible asset so that it will be available for use or sale
- The probability of a future economic benefit arising from the use of the asset
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The costs include the sum of all directly attributable expenditure incurred from the date when the intangible asset first meets the recognition criteria. Development costs which do not meet these criteria, as well as research costs, are recognized immediately as an expense. Amortization of capitalized development costs is disclosed under cost of sales in the statement of profit or loss.

**4.11 — USEFUL LIVES OF INTANGIBLE ASSETS (ESTIMATED)**

	years
Brand names with a finite useful life (DUALIS, Universal)	4 to 6
Capitalized development costs	3 to 9
Franchises, industrial rights and similar rights	2 to 20
Customer relationships	4 to 10
Technological know-how	5 to 15
Other brand names	indefinite

More information on the brand names is provided in → [note 18](#).

**Investment property**

Properties are allocated to investment property if a change in use has occurred, which is substantiated by their being occupied by another party after the end of owner-occupation or the inception of an operating lease with another party.

Investment property is recognized initially at (amortized) cost, including transaction costs. The carrying amount contains the costs for investments to replace an existing investment property at the time these costs are incurred, provided the recognition criteria are satisfied, and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are measured at amortized cost.

Investment property is derecognized when it is sold or retired from active use and no future economic benefit is expected upon its disposal. Gains or losses arising from the retirement or disposal of investment property are recognized in the year of retirement or disposal.

**Property, plant and equipment**

Property, plant and equipment are accounted for at cost less straight-line depreciation over their useful life. Cost comprises all production costs that are directly attributable to the production process.

**4.12 — USEFUL LIVES OF PROPERTY, PLANT AND EQUIPMENT (ESTIMATED)**

	years
IT hardware	2 to 5
Machines and equipment	2 to 40
Furniture and fixtures	2 to 25
Buildings, hereditary building rights and leasehold improvements	3 to 50
Land	indefinite

The cost of property, plant and equipment includes expenditures for replacements which extend useful lives or increase capacity. The historical cost of assets that are either sold or scrapped is derecognized, as is the accumulated depreciation. Any gains or losses from derecognition are determined as the difference between the net disposal proceeds and the carrying amount and recognized through profit or loss as other operating income or expenses in the period in which the item is derecognized. Costs of minor repairs and maintenance are recognized directly in profit or loss.

**Government grants**

In accordance with IAS 20 "Accounting for Government Grants and Disclosure of Government Assistance", government grants are only recorded if it is reasonably certain that the conditions attached to the grants will be fulfilled and the grants actually awarded. Grants that relate to an investment are deducted from the carrying amount of the subsidized asset. Grants related to income are recognized as deferred income and released in the correct period.

**Leases**

Several entities in the Dürr Group lease land, buildings, technical equipment and machines as well as office and operating equipment, mainly vehicles. Three entities rent out properties to external lessees.

A lease is a contract that transfers the right to use an asset (the leased asset) for a period of time in exchange for consideration. For these leases, the Dürr Group as lessee generally accounts for right-of-use assets and the corresponding payment obligations over the lease term as lease liabilities from the commencement date. The right-of-use assets are recognized under property, plant and equipment or investment property, while the lease liabilities

are recognized as part of financial liabilities (→ [notes 18, 32, 37, 40 and 41](#)). Lease liabilities correspond to the present value of the lease payments to be made over the lease term. These comprise the fixed payments, variable payments (if linked to an index or interest rate) and the exercise price of a purchase option if it is reasonably certain that the option will be exercised. In order to ensure that the terms are flexible, some leases for land and buildings in particular contain options to extend or terminate the lease. Depending on whether it is reasonably certain that the option will be exercised or will not be exercised, the optional periods are taken into account accordingly when determining the lease term. For discounting, the interest rate implicit in the lease is used if it can be determined. Otherwise, the incremental borrowing rate is used. Right-of-use assets are measured at cost and comprise the amount of the lease liabilities, restoration obligations and rent prepayments.

Lease liabilities and right-of-use assets are subsequently measured at amortized cost. The lease liability is measured using the effective interest method, i.e., the lease payments are apportioned between finance charges and redemption of the lease liability. This is done so as to achieve a constant rate of interest over the period on the remaining balance of the lease liability. → [notes 16 and 37](#) contain disclosures on interest expenses and interest payments from leases.

The lease liability is remeasured if the lease agreement is modified or changes are made to the lease payments, lease term or assessments regarding the exercise of purchase options. The right-of-use assets are amortized on a straight-line basis over the shorter of the lease term and their estimated useful lives and adjusted for any remeasurements of the lease liability.

#### 4.13 — USEFUL LIVES OF RIGHT-OF-USE-ASSETS (ESTIMATED)

	years
Vehicles	1 to 7
IT hardware	1 to 10
Machines and equipment	1 to 25
Land, buildings, hereditary building rights, office space	1 to 90

The Dürr Group makes use of the following exemptions and practical expedients:

- For short-term leases and leases of low-value assets, the lease payment is recognized through profit or loss.
- IFRS 16 “Leases” is not applied to intangible assets.
- Lessees do not separate lease and non-lease components.

Furthermore, intragroup liabilities are recognized through profit or loss in the segment reporting pursuant to IFRS 8 “Operating Segments” and not in the statement of financial position.

Leases in which the Dürr Group is the lessor relate to investment property. For these leases, the opportunities and risks remain within the Group. The lease payments are recognized by the lessor separately from non-lease components on a straight-line basis as sales revenue from lease agreements.

#### Impairment testing for intangible assets and property, plant and equipment including right-of-use assets

All intangible assets with an indefinite useful life, intangible assets which are not yet ready for use and goodwill are tested for impairment at the end of each reporting period. Other intangible assets and property, plant and equipment including right-of-use assets are reviewed for impairment whenever events or changes in circumstances indicate that an asset may be impaired, i.e., that the carrying amount of an asset may not be recoverable. Investment property that is largely rented to third parties is also subjected to an impairment test at least once a year.

An impairment loss is recognized through profit or loss if the recoverable amount of the asset falls short of its carrying amount. The recoverable amount is the higher of an asset’s net selling price and its value in use. The net selling price is the amount recoverable from the disposal of an asset at market conditions less costs to sell. Value in use is the fair value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. The recoverable amount is determined for each asset individually or, if that is not

possible, for the cash-generating unit to which the asset belongs. Goodwill acquired from business combinations is allocated to the cash-generating units or groups of cash-generating units. Due to the internal management and reporting structures, these correspond to the Dürr Group's divisions or business activities within its divisions. To determine the estimated cash flows of each cash-generating unit, basic assumptions have to be made. These include assumptions regarding financial planning and the interest rates used for discounting.

Impairment losses recognized in prior periods are reversed against profit or loss if they cease to exist or have decreased. The reversal of an impairment loss or the reduction of an impairment loss of an asset is, however, only recognized to the extent that it does not exceed the carrying amount that would have applied, if the amortization or depreciation had been recorded and no impairment losses had been recognized. Impairments on goodwill may not be reversed.

Other comments on intangible assets, property, plant and equipment and right-of-use assets can be found in → [note 18](#).

### Financial instruments

A financial instrument is a contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. Pursuant to IFRS 9 "Financial Instruments", financial instruments are classified in the following categories:

- Financial assets measured at amortized cost
- Financial assets measured at fair value through other comprehensive income
- Investments in equity instruments measured at fair value through other comprehensive income
- Financial assets measured at fair value through profit or loss
- Investments in equity instruments measured at fair value through profit or loss
- Financial liabilities measured at amortized cost
- Financial liabilities measured at fair value through profit or loss

Purchases or sales of financial assets are recognized using trade date accounting. Apart from two derivatives, the Dürr Group does not perform any offsetting for financial instruments.

### Financial assets

Financial assets are classified in accordance with IFRS 9 based on the business model used to manage financial assets and on the basis of the characteristics of the contractual cash flows of the financial assets. The objective of the Dürr Group's business model is to hold financial assets in order to collect contractual cash flows. With regard to the characteristics of the contractual cash flows, it is examined whether the contractual terms of the financial assets give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The financial assets in the portfolio are measured at amortized cost provided that the business model is complied with and the contractual cash flows fulfill the condition above.

The business model for financial assets measured at fair value through other comprehensive income (debt instruments) includes both the holding and sale of financial assets. The contractual terms that have to be met give rise solely to payments of principal and interest on the principal amount outstanding on specific dates.

Equity instruments are generally classified as measured at fair value through profit or loss at initial recognition. However, upon initial recognition an irrevocable option may be exercised to classify equity instruments as measured at fair value through other comprehensive income. This option may only be exercised if the equity instruments are not held for trading and if they do not represent contingent consideration in a business combination. The Dürr Group generally holds its equity interests for strategic reasons as a way of expanding the Group's business operations. Focus is not placed on the intention to generate significant amounts of short-term gains on sale. Any fluctuations in the measurement of investments are therefore not expected to have any impact on the statement of profit or loss. Accordingly, equity instruments are classified as measured at fair value through other comprehensive income. Gains or losses of equity instruments in this category recognized through other comprehensive income are never reclassified to profit or loss. At Parker Engineering Co., Ltd. and Teamtechnik Production Technology Sp. z o.o., a put option accounted for through profit or loss is held in addition to the

investment. In order to keep the economic effect on the statement of profit or loss to a minimum here too, both the investments and the related options are classified at fair value through profit or loss. Parker Engineering Co., Ltd. and Teamtechnik Production Technology Sp. z o.o. are recognized in the statement of financial position under other financial assets while the options are recognized under sundry financial liabilities.

Financial assets that do not satisfy the conditions for being classified as measured at amortized cost/at fair value through other comprehensive income are to be classified as measured at fair value through profit or loss. The Dürr Group does not currently make use of the option to measure financial assets at fair value through profit or loss at initial recognition.

#### Loss allowances and impairment of financial assets

The Dürr Group uses an impairment model based on the expected credit loss model, which is applicable for all financial assets (debt instruments) that are measured at amortized cost or at fair value through other comprehensive income. The expected credit loss model distinguishes between the general approach and the simplified approach. The general approach allocates the financial assets to three risk stages and is mainly applicable for cash and cash equivalents as well as sundry financial assets. For contract assets, trade receivables and lease receivables, the simplified model is applied and thus the first of the three risk levels is not considered.

Under the general model, the Dürr Group allocates the financial assets to the individual risk stages. The allocation is based on past due criteria and historically proven, qualitative internal and external risk assessments of the individual debtors. These assessments are applicable for all classes of financial assets. Provided that the non-derivative financial assets were not already impaired upon acquisition, the assets are allocated to stage 1. In general, a financial instrument is also allocated to stage 1 if it is deemed to be investment grade by external rating agencies.

If there has been a significant increase in the credit risk since initial recognition, the assets are allocated to stage 2. A number of qualitative and quantitative criteria are used to assess whether the credit risk has increased significantly since a financial asset was recognized for the first time. This involves, for example, examining whether the total comprehensive income of the debtor has deteriorated significantly or whether it is expected to do so. Financial assets are allocated to stage 2 at the latest when contractual payment is more than 30 days past due.

Financial assets are allocated to stage 3 or their default is assumed if circumstances occur that could impair the ability of a certain debtor to meet their financial obligations. For all financial assets, this means observing the criteria of being 90 days past due as well as using qualitative credit ratings for debtors. For example, the likelihood of insolvency or any other financial reorganization of the debtor results in the financial assets being allocated to stage 3.

In deviation from the past due criteria mentioned above, trade receivables and contract assets which are measured in accordance with the simplified approach are allocated to stage 3 when more than twelve months past due. This appropriately reflects the industry-specific experience and payment patterns for long-term projects in the plant and machinery construction sector.

Financial assets are derecognized as soon as reasonable information is available that indicates that they are uncollectible, such as insolvency proceedings coming to an end or following a court decision. Further explanations on the credit losses and impairment of financial assets can be found in [→ note 41](#).

#### Financial liabilities

Financial liabilities generally give rise to the obligation to deliver settlement in cash or another financial asset. They particularly include, for example, trade payables, liabilities to banks, convertible bonds, Schuldschein loans, obligations from options, derivative financial liabilities and other financial liabilities.

After initial measurement, financial liabilities carried at amortized cost are subsequently measured at amortized cost using the effective interest method. Financial liabilities measured at fair value through profit or loss include financial liabilities held for trading and contingent consideration recognized in a business combination to which IFRS 3 applies. Derivatives are deemed to be held for trading unless they are designated and effective hedging instruments. Gains or losses on financial liabilities held for trading are recognized through profit or loss.

The Dürr Group has not yet made use of the option to designate financial liabilities upon initial recognition as financial liabilities at fair value through profit or loss.

#### **Derivative financial instruments and hedge accounting**

The Dürr Group uses derivative financial instruments such as forward exchange contracts in order to hedge against currency risks. For accounting for hedges, the Dürr Group continues to apply the regulations of IAS 39 "Financial Instruments: Recognition and Measurement".

Derivative financial instruments are measured at fair value on initial recognition and in subsequent periods. Recognition of these changes – whether through profit or loss or through other comprehensive income (hedge reserve) – depends on whether the derivative financial instrument is part of an effective hedge in accordance with IAS 39. Changes in fair value are recognized through profit or loss unless the special criteria of IAS 39 for hedge accounting are satisfied.

Depending on the nature of the hedged item, hedging instruments are classified as follows:

- Fair value hedges, when hedging the exposure to changes in the fair value of a recognized asset, liability, unrecognized firm commitment or an identifiable part of such assets, liabilities or firm commitment that could affect profit or loss;

- Cash flow hedges, if they hedge exposure to variability in cash flows that is attributable to a recognized asset or liability or a forecast transaction and could affect profit or loss; or
- Hedges of a net investment in a foreign operation. They are treated in the same manner as cash flow hedges.

#### **Fair value hedge accounting**

In the case of fair value hedges, the carrying amount of a hedged item is adjusted through profit or loss by the profit or loss that is attributable to the hedged exposure. In addition, the derivative financial instrument is remeasured at its fair value. Gains or losses arising as a result are likewise recognized through profit or loss. In a perfect hedge, the fluctuation in fair value recognized through profit or loss for the hedged item practically offsets that of the hedging instrument. For fair value hedges that relate to hedged items carried at amortized cost, the adjustments of the carrying amount are released to profit or loss over their term until maturity. Every adjustment of the carrying amount of a hedged financial instrument is released to profit or loss using the effective interest method. The amount can be released as soon as an adjustment is made. It is released at the latest when the hedged item ceases to be adjusted for the changes in fair value that are attributable to the hedged exposure. If the hedged item is derecognized, the unamortized fair value is recognized immediately in the statement of profit or loss.

If an unrecognized firm commitment is designated as a hedged item, the subsequent accumulated change in its fair value that is attributable to the hedged risk is recognized as an asset or liability in the profit or loss of the period. The changes in the fair value of the hedging instrument are likewise recognized in the profit or loss of the period. However, this does not apply if foreign exchange exposure is hedged, as that is treated as a cash flow hedge. Hedge accounting is discontinued when the hedging instrument is settled prematurely or matures or no longer qualifies for hedge accounting.



**Cash flow hedge accounting**

In the case of cash flow hedges, the effective portion of the gain or loss on a hedging instrument is recognized directly in equity. The ineffective portion is recognized through profit or loss. Amounts that are recognized directly in equity are reclassified to profit or loss in the period in which the hedged item affects the net profit or loss for the period. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts taken to equity are transferred to the initial carrying amount of the nonfinancial asset or non-financial liability. If the forecast transaction is no longer expected to occur, any amounts previously taken to equity are reclassified to the net profit or loss for the period. When the hedge is settled prematurely or matures, the amounts previously disclosed remain a separate item in equity until the forecast transaction occurs. The same applies if the hedging instrument is exercised without replacement or rollover, or if the criteria for cash flow hedge accounting are no longer in place. If the forecast transaction is no longer expected to occur, the amount is recognized through profit or loss. Further explanations on derivative financial instruments are given in → [note 41](#).

**Other financial assets**

Other financial assets include non-current investments in equity instruments. They include shares in entities that are classified at fair value through profit or loss or through other comprehensive income.

**Inventories**

Inventories of materials and supplies, work in process from the manufacture of standard machines and finished goods and merchandise are recognized at the lower of cost or net realizable value at the end of the reporting period. As a rule, a moving average value is used. Write-downs are recorded for obsolete and slow-moving inventories.

Costs of conversion comprise direct materials costs, direct labor costs as well as an appropriate portion of production-related overheads and depreciation. The overhead markups are determined on the basis of average capacity utilization. Borrowing costs are included, provided that they relate to qualifying assets.

**Contract assets**

For the Dürr Group, contract assets represent a legal claim to consideration in exchange for goods or services that are subject to conditions other than the simple term of payment. To the extent that costs have been incurred on contracts, but the amounts cannot yet be billed under the terms of the contracts as the payment claim is still conditional, they are reported as contract assets together with the corresponding estimated earnings. The contract assets contain directly allocable contract costs as well as, to an appropriate degree, production-related overheads and estimated earnings that can be derived from the agreed transaction price. In order to adequately portray the credit risk of the respective customer, a corresponding loss allowance is recognized in accordance with IFRS 9. The loss allowance is determined using the same methods as for trade receivables.

**Trade receivables/sundry non-derivative financial assets**

Receivables and sundry non-derivative financial assets constitute a contractual right to receive cash or another financial asset at a future point of time.

Receivables and non-derivative financial assets are carried at amortized cost less loss allowances and impairments. To determine the impairment and loss allowance the Group assesses the recoverability of the financial assets by referring to a number of factors. For this purpose, credit risks are segmented using common credit risk characteristics.

A central monitoring and local collection management system counters the risk of bad debts. This system includes regular credit ratings, the conclusion of credit insurance policies and – particularly in the export business – issuing letters of credit. Further information on impairment and loss allowances can be found in the section on Impairment and loss allowances of financial assets.

**Cash and cash equivalents**

Cash and cash equivalents include cash, demand deposits and other short-term, highly liquid financial assets with an original term to maturity of less than three months. They are recognized at nominal value less loss allowance. The loss allowance is formed on the basis of current market data and internal risk assessments. Further information on loss allowances can be found in the section on the impairment and loss allowances of financial assets.

**Other assets**

Other assets comprise capitalized assets that cannot be allocated to any other category.

Costs of obtaining a contract that have arisen in connection with customer contracts are recognized at the amount incurred under other assets. Usually, the contractually agreed commission is a percentage of the contract value. This is only based on judgment to a small degree. Only in some cases is the amount of the commission variable and depends on the estimated gross margin of the contract. The costs of obtaining a contract are generally amortized in line with the percentage of completion of the underlying goods and services. For customer contracts that are invoiced when control is transferred, the costs of obtaining a contract are amortized entirely at this point in time. Impairment losses on recognized costs of obtaining a contract are recognized directly in profit or loss if the residual carrying amount of the capitalized costs of obtaining a contract are higher than the remaining portion of consideration less costs that are directly in connection with delivering the goods or rendering the services and were not yet expensed.

**Non-current assets held for sale and disposal groups**

Non-current assets held for sale and disposal groups relate to fixed assets or current and non-current assets that can be sold in their present condition and whose sale is highly probable. The disposal group also relates to liabilities that are directly connected to the assets. Their carrying amounts must mainly be recovered by sale and not through continuing use.

Non-current assets held for sale and disposal groups are recognized as a separate item in the statement of financial position under current assets. The sale should be expected to qualify for recognition as a completed sale within one year from the date of reclassification.

Pursuant to IFRS 5 "Non-current assets held for sale and discontinued operations", a non-current asset, provided that it is classified as held for sale or belongs to a disposal group classified as held for sale, is not depreciated but instead recognized at fair value less costs to sell, if the fair value is lower than the carrying amount.

**Accumulated other comprehensive income**

This item presents changes in equity, including the deferred taxes thereon, other than those arising from capital transactions with owners (e.g., capital increases or distributions). These include exchange differences (including the effects of the measurement of hyperinflationary currency in Turkey), accumulated actuarial gains and losses from the remeasurement of post-employment benefits and similar obligations as well as gains and losses from the measurement of financial assets and derivative financial instruments (cash flow hedges) measured at fair value.

**Convertible bond**

Pursuant to IAS 32 "Financial Instruments: Presentation", the conversion option vested in the convertible bond issued in the 2020 reporting period represents an equity instrument that was recognized in equity net of issue costs. The liability component is classified as a financial liability at amortized cost. At the time of initial recognition, the proportionate issue costs were deducted; the difference between that amount and the nominal value is allocated using the effective interest method to the financial liability as an interest expense over the term of the bond. The right of early redemption on the part of Dürr AG represents an embedded derivative, although one that is not separated pursuant to IFRS 9 as it is considered to be closely related to the host contract.

**Earnings per share**

Basic earnings per share are calculated by dividing the earnings relating to the shareholders of Dürr AG by the weighted average number of shares outstanding during the reporting period. To determine diluted earnings per share, both the earnings attributable to the shareholders of Dürr AG and the weighted average of the number of shares outstanding are adjusted so as to take all dilutive effects into account that would result from the conversion of potential ordinary shares.

**Borrowing costs**

Borrowing costs include interest and similar expenses, other finance costs and the costs incurred in connection with borrowings.

In accordance with IFRS 9 "Financial Instruments", borrowing costs incurred in connection with the issue of the convertible bond and the Schuldschein loans are deducted on the liabilities' side of the consolidated statement of financial position. Calculated using the effective interest method, borrowing costs are amortized over the terms of the convertible bond and Schuldschein loans.

**Post-employment benefits**

The defined benefit plans guarantee the beneficiary a monthly old-age pension or non-recurring payment upon leaving the company. These benefit plans are funded by the entities as well as by the employees. In accordance with IAS 19 "Employee Benefits", provisions for post-employment benefits are measured using the projected unit credit method. For this purpose, the future obligations are measured on the basis of the pro rata employee benefit obligations at the end of the reporting period. Provisions for post-employment benefit obligations are calculated taking into account development assumptions (e.g., relating to salary trends or pension increases) for those factors which affect the benefit amount.

Defined benefit cost is divided into service cost and net interest, which are recognized through profit or loss, and remeasurements, which are recognized directly in equity after deducting deferred taxes. Pursuant to the criteria of IAS 19, provisions for post-employment benefit obligations covered by assets held by a long term benefit fund or by qualifying insurance policies are offset against the related plan assets, taking account of the asset ceiling. In addition to qualifying insurance policies, assets of an external insurance company or a fund are recognized as plan assets under IAS 19 if these assets can be used exclusively to pay or fund employee benefits and are protected from potential creditors.

**Other provisions**

Other provisions are recorded pursuant to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" and IAS 19 "Employee Benefits", if an obligation to a third party results from a past event that is expected to lead to an outflow of economic benefits and can be reliably determined. Provisions for restructuring are recognized only to the extent that a detailed formal plan has been prepared and communicated to the parties concerned. Other provisions represent uncertain liabilities, which were recognized on the basis of a best estimate of the amount needed to settle the obligations. If the amount of the provision can only be determined within a range, the most probable figure is used. If there is no difference in the level of probability, the weighted average is taken. Provisions with a remaining term of more than one year are discounted at market interest rates which reflect the risk and period until the obligation is settled.

**Contract liabilities**

Contract liabilities constitute an obligation to the customer when progress billings issued and payments received from customers are collected or fall due before the promised service is rendered. Contract liabilities from progress billings issued and payments received from customers are offset against the services as soon as they are rendered. If a contract contains several separate performance obligations, only one contract asset or contract liability from this contract is determined on a net basis.

**Liabilities**

Trade payables and sundry financial liabilities are recorded at amortized cost. Other liabilities are recorded at the settlement amount. Liabilities that do not lead to an outflow of resources in the following year are discounted at market interest rates as of the end of the reporting period.

At the inception of a lease, liabilities from leases are carried at the present value of the lease payments. Further information is presented in the section on leases.

**Income taxes and deferred taxes**

The Dürr Group operates in a large number of countries and is consequently subject to different tax jurisdictions. The anticipated current and deferred income taxes have to be determined for each taxable entity.

Deferred taxes are accounted for using the balance sheet liability method according to IAS 12 "Income Taxes". This involves creating deferred tax items for all temporary accounting and measurement differences between the carrying amounts for IFRS purposes and the tax bases of the assets and liabilities. They are not created if the taxable temporary difference arises from goodwill or the initial recognition of other assets and liabilities in a transaction (that is not a business combination) which affects neither the IFRS accounting profit nor the taxable profit or loss. Moreover, for leases where the Dürr Group is a lessee, the Dürr Group recognizes on the commencement date of the lease:

- deferred tax assets on lease liabilities to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized, and
- deferred tax liabilities on right-of-use assets in property, plant and equipment or investment property.

Deferred tax liabilities are recognized for all taxable temporary differences arising from investments in subsidiaries or associates, and interests in joint ventures, unless the parent can control the reversal of the temporary difference and the temporary difference will probably not reverse in the foreseeable future. Further, deferred tax assets for future economic benefits from unused tax losses and unused tax credits are taken into account if it is highly probable that they will be used.

Deferred tax assets and deferred tax liabilities are measured taking into account the respective local income tax rates which are expected to apply in the individual countries at the time of realization based on tax laws that have been enacted or substantively enacted. Deferred tax assets are reversed if it is more probable that the tax benefit will be forfeited than that it will be utilized.

Deferred tax assets are recognized to the extent that they are likely to be used. The probability of their being used in the future is assessed taking into account various factors, such as future taxable profit in the planning periods, effects on earnings from the reversal of temporary differences, tax strategies and profit actually generated in the past. The Group uses a planning horizon of four years. Management reviews the deferred tax assets for impairment at the end of each reporting period. As these reviews are sometimes based on assumptions about the future, the actual values may diverge from estimates. These are then adjusted

through other comprehensive income or through profit or loss, depending on how they were initially recognized. Based on past experience and the expected future income, the Dürr Group assumes that the corresponding benefits will be realized from the deferred tax assets.

Deferred tax assets and deferred tax liabilities are netted if, and only if, the entity has a legally enforceable right to offset current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied on the same taxable entity by the same taxation authority. Deferred taxes are recorded as tax income or expense in the statement of profit or loss unless they relate to items recorded through other comprehensive income; in this case, the deferred taxes likewise are recorded through other comprehensive income. Deferred tax assets from temporary differences in excess of deferred tax liabilities are only recognized to the extent that they can be utilized against future taxable profits.

For the cases where there is uncertainty regarding the application of tax regulations, the Dürr Group proceeds as follows: IFRIC 23 "Uncertainty over Income Tax Treatments" is used to assess the probability with which the relevant tax authority with full knowledge of the matter will follow the position taken in the tax returns. Particularly, judgment is required for the following uncertainties:

- Should each tax treatment be considered independently or together with other tax treatments?
- Which assumptions need to be made for tax authorities' examination?
- What are the potential effects of a deemed tax field audit?
- How should changes in matters, for example, due to new information be handled?

The Dürr Group examines continuously whether it needs to be applied in such cases, primarily because the Group operates in a number of jurisdictions. Indications of uncertain tax positions may be seen in the area of transfer pricing, which the Dürr Group intends to reduce through the application of the internal control system and documentation of transfer pricing. The Dürr Group, therefore, expects that it is probable that the tax authorities will accept the tax treatment of the Group.

### Share-based payment

The share-based payment transactions pursuant to IFRS 2 "Share-based Payment" cover remuneration systems that are settled in cash. For the measurement, the Dürr Group calculates the fair value of the share-based payment transactions upon initial recognition, at each reporting date and on the settlement date. Until they are settled, the fair value is accumulated over the period through profit or loss and recognized in sundry financial liabilities. Changes in fair value are recognized in personnel expenses in the statement of profit or loss.

### Contingent liabilities

Contingent liabilities are possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent liabilities can arise from a present obligation that results from past events but is not recognized because:

- it is not probable that an outflow of resources embodying economic benefits will be required to settle this obligation or
- the amount of the obligation cannot be measured with sufficient reliability.

A contingent liability is not disclosed if the possibility of an outflow of resources embodying economic benefits is remote; otherwise, information is provided in the notes to the financial statements. Contingent liabilities assumed in a business combination are recognized at the acquisition date even if it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Contingent liabilities recognized in a business combination are initially measured at fair value.

### Use of assumptions and estimates

The preparation of the consolidated financial statements pursuant to IFRSs requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the end of the reporting period and the reported amounts of revenues and expenses during the reporting period. Actual figures may diverge from these estimates.

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period which may cause a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are discussed below.

### Significant accounting judgments when applying IFRS 15 Determining the transaction price

The transaction price is the amount of the consideration the Dürr Group expects to receive from its customers in exchange for transferring goods or rendering services. The transaction price of the individual performance obligations is determined using their stand-alone selling prices. The Group breaks down the transaction price agreed in the contract in proportion to the stand-alone selling prices. Variable consideration is only taken into account where it is highly probable that it will not result in a significant decrease in realized sales revenue, as soon as there is no longer any uncertainty in connection with the variable consideration. When determining the transaction price, it must therefore be assessed whether the contractual arrangements provide for variable consideration. The Dürr Group has variable consideration in the form of discounts, rebates and price escalation clauses. The price escalation clauses provide for the contractually agreed transaction price to be based on inflation and commodity price indices. Either the expected value method or the most likely amount method is used when estimating the variable consideration. The method used is the one with which the Group can provide the most reliable estimate of the consideration. The Group came to the conclusion that the most likely amount method is the most suitable method for estimating variable consideration. If it is assumed that a rebate will be granted upon concluding the contract, the transaction price is adjusted to the most likely amount. The same applies if it is expected upon concluding the contract that the customer will claim the discount. If, in the case of contracts with price escalation clauses, the realized sales revenue is unlikely to be canceled, the respective change in the index is considered in the transaction price. The most likely amount is calculated as the single most likely amount in a range of possible considerations. In determining the transaction price, the time value of money also needs to be considered if the timing of payments agreed to by the parties to the contract provides the customer (payment after receipt of goods or services) or the entity (payment before transfer of goods or services) with a significant benefit of financing the transfer of goods or services to the customer. In those cases

where it is assumed upon initiating the contract that the period between customer payments and transfer of control over the asset is less than one year, the Group has decided to make use of the simplification rule not to adjust the transaction price for significant financing components.

#### Determining the percentage of completion

The majority of orders in the Dürr Group are accounted for using the percentage of completion method and sales revenue is recorded over time in accordance with the criteria of IFRS 15. A precise assessment of the degree of completion is essential for determining the percentage of completion using the PoC method. The key estimation parameters include total contract revenues and contract costs, the remaining costs of completion and the contract risks. These estimates are reviewed and adjusted regularly. With the ZP method sales revenue and the associated costs are realized in equal amounts until it is possible to reliably estimate the progress toward complete satisfaction of a performance obligation. Thus the gross margin is at least partially recognized in profit and loss at a later stage of the contract.

As the PoC method and the ZP method are based on estimates, the estimates of the expenses required for completion may have to be adjusted subsequently due to prevailing uncertainties. Such adjustments to costs and income are recognized in the period in which the need for adjustments is determined. Provisions for onerous contracts are recognized at contract level and taken into account in the period in which the losses are identified; they are recognized as provisions pursuant to the requirements of IAS 37.

#### Contract amendments

Revenue recognition from the production and delivery of plant and machinery also takes into account amounts that the Group seeks to collect from customers or others for errors or changes in contract specifications or design, contract change orders in dispute or not yet negotiated as to both scope and price, or other customer-related causes of unanticipated additional contract costs, claims and pending change orders. These are carried at the estimated amount provided their realization is highly probable and they can be reliably estimated. Pending change orders involve the use of estimates. Therefore, it is possible that adjustments to the estimated recoverable amounts of recorded pending change orders will be made in the future.

#### Other accounting judgments

##### Impairment of intangible assets with indefinite useful life

The Group tests goodwill and brands with indefinite useful life for impairment at least once a year. This requires an estimation of the value in use of the cash-generating units to which the goodwill and the brands are allocated. To do this, management is required to make an estimate of the expected future cash flows from the cash-generating units. The Dürr Group uses a planning horizon of four years. In addition, it is necessary to choose a suitable discount rate in order to calculate the present value of these cash flows. Please refer to → [note 18](#) for further details.

##### Leases

Leases on buildings and office space in particular contain options to extend or terminate the lease. The measurement of the lease liability requires an assumption about whether it is reasonably certain that these options will be exercised. The Group takes into account all facts and circumstances that have an impact on these options being exercised or not.

If the interest rate implicit in the lease cannot be determined, the incremental borrowing rate is used. This is derived for different terms of country-specific interest rate swaps and adjusted for a risk premium for leases.

##### Loss allowance and impairment of financial assets

During the recognition and measurement of financial assets, estimates and assumptions regarding the creditworthiness of debtors are necessary. Under the expected credit loss model, the measurement of allowances for financial assets is subject to various assumptions and uncertainties. In particular, estimates are to be made about expected payment defaults, incoming payments and the collateral available. Please refer to → [note 41](#) for further details.



### Pensions and other post-employment benefit plans

The cost of defined benefit plans is determined using actuarial calculations. This involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases (rate of pension progression). The mortality tables published by Heubeck-Richttafel-GmbH (Heubeck 2018 G) are used to determine the post-employment benefit obligations. These tables are based on statistics from statutory pension insurance as well as the German Federal Statistics Office, and therefore reflect developments regarding life expectancy. The discount rates used are based on the market yields of high-quality, fixed-interest corporate bonds. The future pension increases in Germany follow the development in gross wages. In addition, the changes in the contribution rate in pension insurance and the development of the ratio of persons making contributions and pensioners are taken into account through sustainability factors. Due to the long-term nature of these plans, such assumptions are subject to significant uncertainty. Please refer to → [note 28](#) for further details.

### Development costs

Development costs are capitalized in accordance with the presented accounting policy. In order to evaluate the recoverability of the capitalized development costs, management is required to make assumptions regarding the expected future cash generation of the assets, interest rates to be applied and the expected period of benefits.

### Options in connection with the domination and profit and loss transfer agreement with HOMAG Group AG

Based on the domination and profit and loss transfer agreement that came into force in the 2015 reporting period, Dürr Technologies GmbH has the possibility to issue instructions to the corporate bodies of HOMAG Group AG and to recognize the entire profit of HOMAG Group AG as well as the obligation to absorb any losses. In return, the Dürr Group is required to make a compensation payment pursuant to Sec. 304 AktG [“Aktiengesetz”: German Stock Corporations Act] of € 1.18 (gross) per HOMAG share (€ 1.01 (net) after deducting corporate income tax and solidarity surcharge; before individual tax burden of the shareholder) for each reporting period as well as a settlement payment pursuant to Sec. 305 AktG of € 31.56 per HOMAG share. Since then, Dürr Technologies GmbH has guaranteed a dividend equivalent to the compensation payment. The domination and profit and loss transfer agreement could have been terminated for the first time as of December 31, 2020, but it was not. The domination and profit and loss transfer is extended by one year at a time unless terminated by one of the contracting parties subject to notice of six months before expiration. In the 2022 reporting period, the share of Dürr Technologies GmbH in the subscribed capital of HOMAG Group AG remained unchanged at 64.9%.

In the 2019 reporting period, the Stuttgart Regional Court made a provisional decision in the arbitration proceedings initiated by the shareholders of HOMAG Group AG, and ruled that the settlement for shareholders of HOMAG Group AG should be raised from € 31.56 to € 31.58. The Stuttgart Regional Court also decided that the compensation payment should be raised from € 1.18 to € 1.19 (gross) per HOMAG share (after deducting corporate income tax and solidarity surcharge from € 1.01 to € 1.03 (net); before individual tax burden of the shareholder). Due to an appeal filed against the Stuttgart Regional Court’s decision, the ruling has not become effective. Until the final decision in the arbitration proceedings is made, the figures determined originally for compensation payment and settlement are still valid. In principle, there may be further adjustments to the settlement and compensation payments in connection with the claims of the minority shareholders of HOMAG Group AG and for the duration of the arbitration proceedings.

In the prior period, there was a non-recurring effect of € 16,984 thousand in connection with the pool agreement in place between Dürr Technologies GmbH and the shareholder group Schuler/Klessmann, which has a 14.05% stake in HOMAG Group AG. The pool agreement was renewed in the 2021 reporting period and extended until December 31, 2029. The new agreement secures a call option for the Dürr Group from January 1, 2029 as well as a preemptive right for the acquisition of all shares of the shareholder group Schuler/Klessmann. In addition, this agreement of the shareholder group Schuler/Klessmann has secured a put option since October 1, 2021, with which it may offer all shares for sale to the Dürr Group. The exercise price of € 31.58 per share corresponds to the Dürr Group’s cash settlement offer for the HOMAG minority shareholders. This amount may change if the Stuttgart Higher Regional Court, which is currently reviewing the amount of the cash settlement, sets another amount. The former pool agreement had granted the Group a preemptive right for the shares of the shareholder group Schuler/Klessmann at an exercise price of € 25.00 per share. This exercise price of € 25.00 was decisive for the former measurement of the liability for the HOMAG shares held by the shareholder group. On account of the pool agreement signed in the prior period, the shares of the shareholder group Schuler/Klessmann have been measured at the estimated exercise price, thereby increasing the liability. It was also assumed in the measurement that the shareholder group Schuler/Klessmann will not exercise its put option and the Dürr Group will exercise its call option at the earliest possible date. All expected annual compensation payments were therefore also taken into account in the liability.

For further information on the recognition of the sundry financial liability for the obligation to acquire shares as well as to pay the compensation claims in connection with the domination and profit and loss transfer agreement entered into with HOMAG Group AG, please refer to → [notes 16, 33 and 36](#).

#### Options in connection with non-controlling interests

In the process of consolidating Techno-Step GmbH and System TM A/S in full in the 2020 reporting period as well as Teamtechnik Maschinen und Anlagen GmbH, Kallesøe Machinery A/S and Roomle GmbH in the 2021 reporting period, options for the sale of the shares held by non-controlling interests were measured at the present value of the estimated exercise amount in accordance with IAS 32 and recognized as a sundry financial liability. The present value of the exercise amount is determined at the end of each reporting period. This requires an estimate of future earnings to be made. The options of the entities acquired in the 2021 reporting period contain personnel expense components that are earned pro rata over the period until the options are exercised. Please refer to → [notes 12 and 18](#) for further details.

#### Share-based payment

The measurement of cash-settled share-based payment transactions is based on the anticipated share price at the end of the contractual term and earnings ratios over the duration of the program. Historical share prices are used to determine the fair value. The earnings ratios used are based on internal forecasts. The actual share prices and earnings ratios may deviate from the assumptions made.

Estimates and assumptions are also required for the recognition and measurement of contingent liabilities and other provisions; the same applies to determining the fair value of long-lived items of property, plant and equipment and intangible assets.

#### Effects of the Ukraine war and the coronavirus pandemic Estimates and accounting judgments

The estimates and accounting judgments are subject to increased uncertainties as a result of the Ukraine war and the ongoing coronavirus pandemic.

For the necessary update of estimates and accounting judgments in connection with the Ukraine war and the pandemic, available information on anticipated economic developments was taken into account. The assumptions made are based on current knowledge and the best available information.

#### Business performance, assets, liabilities, financial position and financial performance

##### Ukraine War

The Dürr Group complies with the relevant sanctions against Russia. However, this only resulted in a manageable decrease in sales revenue and incoming orders, so that the direct effects of the Ukraine war on the business as well as assets, liabilities, financial position and financial performance of the Group have been minor so far. The revenue and orders contributed by the two Russian group companies had been below 2% before the war. The contribution of the Ukrainian business, which has been suspended due to the war, to revenue and incoming orders, is also negligible, with less than 1%. The sanctions against Russia led to impairment and restructuring requirements in the Russian group companies. Please refer to → [notes 18 and 29](#) for details on the impairment and restructuring requirements.

More significant than the direct effects were the indirect effects of the Ukraine war on energy prices as well as the market and procurement environment, which in many cases was characterized by high and rising material prices and material shortages. The adverse effects led to unplanned additional expenses.

##### Coronavirus pandemic

In most countries, the effects of the coronavirus pandemic on the business performance as well as on the assets, liabilities, financial position and financial performance continued to decrease and resulted in significantly lower strains. China is an exception: The lockdowns imposed there significantly impacted sales revenue and earnings in the second quarter. Especially in the second half of the year, the effects decreased again. Thus, the Dürr Group was able to recover a large part of the revenue and earnings losses in China.



## Notes to the items of the consolidated financial statements

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

The disclosures for the 2021 reporting period include the values of the entities acquired as of the respective date of first-time consolidation.

#### 7. SALES REVENUE

##### 4.14 — SALES REVENUE

€ k	2022	2021
Sales revenue recognized over time from contracts with customers	2,527,469	1,985,186
Sales revenue recognized at a point in time from contracts with customers	1,782,461	1,547,322
Sales revenue from lease agreements	4,136	4,158
<b>Total sales revenue</b>	<b>4,314,066</b>	<b>3,536,666</b>
thereof		
Sales revenue with the automotive industry	1,972,414	1,552,905
Sales revenue with the wood processing industry	1,594,569	1,388,790

Services account for 28% of sales revenue (prior period: 32%) and break down as shown in → [table 4.15](#).

##### 4.15 — SALES REVENUE FROM SERVICES

€ k	2022	2021
Spare parts	537,214	505,287
Modifications	467,746	439,073
Other	213,761	187,515
<b>Total sales revenue from services</b>	<b>1,218,721</b>	<b>1,131,875</b>

In the 2022 reporting period, an amount of € 677,097 thousand (prior period: € 571,708 thousand) was recognized as sales revenue, which was still included in contract liabilities at the beginning of the reporting period. In future periods, sales revenue from currently unsatisfied or partially unsatisfied performance obligations of € 4,014,017 thousand (prior period: € 3,360,975 thousand) will be realized. Of this, an estimated € 3,148,428 thousand will be recognized as sales revenue in the 2023 reporting period (prior period: € 2,614,547 thousand – 2022 reporting period).

In the 2022 reporting period, sales revenue of € 58,715 thousand (prior period: € 123,040 thousand) was recognized that relates to performance obligations that had already been satisfied or partially satisfied in past periods.

Further information on the breakdown of sales revenue by division and region can be found in segment reporting under → [note 38](#).

#### 8. COST OF SALES

##### 4.16 — COST OF SALES

€ k	2022	2021
Cost of materials	1,720,256	1,315,167
Personnel expenses	807,641	717,344
Amortization, depreciation and impairment of non-current assets	90,913	85,736
Exchange gains	-74,205	-42,564
Exchange losses	77,583	40,086
Write-downs of trade receivables	1,416	2,269
Additions to and releases of loss allowances on trade receivables and contract assets	7,894	11,724
Other cost of sales	743,834	587,455
<b>Total cost of sales</b>	<b>3,375,332</b>	<b>2,717,217</b>
Gross margin %	21.8	23.2

Of the total amount reported as amortization, depreciation and impairment of non-current assets, an amount of € 12,883 thousand (prior period: € 10,718 thousand) is attributable to the amortization of capitalized development costs.

For further information about loss allowances on trade receivables, please refer to → [note 22](#).

## 9. SELLING EXPENSES

Selling expenses comprise all direct selling costs and overheads. These generally include all personnel expenses, cost of materials, amortization and depreciation as well as other costs relating to sales. In addition, selling expenses include amortization and impairment losses on capitalized costs of obtaining a contract.

### 4.17 — SELLING EXPENSES

€ k	2022	2021
Personnel expenses	274,160	238,249
Amortization, depreciation and impairment of non-current assets	11,659	10,976
Amortization and impairment on costs of obtaining a contract	19,068	17,349
Other selling expenses	77,665	65,453
<b>Total selling expenses</b>	<b>382,552</b>	<b>332,027</b>

For additional information about costs of obtaining a contract, please refer to [→ note 25](#).

## 10. GENERAL ADMINISTRATIVE EXPENSES

General administrative expenses comprise personnel expenses and non-personnel expenses of the central administrative functions, which are not attributable to contract processing, production, sales or research and development.

### 4.18 — GENERAL ADMINISTRATIVE EXPENSES

€ k	2022	2021
Personnel expenses	141,904	132,174
Amortization, depreciation and impairment of non-current assets	16,381	15,665
Other administrative expenses	59,397	53,870
<b>Total general administrative expenses</b>	<b>217,682</b>	<b>201,709</b>

## 11. RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses include all the costs of those activities undertaken to gain new scientific or technical knowledge, to develop new products or to improve products and manufacturing processes. They comprise both personnel expenses and non-personnel expenses and are included in profit or loss on the date they are incurred. Research and development expenses are reduced by those development expenses that qualify for recognition as assets pursuant to IAS 38 "Intangible Assets".

### 4.19 — RESEARCH AND DEVELOPMENT EXPENSES

€ k	2022	2021
Personnel expenses	92,875	82,640
Amortization, depreciation and impairment of non-current assets	8,039	11,323
Capitalized development costs	-23,574	-21,475
Other research and development expenses	59,126	51,367
<b>Total research and development expenses</b>	<b>136,466</b>	<b>123,855</b>

## 12. PERSONNEL EXPENSES

The expense items of the statement of profit and loss contain the personnel expenses according to [→ table 4.20](#).

### 4.20 — PERSONNEL EXPENSES

€ k	2022	2021
Wages and salaries	1,106,619	984,394
Social security contributions	209,961	186,013
<b>Total personnel expenses</b>	<b>1,316,580</b>	<b>1,170,407</b>
thereof post-employment benefits	73,847	67,498

The options of the entities acquired in the 2021 reporting period contain personnel expense components of € 1,587 thousand (prior period: € 3,800 thousand) that are earned pro rata over the period until the options are exercised.

### 13. OTHER OPERATING INCOME AND EXPENSES

#### 4.21 — OTHER OPERATING INCOME AND EXPENSES

€ k	2022	2021
<b>OTHER OPERATING INCOME</b>		
Exchange gains	30,159	15,653
Income from the release of provisions for litigation	4,901	–
Government grants	4,249	3,534
Reimbursements from damage claims	1,310	504
Gains on disposal of non-current assets	1,218	590
Rental income	1,180	727
Income from purchase price adjustments	1,046	–
Gain on the acquisition of Hekuma GmbH	395	1,856
Income from the disposal of assets classified as held for sale	156	2,525
Income from settlement of the legal dispute with SBS Ecoclean GmbH	–	7,551
Others	4,282	3,531
<b>Total other operating income</b>	<b>48,896</b>	<b>36,471</b>
<b>OTHER OPERATING EXPENSES</b>		
Exchange losses	38,312	15,585
Expenses for other local taxes	2,403	1,860
Expenses for canteens	1,161	832
Losses on disposal of non-current assets	844	883
Expenses from transaction costs in connection with acquisitions	–	1,236
Others	2,313	2,262
<b>Total other operating expenses</b>	<b>45,033</b>	<b>22,658</b>

Besides the reversal of provisions recognized in prior periods for litigation, there are no other material income or expense items relating to other periods.

The other comprehensive income includes a gain on measurement of hyperinflationary currency in Turkey of € 153 thousand (prior period: € 0 thousand).

### 14. GOVERNMENT GRANTS

Government grants were recognized in the 2022 reporting period to reimburse expenditures of the Group of € 4,397 thousand (prior period: € 6,868 thousand). In connection with the coronavirus pandemic, the Dürr Group received € 406 thousand (prior period: € 4,241 thousand) in government grants. Conditions are attached to the government grants. At present it can be assumed that these conditions will be met.

### 15. INVESTMENT RESULT

The investment result includes earnings from the entity accounted for using the equity method, income from distributions received from investments, profit or loss from the measurement of investments and options associated therewith as well as currency effects from hedging dividend payments.

The proportionate earnings of Nagahama Seisakusho Ltd., which is located in Osaka, Japan and accounted for using the equity method, amounted to € 2,577 thousand (prior period: € 1,251 thousand). In addition, there was an impairment of € 1,941 thousand on the carrying amount of the entity accounted for using the equity method due to a lower fair value. The earnings from the entity accounted for using the equity method therefore amounted to € 636 thousand (prior period: € 1,251 thousand). The other investments and options were measured at € 197 thousand (prior period: € –492 thousand).

## 16. NET INTEREST

### 4.22 — NET INTEREST

€ k	2022	2021
Interest and similar income	11,487	8,162
Interest and similar expenses	-30,620	-51,018
thereof		
Interest expenses on the corporate bond	-	-2,204
Interest expenses on Schuldschein loans	-9,385	-10,410
Interest expenses from the convertible bond	-1,125	-1,125
Interest expenses arising from subsequent accounting of the domination and profit and loss transfer agreement entered into with HOMAG Group AG	-6,247	-22,176
Interest expenses from leases	-3,375	-3,154
Amortization of transaction costs, premium from issuing a bond, a convertible bond, Schuldschein loans and a syndicated loan	-2,949	-3,201
Net interest expenses from the measurement of defined benefit plans	-494	-406
Other interest expenses	-7,045	-8,342
<b>Net interest</b>	<b>-19,133</b>	<b>-42,856</b>

The increase in interest income is due to higher interest on bank balances. Settling the legal dispute with SBS Ecoclean GmbH resulted in income of € 4,707 thousand from interest effects in the prior period. In contrast, the interest expenses in the prior period included a nonrecurring effect of € 16,984 thousand in connection with the pool agreement between Dürr Technologies GmbH and the shareholder group Schuler/Klessmann. Further information on the pool agreement can be found in → note 6.

## 17. INCOME TAXES

The income taxes relate to the German corporate income tax including a solidarity surcharge, trade tax on income and comparable taxes levied at foreign subsidiaries. The current taxes incurred by foreign subsidiaries are recognized at the tax rates and regulations of the respective national tax law. In Germany, deferred taxes are calculated using a tax rate of 29.1% (prior period: 29.1%).

### 4.23 — COMPOSITION OF TOTAL TAX EXPENSE

€ k	2022	2021
<b>CURRENT INCOME TAXES</b>		
Income tax expense – Germany	13,199	8,336
Income tax expense – other countries	62,767	47,776
Adjustment for prior periods	-8,405	-13,472
<b>Total current income tax expense</b>	<b>67,561</b>	<b>42,640</b>
<b>DEFERRED TAXES</b>		
Deferred tax expense – Germany	1,561	1,399
Deferred tax income – other countries	-23,879	-8,049
Adjustment for prior periods	8,608	11,627
<b>Total deferred tax expense/income</b>	<b>-13,710</b>	<b>4,977</b>
<b>Total tax expense</b>	<b>53,851</b>	<b>47,617</b>

→ Table 4.24 shows the reconciliation of theoretical income tax expense to the actual income tax expense reported by the Dürr Group. For the 2022 reporting period, German corporate income tax law provided for a statutory tax rate of 15.0% (prior period: 15.0%) plus the solidarity surcharge of 5.5% (prior period: 5.5%). The average trade tax burden amounted to 13.3% for the 2022 reporting period (prior period: 13.3%). This means that the reconciliation is based on an overall tax rate in Germany of 29.1% (prior period: 29.1%). For the foreign entities, the respective country-specific income tax rates range from 8.75% to 38.1% (prior period: 8.75% to 38.1%).

**4.24 — RECONCILIATION OF THE INCOME TAX EXPENSE**

€ k	2022	2021
<b>Earnings before income taxes</b>	<b>188,108</b>	<b>132,557</b>
Theoretical income tax expense in Germany of 29.1% (prior period: 29.1%)	54,739	38,574
Adjustments of income taxes incurred in prior periods	203	-1,845
Non-deductible operating expenses and withholding taxes	13,566	16,479
Foreign tax rate differential	-6,403	-4,700
Unrecognized deferred tax assets especially on unused tax losses	4,264	4,981
Subsequent recognition of deferred taxes on unused tax losses and changes in deferred taxes on impairment losses	-7,318	-1,023
Change in tax rates	-553	97
Tax-exempt income	-4,335	-5,482
Other	-312	536
<b>Effective income tax expense</b>	<b>53,851</b>	<b>47,617</b>

**Deferred taxes**

Pursuant to IAS 12 "Income Taxes", a deferred tax asset should be recognized on unused tax losses and other deductible temporary differences only to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be offset. In calculating the possibilities for utilizing tax losses, the Dürr Group uses a four-year planning horizon and takes into account the minimum taxation rule applicable in certain countries. Losses arising in Germany from the period prior to the tax group are not recognized.

Interest and tax losses, in sum, amounted to € 213,213 thousand as of December 31, 2022 (prior period: € 263,624 thousand). Interest and tax losses, for which no deferred tax assets were recognized, came to € 79,916 thousand (prior period: € 137,562 thousand) and primarily exist in Germany and France. In Germany, trade tax losses, for which no deferred taxes were recognized, amount to € 29,934 thousand (prior period: € 53,733 thousand). The unused trade tax losses can currently be carried forward for an indefinite period of time. Of the interest and tax losses not recognized, amounts of € 5,294 thousand expire within the next ten years (prior period: € 1,943 thousand). At present, the remaining unused tax losses do not lapse.

Other deductible temporary differences of € 2,314 thousand were not recognized as of December 31, 2022 (prior period: € 760 thousand).

Deferred tax assets and deferred tax liabilities are netted if, and only if, the entity has a legally enforceable right to offset current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

The income taxes and withholding taxes on distributable profits from subsidiaries are reported under deferred tax liabilities if it can be assumed that these profits will be subject to the corresponding taxation, or if there is a plan not to reinvest these profits permanently. No deferred tax liabilities were recognized on temporary differences in connection with shares in subsidiaries and associates of € 385,487 thousand (prior period: € 379,688 thousand). The Dürr Group assumes that no reserves will be distributed to the respective parent in the tax group while the consolidated tax group is in place.

**Current income tax liabilities**

As of December 31, 2022, all current income tax liabilities of € 77,652 thousand (prior period: € 68,008 thousand) were due within one year.

#### 4.25 — DEFERRED TAX ASSETS AND LIABILITIES

€ k	Consolidated statement of financial position		Consolidated statement of profit or loss	
	Dec. 31, 2022	Dec. 31, 2021	2022	2021
<b>DEFERRED TAX ASSETS</b>				
Accounting for intangible assets	2,341	2,996	-655	65
Remeasurement of property, plant and equipment	1,913	1,849	64	-457
Loss allowances on receivables	2,606	1,913	693	-608
Financial liabilities from right-of-use assets and interest/currency transactions	45,555	51,265	-5,710	-3,546
Contract assets/liabilities and inventories	64,878	51,520	13,358	-2,429
Other assets and other liabilities	5,521	5,029	492	1,032
Post-employment benefits	12,299	14,441	-2,142	-1,425
Provisions not recognized for tax purposes	14,293	24,097	-9,804	6,514
Interest and tax loss carryforwards	33,654	32,369	1,285	20,009
<b>Total deferred tax assets</b>	<b>183,060</b>	<b>185,479</b>		
Netting	-96,063	-112,904		
<b>Net deferred tax assets</b>	<b>86,997</b>	<b>72,575</b>		
<b>DEFERRED TAX LIABILITIES</b>				
Accounting for intangible assets	-34,700	-37,904	3,204	-6,019
Capitalized development costs	-15,383	-16,006	623	-3,689
Tax-deductible impairment of goodwill	-10,823	-8,393	-2,430	-1,087
Remeasurement of property, plant and equipment including right-of-use assets	-39,079	-39,103	24	-2,416
Measurement of shares in subsidiaries	-8,731	-9,394	663	2,365
Contract assets/liabilities and inventories	-18,273	-26,988	8,715	-8,973
Other assets and other liabilities	-12,637	-11,153	-1,484	-2,124
<b>Total deferred tax liabilities</b>	<b>-139,626</b>	<b>-148,941</b>		
Netting	96,063	112,904		
<b>Net deferred tax liabilities</b>	<b>-43,563</b>	<b>-36,037</b>		
Reconciliation effect from first-time consolidation			-	3,680
Translation effects from deferred tax items			1,476	-5,582
Effects recognized through other comprehensive income			5,338	-287
<b>Deferred tax income/expense</b>			<b>13,710</b>	<b>-4,977</b>

## Notes to the consolidated statement of financial position: assets

### 18. INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

Details regarding the changes in the Group's intangible assets and property, plant and equipment are presented in the statement of changes in non-current assets in → [note 43](#).

#### Amortization, depreciation and impairments

Amortization, depreciation and impairment is shown in the statement of profit or loss in the cost of sales and functional costs.

As part of the restructuring programs in the Russian entities following the Ukraine war, intangible assets and property, plant and equipment of € 448 thousand were reduced to the lower value in use. In addition, the annual impairment test for the recoverability of the iTAC brand revealed an impairment loss of € 1,394 thousand. For further information on the impairment test, please refer to the section on the impairment test of brand names. In the 2021 reporting period, impairment losses related to development costs for technologies that will no longer be used in the future.

#### Intangible assets

In addition to goodwill, intangible assets with an indefinite useful life also include brand names of € 69,392 thousand (prior period: € 70,819 thousand). The Dürr Group intends to continue using these brand names in the future.

### 4.27 — IMPAIRMENT

€ k	2022	2021
Cost of sales	-448	-87
Selling expenses	-1,394	-
General administrative expenses	-367	-
Research and development expenses	-	-2,443
<b>Total impairment losses</b>	<b>-2,209</b>	<b>-2,530</b>

#### Impairment test for brand names

Like goodwill, the brand names are part of the net assets of a cash-generating unit. The Dürr Group tests these brand names for impairment at the end of each reporting period. If a brand name is used in the entire cash-generating unit to which a goodwill is allocated, the brand name is also tested for impairment at the level of the corresponding cash-generating unit as part of the impairment test for goodwill. The brand names HOMAG China and iTAC are used in different, smaller cash-generating units. These brand names are therefore tested for impairment at the level of the smaller cash-generating units.

For the impairment test of the brand names, the calculation scheme used to determine a value in use is the same as for the goodwill impairment test. Similarly, identical planning assumptions are used. The cost of capital (discount rate) is also taken into account in accordance with the same calculation model. Detailed explanations of the calculation scheme and the applied parameters are provided in the following section on the impairment test for goodwill.

### 4.26 — AMORTIZATION AND DEPRECIATION

€ k	2022			2021		
	Intangible assets	Property, plant and equipment	Total amortization and depreciation	Intangible assets	Property, plant and equipment	Total amortization and depreciation
Cost of sales	-38,070	-52,395	-90,465	-37,256	-48,393	-85,649
Selling expenses	-1,347	-8,918	-10,265	-1,999	-8,977	-10,976
General administrative expenses	-1,401	-14,613	-16,014	-1,084	-14,581	-15,665
Research and development expenses	-1,804	-6,235	-8,039	-2,365	-6,515	-8,880
<b>Total amortization and depreciation</b>	<b>-42,622</b>	<b>-82,161</b>	<b>-124,783</b>	<b>-42,704</b>	<b>-78,466</b>	<b>-121,170</b>

The impairment test of the iTAC brand showed an impairment loss of € 1,394 thousand (prior period: € 0 thousand). The impairment is mainly due to the current development of the interest rate environment. This led to significantly higher total capital costs and a lower value in use of the cash-generating unit iTAC.

Independent of the current economic situation and the expectations for the future, the Dürr Group conducted sensitivity analyses of the recoverability of the HOMAG China brand. The same assumptions were used as for the sensitivity analyses on the recoverability of goodwill. The sensitivity analyses found that, from today's perspective, no impairment loss needs to be recognized on the HOMAG China brand even under these assumptions. Detailed explanations of the procedure and the assumptions of the sensitivity analysis are provided in the following section on the impairment test for goodwill.

#### Impairment test for goodwill

The Dürr Group tests goodwill for impairment at the end of each reporting period.

The goodwill acquired from business combinations is allocated to the cash-generating units for impairment testing. The cash-generating units correspond to the divisions Paint and final Assembly Systems, Application Technology, Clean Technology Systems, Measuring and Process Systems and Woodworking Machinery and Systems, and the Production Automation Systems business activity within the division Paint and Final Assembly Systems. The cash-generating unit Production Automation Systems is the former Teamtechnik Group, which was renamed in the 2022 reporting period. The calculation model is used in exactly the same way for all cash-generating units as the main parameters apply to all divisions.

The recoverable amount of all cash-generating units is determined by calculating the value in use. The calculation is based on cash flow forecasts for a planning period of four years. The pre-tax discount rate for the cash flow forecast per division is provided in → table 4.28. Cash flows after the four-year period are extrapolated using an individual division-specific growth rate (prior period: general growth rate of 1.0%), which is based on the long-term growth rate of the respective division and reflects past experience and long-term expectations on inflation. The division-specific growth rates are shown in → table 4.29.

#### Planned gross profit margins

The planned gross profit margins are determined in the bottom-up planning of the Group's entities and divisions. They are based on the figures determined in the previous reporting periods taking anticipated price and cost developments as well as efficiency increases into account.

#### Cost of capital (discount rate)

The cost of capital is the weighted average cost of debt and equity before taxes. The cost of equity is calculated on the basis of an interest rate for quasi risk-free government bonds plus the current market risk premium. In addition, a country-specific risk premium and the long-term inflation expectations of the respective currency zone are taken into account for each cash-generating unit. When calculating the cost of equity, a beta factor is used, which is derived from capital market data and the capital structure of the companies used to benchmark the Dürr Group's cash-generating units. For this purpose, an individual group of comparable companies is used for each cash-generating unit. The borrowing costs are based on a base interest rate for government bonds in addition to country-specific risks and a mark-up derived from the credit rating of benchmark companies.

#### 4.28 — PRE-TAX DISCOUNT RATES

%	2022	2021
Paint and Final Assembly Systems	13.40	8.84
Production Automation Systems (prior period: Teamtechnik Group)	11.83	8.38
Application Technology	15.54	11.44
Clean Technology Systems	10.57	9.84
Measuring and Process Systems	11.63	8.30
Woodworking Machinery and Systems	16.09	11.78



**4.29 — GROWTH RATES AFTER THE PLANNING PERIOD**

%	2022	2021
Paint and Final Assembly Systems	1.31	1.00
Production Automation Systems (prior period: Teamtechnik Group)	1.03	1.00
Application Technology	1.26	1.00
Clean Technology Systems	1.12	1.00
Measuring and Process Systems	1.12	1.00
Woodworking Machinery and Systems	1.12	1.00

**Increase in the price of raw materials**

For all cash-generating units, future increases in the price of upstream products and raw materials, which are required in the Group, are derived from the expected increase in the prices of those commodities needed to manufacture the goods or materials. These, in turn, are determined from the forecast price indices of the countries from which the upstream products and raw materials are procured by the respective Group entities.

**Increase in wage and salary costs**

In the four-year plan, the German subsidiaries have assumed annual average salary increases of 3.24% p.a. from 2023 onward (prior period: 2.62% p.a. from 2022 onward). The foreign subsidiaries have all used the applicable local rate of increase for the respective planning period. Both German and foreign subsidiaries are allocated to each cash-generating unit of the Dürr Group.

**Results of the impairment test**

The impairment test found that no impairment loss needs to be recognized for goodwill. The calculated values in use of each of the business activities and divisions exceeded the net assets assigned to it.

**Sensitivity analyses of goodwill**

Independent of the current economic situation and the expectations for the future, the Dürr Group conducted sensitivity analyses of the recoverability of the goodwill carried in its business activities and divisions. The impact of the following scenarios deemed possible by management was examined:

- Decrease of 10% in EBIT in all years within the planning horizon beginning in 2023 (in comparison to the figures projected in the approved business plans)

- Increase of 1.00 percentage points in the discount rate

- Decrease of 0.25 percentage points in the growth rate for the terminal value.

When assessing which changes to the key assumptions used for the impairment testing of goodwill are deemed possible, particular consideration was given to the economic conditions as well as the history of deviations of the actual manifestations of the assumptions from expectations. With the exception of the cash-generating unit Production Automation Systems (prior period: Teamtechnik Group), the sensitivity analyses found that, from today's perspective, even under these assumptions no impairment loss needs to be recognized on goodwill in any of the other business activities. For Production Automation Systems, an impairment loss on goodwill as shown in → table 4.30 would have to be recognized in compliance with the remaining calculation parameters.

**4.30 — SENSITIVITY ANALYSES GOODWILL PRODUCTION AUTOMATION SYSTEMS**

€ k	2022
EBIT reduction of 10%	-4,599
Increase of 1.00 percentage points in the discount rate	-7,094
Decrease of 0.25 percentage points in the growth rate for the terminal value	-

**Development of goodwill**

→ Table 4.31 shows the development of goodwill, broken down by division and business activity.

The tooling business was transferred from Woodworking Machinery and Systems to Measuring and Process Systems as at January 1, 2022. The product portfolio comprises metal, wood and composite processing tool systems for lathes, machining centers and transfer lines. The objective of the reallocation is to further expand the industrial and automotive business outside the wood industry. Therefore, on January 1, 2022, goodwill of € 8,261 thousand was reclassified from Woodworking Machinery and Systems to Measuring and Process Systems.

#### 4.31 — DEVELOPMENT OF GOODWILL

€ k	Carrying amount as of Jan. 1, 2021	Exchange difference	Additions	Carrying amount as of Dec. 31, 2021	Exchange difference	Reclassification	Carrying amount as of Dec. 31, 2022
Paint and Final Assembly Systems	146,053	1,426	5,297	152,776	883	–	153,659
Production Automation Systems (prior period: Teamtechnik Group)	–	–	21,402	21,402	–	–	21,402
<b>Paint and Final Assembly Systems division</b>	<b>146,053</b>	<b>1,426</b>	<b>26,699</b>	<b>174,178</b>	<b>883</b>	<b>–</b>	<b>175,061</b>
<b>Application Technology division</b>	<b>67,845</b>	<b>395</b>	<b>–</b>	<b>68,240</b>	<b>356</b>	<b>–</b>	<b>68,596</b>
<b>Clean Technology Systems division</b>	<b>63,363</b>	<b>3,182</b>	<b>–</b>	<b>66,545</b>	<b>934</b>	<b>–</b>	<b>67,479</b>
<b>Measuring and Process Systems division</b>	<b>60,567</b>	<b>839</b>	<b>–</b>	<b>61,406</b>	<b>632</b>	<b>8,261</b>	<b>70,299</b>
<b>Woodworking Machinery and Systems division</b>	<b>120,103</b>	<b>500</b>	<b>10,945</b>	<b>131,548</b>	<b>113</b>	<b>–8,261</b>	<b>123,400</b>
<b>Dürr Group</b>	<b>457,931</b>	<b>6,342</b>	<b>37,644</b>	<b>501,917</b>	<b>2,918</b>	<b>–</b>	<b>504,835</b>

Of goodwill, € 105,719 thousand is attributable to the acquisition of the HOMAG Group in the 2014 reporting period, € 11,192 thousand to the acquisition of the iTAC entities in the 2015 reporting period, € 49,129 thousand to the acquisition of the Megtec and Universal entities in the 2018 reporting period, € 12,770 thousand to the acquisition of System TM A/S and € 2,094 thousand to the acquisition of Techno-Step GmbH in the 2020 reporting period. Of historical acquisitions, sales and restructuring, an amount of € 98,453 thousand today is attributable to the acquisition of former Alstom entities and € 93,832 thousand to the acquisition of the former Schenck Group.

No acquisitions were made in the 2022 reporting period. The change in goodwill from additions in the prior period and the adjustment of the purchase price of Hekuma GmbH are explained below.

#### Acquisitions in the 2021 reporting period

##### Teamtechnik Group

In order to continue to strengthen the activities of the Paint and Final Assembly Systems division in the area of automation technology, Dürr Technologies GmbH with registered offices in Stuttgart/Germany, acquired on February 5, 2021, 75% of the shares in Teamtechnik Maschinen und Anlagen GmbH with registered offices in Freiberg am Neckar, Germany, and its subsidiaries. The automation specialist offers test systems for electric drives and hybrid drives, thus complementing the range of products related

to electromobility. Another focus of the company are production systems for medical products. As part of the acquisition, options were agreed on acquiring the remaining shares at a later date.

First-time consolidation was performed pursuant to IFRS 3 “Business Combinations” using the partial goodwill method for acquisition accounting purposes. The goodwill from the first-time consolidation of the acquired activities and the acquired net assets are presented in → [table 4.32](#).

#### 4.32 — GOODWILL ACQUISITION TEAMTECHNIK GROUP

€ k	
Purchase price	27,580
Fair value of net assets	–10,361
Plus share of net assets not relating to the Dürr Group	4,183
<b>Goodwill</b>	<b>21,402</b>

The goodwill reflects the earnings prospects by expanding the business in the areas of e-mobility and medical technology. It was allocated to the Production Automation Systems business activity within the Paint and Final Assembly Systems division and is not tax deductible.

The allocation of the purchase price to the acquired assets and liabilities is as follows.

#### 4.33 — PURCHASE PRICE ALLOCATION TEAMTECHNIK GROUP

€ k	Fair values at the date of acquisition
Intangible assets	27,135
Property, plant and equipment	43,449
Other financial assets	1,241
Deferred tax assets	565
Inventories and prepayments	16,866
Contract assets	12,121
Receivables and other assets	46,681
Cash and cash equivalents	4,168
Non-current liabilities	-40,272
Deferred tax liabilities	-826
Current liabilities	-100,767
<b>Net assets</b>	<b>10,361</b>

The carrying amounts after acquisition correspond to the fair value as of the date of first-time consolidation. The adjustments in the course of the purchase price allocation mainly relate to the measurement of contracts pursuant to IFRS 15 and to intangible assets for which technological know-how, customer relationships and brand names were recognized. The fair value of technological know-how and the brand name was measured using the relief-of-royalty method while the fair value of customer relationships was measured using the residual value method. Contractual gross receivables amount to € 43,998 thousand and the contractual payments relating to these are expected to be recoverable. No contingent liabilities were recognized in the first-time consolidation.

#### 4.34 — ACQUISITION TEAMTECHNIK GROUP: HIDDEN RESERVES IDENTIFIED IN ACQUIRED INTANGIBLE ASSETS

€ k	Fair value
Customer relationships	12,407
Technological know-how	8,315
Brand name	5,603
<b>Total</b>	<b>26,325</b>

→ Table 4.35 shows the outflow of cash and cash equivalents for the acquisition of the Teamtechnik Group:

#### 4.35 — PURCHASE PRICE PAYMENT AND CASH OUTFLOW

€ k	2021
Purchase price paid in cash	27,580
Less cash acquired	-4,168
<b>Net cash outflow – cash flow from investing activities</b>	<b>23,412</b>

Acquisition-related costs of € 1,424 thousand were incurred for the transaction, of which € 1,120 thousand and € 304 thousand were recognized as expense in other operating expenses in the 2020 reporting period and 2021 reporting period, respectively, as well as in the statement of cash flows within the cash flow from operating activities.

#### 4.36 — EARNINGS CONTRIBUTION TEAMTECHNIK GROUP FROM DATE OF FIRST-TIME CONSOLIDATION

€ k	2021
Sales revenue	93,694
Earnings after taxes	-5,011

Had Teamtechnik Group already been included in the consolidated group as of January 1, 2021, the sales revenue of the Dürr Group and earnings after income taxes would have amounted to € 3,538,812 thousand and € 82,347 thousand, respectively.

#### Further acquisitions Paint and Final Assembly Systems division

On February 15, 2021, iTAC Software AG with registered offices in Montabaur, Germany, acquired 100% of the shares in Cogiscan Inc. with registered offices in Bromont, Quebec, Canada. Cogiscan is a technology company that specializes in connectivity solutions for digital machine connection. By acquiring the company, the Dürr Group aims to further expand business with manufacturing execution systems and strengthen its position in the North American market for digital solutions. The provisional purchase price of € 10,586 thousand also contains contingent purchase price installments in addition to the € 6,688 thousand that was settled in

cash. The calculation of the purchase price installments is based on targets for the average sales revenue and the average EBIT for 2021 and 2022 and the average sales revenue for 2023 and 2024. Payment of the purchase price installments is contingent on the respective targets being achieved. In accordance with the purchase agreement, the total contingent purchase price installments may not exceed C\$ 6,000 thousand. The acquisition has incurred acquisition-related costs of € 135 thousand, which were expensed in the 2021 reporting period.

On July 30, 2021, Teamtechnik Maschinen und Anlagen GmbH, based in Freiberg a. N., Germany, acquired 100% of the shares in the German mechanical engineering company Hekuma GmbH, based in Hallbergmoos, Germany. The company is one of the leading providers of automatic systems for the large-scale production of plastic disposable products used in medication, diagnostics and laboratory equipment. With the combination of Teamtechnik and Hekuma, the Dürr Group is able to cover a large portion of the automated value chain in the production of medical devices.

The entities were initially consolidated by applying the acquisition method pursuant to IFRS 3 "Business Combinations".

#### 4.37 — GOODWILL FURTHER ACQUISITIONS PAINT AND FINAL ASSEMBLY SYSTEMS DIVISION

€ k	
Purchase prices	19,880
Fair value of net assets	-16,834
<b>Difference</b>	<b>3,046</b>
Goodwill relating to Cogiscan Inc.	5,297
Gain on acquisition relating to Hekuma GmbH	-2,251

The goodwill reflects synergies, among others in sales, and the earnings prospects in Europe and North America. The goodwill from the acquisition of Cogiscan Inc. of € 5,297 thousand was allocated to the Paint and Final Assembly business activities within the Paint and Final Assembly Systems division. The goodwill is not tax-deductible. The acquisition of Hekuma GmbH resulted in a gain on the acquisition of € 2,251 thousand, which was recognized with an effect on income. The Dürr Group was able to acquire Hekuma GmbH at a favorable time as the seller was in the midst of a restructuring process and Hekuma GmbH exhibited no synergies

with the rest of the seller's portfolio. In the 2022 reporting period, the purchase price of Hekuma GmbH was subsequently reduced by € 395 thousand.

The table below breaks down the allocation of the purchase prices to the acquired assets and liabilities.

#### 4.38 — PURCHASE PRICE ALLOCATIONS FURTHER ACQUISITIONS PAINT AND FINAL ASSEMBLY SYSTEMS DIVISION

€ k	Fair value at the date of acquisition
Intangible assets	8,638
Property, plant and equipment	27,432
Deferred tax assets	520
Inventories and prepayments	1,346
Contract assets	5,516
Receivables and other assets	10,522
Cash and cash equivalents	845
Non-current liabilities	-22,784
Deferred tax liabilities	-1,751
Current liabilities	-13,450
<b>Net assets</b>	<b>16,834</b>

The carrying amounts after acquisition correspond to the fair value as of the date of first-time consolidation. The adjustments in the course of the purchase price allocations mainly relate to intangible assets for which technological know-how, customer relationships and order backlog were recognized. The fair value of technological know-how was measured using the relief-of-royalty method while that of customer relationships and order backlog were measured using the residual value method. Contractual gross receivables amount to € 11,399 thousand. Of these, it is estimated that contractual payments of € 2,173 thousand will not be recoverable. Upon first-time consolidation, contingent liabilities of € 4,900 thousand were recognized for litigation.

**4.39 — FURTHER ACQUISITIONS PAINT AND FINAL ASSEMBLY SYSTEMS DIVISION: HIDDEN RESERVES IDENTIFIED IN ACQUIRED INTANGIBLE ASSETS**

€ k	Fair value
Technological know-how	6,664
Customer relationships	1,747
Order backlog	63
<b>Total</b>	<b>8,474</b>

→ Table 4.40 shows the outflow of cash and cash equivalents for the purchase of the further acquisitions of the Paint and Assembly Systems division:

**4.40 — PURCHASE PRICE PAYMENT AND CASH OUTFLOW**

€ k	2021	2022	Total
Purchase prices paid in cash	16,377	-1,145	15,232
Liabilities from purchase price installments	3,898	750	4,648
<b>Purchase prices</b>	<b>20,275</b>	<b>-395</b>	<b>19,880</b>
Purchase prices paid in cash	16,377	-1,145	15,232
Less cash acquired	-845	-	-845
<b>Net cash outflow/inflow – cash flow from investing activities</b>	<b>15,532</b>	<b>-1,145</b>	<b>14,387</b>

Acquisition-related costs of € 495 thousand were incurred for the acquisitions, which were recognized as expense in other operating expenses in the 2021 reporting period as well as in the statement of cash flow within cash flow from operating activities.

**4.41 — EARNINGS CONTRIBUTION FURTHER ACQUISITIONS PAINT AND FINAL ASSEMBLY SYSTEMS DIVISION FROM DATE OF FIRST-TIME CONSOLIDATION**

€ k	2021
Sales revenue	17,987
Earnings after taxes	1,259

Had the acquired entities already been included in the consolidated group as of January 1, 2021, the sales revenue of the Dürr Group and earnings after income taxes would have amounted to € 3,554,829 thousand and € 85,004 thousand, respectively.

**Acquisitions Woodworking Machinery and Systems division**

On April 28, 2021, HOMAG Danmark A/S based in Galtén, Denmark, acquired 70.6% of the shares in the Danish mechanical engineering company Kallesoe Machinery A/S based in Lem, Denmark. Kallesoe specializes in high-frequency presses for cross-laminated timber production. As a result of the acquisition, HOMAG's product range covers a good 70% of the process chain for manufacturing glued laminated timber units. As part of the acquisition, options were agreed on acquiring the remaining shares at a later date.

On August 13, 2021, HOMAG Austria Gesellschaft m.b.H. based in Oberhofen am Irrsee, Austria, acquired 78.5% of the shares in Roomle GmbH. Roomle GmbH is a company based in Linz, Austria, and offers a leading solution for full 3D product configuration and visualization that enables the digital modeling of realistic products. The company primarily caters to the furniture industry. As part of the acquisition, options were agreed on acquiring the remaining shares at a later date.

The two companies were initially consolidated applying the acquisition method pursuant to IFRS 3 "Business Combinations". The partial goodwill method was used for the acquisition of the two companies.

**4.42 — GOODWILL ACQUISITIONS WOODWORKING MACHINERY AND SYSTEMS DIVISION**

€ k	
Purchase prices	12,553
Fair value of net assets	-8,615
Plus share of net assets not relating to the Dürr Group	2,430
<b>Goodwill</b>	<b>6,368</b>

The goodwill reflects synergies, among others in distribution, and the earnings prospects in Denmark. The goodwill was allocated to the Woodworking Machinery and Systems division. It is not tax deductible.

→ **Table 4.43** breaks down the allocation of the purchase prices to the acquired assets and liabilities.

#### 4.43 — PURCHASE PRICE ALLOCATIONS ACQUISITIONS WOODWORKING MACHINERY AND SYSTEMS DIVISION

€ k	Fair value at the date of acquisition
Intangible assets	7,462
Property, plant and equipment	3,856
Inventories and prepayments	3,987
Contract assets	2,065
Receivables and other assets	4,521
Cash and cash equivalents	1,411
Non-current liabilities	-79
Deferred tax liabilities	-2,188
Current liabilities	-12,420
<b>Net assets</b>	<b>8,615</b>

The carrying amounts after acquisition correspond to the fair value as of the date of first-time consolidation. The adjustments in the course of purchase price allocations mainly relate to intangible assets for which technological know-how, customer relationships, order backlog and brand names were recognized. The fair value of technological know-how and the brand names was measured using the relief-of-royalty method while that of customer relationships and order backlog was measured using the residual value method. Gross receivables amount to € 4,526 thousand. Of these it is estimated that contractual payments of € 5 thousand will not be recoverable. No contingent liabilities were recognized in the first-time consolidation.

#### 4.44 — ACQUISITIONS WOODWORKING MACHINERY AND SYSTEMS DIVISION: HIDDEN RESERVES IDENTIFIED IN ACQUIRED INTANGIBLE ASSETS

€ k	Fair value
Technological know-how	4,219
Brand names	2,353
Customer relationships	263
Order backlog	504
<b>Total</b>	<b>7,339</b>

→ **Table 4.45** shows the outflow of cash and cash equivalents for the purchase of the further acquisitions of the Woodworking Machinery and Systems division:

#### 4.45 — PURCHASE PRICE PAYMENT AND CASH OUTFLOW

€ k	2021
Purchase prices paid in cash	12,553
Less cash acquired	-1,411
<b>Net cash outflow – cash flow from investing activities</b>	<b>11,142</b>

Acquisition-related costs of € 351 thousand were incurred for the acquisitions, which were recognized as expense in other operating expenses in the 2021 reporting period as well as in the statement of cash flow within cash flow from operating activities.

#### 4.46 — EARNINGS CONTRIBUTION FURTHER ACQUISITIONS WOODWORKING MACHINERY AND SYSTEMS DIVISION FROM DATE OF FIRST-TIME CONSOLIDATION

€ k	2021
Sales revenue	15,060
Earnings after taxes	464

Had the acquired entities already been included in the consolidated group as of January 1, 2021, the sales revenue of the Dürr Group and earnings after income taxes would have amounted to € 3,543,065 thousand and € 85,128 thousand, respectively.

## Property, plant and equipment

### Prepayments and assets under construction

Items of property, plant and equipment are recognized as assets under construction if costs for own or third-party work have already been incurred but they had not been completed by the end of the reporting period. As of December 31, 2022, prepayments of € 24,242 thousand mainly relate to the Schopfloch and Calw sites in Germany as well as to Lem, Denmark, and Noida, India, for the construction of new buildings, modernization of infrastructure and for the construction of new machinery. In the prior period, the prepayments made were related to the construction of new buildings, modernization of infrastructure and new machinery.

### Land and buildings

The Group invested € 13,458 thousand in property in the 2022 reporting period. Most of this was related to the construction or completion of new buildings at the Schopfloch, Germany and Radom, Poland locations as well as to the modernization of buildings and infrastructure at the Calw, Germany and Southfield

(Michigan), USA locations. In the prior period, the Group invested a total of € 11,998 thousand in property, which were mainly related to the construction of new buildings in Schopfloch and Radom, as well as to the acquisition of a property in Hudson (Massachusetts), USA.

### Right-of-use assets

→ Table 4.47 shows the additions and depreciation of the right-of-use lease assets contained in property, plant and equipment.

Accumulated cost as well as accumulated depreciation and impairment contain the values for right-of-use assets that had already been accounted for as finance leases as of December 31, 2018, where these still exist. → Note 32 contains the disclosures on lease liabilities, → note 37 contains the explanations on the statement of cash flows.

The Dürr Group exercises the practical expedient to not recognize short-term leases and leases of low-value assets in the statement of financial position.

#### 4.47 — RIGHT-OF-USE ASSETS INCLUDED IN PROPERTY, PLANT AND EQUIPMENT

€ k	Land and buildings	Technical equipment and machines	Other equipment, furniture and fixtures	Dürr Group
<b>Accumulated cost as of December 31, 2022</b>	<b>200,490</b>	<b>898</b>	<b>36,947</b>	<b>238,335</b>
thereof additions	25,155	347	10,808	36,310
<b>Accumulated depreciation as of December 31, 2022</b>	<b>130,324</b>	<b>523</b>	<b>22,571</b>	<b>153,418</b>
thereof depreciation for the year	20,451	153	10,432	31,036
<b>Net carrying amount as of December 31, 2022</b>	<b>70,166</b>	<b>375</b>	<b>14,376</b>	<b>84,917</b>
<b>Accumulated cost as of December 31, 2021</b>	<b>186,645</b>	<b>633</b>	<b>36,894</b>	<b>224,172</b>
thereof additions	21,707	103	10,865	32,675
<b>Accumulated depreciation as of December 31, 2021</b>	<b>115,269</b>	<b>453</b>	<b>22,319</b>	<b>138,041</b>
thereof depreciation for the year	18,407	120	10,391	28,918
<b>Net carrying amount as of December 31, 2021</b>	<b>71,376</b>	<b>180</b>	<b>14,575</b>	<b>86,131</b>

#### 4.48 — EXPENSE FOR SHORT-TERM LEASES AND LEASES OF LOW-VALUE ASSETS

€ k	2022	2021
Expense for short-term leases	3,153	2,496
Expense for leases of low-value assets	2,840	2,424

#### Investment property

The Dürr Group distinguishes between property that is largely owner-occupied and property that is mostly used by third parties. A property is considered to be largely used by third parties if the space used by the company itself is insignificant. Investment property comprises both property owned by the Dürr Group as well as property that is sublet under operating leases. The Dürr Group uses the cost method to measure all investment property. The investment property comprises a group of buildings as well as part of the infrastructure area of Schenck Technologie- und Industriepark GmbH in Darmstadt, Germany, which are allocated to the Measuring and Process Systems division.

#### 4.49 — INCOME AND EXPENSES FROM INVESTMENT PROPERTY

€ k	2022	2021
Rental income in the reporting period	3,340	3,227
Future rental income expected based on the existing agreements	7,179	8,896
Directly attributable expenditure	1,149	1,191
Directly attributable expenditure for vacant property	185	204

Self-owned buildings are depreciated using the straight-line method of depreciation over their useful life ranging between 20 and 50 years.

The composition of the group of properties accounted for pursuant to IAS 40 "Investment Property" changed marginally compared to the prior period. More information is contained in → [note 43](#).

#### 4.50 — DEVELOPMENT OF INVESTMENT PROPERTY

€ k	Investment property owned by the Dürr Group	Right-of-use assets for investment property	Dürr Group
<b>Accumulated cost as of December 31, 2022</b>	<b>43,041</b>	<b>6,721</b>	<b>49,762</b>
thereof additions	360	1,163	1,523
<b>Accumulated depreciation as of December 31, 2022</b>	<b>27,048</b>	<b>5,009</b>	<b>32,057</b>
thereof depreciation for the period	827	471	1,298
<b>Net carrying amount as of December 31, 2022</b>	<b>15,993</b>	<b>1,712</b>	<b>17,705</b>
<b>Accumulated cost as of December 31, 2021</b>	<b>42,681</b>	<b>5,558</b>	<b>48,239</b>
thereof additions	–	19	19
<b>Accumulated depreciation as of December 31, 2021</b>	<b>26,221</b>	<b>4,538</b>	<b>30,759</b>
thereof depreciation for the period	828	333	1,161
<b>Net carrying amount as of December 31, 2021</b>	<b>16,460</b>	<b>1,020</b>	<b>17,480</b>



As of December 31, 2022, the fair value came to € 46,480 thousand (prior period: € 45,560 thousand) and is allocated to level 3 in the fair value hierarchy. For more information on the fair value hierarchy levels please see → [note 36](#). An internal calculation prepared on an annual basis is used to determine the fair value of the investment properties; no appraiser was consulted in determining the values. The fair value of the properties is calculated using capitalized income from the cash-generating unit based on market rents adjusted downward by risk discounts customary for the region. A vacancy rate of 10% (prior period: 10%) and a property yield of 5.6% (prior period: 5.6%) were used in the calculation.

→ [Notes 32 and 37](#) contain disclosures on the lease liabilities and lease payments.

## 19. INVESTMENTS IN ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD AND OTHER FINANCIAL ASSETS

### Entities accounted for using the equity method

#### Nagahama Seisakusho Ltd.

The company Nagahama Seisakusho Ltd. has its registered office in Osaka, Japan, and offers machinery, systems and services in the area of balancing technology.

### 4.51 — CONDENSED STATEMENT OF FINANCIAL POSITION OF NAGAHAMA SEISAKUSHO LTD.

€ k	Dec. 31, 2022	Dec. 31, 2021
Non-current assets	37,789	27,077
Current assets	32,743	41,025
Non-current liabilities	24,004	6,192
Current liabilities	7,771	25,382
Equity	38,757	36,528
Shareholding Dürr Group	50.0%	50.0%
Equity attributable to the Dürr Group	19,379	18,264
Exchange difference	198	198
Carrying amount of the investment	17,636	18,462

### 4.52 — FURTHER FINANCIAL INFORMATION ON NAGAHAMA SEISAKUSHO LTD.

€ k	2022	2021
Sales revenue	22,289	35,130
Earnings after income taxes	5,153	2,521
Cash flow from operating activities	-4,792	4,522
Cash flow from investing activities	-8,042	-21,457
Cash flow from financing activities	-1,171	15,823
Dividends received from Nagahama Seisakusho Ltd.	-	1,761

The reporting period of the company ends September 30; it is included using the equity method on the basis of the figures contained in the financial statements from that date. Significant effects that occurred between that date and December 31 are considered. As in the prior period, the associate had no material contingent liabilities as of December 31, 2022. At present, there are no significant restrictions with respect to dividend distributions.

The carrying amounts of the entity accounted for using the equity method are influenced by currency effects. In addition, there was an impairment loss of € 1,941 thousand due to a lower fair value. For further information on the companies included in the Dürr Group please refer to → [notes 3, 4 and 44](#).

### Other financial assets

As of December 31, 2022, other financial assets primarily included the investments in Teamtechnik Production Technology Sp. z o.o. with a carrying amount of € 1,213 thousand (prior period: € 2,115 thousand) and in Parker Engineering Co., Ltd. with a carrying amount of € 8,455 thousand (prior period: € 11,661 thousand). According to a shareholder resolution, ADAMOS GmbH will cease operations. The investment in ADAMOS GmbH, therefore, has been impaired to a carrying amount of € 0 thousand (prior period: € 4,372 thousand). The decrease is recognized in equity through other comprehensive income.

## 20. INVENTORIES AND PREPAYMENTS

### 4.53 — INVENTORIES AND PREPAYMENTS

€ k	Dec. 31, 2022	Dec. 31, 2021
Materials and supplies	386,652	296,629
less valuation allowances	-46,709	-45,517
Work in process	209,281	163,413
less valuation allowances	-9,393	-7,749
Finished goods and merchandise	242,276	210,162
less valuation allowances	-27,336	-18,935
Prepayments	97,773	90,809
less valuation allowances	-	-
<b>Total inventories and prepayments</b>	<b>852,544</b>	<b>688,812</b>

Total valuation allowances on inventories increased to € 83,438 thousand (prior period: € 72,201 thousand) after taking into account exchange differences and consumption. The additions to valuation allowances in the 2022 reporting period of € 24,414 thousand (prior period: € 28,858 thousand) were recognized through profit or loss.

## 21. CONTRACT ASSETS

### 4.54 — DEVELOPMENT OF LOSS ALLOWANCES AND IMPAIRMENT ON CONTRACT ASSETS

€ k	2022		2021	
	Stage 2	Stage 3	Stage 2	Stage 3
<b>As of January 1</b>	<b>1,285</b>	<b>608</b>	<b>936</b>	<b>697</b>
Exchange difference	-46	-49	47	62
Additions				
newly acquired	2,266	752	913	-
already in the portfolio	339	-	56	90
Change in risk parameters	-	-	-	-
Reversals	-888	-	-647	-261
Utilization	-	-	-	-
Reclassifications	-	-	-20	20
<b>As of December 31</b>	<b>2,956</b>	<b>1,311</b>	<b>1,285</b>	<b>608</b>

The change in the loss allowances and impairment on contract assets with a gross value of € 621,232 thousand (prior period: € 458,856 thousand) is primarily attributable to the fact that the composition of customers, the respective business volume with them and their credit ratings have changed.

## 22. TRADE RECEIVABLES

### 4.55 — CHANGES IN LOSS ALLOWANCES AND IMPAIRMENT ON TRADE RECEIVABLES

€ k	2022		2021	
	Stage 2	Stage 3	Stage 2	Stage 3
<b>As of January 1</b>	<b>1,876</b>	<b>27,287</b>	<b>1,896</b>	<b>16,228</b>
Exchange difference	-25	-553	91	1,402
Additions				
newly acquired	2,478	6,822	1,320	14,298
already in the portfolio	242	1,171	8	1,147
Change in risk parameters	-	-	-	-
Reversals	-1,359	-3,929	-1,596	-3,604
Utilization	-12	-1,161	-24	-2,003
Reclassifications	-75	75	181	-181
<b>As of December 31</b>	<b>3,125</b>	<b>29,712</b>	<b>1,876</b>	<b>27,287</b>

The changes in the loss allowances and impairment on trade receivables are also due to a change in the receivables volume, a change in the composition of customers as well as changes in credit ratings. Please refer to → [note 6](#) for further details.

Receivables of € 1,416 thousand (prior period: € 2,269 thousand) were derecognized in the 2022 reporting period; € 1,173 thousand (prior period: € 2,027 thousand) thereof had already been subject to loss allowances in the past. The derecognition of the remaining € 243 thousand (prior period: € 242 thousand) was recognized through profit or loss in the 2022 reporting period.

### 4.56 — TRADE RECEIVABLES BY MATURITY

€ k	Dec. 31, 2022		Dec. 31, 2021	
	Stage 2	Stage 3	Stage 2	Stage 3
<b>Gross value</b>	<b>576,639</b>	<b>50,385</b>	<b>567,225</b>	<b>49,862</b>
thereof				
not due	371,413	-	353,362	-
less than 1 month	88,470	-	84,081	-
between 1 and 3 months	67,741	-	87,198	-
between 3 and 6 months	25,298	-	22,618	-
between 6 and 9 months	14,933	-	10,993	-
between 9 and 12 months	8,784	-	8,973	-
more than 12 months/ stage 3	-	50,385	-	49,862
Loss allowance and impairment	-3,125	-29,712	-1,876	-27,287
<b>Net carrying amount</b>	<b>573,514</b>	<b>20,673</b>	<b>565,349</b>	<b>22,575</b>

In stage 2, a provision matrix is used to calculate loss allowances. Receivables in stage 3 were impaired based on an individual risk assessment. Receivables in stage 2 are subject to the risk level with a low credit risk (not affected by credit rating), while receivables in stage 3 are subject to the risk level with a high credit risk (affected by credit rating).

## 23. SUNDRY FINANCIAL ASSETS

### 4.57 — SUNDRY FINANCIAL ASSETS

€ k	Dec. 31, 2022			Dec. 31, 2021		
	Total	Current	Non-current	Total	Current	Non-current
Derivative financial assets	14,945	13,442	1,503	3,400	3,038	362
Rent deposits and other collateral provided	14,641	11,370	3,271	17,469	12,914	4,555
Time deposits and other financial receivables	149,998	149,998	–	254,779	254,779	–
Remaining sundry financial assets	16,640	15,706	934	16,051	14,800	1,251
<b>Total sundry financial assets</b>	<b>196,224</b>	<b>190,516</b>	<b>5,708</b>	<b>291,699</b>	<b>285,531</b>	<b>6,168</b>

Remaining sundry financial assets include credit balances with suppliers of € 7,610 thousand (prior period: € 6,388 thousand) and receivables from employees totaling € 2,228 thousand (prior period: € 2,117 thousand).

With regard to sundry financial assets, there are no significant indications that the debtors will not be able to meet their payment obligations. Accordingly, sundry financial assets are primarily allocated to stage 1.

## 24. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are allocated to credit risk rating grades.

The credit risk rating grades are based on internal and external risk assessments. With regard to cash and cash equivalents, there are no significant indications that the debtors will not be able to meet their payment obligations. For further information on credit risk, please refer to → [note 41](#).

### 4.58 — CASH AND CASH EQUIVALENTS COMBINED BY CREDIT RISK RATING GRADE

€ k	Dec. 31, 2022			Dec. 31, 2021		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Investment grade AAA to A–	594,405	–	–	430,495	–	–
Investment grade BBB+ to BBB–	102,530	–	–	119,259	–	–
Sub-investment grade	21,240	–	–	34,192	–	–
<b>Gross value</b>	<b>718,175</b>	<b>–</b>	<b>–</b>	<b>583,946</b>	<b>–</b>	<b>–</b>
Loss allowance pursuant to IFRS 9	–2,072	–	–	–802	–	–
<b>Net carrying amount</b>	<b>716,103</b>	<b>–</b>	<b>–</b>	<b>583,144</b>	<b>–</b>	<b>–</b>

#### 4.59 — DEVELOPMENT OF LOSS ALLOWANCES ON CASH AND CASH EQUIVALENTS

€ k	2022			2021		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
<b>As of January 1</b>	<b>802</b>	–	–	<b>962</b>	–	–
Exchange difference	–20	–	–	17	–	–
Additions						
newly acquired	1,365	–	–	208	–	–
already in the portfolio	–	–	–	–	–	–
Change in risk parameters	–	–	–	–	–	–
Reversals	–75	–	–	–385	–	–
Utilization	–	–	–	–	–	–
Reclassifications	–	–	–	–	–	–
<b>As of December 31</b>	<b>2,072</b>	–	–	<b>802</b>	–	–

## 25. OTHER ASSETS

#### 4.60 — OTHER ASSETS

€ k	Dec. 31, 2022			Dec. 31, 2021		
	Total	Current	Non-current	Total	Current	Non-current
Tax reimbursement claims without income taxes	52,803	52,647	156	56,125	55,811	314
Costs of obtaining a contract	14,485	14,100	385	11,319	10,437	882
Rent, maintenance cost and royalties	8,246	6,893	1,353	8,022	7,141	881
Remaining other assets	7,478	5,657	1,821	6,856	5,555	1,301
<b>Total other assets</b>	<b>83,012</b>	<b>79,297</b>	<b>3,715</b>	<b>82,322</b>	<b>78,944</b>	<b>3,378</b>

The costs of obtaining a contract included in other assets comprise sales commissions in connection with customer contracts that would not have been incurred, had the contract not been concluded.

## 26. ASSETS HELD FOR SALE

### Assets sold in the 2022 reporting period

At the location in Goldkronach, Germany, real estate and additional plant and equipment classified as held for sale were sold on January 28, 2022, with sales proceeds and income amounting to € 2,790 thousand and € 68 thousand, respectively. An impairment loss of € 472 thousand recorded in the prior period had previously been released through profit or loss in the 2021 reporting period. The property, plant and equipment were allocated to the Clean Technology Systems division.

As an additional part of the capacity and location adjustments initiated in the 2020 reporting period, real estate and additional property, plant and equipment at the location in Wolfsburg, Germany, were classified as held for sale and sold on February 4, 2022, with sales proceeds and income amounting to € 3,560 thousand and € 88 thousand, respectively. The property, plant and equipment were allocated to the Application Technology division.

### Assets sold in the 2021 reporting period

The real estate and property, plant and equipment at the location in Ochtrup, Germany, which were already classified as held for sale in the 2020 reporting period, were sold on January 19, 2021, with sales proceeds and income amounting to € 2,500 thousand and € 769 thousand, respectively. The property, plant and equipment were allocated to the Paint and Final Assembly Systems division.

At the location in Hemmoor, Germany, real estate and additional property, plant and equipment were sold at the end of March 2021, with sales proceeds and income amounting to € 2,040 thousand and € 618 thousand, respectively. The property, plant and equipment were allocated to the Woodworking Machinery and Systems division.

Real estate and additional property, plant and equipment were sold at their carrying amount at the end of July 2021 in connection with the closure of the location at Ledec nad Sázavou, Czech Republic. The sales proceeds amounted to € 1,357 thousand. In August 2021, real estate and property, plant and equipment at the location in Karlstein, Germany, were sold with sales proceeds and income amounting to € 2,050 thousand and € 100 thousand, respectively. The property, plant and equipment at both locations were allocated to the Application Technology division.

### Assets held for sale

As part of capacity adjustments, an item of real estate and other property, plant and equipment are available for sale in the USA at the Muscoda (Wisconsin) site. No expense was incurred in measuring the assets at fair value. The assets held for sale are allocated to the Clean Technology Systems division.

#### 4.61 — ASSETS HELD FOR SALE

€ k	Dec. 31, 2022	Dec. 31, 2021
Land and buildings	1,974	6,151
Other property, plant and equipment	266	43
<b>Total assets held for sale</b>	<b>2,240</b>	<b>6,194</b>

## Notes to the consolidated statement of financial position: equity and liabilities

### 27. EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF DÜRR AKTIENGESELLSCHAFT

#### Subscribed capital (Dürr AG)

As of December 31, 2022, the capital stock of Dürr AG came to € 177,157 thousand (prior period: € 177,157 thousand) and was made up of 69,202,080 no-par value shares (prior period: 69,202,080 no-par value shares). Each share represents € 2.56 of the subscribed capital and is made out to the bearer. The shares issued were fully paid in.

#### Authorizations

##### Authorization for acquisition and sale of treasury shares (Dürr AG)

There was no authorization to acquire and sell shares of Dürr AG in the 2022 reporting period.

##### Authorized capital (Dürr AG)

The annual general meeting on May 10, 2019, authorized the Board of Management, subject to the approval of the Supervisory Board, to increase the capital stock once or several times in exchange for cash contributions and/or contributions in kind in the period up to May 9, 2024, by up to € 53,147 thousand by issuing up to 20,760,624 no-par value shares made out to the bearer. The Board of Management was also authorized to preclude, subject to the approval of the Supervisory Board, the subscription right of the shareholders in certain cases.

Dürr AG has not exercised the authorization to date.

##### Conditional capital (Dürr AG)

The annual general meeting on May 10, 2019, authorized the Board of Management, subject to the approval of the Supervisory Board, to issue once or several times until May 9, 2024, bearer or registered convertible bonds, warrant-linked bonds or income bonds or combinations of these instruments with or without fixed maturity. For this purpose, the subscribed capital was conditionally increased by a maximum of € 17,716 thousand by issue of up to 6,920,208 new no-par value shares made out to the bearer. The Board of Management was also authorized, with the approval of the Supervisory Board, to preclude the subscription right of shareholders under certain circumstances and with defined limits.

On the basis of the authorization for the contingent capital increase, on September 24, 2020, Dürr AG issued a convertible bond with a nominal amount of € 150,000 thousand. For further information please refer to → [note 32](#) as well as to the arrangements in the event of a change in control following a takeover bid contained in the "Corporate governance" section of the combined management report.

#### Capital reserve (Dürr AG)

The capital reserve primarily includes share premiums and amounted to € 74,428 thousand as of December 31, 2022 (prior period: € 74,428 thousand). The capital reserve is subject to the restrictions on disposal of Sec. 150 AktG.

With the convertible bond being placed in the 2020 reporting period, the conversion option was classified as an equity instrument in accordance with IAS 32 and recognized directly in equity. After deducting transaction costs, this equity instrument amounts to a total of € 10,043 thousand. Pursuant to IAS 12, deferred tax assets resulting from temporary differences between the liability components of the convertible bond of € 2,933 thousand were recognized and offset against the equity components.

#### Retained earnings

Retained earnings contain the profits generated in the past by the entities included in the consolidated financial statements that have not been distributed. They totaled € 890,491 thousand as of December 31, 2022 (prior period: € 787,952 thousand). The change was mainly due to the addition of the profit for the period, the recognition and measurement of options attributable to non-controlling interests, the increase in the shareholding of entities previously already included in the consolidated financial statements and the distribution of the dividend for the 2021 reporting period.

#### Restriction on distribution, transfer and withdrawal in the separate financial statements of Dürr AG (Sec. 253 (6) HGB)

Due to the legal regulations on the measurement of provisions in the separate financial statements of Dürr AG prepared in accordance with the German commercial law, there are restrictions on distribution. A difference of € 383 thousand (prior period: € 545 thousand) arises from the recognition of provisions according to the respective average market interest rate from the past ten reporting periods and from the recognition of provisions according to the respective average market interest rate from the past seven reporting periods; this amount is subject to a restriction on distribution.

## Dividends

In accordance with the AktG, the distribution is measured based on net retained profit as reported by Dürr AG in its separate financial statements prepared in accordance with the provisions of German GAAP. In the 2022 reporting period, Dürr AG distributed a dividend to its shareholders of € 0.50 per share from the net retained profit recorded in 2021 (prior period: € 0.30 per share). The total amount distributed came to € 34,601 thousand (prior period: € 20,761 thousand). Based on the financial performance in the 2022 reporting period, the Board of Management of Dürr AG will propose to the Supervisory Board that a dividend of € 0.70 per share be distributed, corresponding to a total distribution amount of € 48,441 thousand.

## Earnings per share

Earnings attributable to the shareholders of Dürr Aktiengesellschaft amounted to € 131,027 thousand (prior period: € 83,045 thousand). The average number of shares amounted to 69,202,080 shares in the reporting period (prior period: 69,202,080 shares). This resulted in basic earnings per share of €1.89 in the 2022 reporting period (prior period: €1.20). Diluted earnings per share result from the potential correction of the Group earnings and the number of shares upon exercising the convertible instruments. Diluted earnings per share amounted to €1.81 (prior period: €1.16) and result from the potentially dilutive effects of the convertible bond.

## Disclosures on capital management

The primary objective of capital management is to support business operations, ensure a healthy capital ratio and increase business value.

The Dürr Group monitors its capital on a monthly basis using a gearing ratio, which is an indicator of the capital endowment and is defined as the ratio of net financial debt to equity and net financial debt. Pursuant to the Group's internal policy, the ratio should not exceed 30.0%. As of December 31, 2022, it amounted to 4.0% (prior period: 9.0%); however, it was still significantly below the threshold.

## 4.62 — GEARING RATIO

€ k	Dec. 31, 2022	Dec. 31, 2021
Cash and cash equivalents	-716,103	-583,144
Time deposits and other financial receivables	-150,141	-254,779
Convertible bond and Schuldschein loans	806,324	803,700
Liabilities to banks	895	26,959
Lease liabilities	94,799	95,670
Remaining other financial liabilities	10,581	11,078
<b>Net financial debt</b>	<b>46,355</b>	<b>99,484</b>
Equity	1,124,173	1,005,587
Net financial debt	46,355	99,484
<b>Equity and net financial debt</b>	<b>1,170,528</b>	<b>1,105,071</b>
Net financial debt	46,355	99,484
Equity and net financial debt	1,170,528	1,105,071
<b>Gearing ratio</b>	<b>4.0 %</b>	<b>9.0 %</b>

## 28. PROVISIONS FOR POST-EMPLOYMENT BENEFIT OBLIGATIONS

The Group's post-employment benefits include defined contribution plans and defined benefit plans.

### Defined contribution plans

In the case of defined contribution plans, the Dürr Group pays contributions to state or private insurance institutions. Other than the subsidiary liability of the employer regarding its company pension plans, there are no other legal or constructive obligations for the Dürr Group. A claim from the subsidiary liability is currently unlikely. The contributions are recognized when they fall due as a personnel expense within the functional costs.

The post-employment benefits available to the employees of the German entities of the Dürr Group include a life insurance program in line with the respective remuneration group, for which the Group recognized contributions of € 879 thousand (prior period: € 858 thousand) as an expense. In addition, the Group paid contributions of € 49,196 thousand (prior period: € 48,694 thousand) to the German statutory pension scheme, which likewise constitutes a defined contribution plan.



The US subsidiaries contribute to external pension funds for trade union employees. In the 2022 reporting period, pension expenses for these employees amounted to € 2,325 thousand (prior period: € 2,855 thousand). Payments for other defined contribution plans in other countries, including state pension systems, amounted to € 15,688 thousand (prior period: € 11,983 thousand).

In addition, the US subsidiaries of the Group have a “401(k)” profit-sharing plan for certain employees. Profit-sharing is based on the years of service and the employees’ remuneration. The Dürr Group’s contribution is discretionary and is determined annually by management. In the 2022 reporting period, expenses came to around € 4,534 thousand (prior period: € 2,865 thousand).

### Defined benefit plans

Pension entitlements have been granted to individual former members of the Board of Management of Dürr AG and the members of the management board and general managers of German subsidiaries based on their most recent fixed salary and years of service.

Some non-pay scale employees of the German subsidiaries of the Dürr Group, including the members of the Board of Management of Dürr AG, Carl Schenck AG, Dürr Systems AG and HOMAG Group AG, are also offered the possibility to convert employee contributions into a benefit obligation in addition to ongoing employer contributions (pension plan of the Dürr Group). Under these plans, employees of the Dürr Group are entitled to convert certain parts of their future pay into an entitlement to future supplementary company benefits. To secure and finance the resulting obligations, the Group has taken out employer’s pension liability insurance for the life of the beneficiaries or invests to a small extent in balanced funds comprising shares and bonds. The Dürr Group has the exclusive right to the respective benefits. This therefore does not represent any significant actuarial risk or investment risk for the Dürr Group. The amount of post-employment benefits equals the benefit paid out under the employer’s pension liability insurance concluded by the company, which consists of a guaranteed pension and the divisible surplus allocated by the insurance company. For the fund investment, the benefits paid out later correspond to the balance of the fund. The Dürr Group reports the benefit obligations net of assets.

At the German entities of the Dürr Group, those employees who were employed at the Schenck entities at the time of the takeover were entitled to post-employment benefits. These are based on years of service. The payments provided for by the pension plans comprise fixed amounts plus an element that is dependent on years of service.

A US entity has a pension plan covering all non-union employees at that subsidiary. This plan was closed in 2003 and the claims for active employees were frozen at that time. The amount of the future pension benefits is based on the average salaries earned and length of service before the pension entitlements were frozen in 2003.

A subsidiary in the US has a roughly 35% share in a local multi-employer plan which is maintained jointly with other non-affiliated metal-working companies. Furthermore, this subsidiary has a stake in a US-wide pension plan. The defined benefit plans are accounted for as defined contribution plans as it is not possible to allocate the share of obligations and plan assets to the individual member companies. The risks from the two multi-employer plans differ from plans tailored to a specific company with regard to jointly managed pension assets, which can potentially also be used to cover obligations of other participating employers. If participating plan sponsors discontinue current contribution payments, the remaining plan sponsors collectively take over the unfunded funding deficit; withdrawing from the plan is, however, regularly subject to a withdrawal fee to limit the risk for the remaining plan sponsors. The beneficiaries of the plans are members of a trade union. The contributions are calculated on the basis of the number of production hours worked by members. A temporary shortfall in capacity utilization as well as lower returns on plan assets meant there have been deficits in the past. There has no longer been a deficit in the local pension plan since March 31, 2018. In the US-wide pension plan, the total deficit amounted to around € 1,456,054 thousand as of January 1, 2022 (prior period: € 1,781,847 thousand). The Dürr Group has a roughly 0.2% stake in this US-wide plan. For the following year, the Group expects contributions of € 3,203 thousand (prior period: € 2,968 thousand) to be made to the pension plans.

Moreover, in some countries there are plans that provide for payouts in the context of post-employment benefits as well as a number of minor pension plans.

#### Post-employment benefit plan participants and risk management

Provisions for post-employment benefits are recognized for obligations from future and current post-employment benefits to eligible current and former employees as well as their surviving dependents. Pension plans vary according to local legal, tax and economic conditions and are usually based on employees' years of service as well as their remuneration. In the 2022 reporting period, there were obligations in place for 4,123 eligible persons (prior period: 4,380), thereof 3,492 active employees (prior period: 3,743), 186 former employees with vested rights (prior period: 185) as well as 445 retired employees and surviving dependents (prior period: 452).

The defined benefit plans are largely financed via provisions which have corresponding qualifying fund assets as plan assets that are offset against the obligations. The plan assets mostly exist in the form of employer's pension liability insurance policies pledged to beneficiaries.

In order to take adequate account of risks associated with post-employment benefit obligations, the Dürr Group established the Corporate Pension Committee (CPC) several years ago. This committee convenes regularly and reviews and assesses all global post-employment benefit plans within the Dürr Group. Regular participants of the CPC are the Chief Financial Officer of Dürr AG as well as the heads of the central functional areas Human Resources, Accounting & Controlling, Compensation & Benefits, Treasury and Legal.

Furthermore, to minimize the risk from pension obligations, no new defined benefit pensions have been granted in Germany for several years if their value is largely not hedged by external counter-financing. At the same time, the current pension plans are largely financed through deferred compensation.

#### Development of defined benefit plans

##### 4.63 — CHANGES IN THE PRESENT VALUE OF DEFINED BENEFIT OBLIGATIONS

€ k	Dec. 31, 2022	Dec. 31, 2021
Defined benefit obligation at the beginning of the period	139,768	143,778
Exchange difference	1,109	1,291
Current service cost	3,359	3,114
Past service cost	–	–96
Interest expenses	1,762	1,290
Remeasurement of the defined benefit obligation	–19,129	–5,737
thereof actuarial gains and losses from changes in demographic assumptions	–1	–715
thereof actuarial gains and losses from changes in financial assumptions	–21,770	–3,902
thereof experience adjustments	2,642	–1,120
Employee contributions	1,359	1,168
Benefits paid	–9,255	–6,426
Settlements	–	–236
Changes in the consolidated group	–	1,606
Other	–140	16
<b>Defined benefit obligation at the end of the period</b>	<b>118,833</b>	<b>139,768</b>

**4.64 — CHANGE IN PLAN ASSETS**

€ k	Dec. 31, 2022	Dec. 31, 2021
Fair value of plan assets at the beginning of the period	91,125	86,642
Exchange difference	850	983
Interest income	1,280	890
Expense/income from plan assets excluding amounts contained in net interest	-1,207	1,421
Employer contributions	2,073	3,122
Employee contributions	1,359	1,168
Benefits paid	-6,707	-3,823
Changes in the consolidated group	-	722
Other	18	-
<b>Fair value of plan assets at the end of the period</b>	<b>88,791</b>	<b>91,125</b>
Effect of asset ceiling	-4,778	-1,281
<b>Plan assets taking into account the asset ceiling</b>	<b>84,013</b>	<b>89,844</b>
<b>Funded status<sup>1</sup></b>	<b>34,820</b>	<b>49,924</b>

<sup>1</sup> Difference between the present value of the defined benefit obligation and the plan assets, taking into account the asset ceiling

**4.65 — FUNDED STATUS**

€ k	Dec. 31, 2022	Dec. 31, 2021
Present value of funded benefit obligations	112,976	132,544
Plan assets taking into account the asset ceiling	84,013	89,844
<b>Defined benefit obligation in excess of plan assets</b>	<b>28,963</b>	<b>42,700</b>
Present value of non-funded benefit obligations	5,857	7,224
<b>Funded status<sup>1</sup></b>	<b>34,820</b>	<b>49,924</b>

<sup>1</sup> Difference between the present value of the defined benefit obligation and the plan assets, taking into account the asset ceiling

**4.66 — ITEMS OF THE STATEMENT OF FINANCIAL POSITION FOR ACCOUNTING FOR POST-EMPLOYMENT BENEFIT OBLIGATIONS**

€ k	Dec. 31, 2022	Dec. 31, 2021
Provisions for post-employment benefit obligations	36,447	50,894
Other assets	1,627	970
<b>Funded status<sup>1</sup></b>	<b>34,820</b>	<b>49,924</b>

<sup>1</sup> Difference between the present value of the defined benefit obligation and the plan assets, taking into account the asset ceiling

At the end of the reporting period, the fair value of plan assets breaks down as shown in → [table 4.67](#).

**4.67 — COMPOSITION OF PLAN ASSETS**

€ k	Dec. 31, 2022	Dec. 31, 2021
Employer's pension liability insurance	69,106	69,075
Fixed-interest securities	13,766	15,530
Shares	3,685	4,166
Real estate	2,170	2,007
Other	64	347
<b>Plan assets</b>	<b>88,791</b>	<b>91,125</b>

The plan assets of the German entities mainly consist of employer's pension liability insurance policies which guarantee the amount. These employer's pension liability insurance policies have been invested mainly in fixed-interest securities. When selecting the issuers, the factors considered include the individual rating by international agencies and the equity capitalization of the issuers. The aim of the investment strategy is long-term capital accumulation on the one hand, and ongoing interest income on the other. This leads to slightly greater volatility. As part of a balanced approach, the portfolio mix contains debt and equity securities. The long-term growth in plan assets should be achieved primarily by means of fixed-interest securities which will also secure ongoing interest income. Equity instruments also make up a share of the investment portfolio.

With the exception of shares, fixed-interest securities and real estate, there are no listed prices on an active market. Where employer's pension liability insurance belongs to plan assets as qualifying insurance policies and exactly match the benefits, the present value of the covered obligations applies as their fair value. Otherwise, the fair value of plan assets is generally calculated on the basis of the market expectations prevailing on that date.

The expenses for defined benefit plans recognized through profit or loss comprise the items listed in → [table 4.68](#).

#### 4.68 — SHARE OF EXPENSES FROM DEFINED BENEFIT PLANS RECOGNIZED THROUGH PROFIT OR LOSS

€ k	2022	2021
Current service cost	3,359	3,114
Past service costs	–	–96
Net interest expenses	494	406
Other	25	–6
<b>Net expenses from defined pension plans</b>	<b>3,878</b>	<b>3,418</b>

The asset ceiling resulted in a change of € –3,497 thousand (prior period: € –331 thousand) in total comprehensive income. Of this amount, € –3,486 thousand (prior period: € –325 thousand) was recognized through other comprehensive income and € –6 thousand (prior period: € –11 thousand) through profit or loss.

The reporting date for the measurement of projected benefit obligations and plan assets is December 31; the measurement date for expenses from defined benefit plans is January 1. In addition to the assumptions on life expectancy based on the Heubeck 2018 G biometric mortality tables for the German Group companies, the rates in → [table 4.69](#) were used as a basis for calculating the defined benefit obligation and the fair value of the plan assets.

#### 4.69 — AVERAGE RATES USED FOR CALCULATING OBLIGATIONS

%	2022		2021	
	Germany	Rest of world	Germany	Rest of world
Discount rate	3.76	4.32	0.90	1.67
Long-term salary increases	3.00	3.74	3.00	2.86

The rate of pension progression, which has a significant impact on the defined benefit obligations as of the end of the reporting period in Germany, came to 2.25% in the 2022 reporting period (prior period: 1.75%). The average rates are calculated on the basis of the weighted average of the defined benefit obligations.

The weighted average duration of the post-employment benefit obligations is 11 years (prior period: 14 years). For the 2023 reporting period, employers are expected to make contributions of € 2,135 thousand to the plan assets.

→ [Table 4.70](#) gives an overview of the payments for defined benefit plans expected in the coming reporting periods.

#### 4.70 — EXPECTED PAYMENTS FROM THE DEFINED BENEFIT PLANS

€ k	2023	2024	2025	2026	2027	2028 to 2032	Total
Expected payments from the defined benefit plans	7,346	8,406	7,501	7,659	7,520	38,688	<b>77,120</b>

**Sensitivity analyses**

The material actuarial assumptions for the valuation of post-employment benefit obligations are the discount rate and, for obligations in Germany, also the rate of pension progression. By hedging the significant risks with employer's pension liability insurance policies, the longevity risk for the obligations in Germany plays only a minor role.

→ **Table 4.71** shows how the defined benefit obligation is influenced by potential changes to the respective assumptions using sensitivity analyses.

**4.71 — SENSITIVITIES – CHANGES IN THE DEFINED BENEFIT OBLIGATION**

€ k	Dec. 31, 2022	Dec. 31, 2021
<b>DISCOUNT RATE</b>		
+1 percentage point	-7,374	-11,372
-1 percentage point	8,882	14,075
<b>RATE OF PENSION PROGRESSION</b>		
+0.25 percentage points	1,347	2,050
-0.25 percentage points	-1,296	-1,963

There are dependencies between the actuarial assumptions. The sensitivity analyses do not take these dependencies into account.

**29. OTHER PROVISIONS**

The contract-related provisions mainly consist of provisions for after-sales expenses, warranties and for onerous contracts in the order backlog. Around 65% (prior period: 70%) of the contract-related provisions relate to provisions for warranties and onerous contracts in the order backlog. The calculation of the contract-related provisions is largely based on expected losses from pending delivery and service transactions, mainly due to the increase in material prices and transport costs, as well as on statutory or contractual warranty claims and was performed using past experience and taking current circumstances into account.

The personnel provisions mainly contain obligations for the phased retirement scheme and provisions for long-service awards. These provisions are derived from actuarial calculation methods. Sundry provisions relate to various identifiable specific risks and uncertain liabilities for which there is uncertainty as to the date and future costs and for which the amount can be estimated reliably.

As of December 31, 2022, other provisions contain provisions for restructuring and optimization measures of € 2,871 thousand (prior period: € 11,920 thousand). As a result of the Ukraine war, the Dürr Group initiated restructuring measures in Russia in the 2022 reporting period. The related restructuring provisions of € 1,407 thousand mainly include severance payments in connection with the reduced operating activities. The majority of the restructuring activities was already completed in the 2022 reporting period. The provisions for optimization measures, capacity and location adjustments set up in prior periods were mostly utilized in the 2022 reporting period. → **Table 4.73** shows the provisions for restructuring per division.

#### 4.72 — OTHER PROVISIONS – CHANGES

€ k	Contract-related provisions	Personnel provisions	Sundry provisions
<b>As of January 1, 2022</b>	<b>166,894</b>	<b>32,141</b>	<b>19,448</b>
Exchange difference	1,617	73	-70
Utilization	-62,641	-9,824	-7,941
Reversals	-34,118	-1,536	-4,802
Additions	59,653	11,515	3,177
<b>As of December 31, 2022</b>	<b>131,405</b>	<b>32,369</b>	<b>9,812</b>

#### 4.73 — PROVISIONS FOR RESTRUCTURING PER DIVISION

€ k	Dec. 31, 2022	Dec. 31, 2021
Paint and Final Assembly Systems	5	1,974
Application Technology	70	1,478
Clean Technology Systems	106	200
Measuring and Process Systems	160	155
Woodworking Machinery and Systems	2,530	8,113
<b>Total restructuring provisions</b>	<b>2,871</b>	<b>11,920</b>

#### 4.74 — OTHER PROVISIONS - EXPECTED UTILIZATION

€ k	Dec. 31, 2022			Dec. 31, 2021		
	Total	Current	Non-current	Total	Current	Non-current
Contract-related provisions	131,405	130,382	1,023	166,894	157,934	8,960
Personnel provisions	32,369	14,846	17,523	32,141	15,355	16,786
Sundry provisions	9,812	8,007	1,805	19,448	17,690	1,758
<b>Total provisions</b>	<b>173,586</b>	<b>153,235</b>	<b>20,351</b>	<b>218,483</b>	<b>190,979</b>	<b>27,504</b>

Those other provisions that are expected to be used within the next twelve months are classified as current. The payments for non-current provisions are expected to be incurred within the next two to five years.

### 30. CONTRACT LIABILITIES

Contract liabilities constitute obligations for the Dürr Group to transfer goods or services to a customer for which the customer has already paid or to which the customer has a claim. This relates to contracts for which customer payments received or due exceed the project status. Regular progress payments are typically agreed in the mechanical and plant engineering sector based on the progress of the project. In most cases a customer payment is already due before work commences. This results in the customer having to prefinance the project in the ordinary course of business. During the project, further payments are invoiced based on project milestones reached. In the 2022 reporting period, there were no notable deviations from this typical relationship between performance and customer payment. This is reflected in the disclosure of the balance as a contract liability.

### 31. TRADE PAYABLES

#### 4.75 — TRADE PAYABLES

€ k	Total	Current	Total non-current	Medium-term	Long-term
Trade payables	606,152	605,731	421	421	–
(2021)	(373,008)	(372,032)	(976)	(976)	(–)
<b>December 31, 2022</b>	<b>606,152</b>	<b>605,731</b>	<b>421</b>	<b>421</b>	<b>–</b>
(December 31, 2021)	(373,008)	(372,032)	(976)	(976)	(–)

## 32. CONVERTIBLE BOND, SCHULDSCHEIN LOANS AND OTHER FINANCIAL LIABILITIES

All interest-bearing liabilities of the Group are shown in this section.

### 4.76 — FINANCIAL LIABILITIES

€ k	Total	Current	Total non-current	Medium-term	Long-term
Convertible bond	142,549	–	142,549	142,549	–
(2021)	(140,222)	(–)	(140,222)	(140,222)	(–)
Schuldschein loans	663,775	49,959	613,816	481,267	132,549
(2021)	(663,478)	(–)	(663,478)	(421,244)	(242,234)
Liabilities to banks	895	670	225	225	–
(2021)	(26,959)	(3,796)	(23,163)	(5,567)	(17,596)
Lease liabilities	94,799	28,077	66,722	53,333	13,389
(2021)	(95,670)	(26,249)	(69,421)	(53,568)	(15,853)
Remaining other financial liabilities	10,581	9,094	1,487	1,487	–
(2021)	(11,078)	(9,589)	(1,489)	(1,489)	(–)
<b>December 31, 2022</b>	<b>912,599</b>	<b>87,800</b>	<b>824,799</b>	<b>678,861</b>	<b>145,938</b>
(December 31, 2021)	(937,407)	(39,634)	(897,773)	(622,090)	(275,683)

Remaining other financial liabilities largely contain loans from employees to HOMAG Group entities and liabilities for deferred interest for the convertible bond and the Schuldschein loans.

### Financing of the Group

#### Convertible bond

On September 24, 2020, Dürr AG issued an unsecured, unsecured convertible bond with a term until January 15, 2026, at a nominal value of € 150,000 thousand. It is divided into denominations of € 100 thousand each. The convertible bond can be converted at the current conversion price into 4,512,418 new no-par value bearer shares of Dürr AG.

The convertible bond was issued at its full nominal amount and bears interest with an annual payable coupon of 0.75% p.a. A sustainability component in the form of a separate interest derivative, which has no effect on the conversion ratio, is linked to the convertible bond. The conversion price is currently € 33.2416 per share. The original conversion price was € 34.22 per share, which corresponded to a premium of 40% over the reference share

price of € 24.44277. The convertible bond was offered exclusively to institutional investors for purchase. The offer was not valid for the USA, Canada, Japan and Australia as well as other jurisdictions in which the offer or sale of the convertible bond is prohibited by law.

Dürr AG is authorized to repay the convertible bond at its nominal value, plus accrued interest, in accordance with the conditions of the convertible bond at any time or after February 5, 2024, if the share price over a particular period of time reaches or exceeds 130% of the conversion price at that time or if 15% or less of the total nominal value of the convertible bond is outstanding.

#### Schuldschein loans

On December 14, 2020, Dürr AG placed its third sustainability Schuldschein loan of € 200,000 thousand. Dürr AG received the loan amount on January 14, 2021, after deducting transaction costs. The average interest rate was at 2.0% p.a. The Schuldschein loan is split into tranches with terms of up to 10 years, with an average term of 6.25 years. The loan served to refinance the corporate bond of € 300,000 thousand, which was repaid in April 2021.



On March 26, 2020, Dürr AG placed an additional sustainability Schuldschein loan of € 115,000 thousand. The payment of interest for this Schuldschein loan is again pegged to the sustainability rating of the Dürr Group. The average interest rate was at 0.9% p.a. Dürr AG received the total volume of € 115,000 thousand on April 6, 2020; the loan is split into tranches with terms of five, seven and ten years.

On June 19, 2019, Dürr AG placed a sustainability Schuldschein loan of € 200,000 thousand. The average interest rate was at 0.8% p.a. Dürr AG received the funds on July 4, 2019; the Schuldschein loan is split into tranches with terms of five, six, eight and ten years.

For the two previously issued sustainability Schuldschein loans, the interest is pegged to the sustainability rating of the Dürr Group, prepared by EcoVadis. This means that the interest rate falls or rises depending on whether the sustainability rating of the Dürr Group improves or deteriorates. In the 2022 reporting period, the rating improved, which is why interest rates were reduced by 0.02% p.a. and by 0.05% p.a. as planned.

On March 24, 2016, Dürr AG issued a Schuldschein loan of € 300,000 thousand. The funds were received on April 6, 2016. The total volume is split into three tranches with terms of five, seven and ten years. The average interest rate upon being issued was around 1.6% p.a. In return for taking out the Schuldschein loan in March 2020, the variable-rate tranches of € 100,000 thousand of the Schuldschein loan from 2016 were prematurely redeemed in April 2020. An amount of € 1,000 thousand was offset against the cash payment of the Schuldschein loan from December 2020. Dürr AG repaid an additional tranche of € 49,000 thousand in April 2021.

#### Syndicated loan

As part of its sustainability-oriented refinancing, Dürr AG concluded a syndicated loan of € 750,000 thousand on July 25, 2019. The syndicated loan came into effect on August 7, 2019. It is split into a cash line of € 500,000 thousand and a bank guarantee of € 250,000 thousand. 13 banks from Europe, Asia and the USA belong to the syndicate. BNP Paribas S.A., Commerzbank AG, Deutsche Bank AG and UniCredit Bank AG are responsible for coordinating the syndicate.

The payment of interest of the syndicated loan depends, among other things, on the sustainability rating of the Dürr Group. When the interest rate is pegged to the sustainability rating prepared by EcoVadis, the interest rate falls or rises according to certain sustainability criteria. Interest is payable at the matching refinancing rate plus a variable margin. Due to the improved sustainability rating of the Dürr Group, the interest rate decreased by 0.02%. The syndicated loan does not include any collateral on fixed and current assets.

The syndicated loan is intended for general corporate financing (cash line) and to cover other obligations from the mechanical and plant engineering business to third parties (bank guarantee). The original term was agreed until July 25, 2024, but in July 2021 Dürr AG extended the term prematurely by an additional two years (new maturity date: July 2026).

#### Other loans

In December 2022, liabilities to banks of € 22,435 thousand were repaid prematurely at three lease property companies and the financing was transferred to intra-group loans. The lease property companies are included in the Dürr Group as structured entities.

#### Bond

In April 2021, Dürr AG repaid the unsubordinated bond of € 300,000 thousand issued in March 2014. The bond had a coupon of 2.875% and an issue price of 99.221%. It was paid out to the Dürr Group and first listed on April 3, 2014. The bond had a term of seven years and could not be terminated prematurely.

#### Credit lines and bank guarantees

At the end of the 2022 reporting period, € 183,814 thousand (prior period: € 171,950 thousand) of the bank guarantee of Dürr AG's syndicated loan was utilized. The cash lines of the syndicated loans of Dürr AG were not utilized in the 2022 and 2021 reporting periods. In addition, Dürr AG has bilateral credit lines of € 37,484 thousand in place (usable for working capital or bank guarantees), bank guarantee facilities of € 1,063,039 thousand as well as smaller credit lines with various banks and insurance firms. The majority of the credit lines and bank guarantee facilities are not bound to any particular purpose and serve to generally fund the Group as well as project management.

#### 4.77 — CREDIT LINES AND BANK GUARANTEES

€ k	Dec. 31, 2022	Dec. 31, 2021
Total amount of credit lines/bank guarantees available	1,850,522	1,751,442
Total amount of credit lines/bank guarantees utilized	610,718	539,124
thereof due within one year	361,826	289,640
thereof due in more than one year	248,892	249,484

#### Lease liabilities

The leases mainly have terms of between one year and ten years, in some cases the contracts have a term of more than 15 years. Potential cash outflows of € 25,209 thousand (prior period: € 23,138 thousand) are not included in the lease liabilities as it is not reasonably certain that the extension options will be exercised. Variable lease payments of € 165 thousand (prior period: € 183 thousand) were recognized through profit or loss. To a small extent, the contracts contain price adjustment clauses based on consumer price indices. Any related adjustments to the lease installments resulting from future changes in the consumer price indices are not included in the lease liability as of the end of the 2022 reporting period.

### 33. SUNDRY FINANCIAL LIABILITIES

#### 4.78 — SUNDRY FINANCIAL LIABILITIES

€ k	Total	Current	Total non-current	Medium-term	Long-term
Derivative financial liabilities	8,540	7,605	935	935	–
(2021)	(9,675)	(7,767)	(1,908)	(1,908)	(–)
Obligations to employees	120,424	118,486	1,938	1,938	–
(2021)	(104,521)	(103,094)	(1,427)	(1,427)	(–)
Obligations from options	223,258	203,609	19,649	19,649	–
(2021)	(262,189)	(230,805)	(31,384)	(31,384)	(–)
Liabilities from purchase price installments	15,111	9,739	5,372	5,372	–
(2021)	(14,263)	(10,130)	(4,133)	(4,133)	(–)
Remaining sundry financial liabilities	16,566	15,176	1,390	470	920
(2021)	(26,337)	(24,978)	(1,359)	(1,359)	(–)
<b>December 31, 2022</b>	<b>383,899</b>	<b>354,615</b>	<b>29,284</b>	<b>28,364</b>	<b>920</b>
(December 31, 2021)	(416,985)	(376,774)	(40,211)	(40,211)	(–)

Obligations from options of € 195,012 thousand (prior period: € 194,329 thousand) relate to the sundry financial liabilities recognized under the domination and profit and loss transfer agreement with HOMAG Group AG for the acquisition of shares as well as to pay the compensation entitlements. The options also relate to non-controlling interests of € 28,246 thousand (prior period: € 62,212 thousand). In the 2022 reporting period, the option to acquire further shares in CPM S.p.A., Beinasco, Italy, was exercised. In this context, liabilities of € 7,025 thousand related to purchase price installments were recognized. For further information on the purchase price installments please refer to → [note 37](#).

## 34. OTHER LIABILITIES

### 4.79 — OTHER LIABILITIES

€ k	Total	Current	Total non-current	Medium-term	Long-term
Tax liabilities not relating to income taxes	43,009	43,009	–	–	–
(2021)	(35,930)	(35,930)	(–)	(–)	(–)
Liabilities relating to social security	9,836	9,836	–	–	–
(2021)	(9,570)	(9,570)	(–)	(–)	(–)
Obligations to employees	67,812	67,812	–	–	–
(2021)	(61,935)	(61,935)	(–)	(–)	(–)
Remaining other liabilities	10,528	10,245	283	283	–
(2021)	(6,991)	(6,899)	(92)	(57)	(35)
<b>December 31, 2022</b>	<b>131,185</b>	<b>130,902</b>	<b>283</b>	<b>283</b>	<b>–</b>
(December 31, 2021)	(114,426)	(114,334)	(92)	(57)	(35)

## 35. SHARE-BASED PAYMENT

There is a share-based long-term incentive (LTI) program in place for the members of the Board of Management of Dürr AG and top level management of the Dürr Group. The program takes the form of tranches that are issued every year and have a term of three years each. The payments will be made upon expiration of the contractual term in each case after the following annual general meeting.

Under the program, the beneficiaries receive an individually fixed number of phantom Dürr AG shares (performance share units – PSUs). These are calculated per tranche for the members of the Board of Management of Dürr AG as the ratio between the average share price of the last 30 trading days before the start of a tranche and the contractually agreed LTI target. For all other participants in the LTI program, the number of PSUs granted is based on the respective contractual commitment. As of December 31, 2022, 208,724 phantom shares had been issued for the aforementioned group of persons (prior period: 228,828 shares). At the end of the term of the incentive program, the benefits accrued are settled in cash. The settlement is calculated on the number of phantom shares, the rounded share price on the closing date (share price multiplier) and an EBIT multiplier based on the average EBIT margin generated over the term of the tranche. There is a cap for the EBIT multiplier. Furthermore, payment is capped individually in each case.

In the 2022 reporting period, expenses of € 507 thousand (prior period: € 1,391 thousand) were recorded in general administrative expenses for the LTI program. The amounts reported under sundry financial liabilities as of December 31, 2022, came to € 1,895 thousand (prior period: € 1,389 thousand).

## 36. OTHER NOTES ON FINANCIAL INSTRUMENTS

### Measurement of financial instruments by category

Based on the relevant items of the statement of financial position, the relationship between the categories of financial instruments pursuant to IFRS 9, classification pursuant to IFRS 7 and the carrying amounts of financial instruments are presented in → table 4.80.

#### 4.80 — MEASUREMENT OF FINANCIAL INSTRUMENTS BY CATEGORY

€ k	Carrying amount as of Dec. 31, 2022	Amount recognized at		
		Amortized cost	Fair value (through other comprehensive income)	Fair value (through profit or loss)
ASSETS				
Cash and cash equivalents	716,103	716,103	–	–
Trade receivables	594,187	594,187	–	–
Other financial assets	9,693	–	25	9,668
Sundry financial assets	181,279	181,136	–	143
Derivative financial assets				
Derivatives not used for hedging	3,979	–	–	3,979
Derivatives used for hedging	10,966	–	9,374	1,592
EQUITY AND LIABILITIES				
Trade payables	606,152	606,152	–	–
Convertible bond	142,549	142,549	–	–
Schuldschein loans	663,775	663,775	–	–
Liabilities to banks	895	895	–	–
Lease liabilities¹	94,799	94,799	–	–
Remaining other financial liabilities	10,581	10,581	–	–
Obligations from options	223,258	221,915	–	1,343
Liabilities from purchase price installments	15,111	–	–	15,111
Other sundry financial liabilities	136,990	136,990	–	–
Derivative financial liabilities				
Derivatives not used for hedging	1,151	–	–	1,151
Derivatives used for hedging	7,389	–	6,315	1,074
THEREOF COMBINED BY MEASUREMENT CATEGORY IN ACCORDANCE WITH IFRS 9				
Financial assets measured at amortized cost	1,491,426	1,491,426	–	–
Investments in equity instruments measured at fair value through other comprehensive income	25	–	25	–
Financial assets measured at fair value through profit or loss	3,979	–	–	3,979
Investments in equity instruments measured at fair value through profit or loss	9,811	–	–	9,811
Financial liabilities measured at amortized cost	1,782,857	1,782,857	–	–
Financial liabilities measured at fair value	17,605	–	–	17,605

<sup>1</sup> Lease liabilities are accounted for pursuant to IFRS 16 and are therefore not included in any of the above categories pursuant to IFRS 9.

#### 4.80 — MEASUREMENT OF FINANCIAL INSTRUMENTS BY CATEGORY

€ k	Carrying amount as of Dec. 31, 2021	Amount recognized at		
		Amortized cost	Fair value (through other comprehensive income)	Fair value (through profit or loss)
ASSETS				
Cash and cash equivalents	583,144	583,144	–	–
Trade receivables	587,924	587,924	–	–
Other financial assets	18,454	–	4,678	13,776
Sundry financial assets	288,299	288,299	–	–
Derivative financial assets				
Derivatives not used for hedging	1,027	–	–	1,027
Derivatives used for hedging	2,373	–	1,954	419
EQUITY AND LIABILITIES				
Trade payables	373,008	373,008	–	–
Convertible bond	140,222	140,222	–	–
Schuldschein loans	663,478	663,478	–	–
Liabilities to banks	26,959	26,959	–	–
Lease liabilities <sup>1</sup>	95,670	95,670	–	–
Remaining other financial liabilities	11,078	11,078	–	–
Obligations from options	262,189	256,541	–	5,648
Liabilities from purchase price installments	14,263	–	–	14,263
Other sundry financial liabilities	130,858	130,858	–	–
Derivative financial liabilities				
Derivatives not used for hedging	438	–	–	438
Derivatives used for hedging	9,237	–	6,234	3,003
THEREOF COMBINED BY MEASUREMENT CATEGORY IN ACCORDANCE WITH IFRS 9				
Financial assets measured at amortized cost	1,459,367	1,459,367	–	–
Investments in equity instruments measured at fair value through other comprehensive income	4,678	–	4,678	–
Financial assets measured at fair value through profit or loss	1,027	–	–	1,027
Investments in equity instruments measured at fair value through profit or loss	13,776	–	–	13,776
Financial liabilities measured at amortized cost	1,598,344	1,598,344	–	–
Financial liabilities measured at fair value	20,349	–	–	20,349

<sup>1</sup> Lease liabilities are accounted for pursuant to IFRS 16 and are therefore not included in any of the above categories pursuant to IFRS 9.

In order to make the fair value measurement of financial instruments comparable, a fair value hierarchy has been established in the IFRSs with the following three levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2)
- Inputs that are not based on observable market data (level 3).

The financial instruments measured at fair value by the Dürr Group break down as follows according to the fair value hierarchy levels:

#### 4.81 — ALLOCATION TO THE FAIR VALUE HIERARCHY LEVELS

€ k	Dec. 31, 2022	Fair value hierarchy		
		Stage 1	Stage 2	Stage 3
ASSETS AT FAIR VALUE – THROUGH OTHER COMPREHENSIVE INCOME				
Other financial assets	25	–	–	25
Derivatives used for hedging	9,374	–	9,374	–
ASSETS AT FAIR VALUE – THROUGH PROFIT OR LOSS				
Other financial assets	9,668	–	–	9,668
Sundry financial assets	143	143	–	–
Derivatives not used for hedging	3,979	–	3,979	–
Derivatives used for hedging	1,592	–	1,592	–
LIABILITIES AT FAIR VALUE – THROUGH OTHER COMPREHENSIVE INCOME				
Derivatives used for hedging	6,315	–	6,315	–
LIABILITIES AT FAIR VALUE – THROUGH PROFIT OR LOSS				
Obligations from options	1,343	–	–	1,343
Liabilities from purchase price installments	15,111	–	–	15,111
Derivatives not used for hedging	1,151	–	1,151	–
Derivatives used for hedging	1,074	–	1,074	–

€ k	Dec. 31, 2021	Fair value hierarchy		
		Stage 1	Stage 2	Stage 3
ASSETS AT FAIR VALUE – THROUGH OTHER COMPREHENSIVE INCOME				
Other financial assets	4,678	–	–	4,678
Derivatives used for hedging	1,954	–	1,954	–
ASSETS AT FAIR VALUE – THROUGH PROFIT OR LOSS				
Other financial assets	13,776	–	–	13,776
Sundry financial assets	-	-	-	-
Derivatives not used for hedging	1,027	–	1,027	–
Derivatives used for hedging	419	–	419	–
LIABILITIES AT FAIR VALUE – THROUGH OTHER COMPREHENSIVE INCOME				
Derivatives used for hedging	6,234	–	6,234	–
LIABILITIES AT FAIR VALUE – THROUGH PROFIT OR LOSS				
Obligations from options	5,648	–	–	5,648
Liabilities from purchase price installments	14,263	–	–	14,263
Derivatives not used for hedging	438	–	438	–
Derivatives used for hedging	3,003	–	3,003	–

As of the end of each reporting period, an assessment is made as to whether there were reclassifications between the different hierarchy levels or measurement categories. No reclassifications were made between the fair value hierarchy levels or measurement categories in the 2022 reporting period.

Potential climate-related matters, including legislation, that may have an impact on measuring the fair value of assets and liabilities in the annual financial statements were taken into account in the fair value measurement. Risks resulting from climate-related matters are included as key assumptions if they have a material impact on measuring the recoverable amount. There are currently no known risks from climate-related matters when measuring the fair value that could have a material impact on the consolidated financial statements.

Measurement at fair value of the financial instruments of levels 1, 2 and 3 held as of December 31, 2022, gave rise to the following total gains and losses:

#### 4.82 — TOTAL GAINS AND LOSSES ON ASSETS

€ k	2022	2021
<b>RECOGNIZED THROUGH PROFIT OR LOSS</b>		
Investments in equity instruments measured at fair value through profit or loss	-4,099	994
Derivative financial instruments	184	16
<b>RECOGNIZED IN EQUITY</b>		
Investments in equity instruments measured at fair value through other comprehensive income	-4,586	-
Derivative financial instruments	19	18

#### 4.83 — TOTAL GAINS AND LOSSES ON LIABILITIES

€ k	2022	2021
<b>RECOGNIZED THROUGH PROFIT OR LOSS</b>		
Liabilities from purchase price installments	840	-1,171
Obligations from options	4,305	-612
Derivative financial instruments	-564	-2,204
<b>RECOGNIZED IN EQUITY</b>		
Derivative financial instruments	248	-196

#### 4.84 — DEVELOPMENT OF ASSETS OF FAIR VALUE HIERARCHY LEVEL 3

€ k	2022	2021
<b>As of January 1</b>	<b>18,454</b>	<b>35,290</b>
Additions	-	1,677
Disposals	-67	-19,507
Change in fair value	-8,694	994
<b>As of December 31</b>	<b>9,693</b>	<b>18,454</b>

The changes in the fair value of the assets reported in level 3 were reported in the investment result through profit or loss.

#### 4.85 — DEVELOPMENT OF LIABILITIES OF THE FAIR VALUE HIERARCHY LEVEL 3

€ k	2022	2021
<b>As of January 1</b>	<b>19,911</b>	<b>32,390</b>
Exchange difference	38	943
Additions	7,775	10,178
Disposals	-6,125	-25,383
Change in fair value	-5,145	1,783
<b>As of December 31</b>	<b>16,454</b>	<b>19,911</b>

The changes in the fair value of the liabilities reported in level 3 of € -5,145 thousand (prior period: € 1,783 thousand) were reported through profit or loss.

**Valuation techniques**

The fair value of the derivative financial assets and liabilities allocated to level 2 of the fair value hierarchy is based on daily observable spot foreign exchange rates and interest yield curves. In connection with IFRS 13 "Fair Value Measurement", both the counterparty and own default risks have been taken into account in the measurement. Input factors to take into account for the counterparty credit risk are credit default swaps (CDSs), observable on the markets, of the credit institution involved in the respective transaction. If there is no CDS for a single credit institution, a synthetic CDS is derived from other observable market data (such as rating information). The counterparty credit risk is minimized by diversifying the portfolio and selecting the counterparties carefully. To calculate its own risk of default, the Dürr Group uses information received from credit institutions and insurance companies to derive a synthetic CDS for the Group.

The fair value of the options, contingent purchase price installments and other financial assets allocated to level 3 in the fair value hierarchy is calculated based on contractual arrangements or internal data. This primarily includes historical results, accounting data and forward-looking planning data of each company on which the amount of the financial liabilities depends. The fair value of financial assets is derived from contractual arrangements of a selling price and a fixed interest component. The assumptions are regularly reviewed and adjusted if necessary. If applicable, unwinding effects resulting from a convergence with the maturity date are also included in the valuation.

**Sensitivity level 3**

The fair values of investments in equity instruments, contingent purchase price installments and options allocated to level 3 in the fair value hierarchy are subject to the fluctuations described below in the event of an assumed change in input parameters.

The fair value of ADAMOS GmbH is primarily based on the free cash flows expected for the coming years. As the entity will cease operations, the carrying amount of the investment has been fully impaired as of December 31, 2022. Measurement is at fair value through other comprehensive income.

The fair value of the contingent purchase price components of Cogiscan Inc. is based on the average sales revenue of the 2021 to 2024 reporting periods, on the average EBIT of the 2021 and 2022 reporting periods and the expectations by management. The contingent purchase price components are only paid out if the average sales revenue or average EBIT exceed the agreed thresholds. Further information on the contingent purchase price installments can be found in → [note 18](#).

The fair value of the conditional purchase price components of CPM S.p.A. is based on a fixed amount and a proportion of the reported equity of the 2022 reporting period. The purchase price is paid in two tranches.

The fair value of the conditional purchase price components of Hekuma GmbH is based on project evaluations prior to the conclusion of the purchase agreement. If the risks reflected in the project assessments occur to a lesser extent, Teamtechnik Maschinen und Anlagen GmbH as buyer is obliged to compensate the seller.

The fair value of the contingent purchase price components of the HOMAG China Golden Field Group is based on the sales revenue and earnings of the group for the 2020 and 2021 reporting periods. The purchase price was finally determined in the 2022 reporting period and is paid in tranches.



The calculation of the fair value of Parker Engineering Co., Ltd. is largely based on estimates by management on the development of the future free cash flows of the company. The value of the related put option is based on the company's pro rata equity and would fluctuate up or down in the event of an assumed change in the future free cash flows.

The calculation of the fair value of Teamtechnik Production Technology SP z o.o. is largely based on estimates by management on the development of the future free cash flows of the company. The value of the related put option is based on the company's estimated business figures at the time of exercising the option and would fluctuate up or down in the event of an assumed change in the future free cash flows.

Of investments held in the portfolio, dividends of € 114 thousand (prior period: € 86 thousand) were recognized in the 2022 reporting period.

#### 4.86 — FAIR VALUES OF INVESTMENTS IN EQUITY INSTRUMENTS, CONTINGENT PURCHASE PRICE INSTALLMENTS AND OPTIONS

€ k	Dec. 31, 2022			Dec. 31, 2021		
	Carrying amount	Sensitivity analyses		Carrying amount	Sensitivity analyses	
		+10%	-10%		+10%	-10%
ADAMOS GmbH	-	-	-	4,372	4,822	3,923
Cogiscan Inc.	3,087	3,087	1,039	4,133	4,133	-
CPM S.p.A.	7,025	7,025	7,025	-	-	-
Hekuma GmbH	750	750	750	-	-	-
HOMAG China Golden Field Group	4,249	4,249	4,249	10,005	11,000	7,375
Parker Engineering Co., Ltd.	8,455	9,160	7,751	11,661	12,559	10,763
Parker Engineering Co., Ltd. – option	1,071	1,775	366	4,041	4,938	3,142
Teamtechnik Production Technology SP z o.o.	1,213	1,334	1,091	2,115	2,327	1,904
Teamtechnik Production Technology SP z o.o. – option	272	394	151	1,607	1,819	1,396

## Fair values of financial instruments carried at amortized cost

→ **Table 4.87** shows the fair value of the financial assets and liabilities carried at cost or amortized cost. The fair value of financial instruments not carried at amortized cost approximates their carrying amount.

### 4.87 — FAIR VALUES OF FINANCIAL INSTRUMENTS CARRIED AT AMORTIZED COST

€ k	Dec. 31, 2022		Dec. 31, 2021	
	Fair value	Carrying amount	Fair value	Carrying amount
<b>ASSETS</b>				
Cash and cash equivalents	716,103	716,103	583,144	583,144
Trade receivables	594,187	594,187	587,924	587,924
Sundry financial assets	181,136	181,136	288,299	288,299
<b>EQUITY AND LIABILITIES</b>				
Trade payables	606,152	606,152	373,008	373,008
Convertible bond	162,390	142,549	201,570	140,222
Schuldschein loans	605,483	663,775	666,402	663,478
Liabilities to banks	950	895	35,172	26,959
Remaining other financial liabilities	10,581	10,581	11,078	11,078
Obligations from options	212,408	221,915	256,760	252,741
Other sundry financial liabilities	136,990	136,990	130,858	130,858
<b>THEREOF COMBINED BY MEASUREMENT CATEGORY IN ACCORDANCE WITH IFRS 9</b>				
Financial assets measured at amortized cost	1,491,426	1,491,426	1,459,367	1,459,367
Financial liabilities measured at amortized cost	1,734,954	1,782,857	1,674,848	1,598,344

Cash and cash equivalents, trade receivables, sundry financial assets, trade payables as well as other sundry financial liabilities mostly fall due within the short term. Consequently, their carrying amounts at the end of the reporting period approximate their fair value.

The fair value of non-current liabilities is based on the current interest rate for borrowing at similar terms and conditions with comparable due date and credit rating. With the exception of the convertible bond, Schuldschein loans, liabilities to banks and obligations from options, the fair value of liabilities approximates the carrying amount.

The fair value of the convertible bond (fair value hierarchy level 1) is calculated by multiplying the nominal value with the quoted price at the end of the reporting period. As of the reporting date, the convertible bond was listed at 108.26% (prior period: 134.38%), which is equal to a market value of € 162,390 thousand (prior period: € 201,570 thousand).

The fair value of the Schuldschein loans as well as liabilities to banks (fair value hierarchy level 2) is determined by discounting the cash flows as of the measurement date with discount rates with matching terms.

The obligations from options measured at amortized cost (level 3 in the fair value hierarchy) primarily relate to the sundry financial liabilities recognized under the domination and profit and loss transfer agreement with HOMAG Group AG for the acquisition of shares as well as to settle the compensation entitlements. The sundry financial liabilities are recognized through profit or loss in the subsequent measurement. The expected term of the arbitration proceedings as well as the expected amount of the compensation payment and cash settlement determine the measurement of the option. Due to an initial ruling of the Stuttgart Regional Court, which is not yet legally binding, the expected compensation payment was raised from € 1.01 to € 1.03 (net) and the expected cash settlement from € 31.56 to € 31.58. On account of the new pool agreement concluded with the shareholder group Schuler/Klessmann in the 2021 reporting period and the initial ruling of the Stuttgart Regional Court, the price of the shares was increased from € 25.00 to the expected exercise price of € 31.58 in the 2021 reporting period and the term assumed for the measurement was adjusted, causing the liability to increase accordingly. Compared to expectations in the prior period, the term of the arbitration proceedings was extended by one year. The fair value is determined using a net present value model based on the cash settlement including compensation payment as well as the legal minimum interest rate and a discount rate with a matching term. The difference between the fair value and the carrying amount is due to the fact that the fair value takes into account changes in the actual interest rate environment, while the discount rate used for measurement at amortized cost remains mostly unchanged over the term.

The net present value model is also used to calculate the fair value of the other obligations classified at amortized cost from options held by non-controlling interests for the sale of their shares.

## Net gains and losses by measurement category

### 4.88 — NET GAINS AND LOSSES BY MEASUREMENT CATEGORY 2022

€ k	From subsequent measurement					Net gain or loss
	From interest	At fair value	Currency translation	Loss allowance	From disposals	
Financial assets measured at amortized cost	11,424	–	–8,619	–7,893	–243	–5,331
Investments in equity instruments measured at fair value through profit or loss	–	–4,099	–	–	–	–4,099
Investments in equity instruments measured at fair value through other comprehensive income	–	–4,586	–	–	–67	–4,653
Financial liabilities measured at amortized cost	–25,554	–	–4,073	–	–	–29,627
Financial liabilities measured at fair value through profit or loss	–	5,524	382	–	6,125	12,031
<b>Total</b>	<b>–14,130</b>	<b>–3,161</b>	<b>–12,310</b>	<b>–7,893</b>	<b>5,815</b>	<b>–31,679</b>

### 4.89 — NET GAINS AND LOSSES BY MEASUREMENT CATEGORY 2021

€ k	From subsequent measurement					Net gain or loss
	From interest	At fair value	Currency translation	Loss allowance	From disposals	
Financial assets measured at amortized cost	3,328	–	4,216	–13,500	–242	–6,198
Financial assets measured at fair value through profit or loss	–	–	–	–	5,527	5,527
Investments in equity instruments measured at fair value through profit or loss	–	994	–	–	–	994
Financial liabilities measured at amortized cost	–46,112	–	698	–	–	–45,414
Financial liabilities measured at fair value through profit or loss	–9	–2,713	–	–	–	–2,722
<b>Total</b>	<b>–42,793</b>	<b>–1,719</b>	<b>4,914</b>	<b>–13,500</b>	<b>5,285</b>	<b>–47,813</b>

## Financial assets which are subject to an enforceable master netting arrangement or a similar agreement

Some derivative financial instruments concluded with credit institutions are subject to certain contractual netting agreements which allow the Dürr Group, in the event of a credit institution filing for insolvency, to offset certain financial assets against certain financial liabilities.

### 4.90 — DERIVATIVE FINANCIAL ASSETS SUBJECT TO NETTING AGREEMENTS, ENFORCEABLE MASTER NETTING ARRANGEMENTS AND SIMILAR AGREEMENTS

€ k	Dec. 31, 2022	Dec. 31, 2021
Gross amounts of financial assets	29,463	3,400
Gross amounts of financial liabilities netted in the statement of financial position	–14,518	–
<b>Net amounts of financial assets reported in the statement of financial position</b>	<b>14,945</b>	<b>3,400</b>
Associated amounts from financial instruments not netted in the statement of financial position	–3,232	–781
<b>Net amount</b>	<b>11,713</b>	<b>2,619</b>

#### 4.91 — DERIVATIVE FINANCIAL LIABILITIES SUBJECT TO NETTING AGREEMENTS, ENFORCEABLE MASTER NETTING ARRANGEMENTS AND SIMILAR AGREEMENTS

€ k	Dec. 31, 2022	Dec. 31, 2021
Gross amounts of financial liabilities	23,058	9,675
Gross amounts of financial assets netted in the statement of financial position	-14,518	-
<b>Net amounts of financial liabilities reported in the statement of financial position</b>	<b>8,540</b>	<b>9,675</b>
Associated amounts from financial instruments not netted in the statement of financial position	-3,232	-781
<b>Net amount</b>	<b>5,308</b>	<b>8,894</b>

#### Pledges

At the end of the reporting period, financial assets of € 13,669 thousand (prior period: € 3,251 thousand) were pledged as cash collaterals or in the form of land charges.

### 37. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

The consolidated statement of cash flows shows how the cash and cash equivalents changed in the 2022 reporting period as a result of cash received and paid and thus provides information on the sources and use of cash and cash equivalents. The consolidated statement of cash flows prepared in accordance with IAS 7 "Statement of Cash Flows" makes a distinction between the cash flows from operating, investing and financing activities.

The cash presented in the statement of cash flows contains all of the Group's cash and cash equivalents, i.e., cash in hand, checks and bank balances, with an original term to maturity of less than three months. The loss allowance to be recognized on cash and cash equivalents under IFRS 9 is eliminated from non-cash income and expenses in the statement of cash flows.

Cash of € 75,488 thousand (prior period: € 116,864 thousand) is restricted due to the restrictions on capital transfers, mainly in some Asian countries.

#### Cash flow from operating activities

The cash flow from operating activities is derived indirectly from the earnings of the Group. Income tax payments are added to earnings before income taxes that are also adjusted for net interest and non-cash items. The latter includes amortization, depreciation and impairment of non-current assets, the profit from entities accounted for using the equity method and the net gain or loss on the disposal of property, plant and equipment. To derive

the cash flow from operating activities, changes in the items of the statement of financial position that result from operating activities are then considered. Effects from foreign currency translation and changes in the consolidated group are eliminated. Changes in operating assets and liabilities contained in the consolidated statement of cash flows therefore do not necessarily match the changes in the related items of the consolidated statement of financial position.

In the 2022 reporting period, the item amortization, depreciation and impairment of non-current assets reported in the consolidated statement of cash flows was reduced by € 1,941 thousand (prior period: € 0 thousand) for impairment losses included in the investment result. The cash flow from operating activities does not contain effects of non-recourse financing and premature settlement of letters of credit (prior period: € 186 thousand).

#### 4.92 — OTHER NON-CASH EXPENSES AND INCOME

€ k	2022	2021
Result from contingent purchase price installments	840	-1,171
Income from assets classified as held for sale	156	2,525
Loss allowances on cash and cash equivalents	-1,290	176
Loss allowances on financial assets and other investments	2,419	904
Result from the acquisition of Hekuma GmbH	-750	1,856
Evaluation of options	-3,531	-28,196
Currency translation differences and other	-2,827	13,455
<b>Total non-cash expenses and income</b>	<b>-4,983</b>	<b>-10,451</b>

#### Cash flow from investing activities

The cash flow from investing activities is derived from actual cash flows. This relates mainly to the cash outflows for investments made in non-current assets, investments of free cash and acquisitions. Cash outflows for the acquisition of property, plant and equipment are divided into € 44,537 thousand (prior period: € 26,468 thousand) for expansion investments and € 30,396 thousand (prior period: € 27,419 thousand) for replacement investments. Cash inflows arise from the disposal of non-current assets and interest received. Investment of free cash in time deposits result in cash inflows of € 104,630 thousand (prior period: cash outflows of € 6,788 thousand). In the prior period, the Dürr Group had cash inflows of € 21,369 thousand from the sale of the SBS Ecoclean investment. Furthermore, the Group received interest of € 4,707 thousand from settling the dispute with SBS Ecoclean GmbH.

According to the accounting for leases pursuant to IFRS 16, the cash flow from investing activities only shows a cash outflow for prepayments and acquisition-related costs, because the addition of right-of-use assets does not involve cash outflow, except in the above mentioned cases. The payments for leases are reported under cash flow from financing activities.

The cash flow from investing activities contains repayments of conditional purchase price components from acquisitions in prior periods of € 4,980 thousand (prior period: € 24,860 thousand) in the payments for acquisitions less cash. Please refer to → [note 18](#) for explanations on the paid acquisition prices less cash acquired.

Explanations on income from the disposal of assets held for sale can be found in → [note 26](#).

### Cash flow from financing activities

The cash flow from financing activities is also derived from actual cash flows. It contains dividends and cash paid to shareholders and non-controlling interests, interest paid for the bond, the convertible bond, Schuldschein loans and the other financing activities. It also includes the payments made to settle liabilities under the terms of leases and other non-current loans. The line item "Change in current financial liabilities" mainly contains cash inflows and outflows from overdraft facilities.

On January 14, 2021, Dürr AG received the loan amount of the third sustainability Schuldschein loan of €197,965 thousand (after deduction of transaction costs and offsetting of € 1,000 thousand against the Schuldschein loan from 2016). In April 2021, Dürr AG paid € 300,000 thousand for the redemption of the corporate bond issued in March 2014 and € 49,000 thousand for the redemption of an additional tranche of the Schuldschein loan from 2016. In addition, loans from various banks of € 84,390 thousand were repaid in the course of the acquisitions.

In the 2022 reporting period, the Dürr Group had cash outflows of € 26,293 thousand (prior period: € 1,827 thousand) from transactions with the owners of non-controlling interests. On the other hand, the Group received cash of € 1,000 thousand (prior period: € 0 thousand) from the capital increase at an entity with non-controlling interests. In addition, the Dürr Group acquired only a few additional shares in HOMAG Group AG owned by the minority shareholders with a value of € 3 thousand (prior period: € 1 thousand).

### 4.93 — TRANSACTIONS WITH OWNERS OF NON-CONTROLLING INTERESTS FROM INCREASING EQUITY INTERESTS TO 100%

€ k	2022	2021
Stimas S.r.l.	73	–
CPM S.p.A.	26,220	–
Olpidürr S.p.A.	–	1,400
HOMAG Korea Co., Ltd.	–	427
<b>Total</b>	<b>26,293</b>	<b>1,827</b>

Pursuant to IAS 7 "Statement of Cash Flows", the cash outflow for the increase in equity interests is contained in the cash flow from financing activities under the item "Transactions with non-controlling interests", as the entities were already previously fully consolidated in the Dürr Group.

Interest paid includes the payment of guaranteed dividends to the minority shareholders of HOMAG Group AG, as the conclusion of the domination and profit and loss transfer agreement has led to the situation where outside shareholders according to IFRS accounting are not considered as owners of non-controlling interests. Interest payments from lease liabilities in the 2022 reporting period amounted to € 3,372 thousand (prior period: € 3,153 thousand).

According to IAS 7, the reconciliation in → [table 4.94](#) presents the changes in liabilities from financing activities. These are defined as liabilities whose cash inflows and outflows are recognized in the statement of cash flows as cash flows from financing activities. This includes liabilities related to the acquisition of non-controlling interests. Assets that serve to hedge non-current liabilities are also presented here.

#### 4.94 — CHANGES IN LIABILITIES FROM FINANCING ACTIVITIES

€ k	Carrying amount as of Jan. 1	With cash effect	With non-cash effect					Carrying amount as of Dec. 31
			Exchange difference	Changes in the consolidated group	Addition	Changes in fair value	Other changes	
Bond	–	–	–	–	–	–	–	–
(2021)	(299,821)	(–300,000)	(–)	(–)	(–)	(–)	(179)	(–)
Convertible bond	150,265	–	–	–	–	–	2,327	152,592
(2021)	(147,986)	(–)	(–)	(–)	(–)	(–)	(2,279)	(150,265)
Schuldschein loans	663,478	–	–	–	–	–	297	663,775
(2021)	(514,148)	(148,965)	(–)	(–)	(–)	(–)	(365)	(663,478)
Liabilities to banks	26,959	–26,060	–4	–	–	–	–	895
(2021)	(–)	(–79,424)	(21)	(106,362)	(–)	(–)	(–)	(26,959)
Lease liabilities	95,670	–31,088	–214	–	36,781	–	–6,350	94,799
(2021)	(98,429)	(–34,347)	(4,602)	(3,763)	(28,874)	(–)	(–5,651)	(95,670)
Liabilities from options	176,965	–29,561	–	–	–	2,751	–7,025	143,130
(2021)	(163,568)	(–3,344)	(–)	(–)	(12,557)	(4,184)	(–)	(176,965)
Liabilities from purchase price installments for non-controlling interests	–	–	–	–	–	–	7,025	7,025
(2021)	(427)	(–427)	(–)	(–)	(–)	(–)	(–)	(–)
Liabilities from accrued interest	9,229	–8,600	–	–	8,026	–	–	8,655
(2021)	(10,592)	(–10,311)	(–)	(–)	(8,948)	(–)	(–)	(9,229)
Sundry liabilities from financing activities	1,849	77	–	–	–	–	–	1,926
(2021)	(7,069)	(–14,082)	(–)	(6,975)	(–)	(–)	(1,887)	(1,849)
<b>Total 2022</b>	<b>1,124,415</b>	<b>–95,232</b>	<b>–218</b>	<b>–</b>	<b>44,807</b>	<b>2,751</b>	<b>–3,726</b>	<b>1,072,797</b>
(Total 2021)	(1,242,040)	(–292,970)	(4,623)	(117,100)	(50,379)	(4,184)	(–941)	(1,124,415)

The Group has unused credit lines and bank guarantees of € 1,239,804 thousand (prior period: € 1,212,318 thousand). The credit lines and bank guarantee facilities are not bound to any particular purpose and serve to generally fund the Group as well as project management. More information on the financing of the Group can be found in → [note 32](#). A breakdown of the cash flows from operating activities, investing activities and financing activities by Group division can be found in → [note 38](#). An explanation of the statement of cash flows can be found in the section on “Financial development” in the combined management report.

## Other notes

### 38. SEGMENT REPORTING

The segment reporting was prepared according to IFRS 8 "Operating Segments". Based on the internal reporting and organizational structure of the Group, the data contained in the consolidated financial statements is presented by division. The presentation of segments is designed to provide details on the financial performance as well as the assets, liabilities and the financial position of individual activities.

The reporting is based on the divisions of the Group. As of December 31, 2022, the Dürr Group consisted of the Corporate Center and five operating divisions, each with global responsibility for its products and results. Paint and Final Assembly Systems plans and builds paint systems and final assembly lines for the automotive industry. The division also offers testing technology, assembly products and filling technology for final vehicle assembly. The business of Teamtechnik Group also belongs to Paint and Final Assembly Systems. Teamtechnik Group's focus is on test systems for electric drives as well as assembly and test systems for the manufacturing of medical technical products. Application Technology develops and manufactures products

#### 4.95 — SEGMENT REPORTING

€ k	Paint and Final Assembly Systems	Application Technology	Clean Technology Systems	Measuring and Process Systems	Woodworking Machinery and Systems	Total segments	Reconciliation <sup>1</sup>	Dürr Group
<b>2022</b>								
Sales revenue recognized over time from contracts with customers	1,303,025	429,595	377,108	81,932	335,809	2,527,469	–	2,527,469
Sales revenue recognized at a point in time from contracts with customers	130,104	156,279	77,711	159,123	1,258,760	1,781,977	484	1,782,461
Sales revenue from lease agreements	–	–	–	4,136	–	4,136	–	4,136
Sales revenue with other divisions	3,068	752	1,258	31,039	7,574	43,691	–43,691	–
<b>Total sales revenue</b>	<b>1,436,197</b>	<b>586,626</b>	<b>456,077</b>	<b>276,230</b>	<b>1,602,143</b>	<b>4,357,273</b>	<b>–43,207</b>	<b>4,314,066</b>
thereof from services	417,476	208,636	150,489	94,950	356,874	1,228,425	–9,704	1,218,721
<b>EBIT</b>	<b>55,022</b>	<b>48,863</b>	<b>5,787</b>	<b>16,765</b>	<b>107,489</b>	<b>233,926</b>	<b>–28,029</b>	<b>205,897</b>
Earnings from entity accounted for using the equity method	–	–	–	636	–	636	–	636
Cash flow from operating activities	29,395	32,463	85,236	30,745	104,437	282,276	–17,572	264,704
Cash flow from investing activities	–15,576	–4,864	–942	–31,304	–59,528	–112,214	125,493	13,279
Cash flow from financing activities	–69,875	14,725	–63,306	2,579	–21,207	–137,084	–4,242	–141,326
Amortization and depreciation	–32,683	–13,384	–9,663	–11,982	–54,680	–122,392	–2,391	–124,783
Impairment losses on intangible assets and property, plant and equipment	–1,394	–	–	–	–815	–2,209	–	–2,209
Non-cash expenses and income	–49	–301	368	–1,021	–3,364	–4,367	–616	–4,983
Additions to intangible assets	8,197	4,000	1,795	5,609	6,342	25,943	885	26,828
Additions to property, plant and equipment	22,823	10,051	5,107	12,681	59,145	109,807	1,907	111,714
Investment in entity accounted for using the equity method	–	–	–	17,636	–	17,636	–	17,636
Assets (as of Dec. 31)	1,108,314	558,882	342,795	343,229	1,257,180	3,610,400	–64,488	3,545,912
Liabilities (as of Dec. 31)	768,209	265,333	296,797	128,710	800,837	2,259,886	207,873	2,467,759
Employees (as of Dec. 31)	5,439	2,040	1,363	1,707	7,525	18,074	440	18,514

<sup>1</sup> The number of employees, amortization and depreciation, additions to intangible assets and property, plant and equipment as well as non-cash expenses and income and sales revenue from contracts with customers reported in the reconciliation column relate to the Corporate Center.



#### 4.95 — SEGMENT REPORTING

€ k	Paint and Final Assembly Systems	Application Technology	Clean Technology Systems	Measuring and Process Systems	Woodworking Machinery and Systems	Total segments	Reconciliation <sup>1,2</sup>	Dürr Group
<b>2021</b>								
Sales revenue recognized over time from contracts with customers	985,528	323,752	320,734	91,038	264,134	1,985,186	–	1,985,186
Sales revenue recognized at a point in time from contracts with customers	97,696	146,343	66,417	141,486	1,095,373	1,547,315	7	1,547,322
Sales revenue from lease agreements	–	–	–	4,158	–	4,158	–	4,158
Sales revenue with other divisions	5,460	985	1,188	23,633	6,892	38,158	–38,158	–
<b>Total sales revenue</b>	<b>1,088,684</b>	<b>471,080</b>	<b>388,339</b>	<b>260,315</b>	<b>1,366,399</b>	<b>3,574,817</b>	<b>–38,151</b>	<b>3,536,666</b>
thereof from services	394,432	199,904	120,494	86,036	339,428	1,140,294	–8,419	1,131,875
<b>EBIT</b>	<b>35,228</b>	<b>41,192</b>	<b>9,184</b>	<b>17,896</b>	<b>76,607</b>	<b>180,107</b>	<b>–4,436</b>	<b>175,671</b>
Earnings from entities accounted for using the equity method	–	–	–	1,251	–	1,251	–	1,251
Cash flow from operating activities	33,243	13,559	14,736	21,320	160,871	243,729	13,238	256,967
Cash flow from investing activities	–49,685	–3,771	–3,907	11,178	–62,550	–108,735	–13,150	–121,885
Cash flow from financing activities	34,051	14,725	–14,936	–39,598	–150,137	–155,895	–178,287	–334,182
Amortization and depreciation	–29,963	–12,804	–9,425	–11,080	–55,542	–118,814	–2,356	–121,170
Impairment losses on intangible assets and property, plant and equipment	–87	–	–	–403	–2,040	–2,530	–	–2,530
Non-cash expenses and income	733	–44	1,097	4,301	–1,921	4,166	–14,617	–10,451
Additions to intangible assets	33,256	3,498	385	6,468	18,286	61,893	834	62,727
Additions to property, plant and equipment	19,884	6,394	4,166	12,714	38,533	81,691	1,070	82,761
Investment in entity accounted for using the equity method	–	–	–	18,462	–	18,462	–	18,462
Assets (as of Dec. 31)	987,445	525,688	317,832	319,500	1,110,836	3,261,301	–48,991	3,212,310
Liabilities (as of Dec. 31)	715,355	251,193	197,098	107,284	722,518	1,993,448	208,807	2,202,255
Employees (as of Dec. 31)	5,258	2,026	1,381	1,652	7,164	17,481	321	17,802

<sup>1</sup> The number of employees, amortization and depreciation, additions to intangible assets and property, plant and equipment, as well as non-cash expenses and income and sales revenue from contracts with customers reported in the reconciliation column relate to the Corporate Center.

<sup>2</sup> The tooling business was transferred from Woodworking Machinery and Systems to Measuring and Process Systems as of January 1, 2022. The disclosures for the 2021 reporting period and as of December 31, 2021 have been adjusted accordingly.

and systems for the automated application of paint, sealants and adhesives. Clean Technology Systems mainly specializes in exhaust gas purification systems. Measuring and Process Systems offers balancing and diagnostics equipment and testing as well as solutions for filling refrigerators, air conditioners and heat pumps with coolant. Since January 1, 2022, the tooling business has also been part of Measuring and Process Systems; this business was previously part of the Woodworking Machinery and Systems division. Woodworking Machinery and Systems develops and manufactures machinery and systems used for wood processing in

the production of furniture and kitchens. The division also focuses on systems for the production of building components for climate-friendly timber houses. The Corporate Center mainly comprises the holdings Dürr AG and Dürr Technologies GmbH as well as Dürr IT Service GmbH, which performs IT services throughout the Group. A detailed description of the activities of the individual divisions can be found in the section “The Group at a glance” in the combined management report. Transactions between the divisions are carried out at arm’s length.

#### 4.96 — RECONCILIATION OF SEGMENT FIGURES TO THE FIGURES OF THE DÜRR GROUP

€ k	2022	2021 <sup>1</sup>
EBIT of the segments	233,926	180,107
EBIT of the Corporate Center	-26,743	-6,062
Elimination of consolidation entries	-1,286	1,626
<b>EBIT of the Dürr Group</b>	<b>205,897</b>	<b>175,671</b>
Investment result	1,344	-258
Interest and similar income	11,487	8,162
Interest and similar expenses	-30,620	-51,018
<b>Earnings before income taxes</b>	<b>188,108</b>	<b>132,557</b>
Income taxes	-53,851	-47,617
<b>Profit of the Dürr Group</b>	<b>134,257</b>	<b>84,940</b>
€ k	Dec. 31, 2022	Dec. 31, 2021
Segment assets	3,610,400	3,261,301
Assets of the Corporate Center	1,074,546	1,076,733
Elimination of consolidation entries	-1,139,034	-1,125,724
Cash and cash equivalents	716,103	583,144
Time deposits and other financial receivables	150,141	254,779
Income tax receivables	31,794	30,816
Deferred tax assets	86,997	72,575
<b>Total assets of the Dürr Group</b>	<b>4,530,947</b>	<b>4,153,624</b>
Segment liabilities	2,259,886	1,993,448
Liabilities of the Corporate Center	254,391	236,071
Elimination of consolidation entries	-46,518	-27,264
Convertible bond and Schuldschein loans	806,324	803,700
Liabilities to banks	895	26,959
Remaining other financial liabilities	10,581	11,078
Income tax liabilities	77,652	68,008
Deferred tax liabilities	43,563	36,037
<b>Total liabilities of the Dürr Group<sup>2</sup></b>	<b>3,406,774</b>	<b>3,148,037</b>

<sup>1</sup> The tooling business was transferred from Woodworking Machinery and Systems to Measuring and Process Systems as of January 1, 2022. The disclosures for the 2021 reporting period and as of December 31, 2021 have been adjusted accordingly.

<sup>2</sup> Consolidated total assets less total equity

The segment reporting under IFRS 8 is based on the internal reporting. The revenue and EBIT of each of the five divisions are individually monitored by management in order to make decisions on the allocation of resources to determine the profitability of the units and to measure the development of the segments. The Group financing (including financial expenses and income) and income taxes are managed across the Group and are not allocated to the individual business segments.

The revenue from contracts with customers is recognized for each division in accordance with IFRS 15 and categorized into over-time and point-in-time revenue. Only the Woodworking Machinery and Systems division records revenue from contracts with customers largely at the time of the transfer of control, which is due to the high degree of standardization of the machines and the associated possible alternative use. All other divisions primarily generate revenue over time due to their contractual conditions.

Intra-group leases are not recognized but recognized as expenses or income.

#### Regional segmentation → Table 4.97

Sales revenue is allocated to regions based on the location of the project or delivery locations. The Group's assets are allocated on the basis of the location of the subsidiary reporting these assets. In accordance with IFRS 8.33 they include all non-current assets of the Group except for financial instruments, deferred tax assets and post-employment benefit assets.

In the 2022 reporting period, sales revenue in the USA came to € 934,014 thousand (prior period: € 672,482 thousand).

In the 2022 reporting period, 4.60% of sales revenue was generated with the largest customer compared to 4.53% in the prior period. The second- and third-largest customers accounted for 4.49% (prior period: 4.11%) and 2.87% (prior period: 3.78%), respectively. With the three largest customers, sales revenue was generated in all divisions aside from the Woodworking Machinery and Systems division. Entities that are known to be under common control are considered as one customer.

#### 4.97 — REGIONAL SEGMENTATION

€ k	Germany	Other European countries	North/ Central American countries	South American countries	China	Other Asian/ African countries/ Australia	Dürr Group
<b>2022</b>							
Sales revenue from contracts with customers	640,088	1,192,092	1,095,738	94,242	961,406	330,500	4,314,066
Additions to property, plant and equipment	57,262	21,500	9,757	2,371	7,527	13,297	111,714
Non-current assets (as of Dec. 31)	776,382	263,258	182,544	11,539	79,733	29,675	1,343,131
Employees (as of Dec. 31)	8,850	3,059	2,339	371	2,525	1,370	18,514
<b>2021</b>							
Sales revenue from contracts with customers	557,454	989,772	852,188	72,495	726,000	338,757	3,536,666
Additions to property, plant and equipment	40,303	20,437	11,913	1,021	6,803	2,284	82,761
Non-current assets (as of Dec. 31)	773,939	257,802	179,248	9,235	94,573	21,973	1,336,770
Employees (as of Dec. 31)	8,641	2,887	2,177	340	2,486	1,271	17,802

#### 39. RELATED PARTY TRANSACTIONS

Related parties comprise members of the Supervisory Board and the Board of Management.

Some members of the Supervisory Board of Dürr AG hold high-ranking positions in other entities. Transactions between these entities and the Dürr Group exclusively relate to supply and service relationships as part of the ordinary business activity of the Dürr Group and are carried out at arm's length. For further information about members of the Board of Management and the Supervisory Board of Dürr AG, please refer to → note 42.

Related parties include entities accounted for using the equity method and non-consolidated subsidiaries of the Dürr Group as well as entities for which Dürr AG represents an associate.

#### 4.99 — RELATED PARTY BALANCES

€ k	Dec. 31, 2022	Dec. 31, 2021
<b>RECEIVABLES FROM RELATED PARTIES</b>		
Associates	30	43
Non-consolidated subsidiaries	–	–
Other related party	–	–
Members of the Supervisory Board	–	–
<b>Total receivables</b>	<b>30</b>	<b>43</b>
<b>LIABILITIES TO RELATED PARTIES</b>		
Associates	99	163
Non-consolidated subsidiaries	1,058	1,070
Other related party	15	15
Members of the Supervisory Board	12	–
<b>Total liabilities</b>	<b>1,184</b>	<b>1,248</b>

#### 4.98 — RELATED PARTY TRANSACTIONS

€ k	2022	2021
<b>DELIVERY AND SERVICE TRANSACTIONS</b>		
Associates	484	367
Non-consolidated subsidiaries	–	–
Other related party	64	60
Members of the Supervisory Board	93	–
<b>Total delivery and service transactions</b>	<b>641</b>	<b>427</b>

Total remuneration of management – comprising the Supervisory Board and Board of Management – amounts to € 5,479 thousand (prior period: € 7,873 thousand). In the 2022 reporting period, a dividend of € 9,079 thousand was distributed to Heinz Dürr GmbH (prior period: € 5,292 thousand).

## 40. CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

### 4.100 — CONTINGENT LIABILITIES

€ k	Dec. 31, 2022	Dec. 31, 2021
Obligations from warranties and guarantees	1,694	1,826
Other	332	337
<b>Total contingent liabilities</b>	<b>2,026</b>	<b>2,163</b>

The Dürr Group assumes that these contingent liabilities will not lead to any liabilities or cash outflows.

Besides liabilities, provisions and contingent liabilities, the Group has other financial obligations for the acquisition of property, plant and equipment of € 11,686 thousand (prior period: € 5,109 thousand). There were also purchase commitments stemming from procurement agreements on a customary scale.

As of December 31, 2022, there were obligations of € 6,910 thousand (prior period: € 2,526 thousand) for leases that the Dürr Group has already entered into but that have not commenced yet. As of December 31, 2022, obligations for short-term leases amounted to € 1,337 thousand (prior period: € 1,472 thousand).

## 41. RISK MANAGEMENT AND DERIVATIVE FINANCIAL INSTRUMENTS

The Group operates in countries in which there are political and economic risks. These risks did not have any material effect on the Group in the 2022 reporting period. The Dürr Group may be involved in litigation, including product liability, in the ordinary course of business. There are no matters pending that the Board of Management expects to be material in relation to the Group's business or financial position. Provision has been made for expected litigation costs. The Group is generally exposed to financial risks. These include mainly credit risks, liquidity risks and exposure to interest rate changes or currency risks. The regulations for a Group-wide risk policy are set forth in the Group's guidelines. Detailed information on the risk management

system of the Dürr Group can be found in the "Risk report" in the combined management report.

### Credit risk

Credit risk relates to the possibility that business partners may fail to meet their obligations in a transaction involving non-derivative and derivative financial instruments and that capital losses could be incurred as a result.

For a loss allowance to be recognized pursuant to IFRS 9, the credit risks of the individual debtors are firstly segmented using common credit risk characteristics. Determining the loss allowance requires a diversified analysis of the debtors. Information on delayed payment and current market information, such as credit default swaps, future assessments by management and external ratings, among other things, are used for the analysis. This involves dividing the respective debtors into important and less important debtors measured in terms of the volume of the business relationship. As the economic development of the Dürr Group hinges to a large extent on the willingness of the automotive industry to invest, some automotive manufacturers are for example classified as important debtors. Despite their modest number, the Dürr Group generates a significant portion of sales revenue in business with these debtors. Using the simplified approach, this information is processed and used to derive loss allowance rates. These are applied throughout the Group as provision matrices. With the general approach, the loss allowance rates for important debtors are calculated on an individual basis. However, for less important debtors, clusters are formed to calculate the loss allowance rates.

The quantification of the expected credit losses primarily relates to three risk parameters: probability of default, loss given default and exposure at default. Depending on the debtor and maturity, the calculated amount of the loss allowance rates ranges from virtually 0% to 1.17%. The credit risks and associated loss allowance rates are regularly reviewed and adjusted accordingly.

In order to minimize the credit risk, credit ratings are performed for new customers, while the payment patterns of regular customers are analyzed on an ongoing basis. Furthermore, the Group analyzes publicly available market information and publications for certain customer groups for which an increased risk of default may arise. The Dürr Group uses respective terms

of payment as well as credit insurance policies such as letters of credit and trade credit insurance policies to further limit the risk of default. The maximum credit risk is shown by the carrying amount of financial assets recognized in the statement of financial position.

Further explanations on the valuation and impairment of financial assets can be found in → [note 6](#).

#### 4.101 — CARRYING AMOUNTS OF RECEIVABLES SECURED AGAINST DEFAULT

€ k	Dec. 31, 2022	Dec. 31, 2021
Letters of credit	7,556	5,914
Trade credit insurance policies	1,001	3,912
<b>Total</b>	<b>8,557</b>	<b>9,826</b>

In connection with the investment of cash and cash equivalents, investments as part of financial asset management and the portfolio of derivative financial assets, the Group is exposed to losses from credit risks should the credit institutions and companies fail to meet their obligations. The Dürr Group manages the resulting risk position by diversifying the portfolio and selecting the counterparties carefully. No cash and cash equivalents, investments of active asset management or derivative financial assets were past due on account of credit defaults.

#### Dependence on few customers

Due to the concentration of certain divisions on the automotive industry, a significant portion of the Group's receivables is due from comparably few automobile manufacturers. Generally, these receivables are not secured by bank guarantees or other collateral. As of December 31, 2022, 33.0% (prior period: 32.0%) of

the trade receivables were due from the ten largest customers. The Dürr Group does not see any concentration of credit risk from its business relations with individual debtors or groups of debtors. Due to the various divisions of the Group, each with its own different customer base, the level of diversity displayed among the Group's customers can be classified as high compared to pure-play automotive suppliers.

#### Liquidity risk

Liquidity risk is the risk that the Group may not be in a position to meet its obligations in the future, or to meet them at a reasonable price, when they fall due.

The liquidity situation is secured by available cash and cash equivalents as well as the credit lines which the Group can draw on. The liquidity situation is monitored and managed by means of a liquidity plan with a planning horizon of 18 months, coupled with a short-term liquidity forecast. In addition, use of cross-border cash pooling structures has improved the structure of the statement of financial position through liquidity pooling, reduced the volume of borrowed funds and thus helped to enhance the financial result. At the same time, the liquidity situation is more transparent. Moreover, excess liquidity at individual entities within the Group can be used to finance the cash needs of other Group entities internally. In operations, the liquidity risk is countered by actively managing current assets so as to counteract any fluctuations during the year. Please refer to → [note 6](#) for further details.

There are also financial guarantees of € 1,694 thousand (prior period: € 1,826 thousand). They were issued as part of sales financing to customers. The Group does not currently expect this to result in any significant cash outflows.

→ [Table 4.102](#) shows the contractually agreed (undiscounted) interest and principal payments for non-derivative financial liabilities.

#### 4.102 — INTEREST AND PRINCIPAL PAYMENTS FOR FINANCIAL LIABILITIES

€ k	Carrying amount as of Dec. 31, 2022	Cash flows			
		Current	Total non-current	Medium-term	Long-term
<b>Non-derivative financial liabilities</b>					
Trade payables	606,152	605,731	421	421	–
Convertible bond	142,549	1,125	153,375	153,375	–
Schuldschein loans	663,775	61,221	652,190	512,867	139,323
Liabilities to banks	895	670	225	225	–
Lease liabilities	94,799	29,860	75,993	59,922	16,071
Remaining other financial liabilities	10,581	9,094	1,487	1,487	–
Obligations from options	223,258	203,609 <sup>1</sup>	19,649	19,649	–
Liabilities from purchase price installments	15,111	9,739	5,372	5,372	–
Other sundry financial liabilities	136,990	133,662	3,328	2,408	920

€ k	Carrying amount as of Dec. 31, 2021	Cash flows			
		Current	Total non-current	Medium-term	Long-term
<b>Non-derivative financial liabilities</b>					
Trade payables	373,008	372,032	976	976	–
Convertible bond	140,222	1,453	154,500	154,500	–
Schuldschein loans	663,478	9,538	707,694	454,266	253,428
Liabilities to banks	26,959	3,796	23,163	5,567	17,596
Lease liabilities	95,670	29,575	76,836	58,222	18,614
Remaining other financial liabilities	11,078	9,589	1,489	1,489	–
Obligations from options	262,189	230,805 <sup>1</sup>	31,384	31,384	–
Liabilities from purchase price installments	14,263	10,130	4,133	4,133	–
Other sundry financial liabilities	130,858	128,072	2,786	2,786	–

<sup>1</sup> The cash flows for obligations from options relate primarily to the sundry financial liability recognized in connection with the domination and profit and loss transfer agreement with HOMAG Group AG. The expected cash flows were classified as current. However, the options can also be exercised with differing terms. Please refer to note 6 for further details.

The following table shows the liquidity analysis of the Group for derivative financial instruments based on the contractual maturities. The table is based on the undiscounted net cash inflows and outflows of those derivative instruments that are offset on a net basis as well as the undiscounted gross cash inflows and outflows of those derivatives that need to be offset on a gross basis.

The presentation of the undiscounted cash inflows and outflows of those derivatives that are offset on a gross basis was adjusted to a gross presentation to provide an improved depiction of the substance of the transactions. The prior-period disclosures have been changed accordingly.

**4.103 — CONTRACTUALLY AGREED UNDISCOUNTED CASH FLOWS OF DERIVATIVE FINANCIAL INSTRUMENTS WITH NEGATIVE MARKET VALUE**

		Cash flows			
€ k	Total Dec. 31, 2022	Current	Total non-current	Medium-term	Long-term
DERIVATIVE FINANCIAL LIABILITIES					
Gross settlement					
Cash outflows	350,665	316,414	34,251	34,251	-
Cash inflows	342,348	308,186	34,162	34,162	-
Net settlement					
Cash outflows	20	20	-	-	-
Cash inflows	-	-	-	-	-

		Cash flows			
€ k	Total Dec. 31, 2021	Current	Total non-current	Medium-term	Long-term
DERIVATIVE FINANCIAL LIABILITIES					
Gross settlement					
Cash outflows	304,750	248,009	56,741	56,741	-
Cash inflows	295,163	238,903	56,260	56,260	-
Net settlement					
Cash outflows	14	14	-	-	-
Cash inflows	-	-	-	-	-

## Foreign currency risk

Currency risks exist in particular where receivables or liabilities are carried or will arise in the ordinary course of business in a currency other than the functional currency of the entity. Foreign exchange risks are hedged where they affect the cash flows of the Group. Foreign exchange risks that do not affect the cash flows of the Group (i.e., the risks from translating the items from the statement of financial position of foreign operations to the euro, the Group's reporting currency), however, are generally not hedged. Forward exchange transactions are entered into to hedge exchange rate fluctuations from cash flows relating to forecast purchase and sales transactions with original terms of up to 60 months (prior period: 60 months). The maximum residual term of derivatives for hedging currency risks as of the balance sheet date is 29 months (prior period: 41 months).

Regarding the presentation of market risks, IFRS 7 "Financial Instruments: Disclosures" requires sensitivity analyses showing how profit or loss and equity would have been affected by hypothetical changes in the relevant risk variables. The periodic effects are determined by relating the hypothetical changes of the risk variables to the financial instruments as of the end of the reporting period. The presentation is based on the assumption that the portfolio at the end of the reporting period was representative for the whole year. Currency risks as defined by IFRS 7 arise from financial instruments that are denominated in a currency other than the functional currency and are of a monetary nature; exchange differences from the translation of financial statements to the Group's currency are not taken into account. All currencies other than the functional currency in which the Dürr Group holds financial instruments are relevant risk variables.

Material non-derivative monetary items which constitute currency risks for the Group are cash, trade receivables and payables as well as contract assets. Non-derivative financial instruments that could give rise to currency risks are usually hedged by derivative financial instruments that are accounted for as fair value hedges. In the process, both the change in the derivative financial instrument and the change in the value of the hedged item, regarding the hedged risks, are recognized through profit or loss. In addition, the Group is exposed to currency risks from derivatives that are embedded, in accordance with IAS 39, in effective cash flow hedges of fluctuation in payments caused by exchange rates. Exchange rate changes concerning the currencies underlying these transactions affect the currency reserve in equity and the fair value of the hedges.

The analyses of the Group's sensitivity to fluctuations in foreign exchange rates use the currency pairs that are relevant for the Dürr Group. This involves projecting the impact of a hypothetical 10% appreciation, or depreciation respectively, of the euro against the US dollar, the Chinese renminbi, the Danish krone, the pound sterling, the Hong Kong dollar, the Indian rupee, the Mexican peso, the Swiss franc, the Korean won, the Polish zloty as well as an appreciation and depreciation of the US dollar against the Mexican peso and the Korean won. → [Table 4.104](#)

## Interest rate risk

Interest rate risks arise from fluctuations in interest rates that could have a negative impact on the assets, liabilities, financial position and financial performance of the Group. Interest rate fluctuations lead to changes in net interest and in the carrying amounts of the interest-bearing assets and liabilities. For interest rate risks, the maximum residual term is 34 months (prior period: 48 months).

The Dürr Group has cash and security and other deposits that are subject to fluctuation in interest rates as of December 31, 2022. A hypothetical increase in these interest rates of 25 base points per year would have caused a € 1,614 thousand (prior period: € 1,608 thousand) increase in interest income. A hypothetical decrease of 25 base points per year would have caused a € 1,614 thousand (prior period: € 1,608 thousand) decrease in interest income.

## Other price risks

In the presentation of market risks, IFRS 7 also requires disclosures on the effects of hypothetical changes in the risk variables on the price of financial instruments. The main risk variables include stock market prices and indices. Please refer to → [note 36](#) for more information on the price risk of the financial assets, equity instruments, options and the contingent purchase price installments disclosed as a level 3 financial instrument.

## Use of derivative financial instruments

Derivative financial instruments are used in the Group to minimize the risks concerning changes in exchange rates and interest rates on cash flows and the change in the fair value of receivables and liabilities. Hedging allows the amount of the expected cash inflow/outflow in the functional currency to be estimated in advance. This generally involves fully hedging all payments for which there is significant economic risk from changes in the exchange and interest rate. The Dürr Group is



#### 4.104 — IMPACT ON THE STATEMENT OF PROFIT OR LOSS AND EQUITY

€ k	Dec. 31, 2022		Dec. 31, 2021	
	Impact on the statement of profit or loss	Impact on the hedge reserve in equity	Impact on the statement of profit or loss	Impact on the hedge reserve in equity
<b>EUR/CHF</b>				
EUR +10%	842	–	387	–27
EUR –10%	–1,022	–	–470	34
<b>EUR/CNY</b>				
EUR +10%	11,408	6,422	4,869	6,322
EUR –10%	–13,904	–7,778	–5,948	–7,667
<b>EUR/DKK</b>				
EUR +10%	–3,411	–745	–262	–385
EUR –10%	5,100	1,211	411	469
<b>EUR/GBP</b>				
EUR +10%	437	162	1,107	285
EUR –10%	–520	–196	–1,341	–345
<b>EUR/HKD</b>				
EUR +10%	–	–	968	–
EUR –10%	–	–	–1,173	–
<b>EUR/INR</b>				
EUR +10%	–749	–	–1,294	–
EUR –10%	921	–	1,590	–
<b>EUR/KRW</b>				
EUR +10%	–100	–1,023	37	–108
EUR –10%	129	1,268	–44	138
<b>EUR/MXN</b>				
EUR +10%	242	2,370	–768	989
EUR –10%	–290	–2,845	939	–1,204
<b>EUR/PLN</b>				
EUR +10%	–210	–7,030	–662	–4,945
EUR –10%	307	8,694	817	6,146
<b>EUR/USD</b>				
EUR +10%	2,845	9,896	–532	5,520
EUR –10%	–3,433	–12,018	680	–6,680
<b>USD/KRW</b>				
USD +10%	–47	843	–20	772
USD –10%	63	–1,255	29	–1,134
<b>USD/MXN</b>				
USD +10%	–3,989	–1,157	–3,152	–2,374
USD –10%	4,890	1,628	3,698	3,078

exposed to a replacement risk in the event of non-performance by counterparties (credit institutions) relating to the financial instruments. Derivative financial instruments, mainly forward contracts, are only entered into to hedge the operating business and to hedge loans. In hedging the operating business, derivative financial instruments are entered into on the basis of internal estimates of progress and payment dates. In order to ensure the effectiveness of the hedging relationships, various features/parameters, such as expected date and volume of payment between the hedged item and corresponding hedge are reviewed and adjusted if necessary. Any ineffectiveness may result, for example, from various different credit risks and delays in contract processing. However, any hedges entered into are expected to be highly effective in offsetting changes in fair value or cash flows. They are assessed on an ongoing basis to determine that they actually have been highly effective throughout the periods for which they were designated. All financial derivatives as well as the respective hedged transactions are subject to regular internal control and measurement in accordance with the directive of the Board of Management. The hedged transactions are primarily included in the following items of the statement of financial position: Trade receivables and trade payables, contract assets, dividend payments. The hedging relationships from cash flow and fair value hedges did not result in any significant ineffectiveness. The changes in value of the hedged transactions therefore run counter to the developments of derivatives.

At the inception of the hedge, the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge are formally documented. This documentation contains identification of the hedging instrument, the related hedged item or transaction, the nature of the risk being hedged, and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or the hedged item's cash flows attributable to the hedged risk.

Depending on their market value at the end of the reporting period, derivative financial instruments are reported under sundry financial assets (positive market value) or sundry financial liabilities (negative market value) respectively.

→ Table 4.105

The fair value of the financial instruments was estimated using the following methods and assumptions. The fair values of the forward exchange contracts were estimated at the present value of cash flows on the basis of the difference between the contractually agreed forward exchange rates and the forward rate prevailing at the end of the reporting period. The fair values of the interest hedges are estimated as the discounted value of expected future cash flows based on current market parameters. → Table 4.106

#### 4.105 — SCOPE AND FAIR VALUE OF FINANCIAL INSTRUMENTS

€ k	Nominal value		Positive market value		Negative market value		Change in the fair value to recognize ineffectiveness	
	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2021
Forward exchange contracts	930,315	496,486	14,945	3,400	-8,540	-9,675	6,405	-6,275
thereof in connection with cash flow hedges	537,900	305,304	9,374	1,954	-6,315	-6,234	3,059	-4,280
thereof in connection with fair value hedges	110,750	83,498	1,592	419	-1,074	-3,003	518	-2,584
thereof not used for hedging	281,665	107,684	3,979	1,027	-1,151	-438	2,828	589

#### 4.106 — NOMINAL VALUES OF HEDGING INSTRUMENTS

€ k	Total	Current	Total non-current	Medium-term	Long-term
Forward exchange contracts	930,315	833,024	97,291	97,291	–
(2021)	(496,486)	(406,993)	(89,493)	(89,493)	(–)
thereof in connection with cash flow hedges	537,900	448,804	89,096	89,096	–
(2021)	(305,304)	(244,437)	(60,867)	(60,867)	(–)
thereof in connection with fair value hedges	110,750	109,735	1,015	1,015	–
(2021)	(83,498)	(83,127)	(371)	(371)	(–)
thereof not used for hedging	281,665	274,485	7,180	7,180	–
(2021)	(107,684)	(79,429)	(28,255)	(28,255)	(–)

#### 4.107 — AVERAGE EXCHANGE RATES OF CONCLUDED FORWARD EXCHANGE TRANSACTIONS FOR MAJOR CURRENCY PAIRS

€ k	Average rate		Closing rate	
	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2021
EUR/CHF	0.9884	1.0728	0.9851	1.0333
EUR/CNY	7.2000	7.6038	7.4355	7.2172
EUR/DKK	7.4292	7.4381	7.4365	7.4369
EUR/GBP	0.8679	0.8498	0.8868	0.8400
EUR/HKD	–	9.0250	8.3204	8.8277
EUR/INR	87.6317	90.4185	88.1567	84.1680
EUR/KRW	1,385.7777	1,369.4038	1,338.1861	1,344.9570
EUR/MXN	22.2910	25.0162	20.8858	23.1407
EUR/PLN	4.9229	4.6600	4.6858	4.5944
EUR/USD	1.0716	1.1654	1.0676	1.1320
USD/KRW	1,275.4275	1,137.9315	1,253.4527	1,188.1246
USD/MXN	20.4024	21.6676	19.5633	20.4423

#### Accounting and disclosure of derivative financial instruments and hedge accounting

Currency hedges that clearly serve to hedge future cash flows from foreign exchange transactions and which meet the requirements of IAS 39 in terms of documentation and effectiveness are accounted for as cash flow hedges. Such derivative financial instruments are recognized at fair value. Changes in fair value that impact hedge effectiveness are recognized directly through other comprehensive income until the hedged item is realized. Upon realization of the future transaction (hedged item), the effects recorded through other comprehensive income are transferred to profit or loss and recognized in sales revenue or cost of sales, other operating income and expenses or in net interest in the statement of profit or loss.

#### 4.108 — DISCLOSURES OF FORWARD EXCHANGE CONTRACTS IN CASH FLOW HEDGES

€ k	Forward exchange contracts	
	Dec. 31, 2022	Dec. 31, 2021
Change in the fair value of the hedged item	-3,059	4,280
Hedge reserve	849	-3,821
Reclassification from hedge reserve to profit or loss		
Hedged items through profit or loss	1,281	655
Hedged items no longer expected	-	-

#### 4.109 — DISCLOSURES OF FORWARD EXCHANGE CONTRACTS IN FAIR VALUE HEDGES

€ k	Assets		Liabilities	
	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2021
Carrying amount of the hedged items	8,193	8,545	10,420	5,984
Cumulative fair value hedge adjustment	49	-1	-13	-
Statement of financial position item	Trade receivables	Trade receivables	Trade payables	Trade payables

The changes in value of the hedged items correspond to the accumulated amount of fair value hedge adjustments.

#### 4.110 — RECONCILIATION HEDGE RESERVE IN EQUITY

€ k	2022	2021
<b>As of January 1</b>	<b>-3,851</b>	<b>1,045</b>
Exchange difference	-	-20
Additions and changes in value	3,572	-5,900
Reclassification to other statement of financial position items	-153	369
Reclassification to profit or loss	1,281	655
thereof		
Sales revenue	-	-
Cost of sales	1,272	659
Other operating income	9	-
Other operating expenses	-	-4
Interest and similar income	-	-
Interest and similar expenses	-	-
<b>As of December 31</b>	<b>849</b>	<b>-3,851</b>

In the 2022 reporting period, the determination methods did not result in any significant inefficiencies for fair value hedges and cash flow hedges. Any inefficiencies are disclosed in sales revenue or cost of sales in the statement of profit or loss. The reclassification amount did not contain any significant result for which the hedged item was no longer expected.

The effect on earnings (before income taxes) expected for the 2023 reporting period from the amounts recognized through other comprehensive income at the end of the reporting period comes to € 1,257 thousand. In subsequent reporting periods, accumulated effects on earnings of € -408 thousand are expected.

In the 2022 reporting period, no hedging options were used; for forward exchange contracts, no distinction was made between forward and spot elements.

The changes in the fair value of all derivative financial instruments that do not meet the requirements for hedge accounting in accordance with IAS 39 are recognized through profit or loss at the end of the reporting period.

## 42. ADDITIONAL NOTES

### Declaration of compliance with the German Corporate Governance Code pursuant to Sec. 161 AktG

The declaration of compliance prescribed by Sec. 161 AktG was submitted by the Board of Management and the Supervisory Board of Dürr AG in Bietigheim-Bissingen, Germany, on October 5, 2022, and made accessible to the shareholders on the internet. For additional information, please refer to the combined management report.

### Headcount

The number of employees in the Dürr Group breaks down as of December 31, 2022, and as an average over the 2022 reporting period as shown in → tables 4.111 and 4.112.

#### 4.111 — EMPLOYEES AS OF THE END OF THE REPORTING PERIOD

	Dec. 31, 2022	Dec. 31, 2021
Industrial employees	7,898	7,951
Salaried employees	9,349	8,476
<b>Employees excluding interns/trainees/others</b>	<b>17,247</b>	<b>16,427</b>
Interns/trainees/others	1,267	1,375
<b>Total employees</b>	<b>18,514</b>	<b>17,802</b>

#### 4.112 — AVERAGE HEADCOUNT DURING THE YEAR

	2022	2021
Industrial employees	8,048	7,638
Salaried employees	8,911	8,257
<b>Employees excluding interns/trainees/others</b>	<b>16,959</b>	<b>15,895</b>
Interns/trainees/others	1,211	1,278
<b>Total employees</b>	<b>18,170</b>	<b>17,173</b>

### Fees payable to the auditor of the consolidated financial statements

→ Table 4.113 shows the audit fees payable to the auditor of the consolidated financial statements, Deloitte GmbH Wirtschaftsprüfungsgesellschaft, recorded as an expense for the 2022 reporting period. In the prior period, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft was the auditor of the consolidated financial statements of the Dürr Group.

#### 4.113 — AUDITOR'S FEES

€ k	2022	2021
Audit fees	1,466	1,728
Other assurance services	91	157
Tax advisory services	–	202
Other services	–	–
<b>Total</b>	<b>1,557</b>	<b>2,087</b>

The auditor's fees relate to the audit of the consolidated financial statements and the separate financial statements of Dürr AG and its affiliated companies included in the consolidated financial statements. The auditor's fees also include fees for voluntary audits of separate financial statements of € 116 thousand (prior period: € 125 thousand). As a result of the new regulation of the Gesetz zur Stärkung der Finanzmarktintegrität (FISG) [Act to Strengthen Financial Market Integrity], the provision of tax consultancy and other services by the auditor of the financial statements is prohibited as from 2022.

Fees for non-audit services relate to voluntary audits and other assurance services (prior period: voluntary audits, other assurance services and tax advisory services). These fees amounted to € 207 thousand in the 2022 reporting period (prior period: € 484 thousand).

In the 2022 reporting period, other assurance services largely related to the review of the consolidated non-financial statement and the audit of the remuneration report. In the prior period, other assurance services largely related to merger audits and the review of the consolidated non-financial statement.

### **Subsequent events**

At the beginning of the second quarter of 2023, the Dürr Group intends to issue a Schuldschein loan with a sustainability component. The related marketing activities started at the beginning of March. With the proceeds, the Dürr Group intends, on the one hand, to refinance the tranches due in April 2023 of the debt certificate of € 50,000 thousand from the year 2016, and, on the other hand, to maintain liquidity at a high level in view of possible acquisitions.

Between the beginning of the current reporting period and March 14, 2023, there were no further events that could have a material influence on the assets, liabilities, financial position and financial performance of the Group.

### **Authorization for issue and publication of the consolidated financial statements as of December 31, 2022**

The consolidated financial statements and combined management report of Dürr AG prepared by the Board of Management as of December 31, 2022, were authorized for issue to the Supervisory Board at the meeting of the Board of Management on March 14, 2023, and are scheduled for publication in the 2022 annual report on March 16, 2023.

## MEMBERS OF THE BOARD OF MANAGEMENT

### Dr. Jochen Weyrauch

CEO (since January 1, 2022)

- Homag Group AG, Schopfloch, Germany<sup>1,2</sup>  
(Additional Deputy Chairman)
- iTAC Software AG, Montabaur, Germany<sup>1</sup> (Chairman)  
» Dürr Paintshop Systems Engineering (Shanghai) Co. Ltd.,  
Shanghai, PR China<sup>1</sup> (Supervisor)

### Dietmar Heinrich

Chief Financial Officer

- Carl Schenck AG, Darmstadt, Germany<sup>1</sup>  
(Chairman, since January 19, 2022)
- Dürr Systems AG, Stuttgart, Germany<sup>1</sup> (Chairman)
- Homag Group AG, Schopfloch, Germany<sup>1,2</sup>

■ Membership in statutory supervisory boards

» Membership in comparable German and foreign control bodies (of business entities)

<sup>1</sup> Group boards

<sup>2</sup> listed

The members of the Board of Management were remunerated as shown in → [table 4.114](#).

### 4.114 — REMUNERATION OF BOARD OF MANAGEMENT

€ k	2022	2021
Short-term employee benefits (excluding share-based payments)	3,183	5,036
Post-employment benefits	400	578
Termination benefits	–	–
Share-based payments	429	988
<b>Total remuneration</b>	<b>4,012</b>	<b>6,602</b>

Former members of the Board of Management received pension payments of € 627 thousand in the 2022 reporting period (prior period: € 588 thousand). The plan assets for this group of persons exceeded the defined benefit obligation by € 980 thousand as of December 31, 2022. In the prior period, the pension provision amounted to € 824 thousand. The remuneration includes the Board of Management of Dürr AG.

Individualized disclosures on the remuneration of the members of the Board of Management are presented in the remuneration report.

## MEMBERS OF THE SUPERVISORY BOARD

### Gerhard Federer<sup>1,2,4,5</sup>

Independent consultant, Gengenbach, Germany  
Chairman

- Homag Group AG, Schopfloch, Germany<sup>6</sup> (Chairman)

### Hayo Raich<sup>1,3,4</sup>

Full-time Chairman of the Group Works Council of Dürr AG,  
Stuttgart, Germany

Full-time Chairman of the Works Council of Dürr Systems AG,  
Stuttgart, Germany, at the Bietigheim-Bissingen site  
Deputy Chairman

- Dürr Systems AG, Stuttgart, Germany (Deputy Chairman)

### Richard Bauer<sup>1,4,5</sup>

Supervisory Board member, Wentorf near Hamburg, Germany  
Additional Deputy Chairman

- Körber AG, Hamburg, Germany (Chairman)

### Mirko Becker<sup>2,3</sup>

Full-time Deputy Chairman of the Group Works Council of  
Dürr AG, Stuttgart, Germany

Full-time member of the Works Council of Dürr Systems AG,  
Stuttgart, Germany, at the Bietigheim-Bissingen site

### Dr. Rolf Breidenbach

Supervisory Board, Dortmund, Germany  
President and CEO of HELLA GmbH & Co. KGaA,  
Lippstadt, Germany (until June 30, 2022)

- ZF Friedrichshafen AG, Friedrichshafen, Germany<sup>6</sup>  
(since January 20, 2022)
- MAHLE GmbH, Stuttgart, Germany (since January 1, 2023)  
» Brose Fahrzeugteile SE & Co. KG, Coburg, Germany  
(since July 1, 2022) (Member of the Advisory Board)  
» Kongsberg Automotive ASA, Kongsberg, Norway<sup>6</sup>  
(since July 1, 2022)

### Prof. Dr. Dr. Alexandra Dürr<sup>2,5</sup>

Professor for medical genetics and research team head,  
Paris Brain Institute, Paris, France

### Carmen Hettich-Günther<sup>3,4</sup>

Full-time Chairwoman of the Group Works Council of Homag Group AG, Schopfloch, Germany

Full-time Chairwoman of the Works Council of HOMAG GmbH, Schopfloch, Germany

- HOMAG GmbH, Schopfloch, Germany (Deputy Chairwoman)
- Homag Group AG, Schopfloch, Germany<sup>6</sup> (Deputy Chairwoman)

### Thomas Hohmann<sup>2,3</sup>

Commercial manager of Dürr Systems AG, Stuttgart, Germany (Division Application Technology)

### Dr. Anja Schuler

Specialist in Psychiatry and Psychotherapy FMH, Zurich, Switzerland

- Homag Group AG, Schopfloch, Germany<sup>6</sup>

### Dr. Martin Schwarz-Kocher<sup>2,3</sup>

Business management consultant of IMU Institut GmbH, Stuttgart, Germany

### Dr. Astrid Ziegler<sup>1,3</sup>

Head of Department for Industrial, Energy and Structural Policy on the Board of Management of IG Metall, Frankfurt am Main, Germany

- Pfeleiderer Deutschland GmbH, Neumarkt (Oberpfalz), Germany

### Arnd Zinnhardt<sup>2</sup>

Member of the Supervisory Board, Königstein im Taunus, Germany

- Aareon AG, Mainz, Germany
- Grant Thornton AG (Wirtschaftsprüfungsgesellschaft), Düsseldorf, Germany

### Dr.-Ing. E.h. Heinz Dürr

Honorary Chairman of the Supervisory Board

▪ Membership in statutory supervisory boards

» Membership in comparable German and foreign control bodies (of business entities)

<sup>1</sup> Member of the Executive Committee and Personnel Committee

<sup>2</sup> Member of the Audit Committee

<sup>3</sup> Employee representative

<sup>4</sup> Member of the Mediation Committee

<sup>5</sup> Member of the Nomination Committee

<sup>6</sup> Listed

→ Table 4.115 shows a breakdown into components of the total remuneration of Supervisory Board members in the 2022 reporting period.

#### 4.115 — REMUNERATION OF THE SUPERVISORY BOARD

€ k	2022	2021
Basic remuneration	903	933
Remuneration for committee membership	128	135
Attendance fees <sup>1</sup>	343	203
<b>Total remuneration</b>	<b>1,374</b>	<b>1,271</b>

<sup>1</sup> For Supervisory Board and committee meetings

In addition, a remuneration of € 93 thousand was paid for consultancy services provided to iTAC Software AG on the basis of a consultancy agreement.



### 43. STATEMENT OF CHANGES IN NON-CURRENT ASSETS

#### 4.116 — INTANGIBLE ASSETS INCLUDING RIGHT-OF-USE ASSETS

€ k	Goodwill	Franchises, industrial rights and similar rights	Capitalized development costs	Prepayments for intangible assets	Dürr Group
<b>Accumulated cost as of January 1, 2021</b>	<b>457,931</b>	<b>366,779</b>	<b>126,812</b>	<b>5,276</b>	<b>956,798</b>
Exchange difference	6,342	5,244	3	–	11,589
Changes in the consolidated group	–	43,236	–	–	43,236
Additions	37,644	2,500	21,475	1,108	62,727
Disposals	–	–3,485	–489	–870	–4,844
Reclassifications	–	646	1,542	–2,205	–17
<b>Accumulated cost as of December 31, 2021</b>	<b>501,917</b>	<b>414,920</b>	<b>149,343</b>	<b>3,309</b>	<b>1,069,489</b>
Exchange difference	2,918	1,688	–33	–	4,573
Additions	–	2,514	23,574	740	26,828
Disposals	–	–21,066	–844	–38	–21,948
Reclassifications	–	–4,680	8,422	–3,271	471
<b>Accumulated cost as of December 31, 2022</b>	<b>504,835</b>	<b>393,376</b>	<b>180,462</b>	<b>740</b>	<b>1,079,413</b>
<b>Accumulated amortization and impairment as of January 1, 2021</b>	<b>–</b>	<b>216,790</b>	<b>77,840</b>	<b>841</b>	<b>295,471</b>
Exchange difference	–	2,638	2	–	2,640
Amortization for the period	–	31,986	10,718	–	42,704
Impairment losses for the period	–	–	2,530	–	2,530
Disposals	–	–3,365	–489	–803	–4,657
Reclassifications	–	–17	–	–	–17
<b>Accumulated amortization and impairment as of December 31, 2021</b>	<b>–</b>	<b>248,032</b>	<b>90,601</b>	<b>38</b>	<b>338,671</b>
Exchange difference	–	766	–	–	766
Amortization for the period	–	29,739	12,883	–	42,622
Impairment losses for the period	–	1,589	–	–	1,589
Disposals	–	–20,991	–547	–38	–21,576
Reclassifications	–	–2,062	2,081	–	19
<b>Accumulated amortization and impairment as of December 31, 2022</b>	<b>–</b>	<b>257,073</b>	<b>105,018</b>	<b>–</b>	<b>362,091</b>
<b>Net carrying amount as of December 31, 2022</b>	<b>504,835</b>	<b>136,303</b>	<b>75,444</b>	<b>740</b>	<b>717,322</b>
Net carrying amount as of December 31, 2021	501,917	166,888	58,742	3,271	730,818
Net carrying amount as of January 1, 2021	457,931	149,989	48,972	4,435	661,327

#### 4.117 — PROPERTY, PLANT AND EQUIPMENT INCLUDING RIGHT-OF-USE ASSETS

€ k	Land, land rights and buildings including buildings on third-party land	Investment property	Technical equipment and machines	Other equipment, furniture and fixtures	Prepayments and assets under construction	Dürr Group
<b>Accumulated cost as of January 1, 2021</b>	<b>583,471</b>	<b>49,558</b>	<b>111,471</b>	<b>233,113</b>	<b>4,040</b>	<b>981,653</b>
Exchange difference	17,529	–	3,443	4,515	146	25,633
Changes in the consolidated group	67,599	–	1,020	5,941	177	74,737
Additions	31,694	19	4,815	25,187	21,046	82,761
Disposals	–14,431	–1,338	–3,014	–16,872	–54	–35,709
Reclassification to assets held for sale	–11,068	–	–307	–870	–	–12,245
Reclassifications	3,655	–	831	1,799	–6,140	145
<b>Accumulated cost as of December 31, 2021</b>	<b>678,449</b>	<b>48,239</b>	<b>118,259</b>	<b>252,813</b>	<b>19,215</b>	<b>1,116,975</b>
Exchange difference	3,107	–	445	1,348	79	4,979
Additions	38,613	1,523	7,050	33,358	31,170	111,714
Disposals	–12,725	–	–3,063	–19,505	–	–35,293
Reclassification to assets held for sale	–2,468	–	–440	–23	–	–2,931
Reclassifications	8,601	–	5,598	3	–14,673	–471
<b>Accumulated cost as of December 31, 2022</b>	<b>713,577</b>	<b>49,762</b>	<b>127,849</b>	<b>267,994</b>	<b>35,791</b>	<b>1,194,973</b>
<b>Accumulated depreciation and impairment as of January 1, 2021</b>	<b>227,101</b>	<b>30,519</b>	<b>62,157</b>	<b>154,393</b>	<b>–</b>	<b>474,170</b>
Exchange difference	7,483	–	1,778	2,901	–	12,162
Depreciation for the period	36,091	1,161	9,693	31,521	–	78,466
Disposals	–9,111	–921	–1,012	–15,022	–	–26,066
Reclassification to assets held for sale	–6,365	–	–238	–740	–	–7,343
Reclassifications	–12	–	–257	414	–	145
<b>Accumulated depreciation and impairment as of December 31, 2021</b>	<b>255,187</b>	<b>30,759</b>	<b>72,121</b>	<b>173,467</b>	<b>–</b>	<b>531,534</b>
Exchange difference	769	–	370	917	–	2,056
Depreciation for the period	38,743	1,298	9,632	32,488	–	82,161
Impairment losses for the period	–	–	251	365	4	620
Disposals	–6,959	–	–2,016	–17,974	–4	–26,953
Reclassification to assets held for sale	–464	–	–172	–20	–	–656
Reclassifications	264	–	176	–459	–	–19
<b>Accumulated depreciation and impairment as of December 31, 2022</b>	<b>287,540</b>	<b>32,057</b>	<b>80,362</b>	<b>188,784</b>	<b>–</b>	<b>588,743</b>
<b>Net carrying amount as of December 31, 2022</b>	<b>426,037</b>	<b>17,705</b>	<b>47,487</b>	<b>79,210</b>	<b>35,791</b>	<b>606,230</b>
Net carrying amount as of December 31, 2021	423,262	17,480	46,138	79,346	19,215	585,441
Net carrying amount as of January 1, 2021	356,370	19,039	49,314	78,720	4,040	507,483

#### 4.118 — FINANCIAL ASSETS

€ k	Investments in entities accounted for using the equity method	Other investments	Non-current other loans	Dürr Group
<b>Accumulated cost as of January 1, 2021</b>	<b>19,518</b>	<b>15,783</b>	<b>602</b>	<b>35,903</b>
Changes in the consolidated group	–	1,241	–	1,241
Exchange difference	–546	–	–	–546
Additions	–	436	–	436
Change in value	–510	994	–	484
<b>Accumulated cost as of December 31, 2021</b>	<b>18,462</b>	<b>18,454</b>	<b>602</b>	<b>37,518</b>
Exchange difference	–1,462	–	–	–1,462
Disposals	–	–67	–	–67
Change in value	2,577	–8,694	–	–6,117
<b>Accumulated cost as of December 31, 2022</b>	<b>19,577</b>	<b>9,693</b>	<b>602</b>	<b>29,872</b>
<b>Accumulated impairment as of January 1, 2021</b>	<b>–</b>	<b>–</b>	<b>602</b>	<b>602</b>
<b>Accumulated impairment as of December 31, 2021</b>	<b>–</b>	<b>–</b>	<b>602</b>	<b>602</b>
Additions to impairment losses	1,941	–	–	1,941
<b>Accumulated impairment as of December 31, 2022</b>	<b>1,941</b>	<b>–</b>	<b>602</b>	<b>2,543</b>
<b>Net carrying amount as of December 31, 2022</b>	<b>17,636</b>	<b>9,693</b>	<b>–</b>	<b>27,329</b>
Net carrying amount as of December 31, 2021	18,462	18,454	–	36,916
Net carrying amount as of January 1, 2021	19,518	15,783	–	35,301

## 44. LIST OF GROUP SHAREHOLDINGS

### 4.119 — LIST OF GROUP SHAREHOLDINGS

Name and location	Equity interest %*
<b>A. FULLY CONSOLIDATED SUBSIDIARIES</b>	
<b>GERMANY</b>	
BENZ GmbH Werkzeugsysteme, Haslach im Kinzigtal <sup>1,2</sup>	100.0
Carl Schenck Aktiengesellschaft, Darmstadt <sup>1,2</sup>	100.0
Cubanit Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs KG, Mainz <sup>4</sup>	0.0
Dawandos Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs KG, Mainz <sup>4</sup>	94.0
DUALIS GmbH IT Solution, Dresden <sup>1</sup>	100.0
Dürr Assembly Products GmbH, Püttlingen <sup>1,2</sup>	100.0
Dürr International GmbH, Stuttgart <sup>1,2</sup>	100.0
Dürr IT Service GmbH, Stuttgart <sup>1,2</sup>	100.0
Dürr Somac GmbH, Stollberg/Erzgeb. <sup>1,2</sup>	100.0
Dürr Systems AG, Stuttgart <sup>1,2</sup>	100.0
Dürr Technologies GmbH, Stuttgart <sup>1,2</sup>	100.0
Dürr thermea GmbH, Bietigheim-Bissingen <sup>1,2</sup>	100.0
Elke Grundstücksverwaltungsgesellschaft mbH, Pullach im Isartal <sup>4</sup>	0.0
Grit Grundstücksverwaltungs-GmbH & Co. Verpachtungs-KG, Pullach i. Isartal <sup>4</sup>	100.0
HEKUMA GmbH, Hallbergmoos <sup>1</sup>	100.0
HOMAG Automation GmbH, Lichtenberg/Erzgeb. <sup>1,2</sup>	100.0
HOMAG Bohrsysteme GmbH, Herzebrock-Clarholz	100.0
HOMAG China Holding GmbH, Schopfloch <sup>1,2</sup>	100.0
HOMAG GmbH, Schopfloch <sup>1,2</sup>	100.0
Homag Group AG, Schopfloch <sup>1</sup>	64.9
HOMAG Kantentechnik GmbH, Lemgo <sup>1,2</sup>	100.0
HOMAG Plattenaufteiltechnik GmbH, Calw <sup>1,2</sup>	100.0
iTAC Software AG, Montabaur	100.0
Luft- und Thermotechnik Bayreuth GmbH, Goldkronach	100.0
Schenck Industrie-Beteiligungen GmbH, Darmstadt <sup>1,2</sup>	100.0
Schenck RoTec GmbH, Darmstadt <sup>1,2</sup>	100.0
SCHENCK TECHNOLOGIE- UND INDUSTRIEPARK GMBH, Darmstadt <sup>1,2</sup>	100.0
SCHULER Consulting GmbH, Pfalzgrafenweiler <sup>1,2</sup>	100.0
Sukzimit Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs KG, Mainz <sup>4</sup>	0.0
tapio GmbH, Pfalzgrafenweiler <sup>1,2</sup>	100.0
teamtechnik Automation GmbH, Ludwigsburg	100.0
teamtechnik Maschinen und Anlagen GmbH, Freiberg a. N.	75.0
Techno-Step GmbH, Böblingen	50.0
Weinmann Holzbausystemtechnik GmbH, St. Johann <sup>1,2</sup>	100.0

#### 4.119 — LIST OF GROUP SHAREHOLDINGS

Name and location	Equity interest %*
<b>OTHER EUROPEAN COUNTRIES</b>	
AGRAMKOW Fluid Systems A/S, Sønderborg/Denmark	100.0
Carl Schenck Machines en Installaties B.V., Rotterdam/Netherlands	100.0
CPM S.p.A., Beinasco/Italy	100.0
Datatech S.A.S., Uxegney/France	100.0
Durr Limited, Warwick/UK	100.0
Dürr Poland Sp. z o.o., Radom/Poland	100.0
Dürr Systems Makine Mühendislik Proje İthalat ve İhracat Ltd. Şirketi, İzmit-Kocaeli/Turkey	100.0
Dürr Systems S.A.S., Lisses/France	100.0
Dürr Systems Spain S.A.U., San Sebastián/Spain	100.0
Dürr Systems spol. s r.o., Bratislava/Slovakia	100.0
Dürr Universal Europe Ltd., Hinckley/UK	100.0
Homag (Schweiz) AG, Höri/Switzerland	100.0
HOMAG AUSTRIA Gesellschaft m.b.H., Oberhofen am Irrsee/Austria	100.0
HOMAG DANMARK A/S, Galtén/Denmark	100.0
HOMAG ESPAÑA S.A., L'Ametlla del Vallès/Spain	100.0
HOMAG France S.A.S., Schiltigheim/France	100.0
HOMAG Group Trading SEE EOOD, Plovdiv/Bulgaria	100.0
HOMAG ITALIA S.p.A., Giussano/Italy	100.0
HOMAG POLSKA Sp. z o.o., Środa Wielkopolska/Poland	100.0
HOMAG Services Poland Sp. z o.o., Środa Wielkopolska/Poland	100.0
HOMAG U.K. LTD., Castle Donington/UK	100.0
Kallesoe Machinery A/S, Lem/Denmark	70.6
MEGTEC Environmental Limited, Standish/UK	100.0
MEGTEC Systems AB, Gothenburg/Sweden	100.0
Olpidürr S.p.A., Novegro di Segrate/Italy	100.0
OOO "Homag Russland", Moscow/Russia	100.0
OOO Dürr Systems RUS, Moscow/Russia	100.0
Roomle GmbH, Linz/Austria	80.0
Schenck Italia S.r.l., Paderno Dugnano/Italy	100.0
Schenck Limited, Warwick/UK	100.0
Schenck S.A.S., Jouy-le-Moutier/France	100.0
System TM A/S, Odder/Denmark	80.0
Verind S.p.A., Rodano/Italy <sup>3</sup>	50.0

#### 4.119 — LIST OF GROUP SHAREHOLDINGS

Name and location	Equity interest %*
<b>NORTH AMERICA/CENTRAL AMERICA</b>	
Cogiscan Inc., Bromont, Quebec/Canada	100.0
Dürr de México, S.A. de C.V., Santiago de Querétaro/Mexico	100.0
Dürr Inc., Southfield (Michigan)/USA	100.0
Dürr Systems Inc., Southfield (Michigan)/USA	100.0
Durr Universal Inc., Stoughton (Wisconsin)/USA	100.0
Dürr Universal S. de R.L. de C.V., San Luis Potosi/Mexico	100.0
HOMAG CANADA INC., Mississauga (Ontario)/Canada	100.0
Homag Machinery North America, Inc., Grand Rapids (Michigan)/USA	100.0
MEGTEC Turbosonic Inc., Waterloo/Canada	100.0
Schenck Corporation, Deer Park (New York)/USA	100.0
SCHENCK USA CORP., Deer Park (New York)/USA	100.0
STILES MACHINERY, INC., Grand Rapids (Michigan)/USA	100.0
System TM Canada Ltd., Saint John (New Brunswick)/Canada	100.0
teamtechnik Corp., Atlanta (Georgia)/USA	100.0
Universal Silencer Mexico II LLC, Stoughton (Wisconsin)/USA	100.0
Universal Silencer Mexico LLC, Stoughton (Wisconsin)/USA	100.0
<b>SOUTH AMERICA</b>	
AGRAMKOW do Brasil Ltda., Indaiatuba/Brazil	100.0
CPM DO PERNAMBUCO MANUTENÇÃO DE MÁQUINAS E EQUIPAMENTOS LTDA., Goiana/Brazil	99.0
Dürr Brasil Ltda., São Paulo/Brazil	100.0
HOMAG INDÚSTRIA E COMÉRCIO DE MÁQUINAS PARA MADEIRA LTDA., Taboão da Serra/Brazil	100.0
VERIND BRASIL SERVICOS E SOLUCOES LTDA. - EPP, Betim/Brazil <sup>3</sup>	100.0
<b>AFRICA/ASIA/AUSTRALIA</b>	
AGRAMKOW Asia Pacific Pte. Ltd., Singapore/Singapore	100.0
Dongguan Golden Field HOMAG Woodwork Machinery Trading Co., Limited, Dongguan/PR China	100.0
Dongguan Golden Field Mingfeng Woodwork Machinery Co., Limited, Dongguan/PR China	100.0
Dürr (Thailand) Co., Ltd., Bangkok/Thailand	100.0
Dürr Africa (Pty.) Ltd., Port Elizabeth/South Africa	100.0
Dürr India Private Limited, Chennai/India	100.0
Dürr Japan K.K., Funabashi/Japan	100.0
Dürr Korea Inc., Seoul/South Korea	100.0
Dürr Paintshop Systems Engineering (Shanghai) Co. Ltd., Shanghai/PR China	100.0

#### 4.119 — LIST OF GROUP SHAREHOLDINGS

Name and location	Equity interest %*
Durr Systems (Malaysia) Sdn. Bhd., Petaling Jaya/Malaysia	100.0
Dürr Systems Maroc sarl au, Tangier/Morocco	100.0
DURR VIETNAM COMPANY LIMITED, Ho Chi Minh City/Vietnam	100.0
EPE Fund 3 (RF) (Pty) Ltd., Port Elizabeth/South Africa <sup>3</sup>	100.0
Golden Field HOMAG (Shanghai) Trading Co., Limited, Shanghai/PR China	100.0
Homag Asia (Thailand) Co., Ltd., Bangkok/Thailand	100.0
HOMAG Arabia FZE, Dubai/United Arab Emirates	100.0
HOMAG ASIA PTE LTD, Singapore/Singapore	100.0
Homag Australia Pty. Limited, Sydney/Australia	100.0
Homag China Golden Field (Kunshan) Woodworking Machinery Co., Limited, Kunshan/PR China	100.0
HOMAG (China) Machinery Co., Ltd., Shanghai/PR China	100.0
Homag (Hong Kong) Limited, Hong Kong SAR/PR China	100.0
Homag India Private Limited, Bangalore/India	100.0
Homag Japan Co., Ltd., Higashiosaka/Japan	100.0
HOMAG KOREA CO., LTD., Seoul/South Korea	100.0
Homag Machinery (Shanghai) Co., Ltd., Shanghai/PR China	100.0
HOMAG TRADING AND SERVICES SDN. BHD., Kuala Lumpur/Malaysia	100.0
HOMAG VIETNAM COMPANY LIMITED, Ho Chi Minh City/Vietnam	100.0
Luhlaza Industrial Services (Pty) Ltd., Port Elizabeth/South Africa <sup>3</sup>	75.0
PT Durr Systems Indonesia, Jakarta/Indonesia	100.0
Schenck RoTec India Limited, Noida/India	100.0
Schenck Shanghai Machinery Corp. LTD, Shanghai/PR China	100.0
teamtechnik Production Technology (Suzhou) Ltd., Suzhou/PR China	75.0

#### 4.119 — LIST OF GROUP SHAREHOLDINGS

Name and location	Equity interest %*
<b>B. NON-CONSOLIDATED SUBSIDIARIES</b>	
Aviva Vermögensverwaltung GmbH i.L., Munich/Germany	100.0
Futura GmbH, Schopfloch/Germany	100.0
Prime Contractor Consortium FAL China, Stuttgart/Germany	50.0
Unterstützungseinrichtung der Carl Schenck AG, Darmstadt, GmbH, Darmstadt/Germany	100.0
<b>C. INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD</b>	
Nagahama Seisakusho Ltd., Osaka/Japan	50.0
<b>D. OTHER FINANCIAL ASSETS</b>	
ADAMOS GmbH, Darmstadt/Germany	12.5
Fludicon GmbH, Darmstadt/Germany	1.4
Parker Engineering Co., Ltd., Tokyo/Japan	10.0
teamtechnik Production Technology Sp. z o.o., Skawina/Poland	7.0

\* Investment pursuant to Sec. 16 AktG

<sup>1</sup> Profit and loss transfer agreement with the respective parent company

<sup>2</sup> Exemption pursuant to Sec. 264 (3) HGB

<sup>3</sup> Controlling influence as a result of contractual arrangements to control the relevant activities

<sup>4</sup> Structured entity pursuant to IFRS 10 and IFRS 12

Bietigheim-Bissingen, March 14, 2023

Dürr Aktiengesellschaft  
The Board of Management



Dr. Jochen Weyrauch



Dietmar Heinrich



# INDEPENDENT AUDITOR'S REPORT

**To Dürr Aktiengesellschaft, Stuttgart/Germany**

## **Report on the audit of the consolidated financial statements and of the combined management report**

### **AUDIT OPINIONS**

We have audited the consolidated financial statements of Dürr Aktiengesellschaft, Stuttgart/Germany, and its subsidiaries (the Group) which comprise the consolidated statement of profit or loss and the consolidated statement of other comprehensive income for the reporting period from January 1 to December 31, 2022, the consolidated statement of financial position as of December 31, 2022, the consolidated statement of cash flows and the consolidated statement of changes in equity for the reporting period from January 1 to December 31, 2022, and the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the combined management report for the parent and the group of Dürr Aktiengesellschaft, Stuttgart/Germany, for the reporting period from January 1 to December 31, 2022. In accordance with the German legal requirements, we have not audited the content of the consolidated non-financial statement marked with a dashed line pursuant to Sections 315b and 315c in conjunction with 289c to 289e German Commercial Code (HGB) included in various passages of the combined management report, or the

combined corporate governance statement referenced in the chapter "Corporate governance" of the combined management report, including the further corporate governance reporting contained in that chapter. Furthermore, we have not audited the content of further disclosures on non-financial aspects marked with a solid line, or the section "Disclosure extraneous to management reports" included in the chapter "Report on risks, opportunities and expected future developments".

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 IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) German Commercial Code (HGB) and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as of December 31, 2022 and of its financial performance for the reporting period from January 1 to December 31, 2022, and
- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the combined management report does not cover the content of the consolidated non-financial statement referred to above,

the combined corporate governance statement referenced in the combined management report, the further corporate governance reporting, further disclosures on non-financial aspects or the section "Disclosure extraneous to management reports" referred to above.

Pursuant to 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 combined management report.

## BASIS FOR THE AUDIT OPINIONS

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with Section 317 HGB and the EU Audit Regulation (No. 537/2014; referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements.

In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation, except for the following non-audit services, for which sufficient safeguards were provided against the threat to independence: tax advice, which was provided by our Vietnamese network firm Deloitte Vietnam Tax Advisory Company Limited, Ho Chi Minh City/Vietnam, for the Vietnamese permanent establishment of Luft- und Thermochnik Bayreuth GmbH, Goldkronach/Germany, in connection with its closure. Following communication with the Audit Committee and the executive directors and evaluation of the quantitative and qualitative significance, our independence has not been threatened.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the combined management report.

## KEY AUDIT MATTERS IN THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the reporting period from January 1, 2022 to December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In the following we present the key audit matters we have determined in the course of our audit:

1. Recoverability of goodwill of Production Automation Systems (formerly: teamtechnik Group)
2. Recognition of sales revenue over time and accounting for construction contracts

Our presentation of these key audit matters has been structured as follows:

- a) description (including reference to corresponding information in the consolidated financial statements)
- b) auditor's response

### 1. Recoverability of goodwill of Production Automation Systems (formerly: teamtechnik Group)

a) Goodwill of € 505 million (11% of the consolidated total assets) is recognized in the consolidated financial statements of Dürr Aktiengesellschaft as of December 31, 2022. € 21 million of goodwill have been allocated to the cash-generating unit Production Automation Systems.

Goodwill is subject to an annual impairment test by the executive directors at the end of each reporting period. The Company did not determine any need for impairment as a result of the conducted impairment tests.

The recoverability of goodwill of the cash-generating unit Production Automation Systems was of particular relevance to our audit, as increased risks of recoverability were identified as part of our risk assessment. The impairment test was based on a business valuation of Production Automation Systems, for which the expected future cash flows were discounted using the weighted average cost of capital (WACC) as part of a discounted

cash flow method. The forecasts of the future cash flows were based on a detailed business plan prepared by the management of Production Automation Systems for the four coming years, which was extrapolated for the period beyond those four years. The business plan was examined and adopted by the executive directors of Dürr Aktiengesellschaft. The Supervisory Board of Dürr Aktiengesellschaft approved the budget planning for the 2023 reporting period and acknowledged the planning for the three subsequent years.

The measurement depends to a large extent on the executive directors' estimate for the future cash flows and the discount rate used by the executive directors and, therefore, was subject to significant uncertainty. As a result of the above and due to our risk assessment, this matter was considered to be of particular significance in our audit.

The disclosures of the executive directors regarding the recognition and measurement policies applied to account for goodwill as well as regarding goodwill and the related accounting judgments are included in notes 6 and 18 of the notes to the consolidated financial statements.

b) During our audit we obtained a detailed understanding of the impairment test process regarding Production Automation Systems and assessed to what extent the measurement process and the related data used can be influenced by subjectivity, complexity or other inherent risk factors. We evaluated the design and installation of selected audit-relevant internal control regarding the planning of the cash inflows.

By involving our internal measurement specialists, we obtained an understanding of the performance of the impairment test by the executive directors and assessed whether the measurement method applied has been appropriate in terms of methodology and calculation. We compared the forecasts included in the measurement with the business plan prepared by the executive directors of Dürr Aktiengesellschaft and approved and/or acknowledged by the Supervisory Board. With regard to estimates presented to us, we critically analyzed the assumptions and data as well.

We compared plannings from prior reporting periods with the actually realized results and analyzed deviations taking into account the impact caused by the COVID-19 pandemic in order to satisfy ourselves of the quality of the prior forecasts. We assessed

the appropriateness of the future cash flows used for measurement based on a comparison of selected budget estimates with general and industry-specific market expectations, taking into account the anticipated inflation trend.

In addition, we examined whether the plannings including the disclosures on the strategy and medium-term planning as well as including the reporting on the expected future development are consistent in the combined management report.

Furthermore, we evaluated the determination of the WACC. To this end, with the support of the internal measurement specialists involved by us, we analyzed the parameters used for the determination and compared them with market expectations.

Finally, we examined as to whether the disclosures made by the executive directors in the notes to the consolidated financial statements are complete and correct.

## **2. Recognition of sales revenue over time and accounting for construction contracts**

a) In the 2022 reporting period, realized consolidated sales revenue recognized over time from construction contracts totaled € 2,509 million (58% of consolidated revenue).

Sales revenue from customer-specific construction contracts is recognized over time unless there is an alternative possibility of use and right to payment of the services already rendered. Pursuant to IFRS 15, sales revenue and the expected contract margin are accounted for according to the percentage of completion of a contract. The percentage of completion is calculated on the basis of the costs incurred in relation to the total estimated costs of a contract.

The realization of sales revenue over time and accounting for construction contracts under IFRS 15 is a matter of particular importance in the scope of our audit, as this requires to a large extent judgment by the executive directors, especially with regard to the total costs of a contract, the determination of the percentage of completion and consideration of adjustments and risks to the contract.

The disclosures made by the executive directors regarding the recognition of sales revenue over time and the recognition and measurement policies applied to the recognition of construction

contracts are included in the notes 2, 6 and 7 of the notes to the consolidated financial statements.

b) During our audit we obtained a detailed understanding of the underlying processes from the bid to the execution phase of construction contracts and assessed to what extent the processes and related data can be influenced by subjectivity, complexity or other inherent risk factors. In this context, we assessed whether the requirements for sales revenue recognition over time under IFRS 15 for production contracts were met and analyzed the quality of planning costs in the past. We evaluated the design and installation of audit-relevant internal control to ensure the correct recognition of production contracts in the consolidated financial statements. For the majority of the sales revenue recognized over time, we examined the effectiveness of selected controls and relied on internal control. In order to audit the other revenue recognized over time, for which we did not rely on internal control, we extended the scope of our substantive procedures in accordance with our audit plan.

For selected construction contracts, we performed substantive procedures. We

- analyzed the originally planned contract costs used for the determination of the percentage of completion of the individual construction contracts and the updated planning costs used for the consolidated financial statements;
- analyzed the development of margins in the course of the year for anomalies and in comparison with the prior period and took into account the findings obtained on this basis in the audit of changes in planned costs and contract values;
- verified whether the materials and labor overhead recorded on the respective construction contract was allocated properly and in the correct period using orders, proof of performance and supplier invoices;
- obtained evidence from third parties for selected projects and assessed their recognition in the statement of financial position;
- verified that the sales revenue had been entered in the right amount by comparing the underlying transaction prices with their applicable contractual bases;

- obtained and evaluated assessments of the percentage of completion and project risks for material projects from the project managers specified by the executive directors;
- assessed the appropriate presentation of construction contracts in the consolidated statement of financial position and verified the recognition of any provisions for impending losses.

## OTHER INFORMATION

The executive directors and the Supervisory Board are responsible for the other information. The other information comprises

- the report of the Supervisory Board,
- the remuneration report pursuant to Section 162 German Stock Corporation Act (AktG),
- the consolidated non-financial statement marked with a dashed line pursuant to Sections 315b and 315c in conjunction with 289c to 289e HGB included in various passages of the combined management report,
- the combined corporate governance statement pursuant to Sections 289f and 315d HGB referenced in the chapter "Corporate governance" of the combined management report, including the further corporate governance reporting contained in that chapter,
- the further disclosures on non-financial aspects marked with a solid line,
- the section "Disclosure extraneous to management reports" included in the chapter "Report on risks, opportunities and expected future developments",
- the executive directors' confirmation regarding the consolidated financial statements and the combined management report pursuant to Section 297 (2) sentence 4 and Section 315 (1) sentence 5 HGB, and
- all other parts of the annual report which is expected to be presented to us after the date of this auditor's report,

- but not the consolidated financial statements, not the audited content of the combined management report and not our auditor's report thereon.

The Supervisory Board is responsible for the report of the Supervisory Board. The executive directors and the Supervisory Board are responsible for the statement according to Section 161 German Stock Corporation Act (AktG) concerning the German Corporate Governance Code, which is part of the combined corporate governance statement, as well as for the remuneration report. Otherwise the executive directors are responsible for the other information.

Our audit opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information identified above and, in doing so, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the audited content of the combined management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

## **RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT REPORT**

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

fraudulent financial reporting and misappropriation of assets) or error.

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

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

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

## **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE COMBINED MANAGEMENT REPORT**

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

that includes our audit opinions on the consolidated financial statements and on the combined management report.

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 German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- 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 combined management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRS as adopted by the EU and with 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 combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- perform audit procedures on the prospective information presented by the executive directors in the combined 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 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 applied to eliminate independence threats.

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 the auditor's report unless law or regulation precludes public disclosure about the matter.

## OTHER LEGAL AND REGULATORY REQUIREMENTS

*Report on the Audit of the Electronic Reproductions of the Consolidated Financial Statements and of the Combined Management Report Prepared for Publication Pursuant to Section 317 (3a) HGB*

## AUDIT OPINION

We have performed an audit in accordance with Section 317 (3a) HGB to obtain reasonable assurance whether the electronic reproductions of the consolidated financial statements and of the combined management report (hereinafter referred to as "ESEF documents") prepared for publication, contained in the file, which has the SHA-256 value 0D3E4279DAD4C6DC1A51D3837831FC04F75A3A44902A4333CC5F4D3A66B5B25A, meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB ("ESEF format"). In accordance with the German legal requirements, this audit only covers the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format, and therefore covers neither the information contained in these electronic reproductions nor any other information contained in the file identified above.

In our opinion, the electronic reproductions of the consolidated financial statements and of the combined management report prepared for publication contained in the file identified above

meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB. Beyond this audit opinion and our audit opinions on the accompanying consolidated financial statements and on the accompanying combined management report for the reporting period from January 1 to December 31, 2022 contained in the "Report on the Audit of the Consolidated Financial Statements and of the Combined Management Report" above, we do not express any assurance opinion on the information contained within these electronic reproductions or on any other information contained in the file identified above.

## BASIS FOR THE AUDIT OPINION

We conducted our audit of the electronic reproductions of the consolidated financial statements and of the combined management report contained in the file identified above in accordance with Section 317 (3a) HGB and on the basis of the IDW Auditing Standard: Audit of the Electronic Reproductions of Financial Statements and Management Reports Prepared for Publication Purposes Pursuant to Section 317 (3a) HGB (IDW AuS 410 (06.2022)). Our responsibilities in this context are further described in the "Group Auditor's Responsibilities for the Audit of the ESEF Documents" section. Our audit firm has applied the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QS 1).

## RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD FOR THE ESEF DOCUMENTS

The executive directors of the parent are responsible for the preparation of the ESEF documents based on the electronic files of the consolidated financial statements and of the combined management report according to Section 328 (1) sentence 4 no. 1 HGB and for the tagging of the consolidated financial statements according to Section 328 (1) sentence 4 no. 2 HGB.

In addition, the executive directors of the parent are responsible for such internal control that they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements for the electronic reporting format pursuant to Section 328 (1) HGB.

The Supervisory Board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.



## GROUP AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE ESEF DOCUMENTS

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also

- identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, 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 opinion.
- obtain an understanding of internal control relevant to the audit on the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- evaluate the technical validity of the ESEF documents, i.e. whether the file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, in the version in force at the balance sheet date, on the technical specification for this electronic file.
- evaluate whether the ESEF documents enable a XHTML reproduction with content equivalent to the audited consolidated financial statements and to the audited combined management report.
- evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the balance sheet 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 13, 2022. We were engaged by the Supervisory Board on December 14, 2022. We have been the Group auditor of Dürr Aktiengesellschaft, Stuttgart/Germany, in the 2022 reporting period.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

## OTHER MATTER – USE OF THE AUDITOR'S REPORT

Our auditor's report must always be read together with the audited consolidated financial statements and the audited combined management report as well as with the audited ESEF documents. The consolidated financial statements and the combined management report converted into the ESEF format – including the versions to be submitted for inclusion in the Company Register – are merely electronic reproductions of the audited consolidated financial statements and the audited combined management report and do not take their place. In particular, the ESEF report and our audit opinion contained therein are to be used solely together with the audited ESEF documents made available in electronic form.

## GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Jan Bühler.

Stuttgart/Germany, March 14, 2023

Deloitte GmbH  
Wirtschaftsprüfungsgesellschaft

**Jan Bühler**  
Wirtschaftsprüfer  
(German Public Auditor)

**Anja Lustig**  
Wirtschaftsprüferin  
(German Public Auditor)



# REPORT OF THE INDEPENDENT AUDITOR

on the audit of the remuneration report  
pursuant to Sec. 162 (3) AktG

## To Dürr Aktiengesellschaft, Stuttgart/Germany

We have audited the accompanying remuneration report of Dürr Aktiengesellschaft, Stuttgart/Germany, ("the Company") for the reporting period from January 1 to December 31, 2022, including the related disclosures, which has been prepared to comply with Section 162 German Stock Corporation Act (AktG).

## RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND OF THE SUPERVISORY BOARD

The executive directors and the Supervisory Board of Dürr Aktiengesellschaft, Stuttgart/Germany, are responsible for the preparation of the remuneration report, including the related disclosures, that complies with the requirements of Section 162 AktG. The executive directors and the Supervisory Board are also responsible for such internal control as they consider necessary to enable the preparation of a remuneration report, including the related disclosures, that is free from material misstatement, whether due to fraud or error.

## AUDITOR'S RESPONSIBILITIES

Our responsibility is to express an opinion on this remuneration report, including the related disclosures, based on our audit. We conducted our audit in accordance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW). These Standards require that we fulfill the professional responsibilities and that we plan and perform the audit so that we obtain reasonable assurance as to whether the remuneration report, including the related disclosures, is free from material misstatements.

An audit involves performing audit procedures in order to obtain audit evidence for the amounts stated in the remuneration report, including the related disclosures. The choice of assurance work is subject to the auditor's professional judgment. This includes assessing the risk of material misstatement, whether due to fraud or error, in the remuneration report, including the related disclosures. In assessing these risks, the auditor considers the system of internal control, which is relevant to preparing the remuneration report, including the related disclosures.

Our objective is to plan and perform audit procedures that are appropriate in the circumstances, but not to express an audit opinion on the effectiveness of the Company's system of internal control. An audit also comprises an evaluation of the accounting policies used, of the reasonableness of accounting estimates made by the executive directors and the Supervisory Board as well as an evaluation of the overall presentation of the remuneration report, including the related disclosures.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## AUDIT OPINION

In our opinion, on the basis of the knowledge obtained in the audit, the remuneration report for the reporting period from January 1 to December 31, 2022, including the related disclosures, complies, in all material respects, with the accounting principles of Section 162 AktG.

## OTHER MATTER – FORMAL AUDIT OF THE REMUNERATION REPORT

The content audit of the remuneration report described in this report of the independent auditor comprises the formal audit required under Section 162 (3) AktG including the issuance of a report of the independent auditor on this audit. Since our audit opinion on the content audit is unmodified, this audit opinion includes that the disclosures required under Section 162 (1) and (2) AktG are contained, in all material respects, in the remuneration report.

## INTENDED USE OF THE REPORT OF THE INDEPENDENT AUDITOR

We issue this report of the independent auditor as stipulated in the engagement letter agreed with the Company. The audit has been performed for the purposes of the Company and the report of the independent auditor is solely intended to inform the Company about the result of the audit.

## LIABILITY

This report of the independent auditor is not intended to be used by third parties as a basis for any (asset) decision. We are liable solely to Dürr Aktiengesellschaft, Stuttgart/Germany, and our liability is also governed by the engagement letter dated August 31 and December 14, 2022 agreed with the Company as well as the "General Engagement Terms for Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften (German Public Auditors and Public Audit Firms)" promulgated by the Institut der Wirtschaftsprüfer (IDW) in the version dated January 1, 2017 (IDW-AAB). However, we do not accept or assume liability to third parties.

Stuttgart/Germany, March 15, 2023

Deloitte GmbH  
Wirtschaftsprüfungsgesellschaft

**Jan Bühler**  
Wirtschaftsprüfer  
(German Public Auditor)

**Anja Lustig**  
Wirtschaftsprüferin  
(German Public Auditor)

# LIMITED ASSURANCE REPORT OF THE INDEPENDENT PRACTITIONER

regarding the non-financial report

**To Dürr AG, Bietigheim-Bissingen/Germany**

## OUR ENGAGEMENT

We performed a limited assurance engagement on the consolidated non-financial statement ("non-financial report") of Dürr AG, Bietigheim-Bissingen/Germany ("the Company"), which is contained in the group management report combined with the management report, for the reporting period from January 1 to December 31, 2022.

The consolidated non-financial statement is composed of the paragraphs, tables and charts of the combined management report of Dürr AG, which are specifically marked with a dashed line at the edge of the column and the "NFS" label.

Our limited assurance engagement did not cover the paragraphs not marked with a dashed line and "NFS" label, or other disclosures in the combined management report of Dürr AG, or the external sources of documentation or expert opinions referenced in the consolidated non-financial statement.

## RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS

The executive directors are responsible for the preparation of the non-financial report in accordance with Sections 315c in conjunction with 289c to 289e German Commercial Code (HGB), Article 8 of Regulation (EU) 2020/852 of the European Parliament and the Council of June 18, 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (hereafter referred to as "EU Taxonomy Regulation") and the delegated acts adopted thereon, as well as with the interpretation of the wording and terminology contained in the EU Taxonomy Regulation and the delegated acts adopted thereon, as is presented in section "EU Taxonomy" of the non-financial report.

These responsibilities of the executive directors of the Company include the selection and application of appropriate methods regarding the preparation of the non-financial report and the use of assumptions and estimates for individual non-financial disclosures of the Group which are reasonable under the given circumstances. In addition, the executive directors are responsible

for such internal control as they have determined necessary to enable the preparation of a non-financial report that is free from material misstatements due to fraudulent behavior (manipulation of the non-financial report) or error.

Some of the wording and terminology contained in the EU Taxonomy Regulation and the delegated acts adopted thereon are still subject to considerable interpretation uncertainty and have not yet been officially clarified. Therefore, the executive directors have laid down their own interpretation of the EU Taxonomy Regulation and of the delegated acts adopted thereon in section "EU Taxonomy" of the non-financial report. They are responsible for the reasonableness of this interpretation. As there is the inherent risk that indefinite legal concepts may allow for various interpretations, the legal conformity of the interpretation is prone to uncertainty.

The preciseness and completeness of the environmental data in the non-financial report are subject to inherent restrictions resulting from the manner in which the data was collected and calculated as well as from assumptions made.

## INDEPENDENCE AND QUALITY ASSURANCE OF THE AUDIT FIRM

We have complied with the German professional requirements on independence and other professional rules of conduct.

Our firm applies the national statutory rules and professional announcements particularly of the "Professional Charter for German Public Auditors and German Sworn Auditors" (BS WP/vBP) and of the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QS 1) promulgated by the Institut der Wirtschaftsprüfer (IDW) and does therefore maintain a comprehensive system of quality control comprising documented regulations and measures in respect of compliance with professional rules of conduct, professional standards, as well as relevant statutory and other legal requirements.

## RESPONSIBILITIES OF THE INDEPENDENT PRACTITIONER

Our responsibility is to express a conclusion on the non-financial statement based on our work performed within our limited assurance engagement.

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information", adopted by the IAASB. This Standard requires that we plan and perform the assurance engagement so that we can conclude with limited assurance whether any matters have come to our attention to cause us to believe that – with the exception of the external sources of documentation or expert opinions referenced in there – the non-financial report of the Company has not been prepared, in all material respects, in accordance with Secs. 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the delegated acts adopted thereon, as well as with the interpretation by the executive directors presented in section "EU Taxonomy" of the non-financial report.

The procedures performed in a limited assurance engagement are less in extent than in a reasonable assurance engagement; consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. The choice of assurance work is subject to the independent practitioner's professional judgment.

Within the scope of our limited assurance engagement, which we largely performed between October 2022 and March 2023, we performed the following work and other activities among others:

- Obtaining an understanding of the structure of the Group's sustainability organization and of the stakeholder engagement,
- Inquiries of relevant personnel who have been involved in the preparation of the non-financial report, about the preparation process, about the system of internal control relating to this process, as well as about disclosures in the non-financial report,
- Identification of probable risks of material misstatements in the non-financial report,
- Analytical evaluation of selected disclosures in the non-financial report,
- Comparison of selected disclosures with the corresponding data in the consolidated financial statements and in the combined management report,

- Assessment of the presentation of the non-financial report,
- Assessment of the process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the non-financial report.

The determination of the disclosures pursuant to Article 8 of the EU Taxonomy Regulation requires the executive directors to make interpretations of indefinite legal concepts. As there is the inherent risk that indefinite legal concepts may allow for various interpretations, the legal conformity of the interpretation, and hence our related examination, is prone to uncertainty.

## CONCLUSION OF THE INDEPENDENT PRACTITIONER

Based on the work performed and the evidence obtained, nothing has come to our attention that causes us to believe that the consolidated non-financial statement of the Company for the reporting period from January 1 to December 31, 2022 has not been prepared, in all material respects, in accordance with Sections 315c in conjunction with 289c to 289e HGB, the EU Taxonomy Regulation and the delegated acts adopted thereon, as well as with the interpretation by the executive directors presented in section "EU Taxonomy" of the non-financial report.

The conclusion only refers to the paragraphs, tables and charts in the combined management report of Dürr AG, which are marked with a dashed line at the edge of the column and the "NFS" label. Our conclusion does not refer to the paragraphs not marked with a dashed line and "NFS" label, or other disclosures in the combined management report of Dürr AG, or the external sources of documentation or expert opinions referenced in the consolidated non-financial statement.

## RESTRICTION OF USE

We issue the report as stipulated in the engagement letter agreed with the Company (including the "General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften (German Public Auditors and Public Audit Firms)" as of 1 January 2017 promulgated by the Institut der Wirtschaftsprüfer (IDW)). We draw attention to the fact that the assurance engagement was performed for the purposes of the Company and the report is solely designed for informing the Company about the findings of the assurance engagement. Therefore, it may not be suitable for another than the aforementioned purpose. Hence, this report should not be used by third parties as a basis for any (asset) decision.

We are liable solely to the Company. However, we do not accept or assume liability to third parties. Our conclusion was not modified in this respect.

Düsseldorf/Germany, March 14, 2023

Deloitte GmbH  
Wirtschaftsprüfungsgesellschaft

**Jan Bühler**  
Wirtschaftsprüfer  
(German Public Auditor)

**Dr. Matthias Schmidt**

# RESPONSIBILITY STATEMENT BY MANAGEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the combined management report

includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.



**Dr. Jochen Weyrauch**



**Dietmar Heinrich**

**Bietigheim-Bissingen, March 14, 2023**

# GLOSSARY

## Technology and products

### A

#### Advanced Analytics

Refers to a subfield of data processing that focuses on analyzing business information or business processes. In contrast to Business Intelligence (BI) procedures, which are restricted to the evaluation of historical data, Advanced Analytics (AA) aims at making predictions for the future.

#### Application technology

General term for all products related to the application of paint and high-viscosity materials, e.g. painting robots, paint atomizers, and color change systems.

### B

#### Balancing technology

Rotating components such as wheels and turbines must be tested for imbalances. Any imbalance is then removed since it would otherwise cause vibrations or oscillations.

#### Brownfield business

Relates to projects for the modernization of existing factories or manufacturing facilities.

### D

#### Data mining and process mining

Data mining is the analytical process of finding meaningful information within large data sets. Process mining is a data mining technique that enables the systematic, data-supported analysis of operational processes.

#### Dip-coating

Process for applying the first prime coat that protects against corrosion. To coat the interior of the body as well, it is immersed. The coating is applied with the aid of an electric field.

#### Drying oven

Tunnel-like systems for curing freshly applied coats of paint.

### E

#### Electrode coating

Anode and cathode material is applied onto both sides of a metal foil as a thin paste and then dried. The material layers produced in this way are responsible for storing energy in a lithium-ion battery cell, while the metal foil acts as an electrode that conducts the electricity to and from the storage material.

#### Engineering

Development and design of machinery and plants. At Dürr, engineering often involves developing technical solutions that are geared to customers' specific production goals.

### F

#### Filling systems

Equipment designed for filling vehicles with the necessary operating media (e.g. brake fluid, refrigerant) in the course of their final assembly. Filling systems are also employed for charging refrigerators, air conditioners and heat pumps with refrigerant.

### G

#### Gluing technology

Manufacturing process in which parts such as the sheet-metal components of a car are joined together by means of adhesives.

### H

#### High-speed rotating atomizer

Atomizers ensure a uniform distribution of the spray jet in paint application processes. High rotation atomizers rely on a bell-shaped disk revolving at up to 70,000 r.p.m. Due to this design, the paint fed to the center of the disk is accelerated and separated into fine threads which dissolve into minuscule droplets as they are propelled off the disk.

### I

#### IIoT/Industrial Internet of Things

The term Industrial Internet of Things refers to the use of the Internet of Things in industrial production. The Internet of Things is the digital connection of, and communication between, smart machines and appliances via the internet.

#### IIoT platform

Higher-level software system that collects and evaluates big data, i.e. large volumes of production data. To that end, the machines from one or more production systems are fitted with sensors. The sensors capture the operating data (e.g. material consumption, cycle time) and transmit it to the IIoT platform. Data evaluation on the IIoT platform enables plant operators to gain a better understanding of their production processes and identify potential for optimization.

### P

#### Predictive maintenance

An anticipatory approach for the proactive maintenance of machines and systems based on measured values and data serving to minimize failures that cause unplanned downtimes.

### R

#### Robotic process automation

With robot-supported process automation, repetitive and time-consuming office tasks are transferred to bots. This relieves employees, giving them more time for more demanding tasks.

### S

#### Sealing

Process for sealing welding seams created when car body parts are joined. Sealing also includes the application of an undercoating that protects against rock impact.

#### Serial construction

Designates construction on the basis of standardized, industrially prefabricated modules. In contrast to site-built construction, components are pre-manufactured so that they only need to be assembled at the construction site. Serial construction enables an accelerated construction process and is mainly applied in timber house construction.

### T

#### Test systems

End of line systems test the functions of fully assembled vehicles, e.g. headlights and ABS.

#### Thermal oxidation

Thermal oxidation is a process for exhaust-air purification. The polluted waste air is burned in a combustion chamber.

## Financial

### A

#### Asset coverage

A ratio that indicates the extent to which shareholders' equity covers non-current assets.

$$\frac{\text{equity}}{\text{non-current assets}} \times 100 (\%)$$

#### Asset intensity

A ratio that indicates the relative weight of non-current assets in total assets. High asset intensity means high fixed costs and high levels of capital tied up.

$$\frac{\text{non-current assets}}{\text{total assets}} \times 100 (\%)$$

### C

#### Capital employed

This is the capital used within the enterprise that is not subject to interest payable to external creditors. It is calculated by deducting liabilities from total non-current and current assets. However, all interest-bearing items are excluded.

### D

#### Days sales outstanding

This ratio indicates the average length of time in days that capital is tied up in receivables.

$$\frac{\text{receivables} \times 360}{\text{sales revenues}}$$

The same method can be used to calculate the average length of time that capital is tied up in inventories and in net working capital.

### E

#### Equity/assets ratio

A ratio that indicates the extent to which shareholders' equity and non-current liabilities cover non-current assets.

$$\frac{\text{equity} + \text{non-current liabilities}}{\text{non-current assets}} \times 100 (\%)$$

### F

#### Free cash flow

Free cash flow is the cash flow from operating activities remaining after deducting capital expenditures, net interest paid and received and the repayment of leasing liabilities, and represents the amount of cash that is freely available to pay a dividend, make acquisitions and pay off debt.

### G

#### Gearing

This is the ratio of net financial debt to shareholders' equity and net financial debt. The higher the relative weight of net financial debt, the higher the reliance on external lenders. However, a high gearing is not necessarily negative if the interest paid does not reduce profits excessively.

### I

#### Interest coverage

An interest coverage ratio of <1 indicates that the company is not able to meet its interest payments from operating earnings.

$$\frac{\text{earnings before tax} + \text{net interest expense}}{\text{net interest expense}}$$

### L

#### Liquidity ratios: cash ratio and quick ratio

These two liquidity ratios show the degree to which current liabilities are covered by cash and cash equivalents (and other current assets). They serve to measure a company's solvency.

$$\frac{\text{cash and cash equivalents}}{\text{current liabilities}} \times 100 (\%)$$

$$\frac{\text{cash and cash equivalents} + \text{short-term trade receivables}}{\text{current liabilities}} \times 100 (\%)$$

### N

#### Net financial status

This represents the balance of the financial liabilities reported in the balance sheet after deducting liquid funds. If a company's liquid funds exceed its financial liabilities, it is de facto debt free.

$$\text{financial liabilities} - \text{liquid funds}$$

#### Net Working Capital (NWC)

This is a measure of the net funding required to finance current assets. Negative NWC is beneficial since it implies that sales are prefunded by suppliers and customers. For the Dürr Group, the prepayments received from customers are an important factor affecting NWC.

$$\begin{array}{ccccccc} \text{inventories} & + & \text{contract} & & + & \text{trade} & - \\ & & \text{assets} & & & \text{receivables} & \\ & & & & - & & \\ & & \text{contract} & & & \text{trade} & \\ & & \text{liabilities} & & & \text{payables} & \end{array}$$

### R

#### Return on Capital Employed (ROCE)

This measures the rate of return on the capital tied up in a company's operating assets (for instance in machinery and equipment, inventories, accounts receivable) and is the ratio of earnings before interest and taxes (EBIT) to capital employed.

$$\frac{\text{EBIT}}{\text{capital employed}} \times 100 (\%)$$

#### Return on Equity (ROE)

This is the rate of return earned on shareholders' equity. It should exceed the rate of return on a comparable investment.

$$\frac{\text{earnings after taxes}}{\text{shareholders' equity}} \times 100 (\%)$$

#### Return on Investment (ROI)

This ratio serves to measure how efficiently a company employs the total resources at its disposal.

$$\frac{\text{earnings after taxes} + \text{interest expense}}{\text{total assets}} \times 100 (\%)$$



# TEN-YEAR SUMMARY

## 5.1 — TEN-YEAR SUMMARY DÜRR GROUP<sup>1</sup>

		2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Incoming orders	€ million	5,008.4	4,291.0	3,283.2	4,076.5	3,930.9	3,803.0	3,701.7	3,467.5	2,793.0	2,387.1
Orders on hand (Dec. 31)	€ million	4,014.0	3,361.0	2,556.7	2,742.8	2,577.2	2,449.4	2,568.4	2,465.7	2,725.3	2,150.1
Sales revenues	€ million	4,314.1	3,536.7	3,324.8	3,921.5	3,869.8	3,713.2	3,573.5	3,767.1	2,574.9	2,406.9
Gross profit on sales	€ million	938.7	819.4	596.3	838.2	855.5	857.2	858.3	828.0	591.1	487.3
Overhead costs (incl. R&D costs)	€ million	-736.7	-657.6	-585.9	-639.0	-612.9	-601.8	-605.5	-566.4	-359.5	-280.7
EBITDA	€ million	337.5	299.4	125.3	308.5	326.9	367.7	360.3	348.2	262.9	230.4
EBIT	€ million	205.9	175.7	11.1	195.9	233.5	287.0	271.4	267.8	220.9	203.0
Financial result	€ million	-17.8	-43.1	-29.7	-21.2	-13.8	-19.8	-13.3	-23.3	-16.2	-18.4
EBT	€ million	188.1	132.6	-18.5	174.7	219.7	267.3	258.1	244.5	204.7	184.6
Income taxes	€ million	-53.9	-47.6	4.7	-44.9	-56.2	-67.6	-70.3	-78.0	-54.4	-43.7
Net income	€ million	134.3	84.9	-13.9	129.8	163.5	199.6	187.8	166.6	150.3	140.9
Profit/loss attributable to Dürr AG shareholders	€ million	131.0	83.0	-15.8	124.1	157.1	192.6	181.9	161.6	149.8	140.1
<b>STOCK</b>											
Earnings per share (basic)	€	1.89	1.20	-0.23	1.79	2.27	2.78	2.63	2.34	2.17	2.03
Earnings per share (diluted)	€	1.81	1.16	-0.23	1.79	2.27	2.78	2.63	2.34	2.17	2.03
Dividend per share	€	0.70 <sup>2</sup>	0.50	0.30	0.80	1.00	1.10	1.05	0.93	0.83	0.73
Book value per share (Dec. 31)	€	16.17	14.45	13.06	14.89	14.12	12.80	11.70	10.07	8.89	7.29
Operating cash flow per share	€	3.83	3.71	3.11	2.48	2.34	1.73	3.29	2.50	4.21	4.76
Closing price (Dec. 31)	€	31.52	40.12	33.40	30.38	30.53	53.28	38.18	36.80	36.63	32.41
Number of shares (weighted average)	thousand	69,202	69,202	69,202	69,202	69,202	69,202	69,202	69,202	69,202	69,202
Market capitalization (Dec. 31)	€ million	2,181	2,776	2,311	2,102	2,113	3,687	2,642	2,547	2,535	2,243
<b>INCOME STATEMENT</b>											
Gross margin	%	21.8	23.2	17.9	21.4	22.1	23.1	24.0	22.0	23.0	20.2
EBITDA margin	%	7.8	8.5	3.8	7.9	8.4	9.9	10.1	9.2	10.2	9.6
EBIT margin	%	4.8	5.0	0.3	5.0	6.0	7.7	7.6	7.1	8.6	8.4
EBT margin	%	4.4	3.7	-0.6	4.5	5.7	7.2	7.2	6.5	8.0	7.7
Interest coverage		10.8	4.1	0.5	7.3	11.5	13.4	13.7	10.7	12.6	10.7
Tax rate	%	28.6	35.9	25.2	25.7	25.6	25.3	27.2	31.9	26.6	23.7
<b>CASH FLOW</b>											
Operating cash flow	€ million	264.7	257.0	215.0	171.9	162.3	119.8	227.4	173.0	291.3	329.1
Free cash flow	€ million	117.1	120.8	110.7	44.9	78.4	14.3	129.9	62.8	221.1	261.9
Capital expenditure (property, plant & equipment and intangible assets)	€ million	138.5	107.8	76.4	102.6	74.4	88.0	81.9	102.3	54.9	51.2
Change in net financial status	€ million	53.1	-50.5	50.3	-24.9	-144.0	17.6	47.1	-38.4	-112.7	183.8
<b>BALANCE SHEET</b>											
Non-current assets (Dec. 31)	€ million	1,482.3	1,464.7	1,315.6	1,322.4	1,244.3	1,110.1	1,125.3	1,182.0	1,124.2	590.9
Current assets (Dec. 31)	€ million	3,048.6	2,689.0	2,563.2	2,560.0	2,370.1	2,401.4	2,223.2	1,804.6	1,851.9	1,400.9
of which cash and cash equivalents (Dec. 31)	€ million	716.1	583.1	769.2	662.0	655.0	659.9	724.2	435.6	522.0	458.5

		2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Equity (with non-controlling interests) (Dec. 31)	€ million	1,124.2	1,005.6	908.1	1,043.4	992.2	900.5	831.0	714.4	725.8	511.4
Non-current liabilities (Dec. 31)	€ million	957.9	1,056.8	816.2	1,056.4	786.1	787.3	843.3	585.0	643.1	394.8
of which pension obligations (Dec. 31)	€ million	36.4	50.9	58.1	59.0	50.1	49.8	51.8	49.7	53.7	49.8
Current liabilities (Dec. 31)	€ million	2,448.9	2,091.2	2,154.4	1,782.6	1,836.2	1,823.8	1,674.2	1,687.2	1,607.3	1,085.7
Financial liabilities (Dec. 31)	€ million	862.6	937.4	718.3	923.1	623.3	622.6	654.5	350.9	426.5	271.1
Total assets (Dec. 31)	€ million	4,530.9	4,153.6	3,878.8	3,882.3	3,614.4	3,511.6	3,348.5	2,986.7	2,976.1	1,991.8
Net financial status <sup>3</sup> (Dec. 31)	€ million	-46.4	-99.5	-49.0	-99.3	32.3	176.3	176.5	129.4	167.8	280.5
Net financial debt / EBITDA <sup>3</sup>		0.1	0.3	0.4	0.3	-	-	-	-	-	-
Gearing (Dec. 31)	%	4.0	9.0	5.1	8.7	-3.4	-24.3	-27.0	-22.1	-30.1	-121.5
Net working capital (Dec. 31)	€ million	415.9	427.9	382.6	502.7	441.4	373.7	194.4	236.8	87.6	-33.1
Days working capital	days	34.7	43.6	41.4	46.1	41.1	36.2	27.2	22.6	12.2	-4.9
Days sales outstanding	days	49.6	59.8	55.2	53.8	56.1	51.7	47.3	51.9	67.8	47.6
Inventory turnover	days	71.1	70.1	55.1	46.7	49.8	44.4	40.4	37.0	51.0	22.1
Equity assets ratio (Dec. 31)	%	75.8	68.7	69.0	78.9	79.7	81.1	73.8	60.4	64.6	86.5
Degree of asset depreciation (Dec. 31)	%	49.3	47.6	48.3	45.1	38.5	36.1	34.3	32.1	30.7	43.9
Depreciation expense ratio	%	6.9	7.0	7.7	7.6	6.4	6.5	6.7	6.4	4.2	4.3
Asset coverage (Dec. 31)	%	140.5	140.8	131.1	158.8	142.9	152.0	148.8	109.9	121.8	153.3
Asset intensity (Dec. 31)	%	32.7	35.3	33.9	34.1	34.4	31.6	33.6	39.6	37.8	29.7
Current assets to total assets (Dec. 31)	%	67.3	64.7	66.1	65.9	65.6	68.4	66.4	60.4	62.2	70.3
Cash ratio (Dec. 31)	%	29.2	27.9	35.7	37.1	35.7	36.2	43.3	26.4	32.6	42.4
Quick ratio (Dec. 31)	%	52.1	54.6	58.2	69.1	66.5	64.8	89.8	80.8	85.7	104.5
Equity ratio (Dec. 31)	%	24.8	24.2	23.4	26.9	27.4	25.6	24.8	23.9	24.4	25.7
Return on equity	%	11.9	8.4	-1.5	12.4	16.5	22.2	22.6	23.3	20.7	27.6
Capital employed (CE) (Dec. 31)	€ million	1,189.3	1,132.8	991.5	1,160.6	971.9	738.9	670.6	590.6	571.5	266.4
ROCE	%	17.3	15.5	1.1	16.9	24.0	38.6	41.1	45.3	38.7	76.2
Weighted average cost of capital (WACC)	%	10.58	7.43	7.44	8.42	9.00	7.88	7.20	6.98	5.78	6.69
Economic value added (EVA)	€ million	18.3	38.8	-66.0	39.4	76.0	142.7	142.5	146.2	121.6	124.3
<b>EMPLOYEES/R&amp;D</b>											
Employees (Dec. 31)		18,514	17,802	16,525	16,493	16,312	14,974	15,235	14,850	14,151	8,142
Cost per employee (year average)	€	-72,463	-68,154	-64,399	-69,055	-67,188	-68,725	-67,100	-67,000	-64,800	-65,200
Sales per employee (year average)	€	237,441	205,943	203,552	238,201	248,176	250,772	237,000	260,000	262,900	301,900
R&D ratio	%	3.2	3.5	3.2	2.8	3.1	3.1	3.0	2.6	2.2	1.8
R&D employees (Dec. 31)		971	922	795	789	782	713	695	667	619	248
R&D expenditure	€ million	-136.5	-123.9	-107.7	-110.8	-121.0	-116.7	-105.9	-97.1	-55.4	-43.0
R&D cost capitalized	€ million	23.6	21.5	18.1	19.0	14.5	9.6	12.4	11.5	5.5	3.4
Amortization of R&D cost capitalized	€ million	-12.9	-10.7	-10.0	-9.1	-9.9	-12.7	-13.1	-10.4	-4.3	-3.9

All figures according to IFRS.

<sup>1</sup> Please note the information on page 76 concerning the figures.

<sup>2</sup> Dividend to be proposed at the annual general meeting.

<sup>3</sup> Up until 2018 the Dürr Group had a positive net cash balance. Since 2019 leasing liabilities have been recognized in the net financial status in accordance with IFRS 16.

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## Forward-looking statements

This annual report includes forward-looking statements about future developments. As is the case for any business activity conducted in a global environment, such forward-looking statements are always subject to uncertainty. Our information is based on the convictions and assumptions of the Board of Management of Dürr AG, as developed from the information currently available. However, the following factors may affect the success of our strategic and operating measures: geopolitical risks, changes in general economic conditions (especially a prolonged recession), exchange rate fluctuations and changes in interest rates, new products launched by competitors and a lack of customer acceptance for new Dürr products or services, including growing competitive pressure. Should any of these factors or other imponderable circumstances arise, or should the assumptions underlying the forward-looking statements prove incorrect, actual results may differ from those projected. Dürr AG undertakes no obligation to provide continuous updates of forward-looking statements and information. Such statements and information are based upon the circumstances as of the date of their publication.

# FINANCIAL CALENDAR

**March 16, 2023**

Publication of the  
annual report 2022

**May 9, 2023**

Interim statement for  
the first quarter of 2023

**May 12, 2023**

Annual general  
meeting

**August 3, 2023**

Interim financial report  
for the first half of 2023

**November 9, 2023**

Interim statement for  
the first nine months  
of 2023

